



A MESSAGE FROM OUR CHAIRMAN

Dear shareholders,

I am very pleased to share with you that GCPL has continued to deliver a strong performance in fiscal year 2015. Despite ongoing global macroeconomic challenges, our business has outperformed and grown ahead of the overall FMCG sector and the home and personal care categories that we participate in. This ensures that we are well on track to achieve our exciting growth aspirations of becoming an emerging markets FMCG leader.

We want to become more agile and future ready and continue to delight our consumers with innovative, superior quality products at affordable prices. In line with this objective, we have been driving a relentless focus on what we call 'Future Now' – our readiness to capitalise on the tremendous growth opportunities that we see ahead for our business. We are, therefore, strengthening our market leadership positions, consolidating our growing international presence and investing behind making our sales system, supply chain and people policies more robust. We believe that these efforts will help us create great value overall for all our stakeholders.

The global economy

Political uncertainty and economic volatility continue to define the global macroeconomic environment. Depreciating currencies and weakening growth remain significant challenges for the emerging markets that we operate in, including Indonesia, Argentina and South Africa. This slowdown has, in turn, impacted consumer sentiment and growth in the FMCG industry.

We are, however, confident of the long-term opportunities in emerging markets. There is also significant headroom for growth in our focal categories. In fact, estimates suggest that these markets will contribute close to 36 per cent of the forecasted increase in the world's population over the next five years. Close to half of the total global consumption is also slated to come from these markets.

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The Indian economy

The overall sentiment in India has been quite upbeat, with a new growth-oriented government at the helm. A number of major initiatives and changes have been announced in different spheres, in line with larger socioeconomic growth and reform agendas.

Over the last year, we have seen a revival in the economy, with macroeconomic indicators now starting to trend in the right direction. GDP growth has increased to 7.4 per cent from 6.9 per cent in the previous year. Consumer inflation dropped to 6 per cent from 9.5 per cent. Steps have also been taken to improve the investment climate in the country. While India continues to be the highest-ranking country on Nielsen's Consumer Confidence Index, for the sixteenth quarter in a row, demand on the ground is yet to pick up. The easing of lending rates and structural reforms such as the implementation of the Goods & Services Tax (GST) and enactment of the land acquisition bill will be key drivers of demand, going ahead.

Following the significant slowdown in the FMCG sector in fiscal year 2014, the first half of this year recorded sluggish growth. We started to see early signs of a recovery in consumer demand though in the second half of the year. This will be a gradual process and we expect it to pick up pace in fiscal year 2016, aided by pro-growth measures like the GST. The fundamentals of the sector remain strong and there is still significant growth potential, given the low penetration and consumption rates for many FMCG categories in the country.

Perspectives on our performance

Our India business has delivered a strong performance. We continue to fortify our leadership position as one of the largest household and personal care companies in the country. We are leaders in hair colour, household insecticides and liquid detergents, the number two player in toilet soaps and a fast-growing entrant in air care.

Innovation is a key driver of our growth strategy. We have re-architected our approach over the last few years. Our focus has been on accelerating our innovation pipeline, ramping up internal capabilities, investing significantly in Research & Development and sharing learning across geographies to create more world-class products. These efforts are showing results. Close to 40 per cent of our growth now comes from new products and renovations. We have enhanced our product

portfolio with several launches and relaunches across our India and international businesses. Through our innovations, we are driving penetration and increasing consumption in our core categories, as well as extending into attractive adjacencies. GCPL was the highest ranked Indian company, at number 24, on Forbes' list of 'The World's 100 Most Innovative Growth Companies 2015', for the second year in a row.

Our international expansion is driven by a focused 3x3 strategy – a presence in three business categories (personal care, hair care and home care) in three geographies (Asia, Africa and Latin America) – to become an emerging markets FMCG leader. Today, our international business contributes to 47 per cent of our consolidated revenues. We are the number one player in air fresheners and wet tissues in Indonesia, and hair colour across various countries in Africa and Latin America. We are also leaders in hair extensions in Africa and the number two player in household insecticides in Indonesia. Overall, our strategy is to drive growth in the categories where we are leaders and have a competitive advantage.

Our largest international business, in Indonesia, grew well ahead of the FMCG market in the country. We have made good progress on the next phase of the integration of the Darling businesses in Africa and also acquired Frika, a leading premium hair extensions player in South Africa. This has helped us further consolidate our presence in the continent. In Latin America too, our business performed well. Growth in our UK business though, was slower.

We are ramping up capabilities and leveraging technology for better decision-making, to make our sales organisation in India more future-ready. This includes overhauling our go-to-market strategy, intensifying efforts to expand distribution reach and tapping opportunities in emergent channels like e-commerce.

Through our global, best-in-class supply chain, we have established centres of excellence in TPM, lean, six sigma and low cost automation across our business. We have set up a strategic sourcing team to leverage scale and reduce our procurement costs and also introduced an advanced technology solution to improve our planning and execution capabilities.

We take much pride in being an inspiring place to work and building an agile and high performance culture for our people. Our values of trust, integrity and respect for others continue to hold us in very good stead and are core to who we are as a company. We were ranked the number 1 FMCG company to work for in India in the 'Great Place to

Work Survey 2015'. This is our eleventh consecutive year on the list. We ranked number 14 on the 'Great Place to Work – Best Workplaces in Asia 2015' list and were featured among Aon Hewitt's 'Best Employers in India 2015'.

The Godrej Group has always actively championed social responsibility. We have crafted a vision for helping create a more inclusive and greener India, through 'shared value' initiatives that create both social and business benefits. We call this 'Godrej Good & Green'. As part of Good & Green by 2020, we will aspire to train 1 million rural and urban youth in skilled employment, create a greener India and innovate for good and green products. GCPL plays a key role in Godrej Good & Green through different employability and environmental sustainability initiatives.

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Outlook

We expect to see a gradual recovery in the macroeconomic environment and for the Indian economy to consequently, gather pace in fiscal year 2016. While macroeconomic factors remain challenging in some of our international markets, we believe that we are well placed to continue our strong sales and profitability growth momentum. Overall, our focus will be on sustaining and extending leadership in our core categories. We are investing for the longer term and accelerating the pace of new product launches, to capitalise on the uptick in consumer sentiment and demand. I am confident that with our clear strategic focus, differentiated product portfolio, superior execution and top-notch team, we will continue to deliver industry-leading results in the future.

I would like to take this opportunity to express my gratitude to all our business partners, vendors and other business associates, for all their contributions. Many thanks to the various central and state government authorities, for all the support that they continue to extend to our business. We owe our success very largely to the many contributions, dedication and commitment of all our team members, who work so hard to make GCPL so successful. My deep appreciation to each of you and your families. To all our stakeholders, for their continued interest, faith and encouragement through the years, a special thank you. We look forward to your continued partnership and support.

Yours sincerely,



Adi Godrej
Chairman