





## **CHAIRMAN'S MESSAGE**



## A MESSAGE FROM THE CHAIRMAN

### DEAR SHAREHOLDERS

It gives me immense pleasure to share with you the outcome of yet another successful year for GCPL. Your Company has delivered strong growth in line with its strategy, despite a continuing difficult macro environment. We continue to drive successful results and grow our businesses profitably. Five years ago, Nisaba Godrej had initiated and led Project Leapfrog - to define a five-year roadmap for the business. Project Leapfrog defined specific initiatives and targets for us to become a more global company, to accelerate growth in our domestic business and to become innovative in our product offerings and processes.

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**Adi Godrej-Chairman**

Our success is a reflection of a strict focus on our 3x3 strategy, which is concentrated on three business categories in three geographies. All our businesses are inspired by the Brighter Living philosophy and have imbibed Godrej values. We continue to maintain leadership positions in most of the categories we participate in and remain focused on driving superior growth in order to generate strong value for all our stakeholders.

## GLOBAL ECONOMY

Political change and economic uncertainty continued to define the global scenario in the last year. The Eurozone remains prone to political crises and high unemployment with austerity fatigue for some nations and bail-out fatigue for others. In the US, employment data is looking encouraging, but tough negotiations on debt ceiling and spending cuts remain. Geopolitical issues from the Middle East to North Korea have also hampered investor confidence levels in the recovery. Nonetheless, early shoots of economic progress in several regions are being seen as a welcome sign that a recovery might be underway.

## INDIAN ECONOMY

India has not been immune to the effects of the global uncertainty over the last few years. Concurrently, low manufacturing growth, slower than required pace of reforms, a high current account & fiscal deficit and inflation have also made the last year a tough one for the Indian economy. The weak monsoon further exacerbated the situation by adversely impacting the agricultural sector. At 5%, the projected GDP growth rate in FY 2013 will be the lowest in a decade. Key actions by the government in the last year such as the opening up of Foreign Direct Investment (FDI), postponement of the General

Anti Avoidance Rule (GAAR) and the formation of a Cabinet Committee on investment have all inspired confidence. The Goods and Services Tax (GST) is long overdue and can be a game changer for the industry and economy. I hope that the government will continuously engage with state governments and ensure that it is implemented at the earliest. Restoring growth through reforms, policies geared for economic overhaul, and good governance will be a key imperative and will create a virtuous cycle of boosting production and consumption, enhancing investor confidence and reviving growth.

## THE FMCG SECTOR

The FMCG sector continues its upward growth trajectory, supported by a rising and expanding middle class and rural markets. The recent budget has significantly increased allocation to the ministry of rural development. Rural schemes are expected to receive a boost, leading to higher disposable income in the hands of rural consumers.

Government initiatives are expected to boost foreign investment and the sector should also benefit from the implementation of GST and Direct Taxes Code (DTC), which if exercised, will decrease excise duties, reduce bottle necks and simplify the process of taxation. To add to this, companies are also innovating and becoming more agile and receptive to the changing needs of consumers as well as the environment.

On the global front, while most of our categories continue to grow encouragingly, macro challenges combined with forthcoming or just concluded elections in many of the geographies where we are present, will play an important role in developments over the coming year.

## PERSPECTIVES ON PERFORMANCE

Overall, we continue to focus on driving growth and profitability. Our performance across all geographies and categories has been encouraging and our operational excellence in particular, is a reflection of the agility of our strong management team to respond to changing market dynamics.

In India, we have made remarkable progress during the year under review. Your Company delivered strong growth across home care, personal wash and hair care categories as one of the largest Household and Personal Care companies in the country. We also continued to grow ahead of markets, backed by an intense focus on innovation and marketing initiatives, which aided higher consumption and penetration. We have invigorated our product portfolio with launches and relaunches of multiple products during the year.

On the global front, the international businesses delivered 44% of the total consolidated revenues. Our concentrated focus on our 3x3 strategy continues. Your Company delivered growth across all three geographies and has established itself as one of the most successful FMCG companies in emerging market.

All the international businesses have been growing steadily and we have made good progress on the next phase of the integration of the Darling Group in sub-saharan Southern Africa. In Indonesia, we continue to outperform the market, have attained leadership positions in several categories and continue to have a bullish outlook for this business.

During the year, our subsidiary, Keyline Brands Limited acquired Soft & Gentle from Colgate-Palmolive in the UK. Soft & Gentle holds the fourth position by market share in the female deodorant market in UK and has strong brand equity with

retailers and consumers across the country. Our UK business continues to outperform the market and we believe that this acquisition will drive stronger growth going forward.

## OUTLOOK

We remain focused on our 3x3 strategy and believe that execution of this is key to driving and fostering growth. We believe that the opportunities across all our geographies and categories are immense and will deliver results. We continue to be market leaders in hair colour, household insecticides and liquid detergents and have maintained our number two position in toilet soaps in India. Internationally, we continue to lead in air fresheners and wet tissues in Indonesia and hair colour across various countries in Africa and Latin America. We are also the leading company in hair extensions in Africa and have built a stronghold in Indonesia and Nigeria, in insecticides and medicated soaps respectively. Our aim is to further strengthen our leadership position across these categories.

Our innovation pipeline remains strong and we will continue to benefit from innovations and build a stronger brand presence across the board. We successfully launched various products during the year, which testify to this. We have also developed a superior global supply chain and our sales organization is equipped with strong execution skills. Our values are of paramount importance, we take pride in being an inspiring place to work and will nurture a high performance culture to attract and retain the best talent globally.

I would like to appreciate and acknowledge our Managing Director, A. Mahendran's contribution of inspired leadership to the Group over the last 19 years. He has successfully guided the company through the merger with Godrej Household Products

Limited and driven our global strategy. We will continue to benefit from his insights and experience as a member of the Board. Vivek Gambhir, who has been playing a vital role at our company as Chief Strategy Officer, is ready to take forward the next phase of growth for GCPL. He has in fact, been a key architect of our strategy and I look forward to him taking our company to even greater heights.

I would also like to take this opportunity to acknowledge our employees for their contributions,

dedication and commitment to making GCPL prosper. I would also like to thank our business partners, vendors and other business associates, without whose contributions we would not have achieved what we have. I would like to extend my thanks to various Central and State Government Authorities. Finally, I thank all our stakeholders for their undivided interest, support, faith and encouragement and look forward to a continued partnership with them in the coming years.

Yours sincerely,



Adi Godrej  
Chairman