

Managing Director's address



Dear Shareholders,

Fiscal year 2011 has been an exciting year and I am very pleased to write to you and share my ideas, an update on our business and the progress on our priorities. I strongly believe that the coming together of the Godrej Consumer Products and Godrej Sara Lee businesses will offer unparalleled opportunities for synergy and growth and we will see a lot of this unfold as we move forward.

As an emerging market multinational, backed by our 3 by 3 strategy – building our presence in 3 continents (Asia, Africa and Latin America) through 3 core categories (home care, personal wash and hair care), we are pooling in global expertise and leveraging our learning across the globe. This exchange will be of vital importance for our future growth.

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In order to achieve our planned trajectory of growth, we have articulated a cohesive direction for your Company and defined six key priorities which will drive our future success. I would like to introduce you to them, along with our plans for each:

1 Core category leadership

We continue to focus on consolidating our leading positions in our core categories in both our domestic and international businesses and drive growth ahead of the market. Our transformation is built on harnessing the power of Brand Godrej and implementing our Brighter Living vision. Five Godrej brands featured in Brand Equity's Most Trusted Brands Survey 2010, which is the highest ever for any Indian Group. This survey is the largest and most diverse of its kind, with over 8,000 respondents from across the country. Goodknight jumped to a historic high at rank 12 and continues to be the most trusted household care brand in the country. Godrej No. 1, Cinthol and Godrej Expert too were listed in the top 100 brands in this survey. Goodknight Advanced Low Smoke Coil was voted 'Product of the Year 2010' in the Insect Repellent category, making it the second consecutive Goodknight win followed by Goodknight Naturals Mosquito repellent cream being voted 'Product of the Year 2011'.

We are also working towards building and strengthening our portfolio and looking to extend into adjacencies. We recently successfully completed the acquisition of the Genteel and Swastik brands which extends our leadership in the specialty liquid detergents category in India.

2 International growth

We will drive international growth in line with our 3 by 3 strategy. Our integration plans are in fact well on schedule. We expect multifold benefits from integrating our recently acquired businesses and we will be tracking them closely to best leverage the complementary strengths of a global GCPL. We will also continue to look for accretive synergistic acquisitions that are in line with our strategy.

Fiscal year 2011 saw a spate of acquisitions. We started building our presence in Latin America and the operational integration of our new businesses – the hair care companies, Issue and Argencos – is coming along very well. We also acquired the Megasari Group one of the largest household insecticides and air care companies in Indonesia. We have now entered the Nigerian market with the acquisition of Tura, a medicated soaps brand and have a platform to introduce our products in Nigeria and West Africa. Our UK business too acquired Salon Selectives, a heritage hair care brand.

3 Renovation and innovation

We remain committed to providing superior quality products to delight our consumers. Innovation will be a key driver of growth ahead and we will be investing very heavily in our innovation platforms. Our design driven approach is aimed at providing meaningful differentiation in our products. Abductive thinking around emergent needs, idea generation and rapid prototyping will define our strategy in the years ahead.

In the domestic market, we have recently relaunched Godrej Expert, our hallmark hair colour brand, with a bright new look and multiple benefit offerings. The Goodknight innovations – Low Smoke Coil, Advanced Active + and Naturals – are examples of how we are continuously evolving our products and the category. Our Hit brand too made a mark with innovative marketing campaigns around ‘Kill Malaria’ and a cleanliness drive close to the festive season, called ‘Swach Tyohar’. In the personal wash portfolio, Godrej No. 1 introduced a new variant in Saffron and Milk Cream and FairGlow, our fairness soap, was relaunched.

On the international business front, our Latin American company has launched an Ammonia free hair colour under the “Issue” brand. Issue - Precious Secrets, the other offering, is a hair colour with a three dimensional gloss feature and we have also launched Diamond Black, the first of the select new colours. The Salon Selectives brand acquired by our UK business has a range which includes shampoos, conditioners, mousses, sprays, gels and oils. In Indonesia, we have introduced Stella Duo, an air freshener with a dual fragrance.

4 Future ready sales system

GCPL is putting together the sales infrastructure in place that will enable us to achieve our aspirational growth targets. We will be driving initiatives to expand and enhance urban and rural penetration, tap into new channels and build new capabilities in our sales team.

Our current direct and indirect reach has expanded to 40 lakh outlets. We are also synergizing the channel strength of different categories to drive scale benefits and will expand household insecticides in rural markets, hair colours and toiletries in chemists and up our scale of operations in modern trade.

5 Best in class supply chain

We have already integrated our global supply chain and are focusing on building centers of excellence, leveraging strategic sourcing and driving cost efficiencies. The strategic sourcing of non commodity raw and packaging materials is expected to generate significant savings. We are implementing a lean supply chain through integrated planning, network optimization and a consumer centric supply chain. Additional cost efficiencies are also being driven through energy conservation and the deployment of Lean and Six Sigma principles. The benefits from these initiatives, coupled with flexible and scalable IT systems, will provide us significant competitive advantage.

6 Agility and professional entrepreneurialism

We are cultivating a ‘One GCPL’ culture which is driven by our strong team in place under common management. Over the last year, we have brought new senior talent on board – Vivek Mathur (President – Marketing, Sales and Innovation), Shashank Sinha (President – International Business) and Sunil Kataria [Executive Vice-President (Sales and New Business Development)] to augment our team.

Our biggest strength lies in our people. We take pride in being an employer of choice. We will continue to provide tremendous learning opportunities for our team and foster an inspiring culture of professional entrepreneurship – a blend of two powerful, though arguably opposite styles, that of the calculated professional and the entrepreneur who is willing to stretch and take a risk – that encourages initiative and potential.

The year ahead provides us with tremendous opportunities. We are driven by the potential that a larger and stronger GCPL offers. While there will undoubtedly be challenges that we will face, we believe that we have a sound strategy and a great management team in place to capture the promise that lies ahead.

Yours Sincerely,

A Mahendran
Managing Director