

## Executive Director and President's Address to Shareholders

### *Dear Shareholders,*

This has been an eventful year for us. During the year we introduced new products, relaunched some of our products, entered new product categories and further expanded our international presence, thus taking a step closer towards becoming a truly global FMCG player.

Our business categories continue to do well. Several new initiatives were undertaken by us to offer the consumer a wider product portfolio and improve our existing offerings. During the year we unleashed '24 hour confidence' through the relaunch of our flagship brand 'Cinthol' with its new range of soaps, talc and deo sprays. The relaunch has been backed by strong advertising and has the popular actor Hritik Roshan as brand ambassador.

We strengthened our position in the South African market with the acquisition of the 'Kinky' hair business. Kinky is in the business of hair extensions, braids, wigs etc. and enables us to expand into a new line of business and to diversify our existing product portfolio. Strengthening our international presence in the GCC countries and Middle East, we acquired Godrej Global Mideast FZE (GGME). GGME provides us a strong distribution network in the GCC countries along with insights into consumer needs and preferences of the GCC consumers.


Our joint venture company, Godrej SCA Hygiene Ltd., launched two leading international brands in India. A leading baby diaper brand 'Libero' and the 'Tena' brand, a disposable incontinence product. Godrej SCA Hygiene Ltd. also relaunched Snuggly as 'Snuggly Dry' diapers. Godrej SCA Hygiene Ltd. has procured 10 acres of land in MIDC Sinnar (Nasik) for construction of its factory.



Our capacity expansion plan at Malanpur factory is progressing on track and the new facilities will be operational in early FY09.

Coming to our financial performance, our sales revenue for the year increased by 16% while the net profit was up by 11%. This year we declared a dividend of 400% on our share capital, with a dividend payout ratio of 72% of the net profit.

Year after year we receive awards from prestigious and reputed organizations and these awards motivate us to do even better and strive even harder. Awards and recognitions won by us this year include being ranked 6th in the 'Best Employers Study' conducted by Hewitt Associates along with The Economic Times; ranked 9th in the Great Places to Work Survey conducted by Great Places to Work Inc., USA in 2008, being ranked 14th in the Best Companies to Work for in India Survey conducted by Business Today and Mercer TNS; ranked 23rd in Business Week 'Asia's Hot Growth Companies 2007' where we were the highest ranked FMCG company in the Asia's Hot Growth Companies list and our Malanpur factory received a commendation certificate for Strong Commitment to Excel in the CII-EXIM Bank Award for Business Excellence. It also won two other prestigious awards during the year, namely the Platinum Award in the India Manufacturing



Excellence Awards (IMEA) by Frost & Sullivan, in the Chemicals Category and Award for TPM Excellence presented by JIPM Solutions, Japan.

Let me now mention some of the key highlights of the year.

## Business Segments

We continue to be the second largest toilet soaps player in the country with our sales increasing by 19%. I have already mentioned the relaunch of Cinthol. Godrej No. 1 soap continues to be the largest selling Grade 1 soap in the country and is the third largest brand in toilet soaps. The introduction of a new variant with 'Papaya and Lotus' during the year was well received by the consumers. In order to combat the increase in vegetable oil prices we had to raise the prices of our toilet soaps by 5-8% during Q1 and Q3 FY2008. However, these price increases were well received by the consumer and did not affect our performance in this segment.

Several new initiatives were implemented by us in our hair colour category. These included the relaunch of our Powder Hair Dye as 'Godrej Expert Powder Hair Dye'. It was launched in two sizes of 3 gms for men and 6 gms for women. We also launched Renew Powder Hair Colour. The Powder Hair Colour is available in 4 colours. Two new colours were added in the 20 ml packs of Renew namely Cinnamon Red and Natural Brown. Popular actor Katrina Kaif features in the advertising of this product.

## International Operations

Keyline Brands Limited continues to do well. We relaunched the 'Cuticura' skin care range and made heavy investments on this brand. Our first television campaign of 'Cuticura' went on air during the year.

The 'Cuticura' hand hygiene range continues to be the market leader. During the year we acquired two hair care brands 'Touch of Silver' and 'Henara' from Henkel U.K. With this acquisition we have added two more brands to the portfolio of great brands that Keyline offers. Rapidol continues to do exceptionally well with the 'Inecto' brand being a leader in many countries in the African continent.

## Godrej SCA Hygiene Limited

Last year we entered an equal partnership joint venture with SCA Hygiene Products AB, Sweden called Godrej SCA Hygiene Limited. During the year, Godrej SCA Hygiene Limited launched 'Libero' baby diapers across the top 50 cities in India. Our Snuggly diaper brand was relaunched as 'Snuggly Dry' in Kerala and Tamil Nadu. We also launched 'Tena' a disposable incontinence product through our joint venture. All these products have received an encouraging response from the consumers.

In April 2008, GSHL launched the 'Libresse' range of feminine hygiene products. This marks our entry into this high potential category.

## Godrej Global Mideast FZE

During October 2007, we acquired Godrej Global Mideast FZE (GGME) which was a 100% subsidiary of Godrej International Ltd. GGME was established in Sharjah to distribute Godrej FMCG products in the GCC countries. Through this acquisition, GCPL strengthens access to the strong distribution network that GGME enjoys. GGME will also enable us to get better insights into global consumer needs and preferences and provides us an opportunity to introduce GCPL, Keyline products in these geographies.

## 'Kinky' Hair Business

In April 2008, we acquired the 'Kinky' hair business in South Africa. 'Kinky' is a leader in the South African hair business. The Kinky brand is a self created premium brand in South Africa and is registered in several countries in Africa. Kinky's products include dry hair, hair braids, human extensions, hair pieces, wigs and wefted pieces along with hair accessories like styling gels, hair sprays, oil free shampoo, etc. The Kinky acquisition is our second acquisition in South Africa after Rapidol and provides us with an opportunity to enter a new line of business and diversify our hair product portfolio along with expanding our presence in South Africa.

## Outlook

With a significant increase in the population and rise in household income, aggregate consumer spending is

likely to raise many fold. Therefore the outlook for the next year is very promising. I am sure that all our new initiatives, introductions and acquisitions will enable us to build a strong growth platform towards becoming a worldwide FMCG company.

Lastly, I would like to thank all our business partners, employees and shareholders for their continued support and commitment towards GCPL and look forward to the same in future.

Yours sincerely,

**Hoshedar Press**

Executive Director and President