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GCPL Q1 FY2014 Results

03 August 2013

GCPL – Q1 FY14

Strong Sales Growth Momentum Continues

First Quarter Highlights

Consolidated net sales grows 24%

- Consolidated business at constant currency grows 27%
- Consolidated organic business at constant currency grows 19%
- India business grows 19% with strong growth across core categories
- International organic business at constant currency grows 19%

Continued support to new launches through strong marketing investments

- Consolidated advertising and publicity expenses up by 54%

Consolidated EBITDA grows 11%; net profit (before exceptional items and one-time tax reversals) grows 7%

- Consolidated EBITDA plus advertisement and publicity up by 30%

Consolidated Net Sales	Rs. 1,720 cr., up by 24%
Consolidated EBITDA	Rs. 225 cr., up by 11%
Consolidated Net Profit after minority interest (w/o exceptional items and one-time tax reversals)	Rs. 130 cr., up by 7%
Reported Consolidated Net Profit after minority Interest	Rs. 133 cr., up by 2%
First Interim Dividend	100% (Rs. 1/- per share)

CHAIRMAN'S COMMENT

In a challenging environment, we have delivered robust operating performance this quarter. With 24% sales growth, we have continued to sustain strong sales momentum. Our focus on sustaining and extending leadership in our core categories has enabled us to grow significantly ahead of the market.

At the same time, we are continuing to invest in building a sustainable platform for the future. Over the last few months, we have launched several exciting innovations along with significant renovations in our portfolio. We are continuing to back these innovations with strong marketing investments. The response to our innovations has been very encouraging and the performance is significantly ahead of our plans. Given these aggressive investments, our EBITDA growth has been lower than sales growth. On an EBITDA plus Advertising and Publicity basis though, we have delivered 30% growth. As the new launches gain scale, we are confident that we will be able to get profit growth in line with our sales growth.

The overall market outlook remains turbulent and uncertain. We remain watchful, agile and prudent. We have launched several operational excellence initiatives to further enhance our operational performance. Uncertainties however also present opportunities to propel forward. We will continue investing judiciously for the longer term to improve our position, create competitive advantage and emerge stronger than ever before. I am confident that with our clear strategic focus, our superior execution and our top notch team, we will continue to deliver industry leading results in the future.

- Adi Godrej

BUSINESS REVIEW - INDIA

Net Sales	Rs. 923 cr., up by 19%
EBITDA	Rs. 146 cr., up by 15%
Net Profit	Rs. 107 cr., up by 16%

Category review

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Household insecticides

Sales growth at +24%; again significantly outperforms the category. Both the key brands Hit and Goodknight continue to gain share and strengthen market leadership position across all the three formats. Our new innovation 'HIT Anti Roach GEL' has been a good success delivering ahead of the expectations.

Soaps

Sales growth at +13%; volume growth at +7%. Both outperformed the category. Godrej No. 1 is now the No. 3 brand by value and volume market share. Varianting strategy continues to deliver well with recently launched Godrej No. 1 'Aloe Vera and White Lily' witnessing good traction. Lower palm oil pricing is helping overall gross margin expansion though rupee depreciation poses a challenge going forward.

Hair colours

Strong turnaround in hair colours; sales growth at +32%, much ahead of the category growth. Godrej expert rich crème hair colour continues to do well. Godrej expert advanced powder hair colour also witnessed uptick in growth rates aided by new communication campaign.

BUSINESS REVIEW - INTERNATIONAL

Indonesia

Megasari in Indonesia registered strong sales growth of +17%, with sales at Rs. 319 cr, led by continuous marketing investments, new product launches and distribution expansion. Business continues to gain market share across categories. EBITDA margin at 15% (before payment of technical & business support fee and excluding impact of Indonesia's divested food business P2P model).

Africa

Business presence in South Africa, Mozambique, Nigeria and Kenya across hair extensions, hair colours, household insecticides and personal wash category. Sales stood at Rs. 214 cr and EBITDA margin at 13%. Sales growth in INR was impacted by negative translation impact.

Latin America

Sales stood at Rs. 130 cr with EBITDA margin at 3%. Sales growth was led by continuous marketing investments, new product launches, and Chile business consolidation. Business continues to maintain market share across categories.

Europe

Sales stood at Rs. 115 cr, on the back of innovation and brand investments. Sales growth was aided by very strong organic growth and Soft and Gentle integration. Sales is benefiting from a strong summer in UK. During the quarter, we made strong marketing investments behind our key brands including S&G. EBITDA margin at 9%. The figures for the current quarter are not comparable with those of the corresponding quarter of the previous year because of the acquisitions made since then.

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