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GCPL Q2 FY2012 Results

21 October 2011

Mumbai, 21st October, 2011: Godrej Consumer Products Limited, which is the largest Indian owned, personal and home care company in India, today announced its unaudited financial results for the second quarter and six months ended 30 September 2011

Consolidated Net Sales for Q2 FY11-12 at Rs. 1186 crore, up by 23%

Consolidated EBITDA for Q2 FY11-12 at Rs. 215 crore, up by 24%

Consolidated Net Profit for Q2 FY11-12 at Rs. 128 crore Board of Directors declare 100% second interim dividend

EXECUTIVE SUMMARY Q2 FY11-12

- One of the strongest sales growth quarters with growth accelerating to 23%
 - * 24% growth in domestic business with healthy growth across the categories of soaps, household insecticide and hair colours
 - * 19% comparable International business growth led by Indonesia & Latam
- Continued focus on innovation backed by healthy marketing investments. Investments to support launches in earlier quarters yielding early benefits
- Completed the acquisition of 51% stake in Darling Group, South Africa and Nigeria
- Net sales grew by 23% to Rs. 1186 crore and Net profit stood at Rs. 128 crore
- EBITDA margin strengthens to 18.1%, a growth of 24% and sequential increase of 320 bps, led by gross margins expansion, efficient advertisement spends and integration synergies
- EPS for the quarter stood at Rs. 4.0
- Board of Directors declared second interim dividend of Rs. 1.0 per share
- 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

CHAIRMAN'S COMMENTS

Commenting on the performance for Q2 FY11-12, Mr. Adi Godrej, Chairman, GCPL, said:

"Our performance is a reflection of our rigorous effort in driving six strategic pillars of

growth, viz, leading in our core categories, growing our international business in line with our 3 by 3 strategy, driving innovation, building a best in class supply chain, creating a future ready sales organisation and fostering an agile and professional entrepreneurial culture.

On all operating parameters, the business has done very well. While the macroeconomic environment continues to be challenging, I believe our strong performance is a reflection of the robustness of our business model, a great team and our ability to efficiently manage risks and challenges. I continue to be confident of the opportunities for GCPL both in India and overseas. We will continue to pursue a prudent but aggressive growth strategy through a blend of organic and inorganic initiatives"

FINANCIAL OVERVIEW (INDIAN SUB CONTINENT BUSINESS)

Q2 FY 11-12 (July - September 2011) v/s Q2 FY 10-11 (July - September 2010)

- Net sales increased by 24% to Rs. 776 crore
- EBITDA increased by 9% at Rs. 149 crore
- Net profit stood at Rs. 110 crore

CATEGORY OVERVIEW (INDIA)

Home care (Household Insecticides)

- Sales growth of 29% during the quarter, more than twice the category growth
- Continues to gain and enjoy market leadership position across all three formats of coils, aerosols and electrics

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Personal wash (Soaps)

- Sales growth of 32% during the quarter, way ahead of the category growth rate of around 10%
- Continued healthy advertisement spends behind newly launched Godrej No.1 saffron and milk cream, with huge rub off effect on the Godrej No.1 portfolio
- Sequential expansion of gross margins led by full impact of price increase and marginal decline in palm oil prices

Hair care (Hair colour)

- Sales growth of 15%, led by strong performance of newly launched Expert care and advanced hair colours
- Continued strong media investments and trade marketing initiatives leading to high impact on the Expert portfolio

BUSINESS OVERVIEW (INTERNATIONAL)**Q2 FY 11-12 (July - September 2011) v/s Q2 FY 10-11 (July - September 2010)**

- Net sales increased by 24% to Rs. 419 crore
- EBITDA increased by 72% to Rs. 66 crore
- Net profit stood at Rs. 19 crore

Indonesia

- Contributes 55% to the International business revenue.
- Strong sales growth of 27%, with sales at Rs. 230 crore, on the back of distribution expansion and healthy performance of new product launches.
- EBITDA margin of 19.4% (before payment of technical & business support fee), expands sequentially by more than 200 bps and yoy by 180 bps, led by favourable category sales mix change, new products performance and prudent cost management.
- Continued focus on innovation with launches of Stella bathroom and Stella Car.
- Air freshners and Mitu Milk bath. HIT Magic, a disruptive innovative paper format mosquito repellent, launched last quarter, continues to gain high penetration replacing coils in the market.

Africa

- Business comprising Rapidol, Kinky, Tura and the newly acquired Darling group -
- contributes 15% to International business revenue.
- Sales growth of around 47%, with sales at Rs. 65 crore and EBITDA margin at around 26%.
- Kinky opened its 31st store with a hair salon and Rapidol entered new markets viz, Uganda and Rwanda.
- Closed the Nigeria and South Africa legs of the Darling transaction in Sep11.
- The maximum benefits of integration would be derived between the Kinky and Darling businesses in South Africa, reflecting in Kinky margins from Q4FY12.

Latin America

- Contributes 16% to the International business revenue.
- Strong sales growth of 13%, with sales at Rs. 66 crore, led by distribution expansion and new product launches.
- EBITDA margin of 7.4%, expands year on year by around 100 bps and significant expansion sequentially, due to stronger sales and prudent cost management.
- Initial response to the Ammonia free Issue hair colour launched last quarter has been very positive. This continues to be backed by strong marketing investments.
- Continued focus on innovation with launches of
 - * Diamond Black hair colour cream in kits, flowpack and sachet formats.
 - * Roby Glam & Gloss hair serum and hair gloss.
 - * Relaunch of 919 and Issue Professional color Natural Shine.

UK

- Accounts for 13% of the International business revenue.
- Strong sales growths of 10%, with sales at Rs. 53 crore and EBITDA margins at 11%, yoy expansion of around 80 bps, despite the UK summer reported as the coolest since 1993.
- This is the running second quarter strong sales growth performance led by Cuticura, Touch of Sliver and Bio – Oil.

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