

Headline: Goods from Godrej

Description: Godrej's entry into Indonesia marks the first time an Indian FMCG company has a full-scale local operation in the country

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The Godrej group is one of India's oldest conglomerates, with roots going back to 1897. Today, with revenues over \$4 billion, Godrej group is now a multinational, with about half of those revenues coming from outside India. It now operates in 80 countries, and Indonesia is now one of its most important markets. In its core consumer goods business, Godrej Indonesia is the largest international business for its parent firm, Godrej Consumer Products Ltd (GCP), with revenue of about Rp 3 trillion in fiscal 2014-15, representing about 17% of GCP total revenues and 35% of its international revenues. In the last five years, the Indonesian unit has also seen annual sales growth of about 21% and EBIDTA growth of around 22%.

"Establishing a strong foothold in Indonesia was a key part of our strategy, both in terms of business size today as well as potential for the future. Indonesia is one of the fastest growing consumer markets in the world, with a young population. We believe that this will provide tremendous opportunities for both driving penetration and increasing consumption in our core categories," says Adi Godrej, the group chairman, in an email quote for Forbes Indonesia:

The company has invested nearly \$100 million in building new facilities in Indonesia, and recently set up a new 30,000 sq. m. factory, its fifth in the country. It is also planning to invest around \$20 million in its sixth manufacturing plant in Surabaya, where it will be manufacturing products to cater to East Indonesia. Godrej's entry into Indonesia started formally in 2010, when it acquired a local company Megasari Makmur Group, and rebranded it Godrej Indonesia. As a long-term player, Godrej's acquisition came over careful study of the market. Godrej officials had first come in 1996, then identified Megasari Makmur in 2000 as a possible takeover candidate. Godrej then patiently waited 10 years before sealing the deal.

Godrej's entry into Indonesia marks the first time an India consumer

goods company has had a full-scale local operation in Indonesia. Naveen Gupta, who had experience both in mergers and acquisitions and in managing international operations for Godrej, was one of the key people on the deal. “Despite being a foreign player in Indonesia, the transition towards building up a strong team in Indonesia was not a tough task. Bureaucratic and cultural hurdles were brushed aside easily,” smiles Naveen, who now works out of Jakarta with the title of Business Head for Indonesia and the Middle East. Naveen, who likes to wear batik shirts, sees many parallels between India and Indonesia, nicknaming the archipelago nation as “India in ASEAN” (a play on the pronunciation of “Indonesia.”)

The strategy of Godrej in Indonesia is simple, explains Vivek. The company tries to develop its own local brands and not mimic global ones already present in the market. The company estimates that at least 15 million households in Indonesia use one of its brands every day. Among its best-known brands are Hit insecticides, Stella air fresheners and Mitu wet tissues—all of which are market leaders in their respective categories. In the last five years, the company has also seen sales growth of about 21% and EBIDTA growth of around 22%.