

## HENKEL INDIA LIMITED

The Henkel Group is headquartered in Dusseldorf, Germany, and has subsidiaries in more than 75 countries globally. It has two key lines of business - Branded Products and Industrial Adhesives. The Branded Products business includes Home Care, Laundry, Consumer Adhesives, Cosmetics and Toiletries. The Henkel group is number 1 in Industrial and Consumer adhesives worldwide. Henkel has over 51,000 employees world-wide, with 77 per cent of them working outside Germany. The sales in 2005 amounted to US\$ 14.84 billion (Euro 11.97 billion) with net income of US\$ 954.8 million (Euro 770 million).



### Henkel India is a well established consumer products company in India

Henkel Group operates in India through four joint venture companies:

- Henkel India Limited
- Henkel Adhesives Technologies India Private Limited
- Henkel Chembond Surface Technologies Ltd.
- Henkel Teroson India Ltd.

The first (Henkel India Ltd) is in the Branded Products business while the other three are in Industrial Adhesives business. Henkel India is the



group's flagship company in India and constitutes the bulk of the group's business and turnover. Henkel Group had sales revenues in India of approximately US\$ 125 million in 2005, of which US\$ 91 million came from branded products segment and the rest from industrial segment.

Henkel India has manufacturing factories at Tiljala in West Bengal and Karaikal in Tamil Nadu. The factory at Tiljala has a capacity of 10,000 MT of Soaps and 1,200 MT of Toothpaste and is in operation for more than 80 years. The factory at Karaikal started operations in 1994. The plant has a capacity of 30,000 MT of detergents and 10,000 MT of Zeolites.

The company has a well established distribution network in India, comprising over 1,000 sales personnel with over 3,50,000 plus outlets. There are 27 products in the company's product line. The main products include Margo soap, Neem Tooth Paste, Mahabringhol, Tuhina, Aramusk soap, Henko, Mr. White, Chek, Pril Liquid, Pril bar, Lime Shot bar and Fa-Talc.

### **India's emerging consumer trends have enabled growth**

India's growing economy, increasing consumption and growing consumer aspirations have enabled the company to position its high quality / technology products effectively in the market to meet consumer needs. The company has been able to market premium products in traditionally low end categories like detergents, thereby achieving growth.

#### **Growing Indian market**

India's growing economy has resulted in higher disposable incomes and consumption. The demand for branded products in the home care and



cosmetics category in India has been growing significantly over the last few years. Henkel has been able to cater to the needs of consumers who have become more demanding in terms of quality. In addition, strong industrial growth in India in recent years has also generated demand for industrial adhesives. India thus represents a growing and attractive potential market for both lines of businesses of Henkel group.

#### **High quality standards**

Henkel's production facilities are at par with the best of the industries and the quality management system is certified as per ISO: 9001:2000 guidelines. The Indian subsidiary companies have gone for SHEQ (Safety Health Environment and Quality) certification from Henkel Germany. This kind of internal certification ensures uniform quality standards across plants in various locations. Henkel India Limited was awarded the OHSAS 18001:1999 (occupational health and safety application system) certification for its Karaikal facility in the Union Territory of Pondicherry in recognition of its structured approach to hazard identification and risk management.

#### **Superior products leveraging technology**

Indian consumers have become more demanding about the quality and performance of the products they use. Consumers today are more aware of the safety and health aspects and are willing to pay a premium for these extra benefits.

Henkel has been making good use of technology to come up with products which are safer and environment friendly.

This has led to better user acceptance of Henkel products and helped the company to establish itself in the premium end of the market in India.



### Support from parent

The parent company sees India as a strategically important market and has been supporting the Indian operations with technology transfer ensuring superior quality products. The parent company has also been helping the subsidiary with marketing concepts in building strong brands like Henko, Pril etc in India.

### India is a key growth market for Henkel

Henkel India's experience has been different from that of most group companies globally, as it started by establishing a greenfield plant, and has grown from scratch. Today India is a key growth market for the group and there is a growing interest towards making larger investments in India. The group looks at Indian operations with a long term perspective as India is a high potential market for branded products.

### Future plans

Henkel India is optimistic about the business, and plans to grow organically through better products and a sharper consumer focus. The company is in the process of reshaping its business portfolio and formulation of strategies to match the strengths of the firm with growth opportunities in the market place. It hopes to double its turnover from the present level, by 2008. There is also a plan to bring in new brands in line with category growth in India.

With key global strengths, an experienced management team and dedicated employees, Henkel India appears well positioned for success in the coming years.

#### Henkel India Limited: At a glance

- *Henkel India had sales revenues of US\$ 125 million in 2005.*
- *For Henkel, India is: A key growth market.*
- *Factors for success: Growing Indian market, High quality standards, Superior products leveraging technology and support from parent.*
- *Future plans: Expand the India operations (to double turnover by 2008), increase the product portfolio by introducing new brands.*