Brighter Horizons

Godrej Consumer Products Limited
Annual Report 2010-11

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Vision

"We are dedicated to Deliver Superior Stakeholder Value by providing solutions to existing and emerging consumer needs in the Household & Personal Care Business. We will achieve this through Enduring Trust and Relentless Innovation delivered with Passion and Entrepreneurial Spirit."

The world is moving at an extremely fast pace. Borders are being transcended, opportunities are arising in locations and businesses which many never cared to look at, a few years ago. Flexibility, swiftness and the ability to identify and quickly capitalize on these opportunities is becoming increasingly critical for companies to enhance their competitive position and grow.

At Godrej Consumer Products Limited (GCPL) we have during the year under review, endeavoured to put in place all the building blocks so that we are optimally prepared for the future and ensure that we are best placed to strengthen our growth and create value for all our stakeholders.

After extensive and in-depth research to enable us to better understand our target customers we have launched a range of exciting consumer centric offerings across all our key business categories. These have been supported by focused media, advertising and promotional campaigns.

It is also becoming increasingly clear that in India, growth will be driven by the relatively untapped rural and interior areas. We have as a result considerably expanded our presence in these regions, enhancing our sales and distribution infrastructure.

Further as you are aware, your Company, has been consistently exploring viable and accretive opportunities globally. Here too, the opportunities lie in the emerging and developing markets. We have identified three key geographies, namely Africa, Asia and Latin America and have made considerable progress in the first two. Not only are these geographies less tapped, they also have similar demographic profiles and behaviour as the average Indian – which is the consumer we best understand and cater to.

Last but not the least, your Company has and continues to look to optimise its fixed and variable costs to become more efficient and lean.

Our Promises

Enduring Trust

We have a total commitment to transparency. Our stakeholders have incessantly maintained enduring trust in us and we seek to strengthen and build upon it continually. In doing this we ensure that we always maintain the highest levels of corporate governance and deliver safe, reliable and value for money product offerings.

Deliver Superior Stakeholder Value

All our endeavours are focused towards delivering superior stakeholder value. This has enabled us to sustain our strong profit growth, the fruits of which are shared through superior returns to our shareholders, consumers, employees and associates.

Entrepreneurial Spirit

Our entrepreneurial spirit has helped us adapt and capitalize on the changing paradigms. This spirit has allowed us to establish ourselves as a "Business Superbrand". The acquisition of Keyline Brands Ltd., Rapidol Pty. Ltd., Godrej Global MidEast FZE, Kinky Group (Pty.) Ltd., Tura (Nigeria), Megasari (Indonesia), Argencos & Issue (Argentina), a step towards our presence overseas is an example of our entrepreneurial spirit.

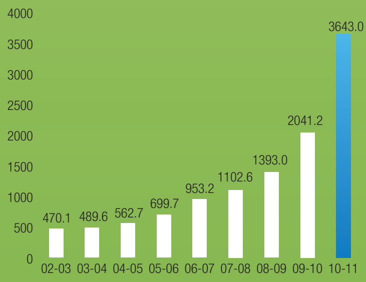
Passion

Our robust business performance is predominantly due to our passion for excellence. A motivating work environment and well-structured development programs have enabled us to attract and retain the best talent and expertise.

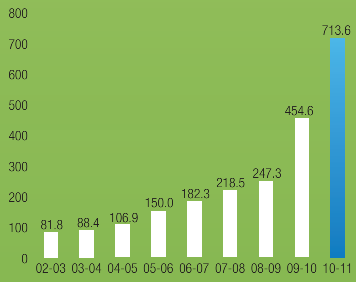
Relentless Innovation

In line with our relentless innovation thrust, we are infrastructurally well-equipped with a full-fledged research and development centre to identify new products and variants. We are innovative in all areas of operations including marketing and manufacturing.

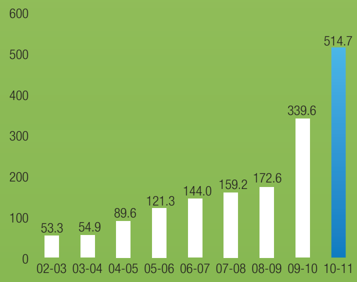
Performance highlights



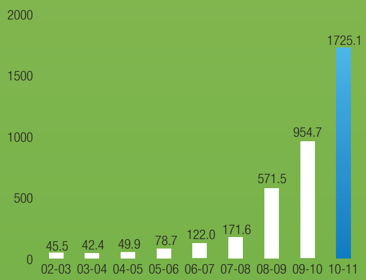
Net Sales (₹ cr.)



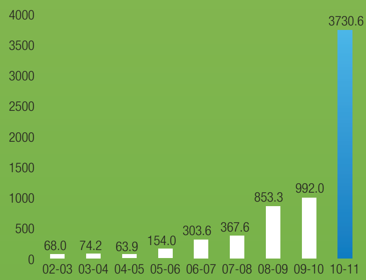
Operating Profit (₹ cr.)



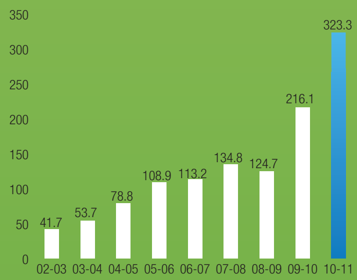
Net Profit (₹ cr.)



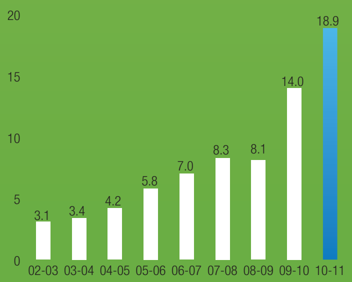
Networth (₹ cr.)



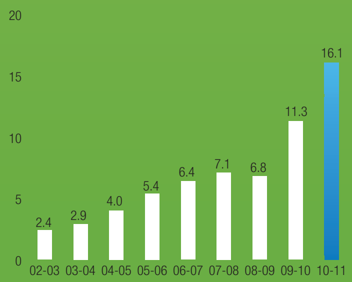
Capital Employed (₹ cr.)



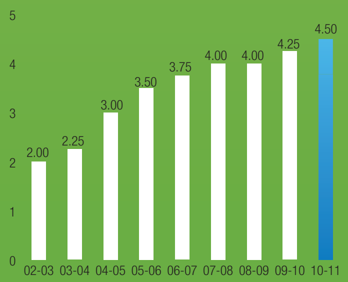
EVA (₹ cr.)



PBT Per Share (₹)



EPS (₹)



Dividend Per Share (₹)

Note: Figures from FY 05-06 onwards are on a Consolidated business.

The year that was

Unrelenting Growth

- FY 2010-11 consolidated sales revenue (net of excise) improve by 78% from ₹ 2041.2 crore to ₹ 3643.0 crore.
- Consolidated Net profit increases by 52% from ₹ 339.6 crore to ₹ 514.7 crore.
- Consolidated EPS increases to ₹ 16.1 from ₹ 11.3.
- Consolidated Profit before Depreciation, Interest and Tax (PBDIT) and exceptional items improved by 57% from ₹ 454.6 crore to ₹ 713.6 crore.

All Round Business Strength

- Your Company is the largest Indian Personal and Home Care Company

1
in hair colours (Market share: 29.4%)*
in home insecticides (Market share: 36.6%)*
in liquid detergents (Market share: 86.3%)*

2
in soaps (Market share: 10.1%)*

**(Source : Ac Nielsen)*

- Your Company also has leading positions in its International Operations

1
in air fresheners and wet tissues in Indonesia
in hair colours in many countries in Africa
in hair colours in several countries in Latam

2
in home insecticides in Indonesia
in hair extensions in South Africa
in medicated soaps in Nigeria

Innovations to Further Improve Performance

- Godrej No.1 Saffron and Milk Cream launched.
- FairGlow relaunched during the year with attractive new packaging and shape and the promise of fairness was strengthened with the addition of 'Fairness + Proteins'.
- GCPL launched a range of hair colours under Godrej Expert, offering multiple benefits. It has also initiated 'happy hair happy you' campaign for the launch.
- Goodknight Advanced Low Smoke Coil is the world's first low smoke coil that emits 80% less smoke while being 25% more effective.
- Goodknight coils are the only coils with a special fragrance and they are the largest selling 12 hour coils in the Indian market.
- Goodknight also remains the fastest growing refills brand.
- Strong marketing campaigns – HIT 'Kill Malaria' and 'Swach Tyohar' initiatives and Goodknight Advanced Active + system media burst on 'Push Karo Khush Raho' communication.

Consolidating Global Presence

- Successfully completed the acquisition of Tura-Nigeria, Megasari-Indonesia, Issue Group and Argencos-Argentina.
- Projects commissioned to deliver benefits of increased distribution reach and sales processes.
- Successful operational integration of the Issue and Argencos businesses. Focus on expanding across Latam.
- Projects underway to launch other categories through the Tura infrastructure.

Improved Shareholder Value

- Consolidated EPS increases to ₹ 16.1 from ₹ 11.3.
- Consolidated Economic Value Added (EVA) rises from ₹ 216.1 crore to ₹ 323.30 crore.
- Dividend ₹ 4.50 per share (450% on a face value of ₹ 1 per share).

Recognitions

- GCPL features among the top 25 best employers in the Outlook Business–Hewitt Study.
- Goodknight advanced Low smoke coil voted Product of the Year 2010.
- Brand Equity's Most Trusted Brands Survey 2010.
  - Goodknight continued its fine run registering its highest 12^{th} rank in the survey.
  - Godrej No. 1 leapfrogged from 103^{rd} position to the 69^{th} rank.
  - Godrej Expert Powder Hair Colour made its debut in the survey at the 100^{th} postion and also features along with Cinthol and Godrej No. 1 in the most trusted personal care brand in India survey.
  - In the city-wise rankings which lists 10 most popular brands in the 5 metros, Godrej No. 1 has been ranked at the 6th position in Delhi and Cinthol features at the 10th spot in Chennai.
- Godrej Expert and Goodknight Advanced Activ+ awarded Bronze medal at EFFIE's 2010 Awards.
- Godrej Ezee Commercial Features in the 'Best Ads on TV' Survey.
- Godrej Consumer Products awarded NDTV Profit Business Leadership Award in 'Consumer Product Goods' category.
- Godrej Consumer Products awarded the Pitch Top 50 Marketers 2010 award in the 'Globetrotters' category.
- Goodknight Naturals Mosquito Repellent Cream voted Product of the Year 2011.

Board of Directors

Narendra Ambwani
D. Shivakumar
Bharat Doshi
Nadir Godrej
Tanya Dubash
Adi Godrej
Jamshyd Godrej
Nisaba Godrej
Bala Balachandran
Aman Mehta
A. Mahendran
Dr. Omkar Goswami

Company Secretary P Ganesh **Auditors** Kalyaniwalla & Mistry
Registrars Computech Sharecap Ltd.

Bankers Central Bank of India, State Bank of India, Citibank N. A., HDFC Bank Limited, The Hongkong & Shanghai Banking Corporation Limited.

Management Speak

Chairman's address

Dear Shareholders,

I am delighted to address you on what has been another successful and eventful year for your Company. Fiscal year 2011 has been a transformative year for GCPL on many fronts. In May 2010 we acquired the remaining 51% share in Godrej Sara Lee Limited and with the merger of the two businesses, GCPL is now the largest Indian Household and Personal Care company. We believe that this merger provides us a unique opportunity to significantly change the trajectory of our FMCG business as we leverage the complementary strengths of the two companies to create one GCPL. The potential for value creation, simply put, is huge.

Along with becoming the largest Indian Household and Personal Care company in fiscal year 2011, we also continued our evolution from an Indian FMCG company to a leading emerging markets FMCG company. Through our numerous acquisitions outside of South Asia, GCPL now has operations in Indonesia, South Africa, Nigeria, Argentina, Uruguay, UK and the Middle East. Our products are now available in 55 countries around the globe and about a third of our revenues in fiscal year 2011 came from our international operations.

I believe that the lagging impact of the economic crisis is reversing and barring unforeseen developments, especially on the political front, the global environment is returning to normalcy. India, along with the other emerging market economies, has demonstrated encouragingly strong growth and continues to show resilience to external market fluctuations such as high inflation and interest rates. Indeed, for the next fiscal year, the Government has predicted healthy growth rates, a testament to India's remarkable growth story. The increased focus on developing infrastructure, particularly in roads and rail, is expected to boost the consumption story of India, supplementing both the country and your Company's growth in the years ahead.

In line with this growth story, your Company has continued to develop expansion into the rural space, while at the same time reaching outward to different regions across the world and consolidating our international business. Simultaneously, implementation of new initiatives and innovations for additions in our brand categories has improved efficiency, productivity and profitability through the year. The macroeconomic environment has faced some roadblocks in the last year, but we are confident that India's overall growth story will continue and that your Company is well positioned to build growth drivers, capitalize on global opportunities and create sustained value for all its shareholders.

FMCG Sector

Most concerns about the FMCG sector revolve around increasing commodity prices, which has led to limited purchasing power. Due to high inflation during the year, low income households have tightened their belts. However, improved irrigation techniques and agricultural infrastructure have to some extent freed agricultural production from its dependency on the monsoons and this should lower food prices going forward.

Despite this, the FMCG sector has demonstrated a strong picture of growth, performing encouragingly through the year. The expansion in volumes in most of our businesses has been indicative of increasing consumer demand and consumption, as also our enhanced marketing and distribution efforts. While increasing competition, high inflation, and inflated input cost prices may temporarily impact margins, I believe that the viability of the sector will hold and we will continue to foresee significant prospects in this sector.

Perspectives on our Performance

The Godrej Sara Lee acquisition has tremendous game changing potential and as a result of it, we now have a broader category portfolio. Home Care now comprises 43% of our portfolio and Personal Wash is 32% of our portfolio, as opposed to 65% of the portfolio resting on Personal Wash in fiscal year 2009. Apart from a broader category portfolio, our domestic scale has increased significantly. Over the last year, our domestic business reported a growth of 89% to reach ₹ 2395 crores. This increased scale enables GCPL to further expand distribution in India and improve penetration in channels such as chemists, modern trade and rural markets. It will allow us to compete more effectively in terms of investing in creating new platforms to develop innovative solutions to meet customer needs. The merger also provides the ability to drive significant synergies in our operations. Finally, we believe that we now have a strengthened ability to attract and retain top notch talent for future business growth. The integration process is well on track. Over 100 of our team members have been working very hard in cross functional teams to cross pollinate ideas, to share learnings and to chart the path of a bigger and better GCPL. This intensive effort has been code-named Project Neo.

We have been following a very disciplined and focused globalization approach which we call our 3 by 3 strategy – presence in 3 continents – Asia, Africa and Latin America through 3 core categories - home care, hair care and personal wash. Our 3 by 3 strategy starts with the premise that apart from tremendous opportunities available for growth in India, there are attractive opportunities available in other emerging markets as well.These emerging markets have characteristics and consumer demographics similar to India. With the economies of Indonesia, Africa and Latin America all expected to grow at more than 5%, we expect healthy organic growth in our international businesses, both in top line and even more on the bottom line.

We believe that we can very effectively leverage GCPL's fundamental value proposition of superior quality affordable products and our understanding of consumers to our international markets. We can also add tremendous value to these acquisitions through the rigor of the Godrej processes, operational discipline, manufacturing, technology and sourcing strengths.Our acquisitions have been very value accretive for us.

Apart from expanding our geographic presence, our other key priority is to continue driving leadership in our core categories. We are the leaders in hair colour, home insecticides and liquid detergents and the number two player in soaps in the Indian market. We are also the market leaders in air fresheners and wet tissues in Indonesia, in hair colours in many countries in Africa and Latin America. We are also the number two player in home insecticides in Indonesia and hair extensions in South Africa.

To capitalize on the growth potential in our categories, innovation is a key area of focus. We are actively building our innovation platforms of the future. We will be investing heavily in these platforms and the projects undertaken will guide the future trajectories of our categories. The recent relaunch of Godrej Expert, one of our heritage brands, in an exciting new avatar with multiple benefits, is an example of this.

All of this would not have been possible without the exemplary commitment shown by the GCPL team. Under the leadership of Mr. Mahendran, we have a strong team in place ably driving our ambitious growth plans. GCPL today provides tremendous growth and development opportunities for its employees. In recognition of its strong people proposition, AON Hewitt ranked GCPL as the #4 best employer in India, moving 7 notches up from the #11 rank we held previously.

Outlook

As a company, we have always been committed to strong and sustained value creation. Over the last 10 years, we have achieved sales growth at a compounded annual growth of 23% and profit after taxes at a compounded annual growth of 28%. The market has also rewarded us well for our strong performance, with our share price delivering a compounded annual growth of 37% during this 10-year period – making GCPL the best performing FMCG stock during this period. This is against the backdrop of the FMCG index which grew by a compounded annual growth rate of 15% over the same period.

Going forward, we will continue to emphasize driving inorganic and organic growth. As we continue to expand our product portfolio and expose our customers to our broad range of quality products, we will also focus on enhancing our presence in target geographies, both domestically and internationally. On the inorganic front, we will continue to analyze personal wash, hair care and home care sectors and capitalize on available growth opportunities.

Your Company today is intimately linked with both the Indian growth story and the increasing opportunities in developing markets and enjoys a position as a trusted brand leader and household name. We will continue to build our reputation as a domestic leader by positioning ourselves strategically and operationally to consolidate and build for a bright future.

I would like to take this opportunity to thank our employees, whose consistently admirable work helps deliver strong performance. I would also like to thank our business partners, our vendors, and our other business associates. Finally, I would like to thank all our stakeholders for their continued interest, support, trust and encouragement.

Yours Sincerely,

Adi Godrej
Chairman

Managing Director's address

Dear Shareholders,

Fiscal year 2011 has been an exciting year and I am very pleased to write to you and share my ideas, an update on our business and the progress on our priorities. I strongly believe that the coming together of the Godrej Consumer Products and Godrej Sara Lee businesses will offer unparalleled opportunities for synergy and growth and we will see a lot of this unfold as we move forward.

As an emerging market multinational, backed by our 3 by 3 strategy – building our presence in 3 continents (Asia, Africa and Latin America) through 3 core categories (home care, personal wash and hair care), we are pooling in global expertise and leveraging our learning across the globe. This exchange will be of vital importance for our future growth.

Fiscal year 2011 has been an exciting year and I am very pleased to write to you and share my ideas, an update on our business and the progress on our priorities. I strongly believe that the coming together of the Godrej Consumer Products and Godrej Sara Lee businesses will offer unparalleled opportunities for synergy and growth and we will see a lot of this unfold as we move forward.

In order to achieve our planned trajectory of growth, we have articulated a cohesive direction for your Company and defined six key priorities which will drive our future success.I would like to introduce you to them, along with our plans for each:

1 Core category leadership

We continue to focus on consolidating our leading positions in our core categories in both our domestic and international businesses and drive growth ahead of the market. Our transformation is built on harnessing the power of Brand Godrej and implementing our Brighter Living vision. Five Godrej brands featured in Brand Equity's Most Trusted Brands Survey 2010, which is the highest ever for any Indian Group. This survey is the largest and most diverse of its kind, with over 8,000 respondents from across the country. Goodknight jumped to a historic high at rank 12 and continues to be the most trusted household care brand in the country. Godrej No. 1, Cinthol and Godrej Expert too were listed in the top 100 brands in this survey. Goodknight Advanced Low Smoke Coil was voted 'Product of the Year 2010' in the Insect Repellent category, making it the second consecutive Goodknight win followed by Goodknight Naturals Mosquito repellent cream being voted 'Product of the Year 2011'.

We are also working towards building and strengthening our portfolio and looking to extend into adjacencies. We recently successfully completed the acquisition of the Genteel and Swastik brands which extends our leadership in the specialty liquid detergents category in India.

2 International growth

We will drive international growth in line with our 3 by 3 strategy. Our integration plans are in fact well on schedule. We expect multifold benefits from integrating our recently acquired businesses and we will be tracking them closely to best leverage the complementary strengths of a global GCPL. We will also continue to look for accretive synergistic acquisitions that are in line with our strategy.

Fiscal year 2011 saw a spate of acquisitions. We started building our presence in Latin America and the operational integration of our new businesses – the hair care companies, Issue and Argencos – is coming along very well. We also acquired the Megasari Group one of the largest household insecticides and air care companies in Indonesia. We have now entered the Nigerian market with the acquisition of Tura, a medicated soaps brand and have a platform to introduce our products in Nigeria and West Africa. Our UK business too acquired Salon Selectives, a heritage hair care brand.

3 Renovation and innovation

We remain committed to providing superior quality products to delight our consumers. Innovation will be a key driver of growth ahead and we will be investing very heavily in our innovation platforms. Our design driven approach is aimed at providing meaningful differentiation in our products. Abductive thinking around emergent needs, idea generation and rapid prototyping will define our strategy in the years ahead.

In the domestic market, we have recently relaunched Godrej Expert, our hallmark hair colour brand, with a bright new look and multiple benefit offerings. The Goodknight innovations – Low Smoke Coil, Advanced Active + and Naturals – are examples of how we are continuously evolving our products and the category. Our Hit brand too made a mark with innovative marketing campaigns around 'Kill Malaria' and a cleanliness drive close to the festive season, called 'Swach Tyohar'. In the personal wash portfolio, Godrej No. 1 introduced a new variant in Saffron and Milk Cream and FairGlow, our fairness soap, was relaunched.

On the international business front, our Latin American company has launched an Ammonia free hair colour under the "Issue" brand. Issue - Precious Secrets, the other offering, is a hair colour with a three dimensional gloss feature and we have also launched Diamond Black, the first of the select new colours. The Salon Selectives brand acquired by our UK business has a range which includes shampoos, conditioners, mousses, sprays, gels and oils. In Indonesia, we have introduced Stella Duo, an air freshener with a dual fragrance.

4 Future ready sales system

GCPL is putting together the sales infrastructure in place that will enable us to achieve our aspirational growth targets. We will be driving initiatives to expand and enhance urban and rural penetration, tap into new channels and build new capabilities in our sales team.

Our current direct and indirect reach has expanded to 40 lakh outlets. We are also synergizing the channel strength of different categories to drive scale benefits and will expand household insecticides in rural markets, hair colours and toiletries in chemists and up our scale of operations in modern trade.

5 Best in class supply chain

We have already integrated our global supply chain and are focusing on building centers of excellence, leveraging strategic sourcing and driving cost efficiencies. The strategic sourcing of non commodity raw and packaging materials is expected to generate significant savings. We are implementing a lean supply chain through integrated planning, network optimization and a consumer centric supply chain. Additional cost efficiencies are also being driven through energy conservation and the deployment of Lean and Six Sigma principles. The benefits from these initiatives, coupled with flexible and scalable IT systems, will provide us significant competitive advantage.

6 Agility and professional entrepreneurialism

We are cultivating a 'One GCPL' culture which is driven by our strong team in place under common management. Over the last year, we have brought new senior talent on board – Vivek Mathur (President – Marketing, Sales and Innovation), Shashank Sinha (President – International Business) and Sunil Kataria [Executive Vice-President (Sales and New Business Development)] to augment our team.

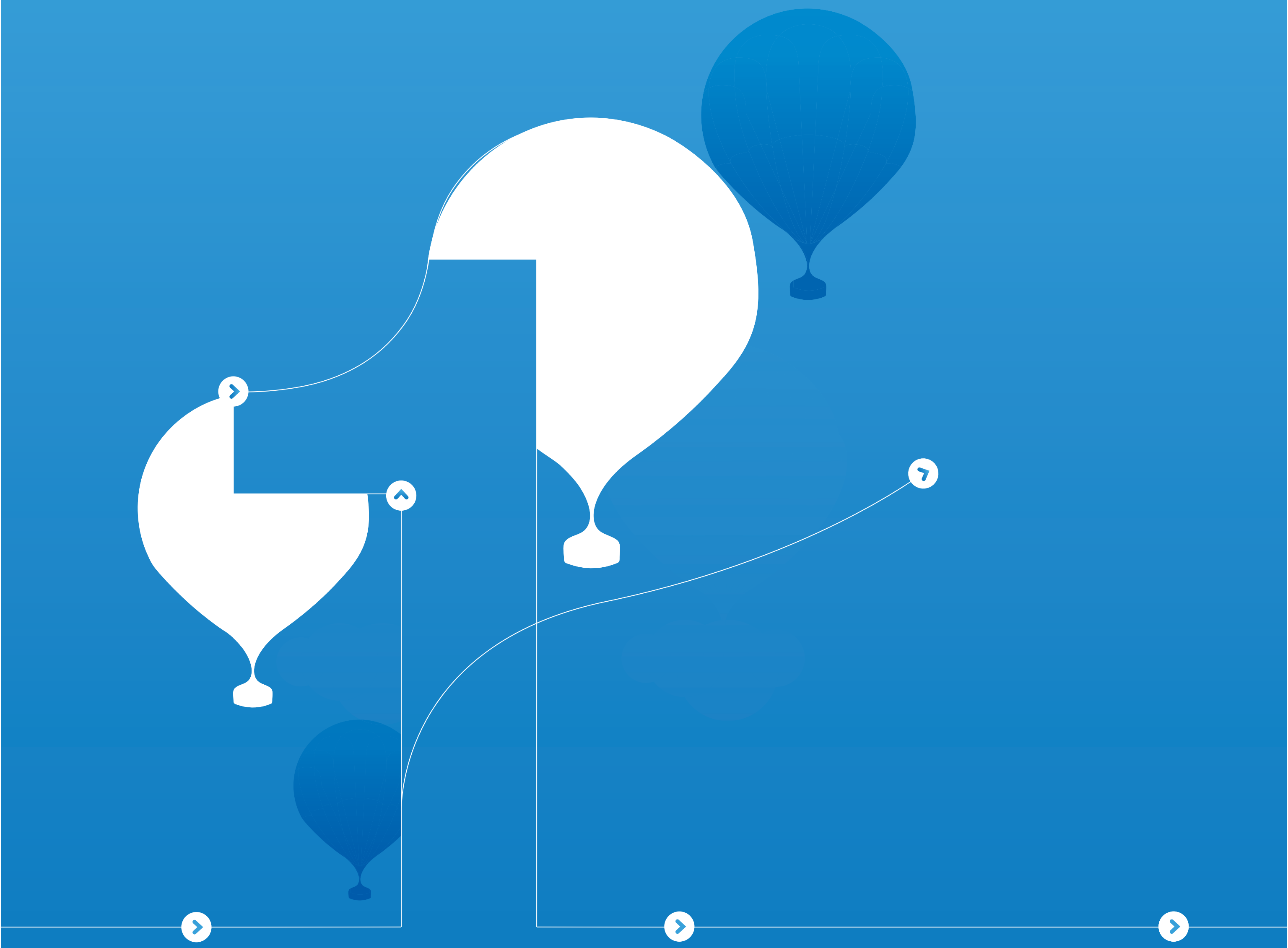
Our biggest strength lies in our people. We take pride in being an employer of choice. We will continue to provide tremendous learning opportunities for our team and foster an inspiring culture of professional entrepreneurship – a blend of two powerful, though arguably opposite styles, that of the calculated professional and the entrepreneur who is willing to stretch and take a risk – that encourages initiative and potential.

The year ahead provides us with tremendous opportunities. We are driven by the potential that a larger and stronger GCPL offers. While there will undoubtedly be challenges that we will face, we believe that we have a sound strategy and a great management team in place to capture the promise that lies ahead.

Yours Sincerely,

A Mahendran
Managing Director

Management discussion and analysis



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Overview

FY 2011 started on an encouraging note as the Indian economy continued to display remarkable resilience to the lingering effects of the global recession in 2008-2009. With estimated growth at 8.5%, the India growth story continued to outpace most other economies. The developed economies are only now beginning to turn around and demonstrate recovery. This outperformance was partly due to a consistent contribution from the services sector but largely driven by a "rebound in agriculture and continued momentum in manufacturing." (State of the Economy and Prospects. Chapter 1. p.1)

In terms of domestic demand, a rise in savings and investment coupled with increased private consumption provide a critical component to the Indian growth story, contributing significantly towards GDP growth. However, higher interest rates and the disconcertingly high levels of inflation at the beginning of 2011 threatened to severely hamper the GDP growth. While a large part of the effects were contained by "the sequenced and gradual withdrawal of monetary accommodation." (State of the Economy and Prospects. Chapter 1. p.10) inflation still remains an area of concern for policymakers.

The net inflows of FDI have remained disconcerting. From over USD 25 billion in April-November 2009, net inward FDI slowed down to USD 19 billion year-on-year. According to Moody's, India's local currency rating may be upgraded provided that the Government meets the medium term fiscal targets. The Union Budget 2011 underlined the Government's efforts to manage the fiscal deficit and it is expected that these actions "will sustain a faster de-leveraging of government debt than originally forecast and is credit positive for the Indian government." (Moody's Weekly Credit Outlook. 7 March 2011. p.34)

The outlook for the FMCG sector remains mixed with rising input costs and inflation creating their own pressures.

FMCG Companies continue to pursue expansion into Rural India. The sector is one of the country's fastest growing sectors as the population's nominal income rises and their purchasing power parity increases. An analysis carried out by the Associated Chambers of Commerce and Industry in India (ASSOCHAM) shows that the FMCG sector will witness "more than 50% growth in rural and semi-urban segments by 2012, which in totality is projected to grow at a CAGR of 10% to ₹ 106,300 crore from ₹ 87,900 crore." Mr. Dilip Modi, President of ASSOCHAM, commenting on the analysis, stated, "With 150 million households, the rural population is nearly three times the urban population. No FMCG company can afford to miss the opportunity."

The recent Budget announcements have been largely neutral to the FMCG sector and especially GCPL. The reduction in surcharge from 7.5% to 5% coupled with a hike in the base MAT rate will keep the effective rate virtually the same. These actions prepare the pathway for the implementation of the GST.

Today, your Company has established itself as one of the leading companies in the FMCG sector, with a memorable brand name and a strong presence in the Personal and Household Care businesses. For the year under review, your Company continued its strong momentum and built on its initiatives of the last few years to consolidate business growth. Throughout the year, your Company has seen its brand outreach grow through the implementation of new initiatives focused on expansion, particularly in the rural space. In addition, your Company continues to advance outward, expanding its global reach to diverse regions around the world, and its international business has performed significantly well given the tough economic conditions within which that they had to operate.

The edifice of your Company's approach remains the 3 x 3 strategy, and as a result, FY 2011 has been a transformative year. The main emphasis of the strategy is to enhance its domestic and international presence and create a multinational business driven by growth in three categories "Hair Care, Home Care, and Personal Wash" across three regions of Africa, Latin America and Asia. As the global macroeconomic environment improves and its acquisitions continue to add value to growth across these diverse geographies, your Company's operations continue to improve substantially and its products become available to a broader spectrum of consumers.

Apart from healthy organic growth there were also a few developments on the inorganic front. Your Company acquired the remaining stake in Godrej Sara Lee Ltd. (GSLL), the joint venture with Saralee Corporation USA. The acquisition was renamed as Godrej Household Products Limited (GHPL) and the resulting merger serves as an important milestone towards its development as a leading FMCG Company in India. The merger will enhance its focus on the 3 by 3 strategy and provide significant strategic and operational benefits.

Towards the second half of FY 11 your Company, acquired two brands, Genteel and Swastik, owned by Essence Consumer Care Products Pvt. Limited (EC) and Naturesse Consumer Care Products Pvt. Limited (NC) respectively. This acquisition will continue to strengthen the Company's commitment to India being one of the key drivers of revenues and profits. The acquisition extends our leadership presence specifically in the liquid detergents category and reaffirms its position as a domestic leader in the Personal Wash category.

The hair care portfolio has seen considerable developments throughout the fiscal year. GCPL has maintained its market leadership position in Hair colour with 29% of the domestic market share throughout the fiscal year. Nupur continued to gain strong market share and now appears along with Godrej Expert amongst the top 5 brands in Hair colour category.

GCPL Standalone ₹ crore

Turnover (net)	FY 2010-11	FY 2009-10	Growth (%)
Soaps	795.9	828.4	(4%)
Hair Colour & Toiletries	388.2	357.7	9%
Repellents & Others	1102.7		
Liquid Detergents	64.4	53.3	21%
By-products	44.0	28.5	54%
Total	2395.2	1267.9	89%

Under Goodknight franchise-coils, electrics and naturals cream continue to outperform the category on the back of innovative products and successful marketing initiatives.

During the year under review, your Company relaunched Godrej No. 1, which has strengthened its branding and the visibility of the soaps business. Cinthol continued to perform well led by its premium offering in Southern part of the country. In the third quarter of the financial year, your Company relaunched FairGlow soap, specializing in fairness. For the year, your Company maintained a market share of 10 % in the Personal Wash category.

In the household insecticides business, Goodknight Advanced Low Smoke Coil was voted 'Product of the Year 2010' in the Insect Repellent category, making it the second consecutive Goodknight win followed by Goodknight Naturals Mosquito repellent cream being voted 'Product of the Year 2011'. HIT Aerosols have grown at healthy rates on the back of 360 degree activation drive awareness for the 'Kill Malaria' campaign. Under Goodknight franchise coils, electrics and naturals cream continue to outperform the category on the back of innovative products and successful marketing initiatives.

International operations have also performed robustly despite tough macroeconomic challenges globally. In Latin America, following GCPL's announcement of the acquisition of the Issue Group, your Company went on to acquire Argencos, a mid-sized Argentine hair company. In Q3 of the current financial year, your Company operationally merged both to create a consolidated business in Latin America, improving strategic reach and operational performance. In Africa, businesses continue to demonstrate strong growth as Rapidol continues to enjoy its market leadership in ethnic hair colour in South Africa. Your Company also launched its first Kinky 'Store within a Store' concept and established a hub in Nairobi. GCPL also completed the acquisition of Tura in the beginning of the fiscal year. Megasari continues to enjoy its number two position in household insecticides in Indonesia.

Domestic Business

Personal Wash

GCPL has retained its position as the second largest toilet soaps player in India with a market share of over 10%, aided by strong initiatives on the marketing and distribution front.

Godrej No. 1 is built on the proposition of natural beauty and is our leading brand in soaps. During the year, we relaunched it with a new shape and packaging and strengthened the promise of 'nature's way to beauty' with addition of natural oils. The enhanced product substantiates our promise to deliver premium value at an accessible price. We have a range of variants comprising Sandal and Turmeric, Lime and Aloe Vera, Jasmine and Coconut and Neem. The latest addition to the range is Saffron and Milk Cream. With this variant, Godrej No. 1 is offering its consumers the benefits of Saffron – a premium natural ingredient.

Godrej No. 1 maintained its leadership position in the North with a dominant position in the states of Punjab, Haryana, UP, Uttaranchal. We have also significantly increased our share in rural India through several initiatives launched over the year.

FairGlow, which is a fairness specialist soap, was in fact the first of its kind in India. It addresses the needs of a large section of consumers who drive the market for fairness products. It was also relaunched during the year with attractive new packaging and shape and the promise of fairness was strengthened with the addition of 'Fairness + Proteins'.

Cinthol, our other legendary brand is all about active, re-energising freshness and continues to perform well. We enjoy a stronghold in the southern states of Tamil Nadu and Andhra Pradesh, which complements our strength in North India with the Godrej No. 1 brand. Extending Cinthol soaps to lower unit price packs in the South has helped make the brand more accessible, while significantly increasing brand penetration. The expected improvements in disposable incomes, as a result of higher expected rural incomes and moderation in food price inflation, should boost stronger growth in rural markets. We will continue to ramp up our sales and distribution network to address these arising growth trends and are confident that our enhanced product portfolio will help drive growth.

Cinthol talcum powder continues to grow strongly and ahead of the market. It is available in five perfumed variants – Sport, Classic, Cologne, Musk and Lime. Cinthol deodorant continues to strengthen its presence through a range of six variants – Sport, Cologne, Classic, Musk, Unleash and Rainstorm. We anticipate healthy growth from this category, owing to the increased product range and the enhanced distribution base.

Godrej Protekt marked our foray into the health and hygiene category and promises the 'freedom to touch' through a range of hand sanitisers, hand wash and hand wipes in three fragrances – Original, Blossom and Citrus.

Hair Care

We continue to take strong strides in the hair colour business and enjoy market leadership in the domestic hair colour market. In the last year, we have witnessed a strong growth in off takes and have maintained a market share of 29%. This strong sales growth has been supplemented by successful marketing initiatives to improve market reach.

Our Hair Care category is led by Godrej Expert Powder Hair Dye, which is India's biggest name in hair colour. We have experimented with different offerings, both in format and colours to build on this position. Godrej Expert announced the re-launch of its brand to make its 4 crore consumer base happy and invites more people to colour their hair. Nupur, our leading mehendi brand adds to the natural aspect of this portfolio. We also have Kesh Kala Oil, Kali Mehendi and Anoop. While these products have mass appeal and are widely used across the country, we also cater to a more premium category through Renew and Coloursoft, our hair colour brands and are well placed to build our market share in the fast growing hair colour market in India.

Home Care

The Home Care bracket includes the iconic Goodknight brand with its interesting proposition built on 'protecting happy moments', which leads the Household Insecticides category in India. The Goodknight Advanced Range comprises three products, the first of which, Goodknight Active Plus was voted 'Product of the Year' in 2009 in the Household Insecticide category. Goodknight Advanced Low Smoke Coil is the world's first low smoke coil that emits 80% less smoke while being 25% more effective. Goodknight Naturals, our innovative tryst in this category is a great example of how we are constantly looking to evolve better consumer offerings. It is currently the only mosquito repellent with moisturizing and skin care benefits and comes in 50 ml and 125 ml packs. The Goodknight Care range includes the 75% market share, Goodknight Silver Mats. This product has been a pioneer in mats and currently comes in packages of 30 mats and 100 mats. Goodknight coils are the only coils with a special fragrance and they are the largest selling 12 hour coils in the Indian market. Goodknight also remains the fastest growing refills brand.

Hit is our other key brand which completes the cycle of building a happy and safe home. It is the undisputed leader in the fast growing aerosol format and we were able to drive further growth through enhanced visibility and focused marketing initiatives. Jet, a star regional player brand, has over 70% market share in the coil category in Andhra Pradesh.

Our liquid detergents business has performed very well. Ezee is India's leading liquid detergent brand and with our acquisition of the Genteel brand, we have extended our leadership in the Specialty Liquid Detergents category in India. Genteel has a 12% market share, largely in South India and the acquisition takes our share in the liquid wool wash category close to 90%.

Distribution and Supply Chain

Our integrated supply chain and the newly institutionalized global supply organization allows us to be an industry benchmark in end to end replenishment and TOC. We are building centers of excellence in TPM, lean, six sigma and low cost automation to augment our business. Debottlenecking initiatives in the last year have resulted in an additional 20% capacity created in coils, aerosols, soap making and finishing. Strategic sourcing of non commodity raw and packaging materials will play a distinguishing role ahead. We expect significant resultant cost efficiencies to show in the coming years. For example, the acquisition of Megasari in Indonesia has contributed to enhanced scale and consequently, accessing inputs and packaging material at competitive rates. It has also widened our vendor base.

On the distribution front, the merger of GHPL with GCPL has contributed significantly to expanding our presence, especially in rural areas. The increase in number of touch points has been a key contributor to growth during the year. We enhanced our village coverage with about 8,000 additional villages during the year.

Human Resources

This transformative year has been defined by the creation of One GCPL. All HR processes, structures were successfully integrated across our combined business.

We continued our commitment to being an employer of choice and ranked 14 overall in the Great Places to Work Survey conducted by Great Place to Work Institute in association with Economic Times, and number 1 in the FMCG industry. We were also ranked the number 4 Best Employer in India by Aon Hewitt.

Our initiatives in leadership development and learning were further strengthened by the leadership series, launched this year in partnership with faculty from leading business schools from across the globe. This is a three part series with modules on leading self, leading others and leading business. We introduced the Godrej Sales Academy which focuses on strengthening sales capability in the organization and also launched 'Shifting Gears', an initiative for the assessment and development of members of the supply chain and manufacturing teams.

We are continuously building for a brighter workplace – 'JLT – Just Like That' continues to be a great forum to interact, as is the new 'Monday Mania' which keeps up the fun and beats the Monday blues.

We are continuously building for a brighter workplace – 'JLT – Just Like That' continues to be a great forum to interact, as is the new 'Monday Mania' which keeps up the fun and beats the Monday blues. We also launched the first employee magazine, 'Connect', which provides a platform for interaction and information sharing.

We have also been working on integrating and extending some of our best practices to our international subsidiaries. In the year gone by, we integrated four new companies from the three geographies of Indonesia, Nigeria and Argentina. Our manpower numbers in countries outside India has risen significantly and now comprises over 40 percent of our total workforce. A dedicated HR team has been set up in India to support the integration of new businesses and institutionalize critical HR processes such as performance management and employee engagement. We will continue to strengthen our commitment towards making our international subsidiaries great places to work at.

Information Technology

During this fiscal year, we have undertaken important IT initiatives to improve customer services, employee productivity and controls and cost optimization. The SAP integration project will help us to harmonize processes and reduce the cost of operation in supply chain, as well as improving controls. Going forward, we plan to implement SAP in all subsidiary units and integrate them into one SAP ERP system.

Our Business Intelligence Project which was also introduced this year, will provide significant benefits in improving information availability, analytics and the decision making processes. We have launched a Sales Force Automation initiative (providing handheld instruments to the distributor sales force) to provide high quality services to our retail customers. This initiative has been rolled out in 8 cities in India, the results are extremely encouraging and we will extend this to other cities in the coming year.

Research and Development

Our Research and Development (R & D) focus is to drive innovation in all areas of our business, resulting in improvements in product quality, cost savings, higher efficiencies and improvements in packaging. We have integrated our R&D practices to operate in tandem with all our businesses and various product categories.

We leverage R & D activities to keep abreast of changing consumer tastes. This includes consumer studies to gauge feedback on new products, modifying products to suit consumer tastes and adding features and variants to existing products to provide alternative solutions to our consumers.

In the last year, we have launched several products with benefits and features which have been formulated by in-house R & D activities. For example, in the Personal Wash business, we launched a new variant of Godrej No. 1, Saffron and Milk Cream and relaunched FairGlow. We believe after considerable research that consumers are evolving and need more than just a hair colour. The re-launch of Godrej Expert delivers the most sought after benefits; long lasting colour, range of shades and the promise of soft and strong and happy hair!

We have also been working closely with the international businesses to cross sell products by modifying them to suit consumer tastes in different geographies. In Hair Care, there have been several international launches, including 10 new shades in Renew hair colour, 3 new shades in Inecto powder hair colour in South Africa and the launch of Abha Herbal Black Henna in Sri Lanka. The support to our South African business has led to cost synergies and in fact, at Rapidol, we have worked on minor adjustments to products to renew exports to African countries where we have an enhanced presence through recent acquisitions.

We have used feedback from our R & D team to improve packaging of products through enhanced safety and improved imagery. It has also helped us modify the aesthetics of our products and explore potential areas that can be outsourced, leading to lower costs and improved efficiencies.

Our Research and Development (R & D) focus is to drive innovation in all areas of our business, resulting in improvements in product quality, cost savings, higher efficiencies and improvements in packaging.

International Businesses

Our business extends to over 60 countries, including Sudan, SAARC countries, European Union, South East Asia, Fiji, Nepal, UAE, Bangladesh, Thailand, Singapore, South Africa, Mauritius, Latin America, Indonesia and Nigeria to name a few.

We continue to strengthen our presence in the countries through mergers and acquisitions, creating new market initiatives and expanding our market share in existing categories.

Indonesia

We have acquired the PT. Megasari Makmur Group in Indonesia. The Megasari Group manufactures and distributes a wide range of household products, including household insecticides, wet tissues and air fresheners. The business continues to do well and enjoys a number 2 position in the household insecticides market in Indonesia. It is also a leader in the baby wipes markets. We are confident this business will continue to produce value through its leading positions in insecticides, air fresheners and baby tissues. Integration plans for this acquisition are well on schedule and we look forward to it playing a key role in our global portfolio.

Africa

Our Africa business comprises three companies, Rapidol, Kinky and Tura. Rapidol continues to enjoy its position as the market leader in the ethnic hair colour market in South Africa. The Inecto colour range continues to do well and its diverse variants provide for a broad range of consumers. Rapidol also entered the Caucasian hair colour market with Renew from GCPL India. This year however, sales growths were affected by slowing economy and local competition.

Kinky offers a variety of products, including hair, hair braids, hair pieces, wigs, and wefted pieces and hair accessories like styling gels, hair sprays and oil free shampoos. Some of the Kinky products are processed at a plant in South Africa, while cash-n-carry outlets and owned stores provide avenues for disbursement of products. During the year, we launched Kinky's 'Store within a Store' concept and set up the hub in Nairobi, Kenya.

As part of our strategy to integrate operations and improve production efficiency, we have combined the operations of Rapidol and Kinky. We have increased the number of stores to 29 and overall presence through the combined operation.

The acquisition of Tura in Nigeria was completed this fiscal year. Tura is a household name in African markets and as a leading personal care company, enriches our portfolio handsomely by providing a range of products including soaps, moisturising lotions, and skin-toning creams. Their medicated bar soap is among the top three products in Nigeria for the soaps category.

Overall, we are pleased with our presence in the African markets. We will look to consolidate these operations by synergizing functions and then seek growth by cross selling products between different global operations.

Latin America

We entered the Latin American market this year with the acquisition of two businesses: Issue and Argencos. We also merged the two businesses operationally to provide strategic and operational benefits. The acquisition of Argencos, a mid-sized Argentine hair care company focusing on hair colours, complements the Issue portfolio, a company that has strong presence in the mass category. We believe the combination of the two businesses will provide a firm footing and strong entrance into South American markets, particularly in Argentina, Uruguay, Paraguay, Bolivia and a very good participation in Peru, Ecuador and Chile.

We continue to strengthen our presence in the countries through mergers and acquisitions, creating new market initiatives and expanding our market share in existing categories.

We also expect significant synergies across the value chain and predict a strong thrust for a sizeable business in Brazil. The strategy is based on the time-tested method of developing international business through the acquisition of local brands. The hair colourants market in Argentina is estimated to be around USD 200 million growing at CAGR of 22% over the last two-three years. Argencos is the number 1 hair spray company in volume terms – the brand Roby has immense brand equity in Argentina. Subsequently, the Godrej hair colour portfolio will now enjoy a volume market share greater than 25% in hair colours and over 50% in hair styling sprays.

United Kingdom

Keyline Brands in the UK owns brands like Cuticura, the lead volume hand sanitizer in the UK market, and Provoke Touch of Silver which has doubled turnover in the three years since acquisition. In addition to this, Keyline distributes market leading skincare and suncare brands like Bio Oil and Reimann P20. The base effect of H1N1 (swine flu) epidemic has impacted and led to a decline in sales in the current fiscal year. There have also been exceptional onetime costs, like those associated with outsourcing warehouse and distribution, which have impacted profits in the year but will bring significant benefits going forward. During the year Keyline Brands acquired the worldwide trademarks (except North America) of the brand Salon

Selectives. We believe that Salon Selectives has outstanding potential in both the UK and global markets. This great business opportunity comes from the strength of the unique brand proposition, the success of the brand globally in the 90's, and immediate success of its recent introduction.

Middle East

Godrej Global Mideast FZE (GGME) continues to distribute soaps, hair colours, and toiletries in the UAE and other GCC countries. The products launched in the Middle East include Godrej Expert hair colour and Godrej Nupur Mehendi.

Corporate Social Responsibility

The Godrej Group has been at the forefront of philanthropic and social activities for several decades. 25% of the shares of the Godrej Group's holding company Godrej & Boyce are held in a trust that invests back in initiatives that support the environment, and improve the quality and availability of healthcare and education. Through the investment and oversight by the trust, a large tract of mangrove forests in Mumbai have been protected, developed and maintained for several years and have served as a second set of lungs for the city. The Godrej Group has supported education for all through its support of the Udayachal pre-primary and primary schools which focus on all round development of children.

Additionally, the Godrej Group has supported initiatives in healthcare, through its Godrej Memorial Hospital (GMH), which aims to provide quality healthcare at affordable costs. One such initiative is GMH's partnership with a US based NGO 'Smile Train' which helps in performing corrective cleft lip and palate surgeries for low income children. GMH offers surgery and hospitalization to the patients free of cost.

Through active employee engagement and involvement, the Group continues to support the Indian chapter of "Table for Two", which it initiated at the World Economic Forum India Summit in December 2009. The initiative is targeted at addressing hunger and malnutrition in the developing world by combining our organization's tradition of serving society and individual involvement.

The Godrej Group also continues to support Heroes AIDS Project (HAP). HAP is nationwide HIV/AIDS initiative launched in July 2004 to work with media organizations and societal leaders in India. It seeks to develop coordinated campaigns to address the spread of HIV/AIDs and reduce stigma and discrimination by influencing public perception and policy through two platforms, advocacy and communications.

Environmental Initiatives

GCPL is a signatory to the Confederation of Indian Industry's (CII) Mission of Sustainable Growth, which proposes to promote and champion conservation of natural resources in Indian industry without compromising on high and accelerated growth. Our commitment under the code is to reduce energy and water consumption by 2-6% on an annual basis, and we have been successful in doing that since signing two years ago. Initiatives undertaken to achieve this have included using more energy efficient motors at our factories, converting to LED lights, harvesting rain water, and using soil biotech technology to treat effluents for some processes.

GCPL has moved from PVC packaging of its products to the more environmentally sustainable PET packaging. Additionally, we have consciously reduced the plastic content in our packaging through a re-design process that has covered refill bottles and aerosol caps. Metal usage has also been decreased by using lower grammage coil stands and marginally reducing the height of aerosols cans. In several of our units we have also switched from furnace oil to natural gas or agro waste in order to reduce the emission of green house gasses. Efforts are underway to extend this to other units as well.

Your Company is also an active participant in the "Green Initiative in Corporate Governance" recently launched by the Ministry of Corporate Affairs. With a view to contribute its mite to a sustainable greener environment and conservation of precious resources, your Company has printed this Annual Report using eco friendly paper.Your Company has also encouraged shareholders to receive communications from the Company by electronic mode.

Social Initiatives

HIT undertook a numbers of social initiatives last year to increase awareness about household hygiene and health.

In August, HIT conducted the 'Kill Malaria' campaign, with the objective of spreading awareness on the causes, symptoms and prevention of deadly mosquito-borne diseases such as Malaria and Dengue. The campaign covered six metros (Mumbai, New Delhi, Kolkata, Chennai, Hyderabad and Bangalore) and reached approximately 5 lakh individuals.

Before Diwali, the festival of lights, HIT launched a clean-up drive for slum dwellers across the city of Mumbai. In order to gift cleaner surroundings to the less privileged citizens over the festive season, HIT squads undertook the "Saaf Ghar, Swach Tyohar" campaign which cleaned up the homes for 2200 families.

Inclusiveness

We continue to reinforce our commitment to Affirmative Action. GCPL also recognizes the importance of diversity in the workplace. As a result, it continues to endeavor to provide opportunities to socially and economically underprivileged persons, including those belonging to Scheduled Castes, Scheduled Tribes and other physically challenged individuals. Recruitment drives for prospective employees from each of the above mentioned categories were conducted in the last year. We recruited SC and ST candidates for close to 31% of the manufacturing vacancies this year. We also provided training, counseling and other facilities to students to help broaden their learning and improve their candidature for campus recruitments. We have also partnered with the Ambedkar Institute for handicapped in Kanpur for recruiting physically challenged individuals and have organized workshops at the Institute on industrial practices for skills development. We also created special provisions in purchase orders and vendor agreements to provide an equal opportunity to SC and ST and differently abled people in employment, entrepreneurship etc

In 2007, our Malanpur factory adopted a neighboring village “Singwari”, which is predominantly inhabited by people belonging to scheduled castes and scheduled tribes. The adoption started with assisting a school by granting scholarships, providing computers, and organizing an eye-check up in the school. The focus has continued with education and health care support for the village, including running a dispensary with regular doctor visits, free distribution of medicines, and an annual “Health Check-up camp” with assistance from the Government Block Health Centre. The development and welfare of Singwari village has become integral to the employees of GCPL Malanpur and they have undertaken self motivated initiatives including conducting sports and cultural activities in the school as well as training teachers on the use of computers. In order to promote the economic status of youth and women in Singwari, the Malanpur factory organizes an annual “Entrepreneur Development Programme” in association with Central Board for Workers Education.

Our other factories are also actively involved in improving the quality of life in surrounding communities through initiatives such as educational scholarships for underprivileged students and health and hygiene awareness drives.

Through a self-funded program - Godrej Rural Internship Program (GRIP), GCPL will strive to improve livelihoods in several under-developed communities. GRIP, which is currently under development, will focus on imparting training to rural Indians enabling them to work as our channel partners.

Looking forward:

Over the last year, through an even more strategic approach to corporate social responsibility, the Godrej Group has evaluated how it can drive more meaningful impact and further its commitment to the communities within which it operates through shared value initiatives that create both social and business benefits.

In conjunction with our vision for “brighter living” for all its stakeholders, we have developed a long-term vision for playing an active part in creating a more inclusive and greener India. This vision has been named “Godrej Good & Green”. As part of Good & Green, the Group aspires by 2020, to create a more employable Indian workforce, a greener India and innovate for good and green products.

Specifically, our goals at the Group level for 2020 as part of this vision are:

- Training 1 million rural and urban youth in skilled employment
- Achieving zero waste, carbon neutrality, positive water balance and a 30% renewable energy source
- Having a third of our portfolio revenues comprising and/or green products and services – defined as products that are environmentally superior or addresses a critical social issue (e.g., health, sanitation, disease prevention) for consumers at the bottom of the income pyramid

The Good and Green vision and continued execution against that vision will be a strong focus for the GCPL going forward.

Financials (Consolidated)

Abridged Profit and Loss statement

All figures in ₹ crore

	FY 2010-11	FY 2009-10
Net sales	**3,643.0**	**2,041.2**
Other income	72.9	46.8
Total income	**3,715.9**	**2,088.0**
Total expenditure other than interest and depreciation	3,002.3	1633.4
Profit before interest, depreciation and tax and exceptional items	**713.6**	**454.6**
Depreciation	49.9	23.6
Profit before interest, tax and exceptional items	**663.7**	**431.0**
Interest and financial charges	51.9	11.1
Profit before tax and before exceptional items	**611.8**	**419.9**
Tax expenses	130.2	80.3
Profit after tax before exceptional items	**481.6**	**339.6**
Exceptional items (net of tax)	33.1	-
Profit after tax	**514.7**	**339.6**

GCPL's net sales in FY2010-11 were ₹ 3,643 crore, representing a growth of 78% over FY2009-10.
Profit before Interest, depreciation, tax and exceptional items (PBIDT) increased by 57% to ₹ 713.6 crore.
Your Company generated a Profit before tax (PBT) & before exceptional items of ₹ 611.8 crore and a Net Profit after tax (PAT) of ₹ 514.7 crore, displaying a 46% and 52% growth respectively over the Company's FY 2009-10 performance.

Profitability perspective

	FY 2010-11	FY 2009-10
PBDIT/Sales	20%	22%
PBT/Sales (before exceptional items)	17%	21%
PAT/Sales	14%	17%
EPS (₹)	16.1	11.3
EVA (₹ crore)	323.3	216.1

Internal Control Systems and their Adequacy

Your Company has a proper and adequate system of Internal Controls, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

Your Company's Corporate Audit and Assurance Dept which is ISO 9001: 2000 certified, issues well documented operating procedures and authorities with adequate built-in controls at the beginning of any activity and any time during the continuation of the process, if there is a major change.

The internal control is supplemented by an extensive programme of internal, external audits and periodic review by the management.

The system is designed to adequately ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets.

During the year the Corporate Audit and Assurance Dept was involved in facilitating the SAP implementation so as to ensure that the existing processes are adequately captured with in-built control mechanisms.

GCPL Head Office and all major factories & offices across India operate an Information Security Management System which are ISO/IEC 27001 certified

Your Company has a defined risk management strategy and has constituted a Risk Committee whose role is to identify potential risks, creates mitigation strategies and monitors the occurrence of risk.

Awards & Recognitions

- GCPL features among the top 25 best employers in the Outlook Business - Hewitt Study
- Goodknight advanced Low smoke coil voted Product of the Year 2010
- Brand Equity's Most Trusted Brands Survey 2010
    - Goodknight continued its fine run registering its highest 12th rank in the survey
    - Godrej No. 1 leap-frogged from 103rd position to the 69th rank
    - Godrej Expert Powder Hair Colour made its debut in the survey at the 100th postion and also features along with Cinthol and Godrej No. 1 in the most trusted personal care brand in India survey
    - In the city-wise rankings which lists 10 most popular brands in the 5 metros, Godrej No. 1 has been ranked at the 6th position in Delhi and Cinthol features at the 10th spot in Chennai
- Godrej Expert and Goodknight Advanced Activ+ awarded Bronze medal at EFFIE's 2010 Awards.
- Godrej Ezee Commercial Features in the 'Best Ads on TV' Survey
- Godrej Consumer Products awarded NDTV Profit Business Leadership Award in 'Consumer Product Goods' category
- Godrej Consumer Products awarded the Pitch Top 50 Marketers 2010 award in the 'Globetrotters' category
- Goodknight Naturals Mosquito Repellent Cream voted Product of the Year 2011

Risk and Concerns

As your Company expands its global reach, it is exposed to an increasing degree of risks. These risks can adversely impact the functioning of the Company through their effect on operating performance, cash flows, financial performance, management performance and overall sustainability of the Company. GCPL has in place an active risk management system to identify and mitigate potential risks to the organisation.

The risks that may affect the functioning of the Company include, but are not limited to:

- Economic conditions
- Inflationary pressures and other factor affecting demand for our products
- Increasing costs of raw material, transport and storage
- Supplier and distributor relationships and retention of distribution channels
- Competitive market conditions and new entrants to the market
- Labour shortages and attrition of key staff
- Exchange rate fluctuation and arbitrage risk
- Integration risks for acquired companies
- Compliance and regulatory pressures including changes to tax laws
- Seasonal Fluctuations
- Political risks associated with unrest and instability in countries where the company has a presence or operates

Your Company has a defined risk management strategy and has constituted a Risk Committee whose role is to identify potential risks, creates mitigation strategies and monitors the occurrence of risk.

Outlook for FY 2011-2012

Your Company is extremely well positioned to maintain and accelerate its growth. Over the last 2 years we have put in place several building blocks and create a stronger platform to support this growth while concurrently successfully combating various external challenges. As we go forward we will explore opportunities both organic and inorganic. We will look to expand our presence both domestically and internationally primarily in emerging markets and in the home care, personal wash and hair care spaces. There is tremendous opportunity in these businesses and your Company is well equipped and ready to leverage this opportunity and establish its position as an Emerging Market FMCG Powerhouse.

Cautionary Statement

Some of the statements in this Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the domestic industry, significant changes in political and economic environment in India, tax laws, import duties, litigation and labour relations.

Corporate Governance

1. Company's Philosophy on Corporate Governance:

At Godrej, Corporate Governance has been practiced over the past 114 years.

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees, lenders and the Government. The Company is committed to achieve and maintain the highest standards of Corporate Governance. The Company believes that all its actions must serve the underlying goal of enhancing overall stakeholder value over a sustained period of time.

The Company continues to enjoy a corporate governance rating of CGR2+ (pronounced as CGR two plus) and Stakeholder Value Creation and Governance Rating of SVG1 (pronounced as SVG 1) assigned by ICRA.

The two ratings evaluate whether a Company is being run on the principles of Corporate Governance and whether the practices followed by the Company lead to value creation for all its shareholders.

The CGR2 rating is on a rating scale of CGR1 to CGR6 where CGR1 denotes the highest rating. The CGR2+ rating implies that in ICRA's current opinion, the rated Company has adopted and follows such practices, conventions and codes as would provide its financial stakeholders a high level of assurance on the quality of corporate governance.

The SVG1 rating is on a rating scale of SVG1 to SVG6 where SVG1 denotes the highest rating. The SVG1 rating implies that in ICRA's current opinion, the Company belongs to the Highest Category on the composite parameters of stakeholder value creation and management as also corporate governance practices.

2. Board of Directors:

a) Composition of the Board:

As of March 31, 2011, the Board of Directors of Godrej Consumer Products Limited (GCPL) consisted of nine Directors, two of whom are Whole-time Executive Directors. The remaining seven are Non-Executive Directors, with five being Independent Directors.

With effect from May 2, 2011 the Board of Directors has been reconstituted with the induction of three more non-executive directors out of which one is an independent director. The composition of the Board of Directors is given in Table 1.

b) Number of Board Meetings:

The Board of Directors of GCPL held six meetings during the year on April 26, 2010, July 24, 2010, September 13, 2010, October 14, 2010, October 30, 2010 and January 22, 2011.

The maximum gap between any two board meetings during the year was 88 days.

c) Directors' Attendance Record and Directorships Held:

Table 1: Details about GCPL's Board of Directors

Name of Director	Category	Board Meetings Held During the Year	Attendance at		Directorship in Companies, Chairmanship / Membership in Board Committees		
			Board Meeting	Last AGM	Director*	Committee Member**	Committee Chairperson**
Mr. Adi Godrej	Promoter, Chairman Whole-time & Non-Independent Director	6	6	Yes	10 (3)	1	4
Mr. Jamshyd Godrej	Promoter, Non-Executive & Non-Independent Director	6	4	Yes	9 (5)	2	1
Mr. Nadir Godrej	Promoter, Non-Executive & Non-Independent Director	6	6	Yes	12 (6)	2	1
Ms. Tanya Dubash	Promoter, Non-Executive & Non-Independent Director	Appointed as additional director w.e.f. May 2, 2011			8 (2)	2	–
Ms. Nisaba Godrej	Promoter, Non-Executive & Non-Independent Director	Appointed as additional director w.e.f. May 2, 2011			3 (1)	–	–
Mr. Narendra Ambwani	Non-Executive & Independent Director	Appointed as additional director w.e.f. May 2, 2011			4 (4)	4	–
Mr. Bala Balachandran	Non-Executive & Independent Director	6	3 (and 2 by telephone)	Yes	2 (2)	1	–
Ms. Rama Bijapurkar	Non-Executive & Independent Director	5	2	Yes	(resigned with effect from close of October 30, 2010)		
Mr. Bharat Doshi	Non-Executive & Independent Director	6	5	Yes	9 (4)	1	2
Dr. Omkar Goswami	Non-Executive & Independent Director	6	4 (and 2 by telephone)	Yes	10 (8)	5	3
Mr. A. Mahendran***	Whole-Time & Non-Independent Director	6	6	Yes	10 (2)	3	1
Mr. Aman Mehta	Non-Executive & Independent Director	6	4 (and 2 by telephone)	Yes	7 (6)	4	3
Mr. Hoshedar Press	Whole-Time & Non-Independent Director	1	1		(retired with effect from close of April 30, 2010)		
Mr. Dalip Sehgal	Whole-time and Non-Independent Director	1	1		(resigned with effect from close of June 30, 2010)		
Mr. D. Shivakumar	Non-Executive & Independent Director	6	4 (and 1 by telephone)	Yes	1 (1)	1	–

Notes:

* Does not include Directorships in Private Companies, Section 25 Companies and Foreign Companies.
Figures in brackets denote Directorships in listed companies.

** Does not include Chairmanship / Membership in Board Committees other than the Audit Committee, the Shareholders' Grievance Committee and Chairmanship / Membership in Board Committees in companies other than public limited companies registered in India.

*** Mr. A Mahendran was a Non-Executive & Non-Independent Director till June 30, 2010. With effect from July 1, 2010, he has been appointed Managing Director.

According to the Clause 49 of the listing agreement, "independent director" shall mean a non-executive director of the Company who:

a) apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director;

b) is not related to promoters or persons occupying management positions at the board level, or at one level below the board;

c) has not been an executive of the Company in the immediately preceding three financial years;

d) is not a partner, or an executive, or was not partner or an executive during the preceding three years, of any of the following:

  i) the statutory audit firm, or the internal audit firm that is associated with the Company; and

  ii) the legal firm(s) and consulting firm(s) that have a material association with the Company.

e) is not a material supplier, service provider or customer, or a lessor, or lessee of the Company, which may affect independence of the director; and

f) is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares;

g) is not less than 21 years of age.

None of the Directors is a member of more than 10 board-level committees, or a Chairman of more than five such committees, as prescribed under Clause 49 of the listing agreement.

d) Re-appointment of Directors Liable to Retire by Rotation:

According to the Articles of Association of GCPL, at every annual general meeting of the Company one-third of the Directors are liable to retire by rotation.

Thus Dr. Omkar Goswami and Mr. Jamshyd Godrej shall retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment. The abbreviated resumes of the Directors seeking reappointment are as follows:

Name of Director	Dr. Omkar Goswami
Date of Birth	August 29, 1956
Qualifications	D. Phil (Ph.D) in Economics, University of Oxford, 1982
Specialised Expertise	Economist and Corporate Consultant; Finance: Corporate Governance; Macroeconomics
No. of shares held in GCPL	Nil
Directorships in Companies	**In Public Companies** 1. Infosys Technologies Ltd. 2. Dr Reddy's Laboratories Ltd. 3. Infrastructure Development Finance Company Ltd. 4. Crompton Greaves Ltd. 5. Ambuja Cements Ltd. 6. Cairn India Ltd. 7. Godrej Consumer Products Ltd. 8. Max India Ltd. 9. Max New York Life Insurance Company Ltd. 10. Avantha Power & Infrastructure Ltd. **In Private Companies** 1. CERG Advisory Private Limited 2. DSP BlackRock Investment Managers Pvt. Ltd.
Committee Positions held	**Member** *Audit Committee* 1. Cairn India Ltd. 2. Godrej Consumer Products Ltd. 3. IDFC Ltd. 4. Infosys Technologies Ltd. *Investor Grievance Committee* 5. IDFC Ltd. **Chairman** *Audit Committee* 1. Cromton Greaves Ltd. 2. Dr. Reddy Laboratories Ltd. *Investor Grievance Committee* 3. Cairn India Ltd.

Name of Director	Mr. Jamshyd Godrej
Date of Birth	January 24, 1949
Qualifications	B.S. from Illinois Institute of Technology, U.S.A
Specialised Expertise	Industrialist having rich business experience
No. of shares held in GCPL	Nil
Directorships in Companies	**In Public Companies** 1. Bajaj Auto Ltd. 2. Geometric Ltd. 3. Godrej & Boyce Mfg. Co. Ltd. 4. Godrej Agrovet Ltd. 5. Godrej Consumer Products Ltd. 6. Godrej Industries Ltd. 7. Godrej Properties Ltd. 8. Haldia Petrochemicals Ltd. 9. Tata Trustee Company Ltd. **In Private/Section 25 Companies** 1. Antrix Corporation Ltd. 2. Breach Candy Hospital Trust 3. Godrej Investments Pvt. Ltd. 4. Great Lakes Institute of Management 5. Illinois Institute of Technology (India) Pvt. Ltd. 6. Indian Institute For Human Settlements 7. Shakti Sustainable Energy Foundation 8. Singapore-India Partnership Foundation (India) **In Foreign Companies** 1. Asia Business Council 2. Climate Works Foundation 3. Godrej & Khimji (Middle East) LLC 4. Godrej (Malaysia) Sdn. Bhd. 5. Godrej (Singapore) Pte.Ltd. 6. Godrej (Vietnam) Company Ltd. 7. Singapore-India Partnership Foundation 8. World Resources Institute, USA
Committee Positions held	**Member** *Investor Grievance Committee* 1. Godrej Consumer Products Ltd. 2. Bajaj Auto Ltd. **Chairman** *Investor Grievance Committee* 1. Geometric Ltd.

e. Appointment of Directors

The Board of Directors at its meeting held on May 2, 2011 inducted Ms Tanya Dubash, Ms. Nisaba Godrej and Mr. Narendra Ambwani as Additional Directors under Section 260 of the Companies Act, 1956 to hold office till the conclusion of the ensuing Annual General Meeting. Mr. Narendra Ambwani is an Independent Director pursuant to Clause 49 of the listing agreement. The Company has received separate notices from a member under Section 257 of the Companies Act, 1956 to propose the candidatures of the above Additional Directors as Directors of the Company. Accordingly, their appointment as Director liable to retire by rotation is included in the notice of the Annual General Meeting. Their brief resumes are as follows:

Name of Director	Ms. Tanya Dubash
Date of Birth	September 14, 1968
Qualifications	Graduate in Economics and Political Science from Brown University, U.S.A
Specialised Expertise	Industrialist having rich business experience
No. of shares held in GCPL	1,370,990 (0.42%)
Directorships in Companies	**In Public Companies** 1. Ensemble Holdings & Finance Ltd. 2. Essence Consumer Care Products Pvt. Ltd. (wholly owned subsidiary of Godrej Consumer Products Ltd) 3. Godrej Agrovet Ltd. 4. Godrej Consumer Products Ltd. 5. Godrej Hygiene Products Ltd. 6. Godrej Industries Ltd. 7. Natures Basket Ltd. 8. Naturesse Consumer Care Products Pvt. Ltd. (wholly owned subsidiary of Godrej Consumer Products Ltd.) **In Private Companies** 1. Godrej Holdings Pvt. Ltd. **In Foreign Companies** 1. Keyline Brands Ltd. 2. Rapidol (Pty) Ltd.
Committee Positions held	**Member** *Audit Committee* 1. Godrej Hygiene Products Ltd. *Investor Grievance Committee* 2. Godrej Industries Ltd.

Name of Director	Ms. Nisaba Godrej
Date of Birth	February 12, 1978
Qualifications	BSc from Wharton School, University of Pennsylvania MBA, Harvard Business School
Specialised Expertise	Industrialist having rich business experience
No. of shares held in GCPL	1,370,999 (0.42%)
Directorships in Companies	**In Public Companies** 1. Godrej Consumer Products Ltd. 2. Godrej Agrovet Ltd. **In Section 25 Companies** 1. Heroes Aids Project 2. Teach for India **In Foreign Companies** 1. PT. Megasari Makmur 2. PT. Intrasari Raya 3. PT. Simba Indosnack Makmur 4. PT. Ekamas Sarijaya 5. PT. Indomas Susemi Jaya 6. PT. Sarico Indah
Committee Positions held	None

Name of Director	Mr. Narendra Ambwani
Date of Birth	November 15, 1948
Qualifications	B.Tech, MBA
Specialised Expertise	Business Strategy, Coaching and People
No. of shares held in GCPL	Nil
Directorships in Companies	**In Public Companies** 1. Agro Tech Foods Ltd. 2. Godrej Consumer Products Ltd. 3. Universal Print System Ltd. 4. UTV Software Communications Ltd.
Committee Positions held	**Member** *Audit Committee* 1. Agro Tech Foods Ltd. 2. Godrej Consumer Products Ltd. 3. Universal Print Systems Ltd. *Investor Grievance Committee* 4. Agro Tech Foods Ltd.

e) Information supplied to the Board:

Among others, this includes:

i) Annual operating plans and budgets and any updates.

ii) Capital budgets and any updates.

iii) Quarterly results for the company and its operating divisions or business segments.

iv) Minutes of meetings of audit committee and other committees of the board.

v) Information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.

vi) Show cause, demand, prosecution notices and penalty notices, which are materially important.

vii) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

viii) Any material default in financial obligations to and by the Company, or substantial non payment for goods sold by the Company.

ix) Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.

x) Details of any joint venture or collaboration agreement.

xi) Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.

xii) Significant labour problems and their proposed solutions, any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.

xiii) Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.

xiv) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

xv) Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

The Board of GCPL is regularly presented with all information under these heads, whenever applicable. These are submitted either as part of the agenda papers well in advance of the Board meetings, or are tabled in the course of the Board meetings.

3. Committees of the Board:

a) Audit Committee:

i) Constitution:

The Audit Committee, constituted by the Board of Directors at its meeting held on April 28, 2001, in accordance with Section 292A of the Companies Act, 1956 and Clause 49 of the listing agreement with the stock exchanges, was last reconstituted on May 2, 2011.

The composition of the Audit Committee is as under:

Name of the Director	Category	Position in the Audit Committee
Mr. Bharat Doshi	Independent Director	Chairperson of the Committee
Mr. Narendra Ambwani (appointed with effect from May 2, 2011)	Independent Director	Member
Mr. Bala Balachandran	Independent Director	Member
Mr. Aman Mehta	Independent Director	Member
Dr. Omkar Goswami	Independent Director	Member
Mr. D. Shivakumar	Independent Director	Member

The Company Secretary of the Company acts as the Secretary to the Committee.

Mr. Bharat Doshi, the Chairman of the Audit Committee, is knowledgeable in all areas of finance, accounts, company law and has vast experience in corporate affairs. All the members of the committee are eminent professionals and draw upon their experience and expertise across a wide spectrum of functional areas such as finance, information systems, marketing and corporate strategy. Minutes of each Audit Committee meeting are placed before and discussed in the full Board.

ii) Terms of Reference:

The terms of reference of the Audit Committee includes the matters specified in Section 292A of the Companies Act, 1956, as well as Clause 49 of the listing agreement with the stock exchanges such as:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
    a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
    b.) Changes, if any, in accounting policies and practices and reasons for the same.
    c) Major accounting entries involving estimates based on the exercise of judgement by management.
    d) Significant adjustments made in the financial statements arising out of audit findings.
    e) Compliance with listing and other legal requirements relating to financial statements.
    f) Disclosure of any related party transactions.
    g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of the internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.

iii) Meetings and Attendance During the year:

The Audit Committee met four times during the year on April 26, 2010, July 24, 2010, October 30, 2010 and January 22, 2011.

The attendance at the Audit Committee meetings was as under:

Name of Director	No. of Meetings	Meetings Attended
Mr. Bharat Doshi (Chairperson of the Committee)	4	4
Mr Narendra Ambwani (appointed with effect from May 2, 2011)	–	–
Mr. Bala Balachandran	4	3 (and 1 by telephone)
Dr. Omkar Goswami	4	4
Mr. Aman Mehta	4	4
Mr. D. Shivakumar	4	3

b) Human Resources and Compensation Committee:

i) Constitution:

Setting up of a remuneration committee for determining the Company's policy on remuneration packages for Executive Directors constitutes a non-mandatory provision of Clause 49 of the listing agreement with stock exchanges.

The Company has also set up an Employee stock option scheme for the benefit of the employees of the Company and of the subsidiaries of the Company. The SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines requires stock option schemes to be administered and supervised by the compensation committee consisting majority of Independent Directors.

Ms. Rama Bijapurkar was the Chairperson of the Human Resource & Compensation Committee till October 30, 2010. Subsequent to her resignation from the Board, Mr. Bala Balachandran has been appointed as the Chairman.

The composition of the Human Resources and Compensation Committee is as under:

Name of the Director	Category	Position in the Human Resources and Compensation Committee
Ms. Rama Bijapurkar (till October 30, 2010)	Independent Director	Chairperson (till October 30, 2010)
Mr. Narendra Ambwani (appointed with effect from May 2, 2011)	Independent Director	Member
Mr. Bala Balachandran	Independent Director	Member of the Committee till October 30, 2010. Chairman of the Committee with effect from October 31, 2010
Mr. Bharat Doshi	Independent Director	Member
Mr. Aman Mehta	Independent Director	Member
Dr. Omkar Goswami	Independent Director	Member
Mr. D. Shivakumar	Independent Director	Member

The Company Secretary of the Company acts as the Secretary to the Committee.

ii) Brief Description of Terms of Reference:

The following are terms of reference of the Human Resources & Compensation Committee:

1. Review of human resource policies and practices of the Company and in particular, policies regarding remuneration of whole-time Directors and Senior Managers.
2. In principle approval of Compensation Philosophy.
3. Review of senior management compensation.
4. Induction of new people, attrition, etc.
5. To formulate detailed terms and conditions of Employee Stock Option Plan (ESOP), Employee Stock Purchase Plan (ESPP) and Employee Stock Grant Plan (ESGP) (collectively referred to as 'Employee stock benefits' including -
    i. The quantum of Employee stock benefits to be granted under the relevant plans per Employee and in aggregate.
    ii. The eligibility criteria.
    iii. The conditions under which the Employee stock benefits vested in Employees may lapse in case of termination of employment for misconduct.

iv. The exercise period within which the employee should exercise the Employee stock benefits and the stock benefits that would lapse on failure to exercise the same within the exercise period.

v. The specified time period within which the employee shall exercise the vested stock benefits in the event of termination or resignation of an employee.

vi. The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate action such as rights issues, bonus issues, merger, sale of division and others. In this regard the following shall be taken into consideration by the Compensation Committee:

   a) the number and the price of the stock benefits shall be adjusted in a manner such that the total value of the stock benefits remains the same after the corporate action;

   b) for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;

   c) The Vesting Period and the life of the stock benefits shall be left unaltered as far as possible to protect the rights of the employee.

vii. The grant, vesting and exercise of stock benefits in case of employees who are on long leave.

viii. The procedure for cashless exercise of stock benefits, if required.

ix. Frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Insider Trading) Regulations, 1992; and (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, by any employee.

x. Fixing the exercise price.

xi. Approve forms, writings and/or agreements for use in pursuance of the Employee Stock benefit plans.

xii. To form a Trust and appoint Trustees.

Remuneration Policy

GCPL has adopted EVA as a tool for driving performance, and has linked improvements in EVA to Performance Linked Variable Remuneration (PLVR) for Whole-time Directors, Managers and Officers of the Company.

iii) Meetings and Attendance During the Year:

During the year ended March 31, 2011, the Human Resource & Compensation Committee, met on April 26, 2010, May 21, 2010, July 24, 2010, October 30, 2010 and January 22, 2011.

The attendance record of the Human Resources & Compensation Committee is as under:

Name of Director	No. of Meetings	Meetings Attended
Ms. Rama Bijapurkar, Chairperson of the Committee (till October 30, 2010)	3	3
Mr. Narendra Ambwani (appointed with effect from May 2, 2011)	–	–
Mr. Bala Balachandran (Member till October 30, 2010 and Chairman from October 31, 2010)	5	3 (and 1 by telephone)
Mr. Bharat Doshi	5	4 (and 1 by telephone)
Dr. Omkar Goswami	5	4 (and 1 by telephone)
Mr. Aman Mehta	5	4
Mr. D. Shivakumar	5	4

iv) Remuneration of Directors:

Sitting fees, salary, perquisites and commission:

The details of the remuneration package of Directors and their relationships with each other are as under:

₹ Lac

Name of Director	Relationship with other Directors	Sitting Fees	Commission	Salary & Allw and Retirement benefits paid	Company's contribution to PF	PLVR	Monetary value of perquisites	Total
Mr. Adi Godrej	Brother of Mr. Nadir Godrej			83.66	9.27	24.32	202.39	319.63
Mr. Jamshyd Godrej	None	0.80	10.00	N. A	N. A	N. A	N. A	10.80
Mr. Nadir Godrej	Brother of Mr. Adi Godrej	1.20	10.00	N. A	N. A	N. A	N. A	11.20
Ms. Tanya Dubash[1]	Daughter of Mr Adi Godrej	N. A	N. A	N. A	N. A	N. A	N. A	N. A
Ms. Nisaba Godrej[2]	Daughter of Mr Adi Godrej	N. A	N. A	N. A	N. A	N. A	N. A	N. A
Mr. Narendra Ambwani[3]	None	N. A	N. A	N. A	N. A	N. A	N. A	N. A
Mr. Bala Balachandran	None	0.95	10.00	N. A	N. A	N. A	N. A	10.95
Ms. Rama Bijapurkar[4]	None	0.65	5.84	N. A	N. A	N. A	N. A	6.49
Mr. Bharat Doshi	None	1.45	10.00	N. A	N. A	N. A	N. A	11.45
Dr. Omkar Goswami	None	1.25	10.00	N. A	N. A	N. A	N. A	11.25
Mr. A. Mahendran (in GCPL)	None	0.20	2.50	122.64	7.74	31.53	2.76	167.37
Mr. A. Mahendran (remuneration drawn in GHPL)	None	N. A	N. A	94.51	4.63	112.85	100.12	312.11
Mr. Aman Mehta	None	1.25	10.00	N. A	N. A	N. A	N. A	11.25
Mr. D Shivakumar	None	1.10	10.00	N. A	N. A	N. A	N. A	11.10
Mr. Hoshedar Press[5]	None	N. A	N. A	168.98	0.63	0.70	14.07	184.38
Mr. Dalip Sehgal[6]	None	N. A	N. A	59.34	2.22	0.00	14.46	76.02
Total		**8.85**	**78.34**	**529.12**	**24.49**	**169.40**	**333.80**	**1144.00**

[1] Ms Tanya Dubash appointed as Additional Director with effect from May 2, 2011
[2] Ms Nisaba Godrej appointed as Additional Director with effect from May 2, 2011
[3] Mr Narendra Ambwani appointed as Additional Director with effect from May 2, 2011
[4] Ms Rama Bijapurkar ceased to be a Director with effect from close of October 30, 2010
[5] Mr Hoshedar Press retired from the Company with effect from close of April 30, 2010
[6] Mr Dalip Sehgal resigned as Director and Managing Director with effect from close of June 30, 2010

Notes:

1. In the case of Mr. Adi Godrej, salary includes basic salary and leave travel assistance. The monetary value of perquisites include accommodation, furnishing, club fees electricity and telephone expenses, reimbursement of medical / hospitalisation expenses incurred for self and family, medical insurance premium paid by the Company.

2. In the case of Mr. Hoshedar Press and Mr. Dalip Sehgal, salary includes basic salary, house rent allowance, education allowance, medical reimbursement, supplementary allowance, leave encashment, gratuity paid and leave travel assistance. The monetary value of perquisites includes expenses on car, food vouchers, telephone reimbursement, petrol reimbursement.

3. In the case of Mr. A Mahendran salary includes basic salary, house rent allowance, medical advance, supplimentary allowance, entertainment allowance, special allowance, Incentives, Ex Gratia. The monetary value of perquisites includes accommodation, expenses on car, medical reimbursement, Food Vouchers, telephone reimbursement, petrol reimbursement, interest on housing loan

4. The Performance Linked Variable Remuneration to Mr. Adi Godrej, Mr. Hoshedar Press, Mr. Dalip Sehgal and Mr A Mahendran is the amount payable

for the financial year 2010-11. The same is based on the Economic Value Added (EVA) in the business and other relevant factors.

5. The service contract of Mr. Adi Godrej is for a period of three years beginning from April 1, 2010. The service contract of Mr. A. Mahendran is for a period of three years beginning from July 1, 2010. Mr. A. Mahendran was the Managing Director of Godrej Household Products Limited (GHPL) during the period April-June 2010 and November 2010-March 2011. Pursuant to a scheme of amalgamation between Godrej Consumer Products Ltd. (GCPL) and GHPL, GHPL has been amalgamated with GCPL. The appointed date for the scheme was April 1, 2010 and the effective date was March 31, 2011. Hence the remuneration paid by the erstwhile GHPL is also reflected above.

6. The contracts with all the above directors in the Board as on March 31, 2011 are terminable with a notice period of three months by either side.

7. The Non-Executive Directors are eligible for a Commission on Profits at the rate of 1% of the net profits, or ₹ 10 lac for each director, whichever is lower.

8. Vide special resolution passed on March 14, 2007, the shareholders have granted approval to the Company for the setting up of an Employee Stock Option Plan (GCPL ESOP) for the eligible employees / Directors of the Company and of the Company's subsidiaries. In accordance with the GCPL ESOP and pursuant to the approval of shareholders, the Company has set up an independent trust viz. Godrej Consumer Products Ltd. Employee Stock Option Trust (GCPL ESOP Trust). The Company or its subsidiaries provides loan to the GCPL ESOP trust at an interest rate which is not less than the bank rate, to enable the GCPL ESOP trust to acquire shares of the company from the secondary market. Against the shares so acquired, options are granted to the employees of the Company or the employees of the respective subsidiary company. Mr. Dalip Sehgal, Managing Director and director till June 30, 2010, was granted 2,00,000 option on June 18, 2009 and 1,00,000 options August 13, 2009. The vesting dates for these options were June 17, 2010 and August 12, 2010 respectively. During the year these options have vested and the same have been exercised. The exercise price was the closing market price on the day prior to the date of grant of options plus interest at a rate not less than the bank rate till the date of exercise.

   The Board of Directors at its meeting held on January 22, 2011 had approved an Employee Stock Purchase Plan for Mr. A. Mahendran which is administered by the GCPL ESOP Trust. The Company has provided loan to the GCPL ESOP Trust at an interest rate which is not less than the bank rate, to enable the GCPL ESOP trust to acquire upto 1,000,000 shares of the company from the secondary market.

   Under the plan, 980,000 shares have been granted to Mr. Mahendran till March 31, 2011 and the balance 20,000 shares have been granted after the close of the financial year.

   The shares so granted are held by the trust for the benefit of Mr. A Mahendran. The shares shall vest with Mr. A Mahendran on March 30, 2012. Thereafter Mr. A Mahendran shall compulsorily exercise the shares by acquiring the shares from the GCPL ESOP trust within the exercise period of two years. The exercise price shall be the closing market price on the day prior to the date of grant plus interest at a rate not less than the bank rate till the date of exercise.

c) Nomination Committee:

i) Constitution:

As a part of its Corporate Governance initiatives, the Board of Directors of GCPL at its meeting held on October 27, 2004, constituted a Nomination Committee although the same is not required under clause 49 of the listing agreement. The current constitution of the Committee is as under:

Name of the Director	Category	Position in the Nomination Committee
Ms. Rama Bijapurkar (resigned with effect from close of October 30, 2010)	Independent Director	Chairperson of the Committee till October 30, 2010
Mr Narendra Ambwani (appointed with effect from May 2, 2011)	Independent Director	Member
Mr. Bala Balachandran	Independent Director	Member till May 1, 2011. Chairman of the Committee with effect from May 2, 2011
Mr. Bharat Doshi	Independent Director	Member
Mr. Aman Mehta	Independent Director	Member
Dr. Omkar Goswami	Independent Director	Member
Mr. D. Shivakumar	Independent Director	Member

The Company Secretary of the Company acts as the Secretary to the Committee.

ii) Terms of Reference:

The terms of reference of the Nomination Committee are as below:

1. Identify and nominate for the Board's approval, suitable candidates to fill Board vacancies as and when they arise.
2. Drawing up selection criteria and appointment procedures for Directors.
3. Periodically review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.
4. Board Evaluation.

iii) Meetings and Attendance During the Year:

During the year ended March 31, 2011, the Committee had two meetings on April 26, 2010 and May 21, 2010.

Name of Director	No. of Meetings	Meetings Attended
Ms. Rama Bijapurkar, Chairperson of the Committee (till October 30, 2010)	2	2
Mr. Narendra Ambwani (appointed with effect from May 2, 2011)	–	–
Mr. Bala Balachandran (Member till October 30, 2010 and Chairman from May 2, 2011)	2	1
Mr. Bharat Doshi	2	1 (and 1 by telephone)
Dr. Omkar Goswami	2	1 (and 1 by telephone)
Mr. Aman Mehta	2	1
Mr. D. Shivakumar	2	1

d) Shareholders' Committee:

i) Constitution:

The Shareholders' Committee constituted by the Board of Director at its meeting held on April 28, 2001, was last reconstituted on October 30, 2009. The constitution of the Committee is currently as under:

Name of the Director	Category	Position in the Shareholders' Committee
Mr. Nadir Godrej	Promoter, Non-Executive Director	Chairperson
Mr. Jamshyd Godrej	Promoter, Non-Executive Director	Member
Mr. Adi Godrej	Promoter and Whole-Time Director	Member
Mr. A. Mahendran	Non-Executive Director till June 30, 2010 Managing Director with effect from July 1, 2010	Member
Mr. Hoshedar Press (retired with effect from the close of April 30, 2010)	Vice-Chairman and Whole Time Director	Member
Mr. Dalip Sehgal (resigned with effect from close of June 30, 2010)	Managing Director	Member

The Company Secretary of the Company acts as the Secretary to the Committee.

ii) Terms of Reference:

Among other functions, this Committee looks into redressing of shareholder complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividends, as required in clause 49 of the Listing Agreement.

iii) Meetings and Attendance During the Year:

During the year, the Committee met on April 15, 2010, June 3, 2010, June 17, 2010, July 8, 2010, August 5, 2010, August 12, 2010, September 2, 2010, September 16, 2010, October 7, 2010, October 21, 2010, November 18, 2010, December 9, 2010, January 13, 2011, February 4, 2011 and March 17, 2011

Name of Director	No. of Meetings	Meetings Attended
Mr. Nadir Godrej (Chairman of the Committee)	15	13
Mr. Adi Godrej	15	13
Mr. Jamshyd Godrej	15	13
Mr. A. Mahendran	15	13
Mr. Hoshedar Press (retired with effect from close of April 30, 2010)	1	1
Mr. Dalip Sehgal (resigned with effect from close of June 30, 2010)	3	3

iv) Name and Designation of Compliance Officer:

Mr. P. Ganesh, Executive Vice President (Finance & Commercial) & Company Secretary is the Compliance Officer.

Number of shareholders complaints / queries received so far, number not solved to the satisfaction of shareholders, number of pending share transfers are given in the table below:

Sr. No.	Nature of Complaint/Query	Total Received	Total Replied
1.	Non-receipt of Dividend	195	193
2.	Non Receipt of shares lodged for transfer / exchange	75	73
3.	Non-receipt of Annual Report	19	19

The unresolved complaints have since been resolved.

There are no pending share transfers as on March 31, 2011.

At the Company's request, The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited have confirmed that there were no pending complaints registered against the Company as on March 31, 2011.

4. General Body Meetings

The details of last three Annual General Meetings of GCPL are as follows:

Date	Time	Venue
July 25, 2008	3.30 p.m	Y. B. Chavan Centre, General Jaganath Bhosale Marg, Nariman Point, Mumbai – 400 021.
July 25, 2009	3.30 p.m	Y. B. Chavan Centre, General Jaganath Bhosale Marg, Nariman Point, Mumbai – 400 021.
July 24, 2010	3.30 p.m	Y. B. Chavan Centre, General Jaganath Bhosale Marg, Nariman Point, Mumbai – 400 021.

GCPL will hold its next AGM as per details given below:

Date	Time	Venue
July 23, 2011	3.30 p.m	Y. B. Chavan Centre, General Jaganath Bhosale Marg, Nariman Point, Mumbai – 400 021.

Special Resolutions passed at the last three Annual General Meetings:

July 25, 2008	None.
July 25, 2009	Appointment of Mr. Dalip Sehgal as Managing Director for a period of three years from April 1, 2009 to March 31, 2012.
	Appointment of Mr. Adi Godrej as Whole-time Director designated as "Chairman" for a period of three years from April 1, 2010 to March 31, 2013.
	Utilisation of the remainder of Rights issue proceeds in the manner and within the time frame provided in the resolution.
	Modification of GCPL Employee Stock Option Plan.
July 24, 2010	Payment of commission on profits to non executive Directors at a rate not exceeding 1% of the net profits of the Company in any financial year (computed in the manner provided in Section 349 and 350 of the Companies Act, 1956) or ₹ 10 lac per Director per annum whichever is lower.

The details of the last three Extraordinary General Meetings (EGM) of the shareholders of the Company are as follows:

Date and Time	Venue	Purpose
February 10, 2010 2.00 p.m.	Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai 400 079	To announce the results of postal ballot in respect of resolutions passed for: • Acquisition of balance 51% stake in Godrej Sara Lee Ltd. • Utilisation of rights issue proceeds for funding the acquisition of balance 51% stake in Godrej Sara Lee Ltd. • Increase in Authorised Capital from ₹ 35.71 crore to ₹ 42 crore. • Alteration in Capital Clause of the Memorandum of Association. • Alteration in Articles of Association. • Further issue of securities up to an amount of ₹ 3000 crore. • Creation of Mortgage on the Company's assets. • Borrowing in excess of paid up capital and reserves.
May 25, 2010 11.00 a.m.	Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai 400 079	To announce the results of postal ballot in respect of resolutions passed for: • Utilisation of rights issue proceeds for inter alia funding the acquisition of Tura, Nigeria/Megasari, Indonesia. • Acquisition of balance 51% stake in Godrej Sara Lee Ltd. subject to the provisions of Section 372A of the Companies Act, 1956 at a revised consideration amount not exceeding ₹ 1200 crore.
March 18, 2011 11.00 a.m.	Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai 400 079	To announce the results of postal ballot in respect of resolutions passed for : • Approval of Employee Stock Grant Scheme 2011 (GCPL ESGS) and allotment of equity shares thereunder to the Employees of the Company. • Extension of the benefits of GCPL ESGS to employees of subsidiary companies. • Appointment of Mr. A Mahendran as Managing Director for a period of three years with effect from July 1, 2010.

5. Postal Ballot:

During the year 2010-11, the Company conducted two postal ballots (refer Item 4 of this report for details of the resolutions). The notices for the respective postal ballots were mailed to all the shareholders along with a postage prepaid envelope. Mr. Kalidas Vanjpe, Practising Company Secretary, who was the Scrutinizer for conducting the postal ballots process in a fair and transparent manner submitted his reports to the Chairman. The results of the first postal ballot was announced by the Chairman on May 25, 2010 and the results of the second postal ballot was announced on March 18, 2011. The details of the resolutions and the voting pattern are as below:

Results of postal ballot declared on May 25, 2010

Resolution number	Nature of Resolution	Item	Total No of Votes Polled	Shares represented in the ballot forms received	Shares in favour %	Shares against %	Invalid votes %
1	Special	Utilisation of rights issue proceeds for inter alia funding the acquisition of Tura, Nigeria/Megasari, Indonesia	3823	262,369,285	99.53	0.01	0.46
2	Special	Acquisition of balance 51% stake in Godrej Sara Lee Ltd. subject to the provisions of Section 372A of the Companies Act, 1956 at a revised consideration amount not exceeding ₹ 1200 crore	3823	262,369,285	96.93	2.60	0.47

Note: All resolutions were passed with the requisite majority

Results of Postal Ballot declared on March 18, 2011

Resolution number	Nature of Resolution	Item	Total No of Votes Polled	Shares represented in the ballot forms received	Shares in favour %	Shares against %	Invalid votes %
1	Special	Approval of Employee Stock Grant Scheme 2011 (GCPL ESGS) and allotment of equity shares thereunder to the employees of the Company	2625	225,453,731	99.17	0.82	0.01
2	Special	Extension of the benefits of GCPL ESGS to employees of subsidiary companies	2625	225,453,731	99.14	0.82	0.04
3	Special	Appointment of Mr A Mahendran as Managing Director for a period of three years with effect from July 1, 2010	2625	225,453,731	99.96	0.01	0.03

Note: All resolutions were passed with the requisite majority.

6. Disclosures:

a) Details of Shares held by the Directors and Dividend paid to them:

Name of Director	Shares held as on March 31, 2011	Dividend paid during the year (₹)
Mr. Adi Godrej	100	425
Mr. Jamshyd Godrej	Nil	Nil
Mr. Nadir Godrej *	2,055,744	8,936,912
Mr. Bala Balachandran	Nil	Nil
Ms. Rama Bijapurkar**	N.A	11,940
Mr. Bharat Doshi	13,714	58,284
Dr. Omkar Goswami	Nil	Nil
Mr. A Mahendran	300,000	646,576
Mr. Aman Mehta	Nil	Nil
Mr.D Shivakumar	Nil	Nil
Mr. Hoshedar Press***	N.A	Nil
Mr. Dalip Saigal****	N.A	Nil
Total	2,369,558	9,654,137

* includes 1,028,724 shares held on behalf of minor son.
** ceased to be a director with effect from close of October 30, 2010.

*** retired from the Company with effect from the close of April 30, 2010.

****resigned as Director with effect from the close of June 30, 2010.

In case of the directors who were in the Board for part of the year, dividend paid during the period in which they were in the Board are reflected above.

b) Materially significant related party transaction that may have potential conflict with the interest of the Company

During 2010-11, there were no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors, or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of Company at large.

c) Whistle Blower Policy:

With a view to establish a mechanism for protecting employees reporting unethical behaviour, frauds or violation of Company's Code of Conduct, the Board of Directors has adopted a Whistle Blower Policy (a non-mandatory requirement as per Clause 49 to the listing agreement). During the year 2010-11, no person has been denied access to the Audit Committee.

d) Details of Compliance with Mandatory Requirements:

-

Particulars	Clause of Listing Agreement	Compliance Status Yes/No
I. Board of Directors	**49 I**	
(A) Composition of Board	49 (IA)	Yes
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes
(C) Other provisions as to Board and Committees	(49 IC)	Yes
(D) Code of Conduct	49 (ID)	Yes

Particulars	Clause of Listing Agreement	Compliance Status Yes/No
II. Audit Committee	**49 (II)**	
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes
(B) Meeting of Audit Committee	49 (IIB)	Yes
(C) Powers of Audit Committee	49 (IIC)	Yes
(D) Role of Audit Committee	49 II(D)	Yes
(E) Review of Information by Audit Committee	49 (IIE)	Yes
III. Subsidiary Companies	**49 (III)**	Yes
IV. Disclosures	**49 (IV)**	
(A) Basis of related party transactions	49 (IV A)	Yes
(B) Disclosure of Accounting treatment	49 (IV B)	*Yes
(C) Board Disclosures	49 (IV C)	Yes
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	Yes
(E) Remuneration of Directors	49 (IV E)	Yes
(F) Management	49 (IV F)	Yes
(G) Shareholders	49 (IV G)	Yes
V. CEO/CFO Certification	**49 (V)**	Yes
VI. Report on Corporate Governance	**49 (VI)**	Yes
VII. Compliance	**49 (VII)**	Yes

* Refer Note 3(K) of Notes to accounts for Management explanation on Accounting treatment.

e) Details of Non-compliance:

There has not been any non compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges, or SEBI, or any statutory authority, on any matter related to capital markets.

7. Means of Communication:

GCPL has sent the Chairman's statement and unaudited financial results for the half-year ended September 30, 2010, to all the shareholders. Moreover GCPL has its own web-site www.godrejcp.com. All vital information relating to the Company and its performance, including quarterly results, press releases and performance updates / corporate presentations are posted on the web-site. The quarterly, half-yearly and annual results of the Company's performance are generally published in leading English dailies such as The Economic Times, Business Standard, and Business Line and also in the Marathi newspaper Maharashtra Times. The Chairman holds conference calls/ meetings with financial analyst once a quarter and their transcripts are posted on the website soon thereafter.

Pursuant to Clause 52 of the listing agreement, the Company files the quarterly results in the Corporate Filing and Dissemination System (CFDS), viz., www.corpfiling.co.in. The quarterly results of the Company are also available on the website of The Bombay Stock Exchange Limited and National Stock Exchange of India Ltd. viz. www.bseindia.com and www.nseindia.com respectively.

8. Management:

a) Management Discussion and Analysis:

This annual report has a detailed chapter on management discussion and analysis.

b) Disclosures by Management to the Board:

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussion, nor do they vote on such matters.

9. Shareholders:

a) Communication to Shareholders:

The Chairman's statement and unaudited financial results for the half year ended September 30, 2010, was sent to all the shareholders. The quarterly and annual results, official press releases and presentations to analysts/ performance updates are posted on the web-site i.e. www.godrejcp.com and a copy of the same are sent to the stock exchanges.

b) Investor Grievances:

As mentioned before, the Company has constituted a Shareholders' Committee to look into and redress shareholders and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.

c) Share Transfer:

GCPL has outsourced its share transfer function to M/s. Computech Sharecap Ltd., which is registered with the SEBI as a Category 1 Registrar.

10. Declaration by Chairman for compliance with Code of Conduct:

The declaration by the Chairman pursuant to clause 49(1)(D) of the listing agreement, stating that all the Board Members and senior management personnel have affirmed their compliance with the said code of conduct for year ended March 31, 2011, is annexed to the corporate governance report.

11. Auditor's Certificate on Corporate Governance:

As stipulated in Clause 49 of the Listing Agreement, the auditor's certificate regarding compliance of conditions of corporate governance is annexed to the Directors' Report.

12. General Shareholder Information:

a) Annual General Meeting:

Date and time : Saturday, July 23, 2011 at 3.30 p.m.

Venue : Y B Chavan Centre, General Jaganath Bhosale Marg, Nariman Point, Mumbai – 400 021.

b) Financial Calendar:

Financial year : April 1 to March 31

For the year ended March 31, 2011, results were announced on:

- First quarter : July 24, 2010
- Half yearly : October 30, 2010
- Third quarter : January 22, 2011
- Fourth quarter and annual : May 2, 2011

c) Book Closure:

There was an annual book closure on March 24, 2011, pursuant to clause 16 of the listing agreement. There will be no book closure at the time of the Annual General Meeting.

e) Listing:

The Company's shares are listed and traded on the following stock exchanges:

1. The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

2. The National Stock Exchange of India Limited
Exchange Plaza, 4th Floor, Bandra-Kurla Complex, Mumbai 400 051.

Godrej Consumer Products Ltd. scrip figures in the BSE "A" Group.

f) Stock Code:

Name of the Stock Exchange	Stock Code
The Bombay Stock Exchange Limited	532424
National Stock Exchange of India Limited	GODREJCP

The ISIN Number of GCPL on both the NSDL and the CDSL is INE102D01028.

d) Dividends for Financial Year 2010-11:

Dividend Type	Declared at Board Meeting Dated	Dividend rate per share on shares of face value ₹ 1 each	Record Date
1st Interim for FY 2010-11	July 24, 2010	₹ 1.00	August 2, 2010
2nd Interim for FY 2010-11	October 30, 2010	₹ 1.00	November 9, 2010
3rd Interim for FY 2010-11	January 22, 2011	₹ 1.00	January 31, 2011
4th Interim for FY 2010-11	May 2, 2011	₹ 1.50	May 10, 2011
TOTAL		**₹ 4.50**	

g) Market Price Data:

The monthly high and low prices and volumes of GCPL at The Bombay Stock Exchange Ltd., (BSE) and the National Stock Exchange of India Ltd. (NSE) for the year ended March 31, 2011, are as under:

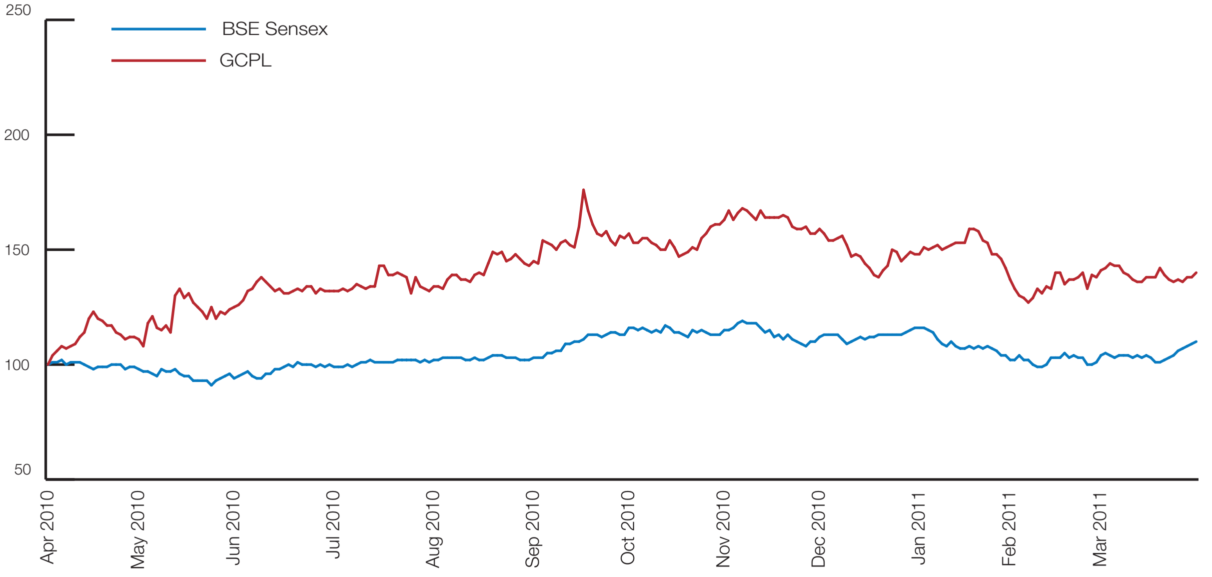
Month	Price in BSE			Price in NSE		
	High (₹)	Low (₹)	Volume (No. of shares)	High (₹)	Low (₹)	Volume (No. of shares)
April 2010	335.85	259.00	2,659,276	339.80	258.50	6,190,955
May 2010	365.00	273.00	4,128,978	372.80	273.05	9,989,035
June 2010	372.50	316.00	1,334,155	372.55	317.00	7,882,850
July 2010	396.00	324.00	744,291	397.65	323.85	3,924,778
August 2010	402.95	345.00	475,148	402.80	344.95	2,745,100
September 2010	479.70	350.90	1,704,266	484.80	369.40	6,433,181
October 2010	440.00	379.00	1,375,171	439.80	379.00	6,019,091
November 2010	446.00	398.20	498,819	448.95	399.10	2,246,894
December 2010	433.40	353.50	1,815,050	428.35	353.50	4,223,962
January 2011	423.70	367.00	666,512	426.00	365.00	4,847,449
February 2011	378.40	325.20	339,760	385.00	325.10	2,719,848
March 2011	384.00	348.40	395,979	383.30	347.00	3,076,972

Source: websites of the respective stock exchanges.

Note: High and low are in rupees per traded share. Volume is the total monthly volume of trade (in numbers) in GCPL shares on BSE and NSE respectively.

h) GCPL's Share Price at the BSE versus the Sensex:

GCPL share performance compared to the BSE Sensex for FY 2010-11



Note:
Both BSE Sensex and GCPL share price are indexed to 100 at the beginning of the financial year.

i) Registrar and Share Transfer Agents:

Computech Sharecap Ltd.
147, M.G. Road,
Opp. Jehangir Art Gallery,
Mumbai - 400 001.
Tel.No. : +91 22 22635000/01
Fax No. : +91 22 22635005
Email ID : gcpl@computechsharecap.com
Website : www.computechsharecap.com

j) Share Transfer:

Share transfers and related operations for GCPL are conducted by Computech Sharecap Ltd., which is registered with the SEBI as a Category 1 registrar. Share transfer is normally effected within the maximum period of 30 days from the date of receipt, if all the required documentation is submitted.

k) Distribution of Shareholding:

Distribution of shareholding by size class as of March 31, 2011:

Number of Shares	Number of Shareholders	Shareholders %	Number of shares held	Shareholding %
1 – 500	82,776	90.34%	10,097,321	3.12%
501 – 1000	6,192	6.76%	4,168,454	1.29%
1001 – 2000	1,682	1.84%	2,378,062	0.73%
2001 – 3000	354	0.39%	886,830	0.27%
3001 – 4000	137	0.15%	489,756	0.15%
4001 – 5000	94	0.10%	431,437	0.13%
5001 – 10000	138	0.15%	970,195	0.30%
10001 & above	258	0.28%	304,168,089	94.00%
Total	**91,631**	**100.00%**	**323,590,144**	**100.00%**

Distribution of shareholding by ownership as of March 31, 2011:

Category	Shares held (Nos.)	% of holding
Promoter's Holding		
Promoters	217,701,174	67.28%
Institutional Investors		
Mutual Funds & UTI	4,197,236	1.30%
Financial Institutions and Banks	687,598	0.21%
Insurance Companies	581,705	0.18%
Foreign Institutional Investors	63,034,077	19.48%
Others		
Private Corporate Bodies	14,730,397	4.55%
Indian Public	21,062,843	6.51%
NRI	1,595,114	0.49%
Total	**323,590,144**	**100.00%**

l) Shares Held in Physical and Dematerialised Form:

Break up of physical and dematerialised shares as on March 31, 2011:

Mode	Shares		Folios	
	No. of shares	% to total shares	No. of Folios	% to total folios
Physical	7,208,647	2.23%	40292	43.97%
Demat	316,381,497	97.77%	51339	56.03%
Total	**323,590,144**	**100%**		**100%**

m) Outstanding GDRs/ ADRs/ Warrants/ Convertible Instruments and their Impact on Equity:

GCPL does not have any outstanding GDRs/ ADRs/ warrants/ convertible instruments.

n) Details of Public Funding Obtained in the Last Three Years:

During the financial year 2010-11 the Company had issued 15,400,100 equity shares of face value ₹ 1 each at a premium of ₹ 344 per equity shares to Qualified Institutional Buyers (QIB's). The pricing was equal to the floor price of ₹ 345 calculated in accordance with SEBI guidelines.

The Company had not obtained any public funding in the year 2009-10.

During the year 2008-09, the Company made a rights issue of 32,263,440 equity shares of nominal value ₹ 1 each at a premium of ₹ 122 per equity share in the ratio of one share for every seven shares held. Against the above issue, the Company received valid subscription for 32,232,316 equity shares aggregating to ₹ 3,964,574,868. The balance 31,124 equity shares have been kept in abeyance due to various suits filed in courts/forums by third parties for which final order is awaited. Consequently, during the financial year 2008-09, the subscribed and paid-up capital of the Company has increased by ₹ 32,232,316 and security premium by ₹ 3,932,342,552. The Company has also during the year 2008-09 bought back 1,122,484 equity shares of ₹ 1 each at an average price of ₹ 132.74 per share aggregating to ₹ 148,999,990.

o) Plant Locations (Domestic):

1. U-30, Industrial Area, Malanpur,
Dist. Bhind, Madhya Pradesh - 477 116.
2. Plot No. 85-88, EP IP Phase II,
Village Thana, Tehsil Nalagarh,
Dist. Solan, Himachal Pradesh - 173 104.
3. Plot No. 6, Apparel Park cum Industrial Area, Katha,
PO Baddi, Tehsil Nalagarh,
Distt. Solan (HP) - 173 104.
4. Shed Nos. 9 to 12, Bamauni Maidan Industrial
Estate, Bamauni Maidan,
Guwahati - 781 021, Assam.
5. Village - Mamring, Namthag Road,
P.O. - Mamring (via-Rangpo),
District-Namchi, (South Sikkim), Sikkim - 737 132.
6. Plot no 52,
Brahmaputra Industrial Park,
Dol Gobinda Mandir Road,
Village Sila, Guwahati, Assam
7. Clo Filpack India Ltd.
46/47, Pilerne Industrial Estate, Pilerne,
Bardez, Goa - 403 511.

8. D-3/4, Corlim Indl. Estate
   Corlim, Ilhas, Goa - 403 110.
9. R.S. No. 131, 131/1-4,
   Cuddalore Road, Kattukuppam Manpet Post,
   Pondicherry - 607 402.
10. R.S. No. 74/4, 74/5 & 74/6.
    Nallur Village,
    Mannadipet Commune,
    Pondicherry - 607 402.
11. Re-survey No.239/3, 239/4, 240/5 & 240/6,
    Kurumbakaram, Nedungadu Commune,
    Karaikal - 609 603, Tamil Nadu
12. Re-survey, No. 245/1A, 245/3, 245/4 & 246/2A,
    Sethur Village, Thirunallar Commune,
    Karaikal - 609 601, Tamil Nadu
13. APDC Complex, CITI Kalapahar
    Guwahati -781 016, Assam
14. Plot No. 38, By lane No. 5, Bhamuni Maidan,
    Guwahati - 781 021, Assam.
15. Shed No. A 12 & B2, Mini Industrial Estate,
    Kalapahar, Guwahati - 781016, Assam
16. Shed No. A 3, A4 & A8 Part,
    Mini Industrial Estate,Kalapahar,
    Guwahati - 781 016, Assam
17. Lalung Gaon, Lokhara,
    Guwahati - 781 034, Assam
18. 15th Mile, National Highway No. 41.
    G. S. Road, Burnihat, Rebhoi District,
    Meghalaya
19. Mahant, Chok Pratap Singh,
    National Highway IA, Hatlimore,
    Kathua - 184 102, Jammu & Kashmir
20. E - 5, Industrial Estate,
    Maraimalamagar - 603 209, Tamil Nadu

p) Address for Correspondence:

Members can contact us at our Registered Office:
Godrej Consumer Products Limited,
Pirojshanagar, Eastern Express Highway,
Vikhroli (East), Mumbai - 400 079.
Tel. No. : +91 22 25188010/20/30
Fax No. : +91 22 25188040
E-mail ID: investor.relations@godrejcp.com
Website : www.godrejcp.com

Investor correspondence should be addressed to:
Computech Sharecap Ltd.
147, M.G. Road, Opp. Jehangir Art Gallery
Mumbai - 400 001.
Tel. No. : +91 22 22635000/01
Fax No. : +91 22 22635005
E-mail ID : gcpl@computechsharecap.com
Website : www.computechsharecap.com

To allow us to service shareholders with greater speed and efficiency, the Company strongly recommends e-mail based correspondence on all issues which do not require signature verification for being processed.

q) National Electronic Clearing Services (NECS) for Payment of Dividend:

The NECS facility administered by RBI ensures faster credit of dividends as dividends are directly credited in electronic form to the bank accounts of the shareholders. Moreover, by availing this facility, shareholders avoid the risk of loss of dividend warrants in postal transit or fraudulent encashment.

Shareholders holding shares in physical form and who have not opted for NECS may post NECS declaration form to Computech Sharecap Ltd. (at above mentioned address). Shareholders can obtain the NECS declaration form either from GCPL's registered office or from Computech Sharecap Ltd. or download the same from the Investors page of the Company's website www.godrejcp.com.

Shareholders holding shares in demat form are requested to provide details to NSDL/CDSL through their respective depository participants. It may be noted that if the shareholders holding shares in demat form provide the NECS data directly to the Company, the Company will not be able to act on the same and consequently dividends cannot be remitted through NECS.

r) Demerger: Computation of Acquisition Cost for Capital Gains:

With effect from April 1, 2001, the consumer products division of Godrej Soaps Limited (GSL) was de-merged and transferred to Godrej Consumer Products Limited (GCPL), and Godrej Soaps Limited was renamed Godrej Industries Limited (GIL). As a consequence, the face value of each equity share of GIL was reduced from ₹ 10 to ₹ 6, and each equity shareholder in GSL was allotted one share of GCPL with a face value of ₹ 4 (which has been subdivided into shares of face value of ₹ 1 each with effect from September 1, 2006).

In respect of shares of GCPL allotted to erstwhile shareholders of GSL, for the purpose of computing capital gains, the date of acquisition will be the same as the date of acquisition of GSL shares. Thus, the cost of acquisition of GCPL shares will differ with respect to each shareholder, and is equal to: cost of acquisition of GSL shares x (net book value of assets transferred to GCPL, i.e. ₹ 45.6 crore) / (net worth of GSL immediately before de-merger i.e. ₹ 286.9 crore). i.e. 15.89% of the cost of acquisition of GSL shares.

s) Consolidation of Shares Under One Folio:

The Company would urge shareholders holding shares of GCPL under different folios but in the same order of names, to consolidate the shares under one folio. This would substantially reduce paper work and transaction costs, and benefit both shareholders and the Company. Shareholders can do so by writing to the registrar with details of the folio numbers, order of names, shares held under each folio and the folio under which all shareholding should be consolidated. The certificates need not be sent.

Declaration by Chairman

I, Adi Godrej, Chairman of Godrej Consumer Products Limited (GCPL), hereby confirm pursuant to Clause 49(1)(D) of the listing agreement, that :

- The Board of Directors of GCPL has laid down a code of conduct for all Board members and senior management of the Company. The said code of conduct has also been posted in the Investors/Board of Directors page in the Company's website viz. www.godrejcp.com
- All the Board Members and senior management personnel have affirmed their compliance with the said code of conduct for year ended March 31, 2011.

Adi Godrej
Chairman

Mumbai, May 2, 2011.

Economic Value Added

What is EVA?

GCPL is an Economic Value Added (EVA) company. EVA, developed by Stern, Stewart and Company is a measure of corporate value creation. This measure tells us whether the management of a company generates returns that cover the opportunity cost of scarce capital.

When does EVA improve?

EVA improves if:

- Operating profits grow without employing more capital, implying greater efficiencies
- Additional capital is invested in projects that return more than the cost of capital
- Capital is curtailed in activities that do not cover its costs – minimising or eliminating unproductive capital.

EVA is the excess of operating profits over the cost of capital employed. It is calculated as:

EVA = NOPAT – (WACC x CE)

Where NOPAT = Net operating profit after taxes

WACC = Weighted average cost of capital

CE = Total capital employed

NOPAT is equal to Profit Before Tax (PBT) plus interest payments minus cash operating tax.

How is Cost of Capital calculated?

To calculate the WACC for a company, we need to calculate the cost of equity and the cost of debt. Market, as a whole, would demand an extra income to invest in risky, non-contractual residual claims to corporate cash flow. This is the market premium (p). Company specific risks over and above the market risk premium, measuring the volatility of the Company's stock relative to the market average, is captured by the leveraged beta (ß), which is the ratio of the coefficient of variation of a company's stock prices compared to the market as a whole. The cost of equity, which is the risk free return (r) plus a company premium (p x ß) is weighted by the ratio of equity to market value (e) to get the weighted cost of equity.

Multiplying the pretax cost of borrowing (I) with the retention rate (1-tax rate) gives tax-adjusted cost of debt. This is then weighted by the ratio of debt to market value (d) to arrive at the weighted cost of debt. By adding the weighted cost of equity and the weighted cost of debt, we get WACC. The WACC for 2010-11 (10%) was set at the beginning of the year.

EVA generated by GCPL (Consolidated)

EVA = NOPAT – [{I x (1-tax rate) x d} + {(r + p ß) x e}] x capital employed.

EVA-Consolidated (₹ in crore)

	2010-11	2009-10
NOPAT	482.3	272.59
Capital Charge	(159.0)	(56.54)
EVA	323.30	216.05

Directors Report

To The Shareholders,

Your Directors have pleasure in presenting their Report along with the Audited Accounts for the year ended on March 31, 2011.

Financial Highlights

Your Company's financial performance for the year under review has been encouraging and is summarised below:

Standalone	FY 2010-11 ₹ Crore	FY 2009-10 ₹ Crore
Sales (net of excise duty)	2395.2	1267.9
Other Income	80.6	49.6
Total Income	2475.8	1317.5
Total Expenditure other than Interest and Depreciation	1940.4	1000.9
Profit before Interest, Depreciation, Tax and exceptional items	535.4	316.6
Depreciation	22.0	13.8
Profit before Interest and Tax and exceptional items	513.4	302.8
Interest and Financial Charges	8.8	3.7
Profit before Tax & exceptional items	504.6	299.1
Tax expenses	102.0	51.0
Profit after Tax before exceptional items	402.6	248.1
Exceptional Items (Net of Tax)	32.3	–
Net Profit after tax	434.9	248.1
Surplus brought forward	174.2	98.1
Amount available for appropriation	609.1	346.2

Appropriation

Your Directors recommend appropriation as under:

	FY 2010-11 ₹ Crore	FY 2009-10 ₹ Crore
Interim Dividend	163.2	125.9
Tax on distributed profits	33.4	21.4
Transfer to General Reserve	65.1	24.8
Surplus Carried Forward	347.4	174.1
Total Appropriation	609.1	346.2

Dividend

For the year 2010-11, three interim dividends were paid on shares of face value ₹ 1/- each – as follows: ₹ 1/- per share on July 24, 2010, ₹ 1/- per share on October 30, 2010 and ₹ 1/- per share on January 22, 2011.

In addition to the above, the Board of Directors has also declared a fourth interim dividend on May 2, 2011 at the rate of ₹ 1.50 per share on equity shares of nominal value ₹ 1/- each. The record date for the same has been fixed as May 10, 2011.

The total dividend payout for the year ended March 31, 2011 stands at ₹ 4.50 per share (450 % on shares of the face value of ₹ 1/- each). The erstwhile Godrej Household Products Ltd. had declared an interim dividend of ₹ 13.50 per share in May 2010. The interim dividend amount of ₹ 163.2 crore includes dividend of ₹ 17.5 crore paid by erstwhile Godrej Household Products Limited to its JV shareholder in May 2010.

Your Directors recommend that the aforesaid interim dividends aggregating to ₹ 4.50 per share on shares of face value ₹ 1/- each and the interim dividend of ₹ 13.50 per share paid by the erstwhile Godrej Household Products Ltd. on its shares of face value ₹ 4/- each, be declared as final dividend for the year ended on March 31, 2011.

Issue of Shares to Qualified Institutional Buyers

During the year your Company issued 15,400,100 equity shares of face value ₹ 1/- each at a premium of ₹ 344 per equity share to Qualified Institutional Buyers (QIB's). The pricing was equal to the floor price of ₹ 345 calculated in accordance with SEBI guidelines. The issue proceeds aggregating to ₹ 531.30 crore has been utilized to retire debt and for general corporate purpose.

Issue of Non-Convertible Debentures

During the year your Company had issued a series of unsecured non convertible debentures on a private placement basis upto a maximum outstanding amount of ₹ 760 crore. The said debentures had a credit rating of “A1+” (pronounced as A one plus) by ICRA. As at March 31, 2011, non-convertible debentures aggregating to ₹ 200 crore are outstanding. Out of these, Debentures amounting to ₹ 45 crore is redeemable in December 2011 and the balance ₹ 155 crore is redeemable in January 2012.

Mergers and Acquisitions

During the year under review, your Company has consolidated its presence in the domestic market by acquiring the remaining 51% stake in Godrej Sara Lee from the erstwhile JV partner Sara Lee Corp. After the acquisition, GSLL was renamed Godrej Household Products Limited (GHPL). Subsequently GHPL was legally merged into Godrej Consumer Products Ltd. (GCPL) pursuant to a scheme of arrangement sanctioned by the High Court of Judicature at Bombay. The appointed date for the merger is April 1, 2010 and the effective date is March 31, 2011.

The merger consolidates your Company’s position in the Indian FMCG space, giving GCPL the largest home grown home and personal care portfolio in India and making GCPL the second largest household insecticides market in Asia excluding Japan. As far as the synergies for the integration of both companies are concerned, GCPL’s focus is on value synergy improvement rather than preplanned cost synergies. Because of the distribution reach of the Companies, GCPL can now capitalize on GHPL’s reach throughout urban and rural India, giving your Company significant opportunities.

Towards the second half of FY11 your Company, acquired two brands, Genteel and Swastik, owned by Essence Consumer Care Products Pvt. Limited (ECCPL) and Naturesse Consumer Care Products Pvt. Limited (NCCPL) respectively. The acquisition extends our leadership presence specifically in the liquid detergents category and reaffirms its position as a domestic leader in the Personal Wash category. The Board of Directors of your Company, ECCPL and NCCPL have approved the merger of ECCPL and NCCPL with GCPL subject to the approval of Hon’ble High Court of Judicature at Bombay. The appointed date for the merger is December 3, 2010.

In the International front, your Company acquired PT. Megasari Makmur in Indonesia. Megasari is in the manufacturing and distribution of Household Insecticides, Wet Tissues and Air Freshners.

Your Company also acquired two businesses in Latin America viz., Issue Group and Argencos. Both companies are focused on hair colours and the acquisitions have complemented each other.

During the financial year, your Company also concluded the acquisition of Tura from Tura Group in Nigeria. Tura is a household name in Nigeria and leading personal care company.

Review of Operations

During the year under review your Company earned Profit After Tax (PAT) of ₹ 434.9 crore.

Net Sales have increased by 89% from ₹ 1267.8 crore in 2009-10 to ₹ 2395.2 crore in 2010-11. Current year Sales includes sales of Godrej Household Products Limited which was merged with your Company with appointed date being April 1, 2010.

A detailed analysis of your Company’s performance is contained in the Management Discussion and Analysis Report.

Table 1: Comparison of Current year sales with the previous year

₹ Crore

Particulars of Sales	FY 2010-11	FY 2009-10	% Increase/ (decrease)
Soaps	795.9	828.4	(4%)
Hair Colour & Toiletries	388.2	357.7	9%
Repellents & Others	1102.7		
Liquid Detergents	64.4	53.3	21%
By-products	44.0	28.5	54%
Total	2395.2	1267.9	89%

The Company has commenced commercial production of Personal care products at its factory at Plot No. 52, Brahmaputra Industrial Park, Dol Gobinda Mandir Road, Village Sila, Guwahati on March 23, 2011.

The license for the Kiwi Shoe Care and Kiwi Kleen Brands in India and Sri Lanka by the ersthwhile Godrej Household Products Ltd. with Sara Lee Corporation has been terminated with effect from April 3, 2011 for which the Company has received a consideration of ₹ 158.80 crore and its wholly owned subsidiary Godrej Household Products Lanka (Private) Ltd. has received ₹ 18.20 crore as a one time exit compensation in the financial year 2011-12.

Subsidiaries

Your Company has enhanced its global presence through its various subsidiaries.

The details of business of the subsidiaries are given in Management Discussion and Analysis section which forms part of this Annual Report, under the heading 'International Businesses'.

In line with the General Circular No. 2 /2011 dated February 8, 2011 issued by the Ministry of Corporate affairs, the Board of Directors of your Company has passed a resolution for giving its consent for not attaching the financial statements of subsidiaries of the Company to the Balance sheet of the Company for the year ended March 31, 2011.

The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with Accounting Standard 21 issued by the Institute of Chartered Accountants of India, also forms part of the Annual Report and accounts of your Company. A one page financial summary for all the subsidiaries giving the required information is disclosed in the consolidated balance sheet.

As directed by the aforesaid circular the accounts of the subsidiary companies and the related detailed information will be made available to any shareholder seeking such information at any point of time. The accounts of the subsidiary companies are also available for inspection by any shareholder at the registered office of the Company or at the registered offices of the subsidiary companies.

Employee Stock Option Plan

The shareholders of the Company vide special resolution passed on March 14, 2007 approved the setting up of Godrej Consumer Products Ltd. Employee Stock Option Plan (GCPL ESOP). Pursuant to the approvals received in the above meeting and in the meeting dated April 24, 2008, the Company can grant 4,500,000 stock options convertible into 4,500,000 equity shares of the nominal value ₹ 1/- each to the eligible employees/directors of the Company and of the Company's subsidiaries.

The GCPL ESOP is administered by a trust set up for this purpose viz. Godrej Consumer Products Ltd. Employee Stock Option Trust.

As on March 31, 2011, 1,903,500 options convertible into 1,903,500 shares of nominal value of ₹ 1/- each are outstanding in respect of options granted under the GCPL ESOP to employees of the Company.

Date of Grant of Options	Outstanding Unvested options
2-Apr-07	150,000
12-Jul-07	60,000
25-Mar-08	458,500
5-May-08	50,000
6-Jun-08	345,000
23-Jun-08	220,000
5-Jan-09	60,000
18-Jun-09	99,000
30-Jun-09	340,000
3-Sep-09	14,000
15-Dec-09	12,000
30-Oct-10	80,000
22-Jan-11	15,000
Grand Total	**1,903,500**

The details of the Options allotted under GCPL ESOP, as also the disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in **Annexure A** to this report.

Since the exercise price of GCPL options is the last closing price on the stock exchange, there is no compensation cost in Financial Year 2010-11 based on the intrinsic value of the options.

Under the Scheme of Amalgamation between your Company and Godrej Household Products Limited(GHPL), the Employee Stock Option Scheme of the erstwhile unlisted GHPL has now become part of your Company. The equity shares of 'Godrej Industries Limited' are the underlying equity shares for the stock option scheme. As at March 31, 2011, 21,29,000 options convertible into 21,29,000 equity shares of Godrej Industries Ltd are outstanding.

Employee Stock Purchase Plan

The Board of Directors at its meeting held on January 22, 2011 had approved an Employee Stock Purchase Plan (GCPL ESPL) under the provisions of Section 77 of the Companies Act, 1956. The GCPL ESPL is administered by the GCPL ESOP Trust. Employees in the cadre of Vice Presidents and above, are eligible to be covered under the plan.

Under the GCPL ESPL, the Company provides loan to the GCPL ESOP Trust at an interest rate which is not less than the bank rate, to enable the GCPL ESOP trust to acquire upto 1,000,000 shares of the Company from the secondary market.

Under the GCPL ESPL, 980,000 shares have been granted till March 31, 2011 and the balance 20,000 shares have been granted after the close of the financial year.

The shares so granted are held by the trust for the benefit of the employee. The shares shall vest with the employee on March 30, 2012. Thereafter within the exercise period of two years, the employee shall compulsorily exercise the shares by acquiring the shares from the GCPL ESOP trust. The exercise price shall be the market price on the day prior to the date of grant plus interest at a rate not less than the bank rate till the date of exercise.

Employee Stock Grant Scheme

The shareholders have on March 18, 2011, approved a new Employee Stock Grant Scheme(ESGS 2011). The Scheme envisages the issue of up to 25,00,000 fully paid equity shares at a nominal value of ₹ 1 each in the Company to certain eligible employees of the Company and / or its subsidiaries. In terms of the ESGS 2011, the HR & Compensation Committee has approved the granting of 1,09,632 Stock Grants to eligible employees of the Company with effect from June 1, 2011. In terms of the above scheme, one stock grant represents one equity share of the Company.

The equity shares shall vest in the employees on the dates as given hereunder.

No. of grants		Vesting date
	36,544	May 31, 2012
	36,544	May 31, 2013
	36,544	May 31, 2014
Total Grant:	1,09,632	

The eligible employees shall be entitled to exercise the options vested in them, within one month from the date of vesting or such dates as may be determined by the HR & Compensation Committee. The exercise price shall be ₹ 1/- per equity share. The equity shares vested in the eligible employees shall be allotted on payment of the exercise price. Since the options have been allotted after the financial year to which this report relates, the details of the options allotted under ESGS 2011, as also the disclosures in compliance with clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are not applicable for the financial year 2010-11.

Directors

Ms. Rama Bijapurkar resigned from the Board of your Company with effect from close of business hours on October 30, 2010. The Board places on record her extra-ordinary service to the Board and Company over a period of nine years.

In accordance with Article 130 and 131 of the Articles of Association of your Company, Dr. Omkar Goswami and Mr. Jamshyd Godrej retire by rotation and being eligible, offer themselves for re-appointment.

Ms Tanya Dubash, Ms Nisaba Godrej and Mr Narendra Ambwani were appointed additional directors with effect from May 2, 2011 and will hold office upto the date of the Annual General Meeting pursuant to Section 260 of the Companies Act, 1956. Pursuant to Section 257 of the Companies Act, 1956, the Company has received a notice from a member signifying his intention to propose the candidature of Ms Tanya Dubash, Ms Nisaba Godrej and Mr. Narendra Ambwani as directors in the ensuing Annual General Meeting. Accordingly resolutions for all the aforesaid reappointments/appointments are included in the notice of the Annual General Meeting.

Listing

The shares of your Company are listed at The Bombay Stock Exchange Limited and The National Stock Exchange of India Ltd. The annual listing fee has been paid to each of the above exchanges before the due date.

Auditors

The Auditors, Kalyaniwalla & Mistry, Chartered Accountants, Mumbai, retire and offer themselves for re-appointment.

Pursuant to directions from the Department of Company Affairs, M/s. P. M. Nanabhoy & Co., Cost Accountants have been appointed as Cost Auditors for the year 2010-11. They are required to submit the report to the Central Government within 180 days from the end of the accounting year.

Directors' Responsibility Statement

Pursuant to the provisions contained in section 217 (2AA) of the Companies Act, 1956, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm:

a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;

b) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;

d) that they have prepared the annual accounts on a going concern basis.

Additional Information

Annexure B to this Report gives the information in respect of conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo, required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forms a part of the Directors' Report.

Information as per Section 217(2A) of the Companies Act,1956 read with the Companies (Particular of Employees) Rules, 1975 forms part of this Report. As per provisions of Section 219(1)(b)(iv) of the Companies Act,1956, the Report and Accounts are being sent to the Shareholders of the Company, excluding the statement of particulars of the employee under Section 217(2A) of the Companies Act,1956. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.

The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

Group for Interse Transfer of Shares

As required under Clause 3(1)(e) of the Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeovers) Regulations, 1997 persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of the aforesaid Regulations, are given in the **Annexure C** attached herewith and forms part of this Annual Report.

Corporate Governance

The Company continues to enjoy a Corporate Governance Rating of CGR2+ (pronounced as CGR2 plus) and a Stakeholder Value Creation and Governance Rating of SVG1 (pronounced as SVG 1). The + sign indicates relatively higher standing within the category indicated by the rating. The above ratings are on a rating scale of 1 to 6, where 1 is the highest rating.

The two ratings evaluate whether a Company is being run on the principles of Corporate Governance and whether the practices followed by the Company lead to value creation for all its shareholders.

The CGR2 rating is on a rating scale of CGR1 to CGR6 where CGR1 denotes the highest rating. The CGR2+ rating implies that in ICRA's current opinion, the rated Company has adopted and follows such practices, conventions and codes as would provide its financial stakeholders a high level of assurance on the quality of corporate governance.

The SVG1 rating is on a rating scale of SVG1 to SVG6 where SVG1 denotes the highest rating. The SVG1 rating implies that in ICRA's current opinion, the Company belongs to the highest category on the composite parameters of stakeholder value creation and management as also corporate governance practices

Pursuant to Clause 49 of the Listing Agreements, the Management Discussion and Analysis Report and the Report on Corporate Governance are included in the Annual Report. The Auditors Certificate certifying the Company's compliance with the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement, is attached as **Annexure D** and forms part of this Annual Report.

Acknowledgement

Your Directors wish to place their sincere thanks to the Union Government and the Governments of Maharashtra, Madhya Pradesh, Tamil Nadu, Pondicherry, Jammu & Kashmir, Himachal Pradesh, Assam, Meghalaya and Sikkim, as also to all the Government agencies, banks, customers, shareholders, vendors and other related organisations who, through their continued support and co-operation, have helped, as partners, in your Company's progress.

For and on behalf of the Board of Directors

Adi Godrej
Chairman

Mumbai, May 2, 2011

Annexure A forming part of the Directors' Report

As per the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, following information is disclosed in respect of Godrej Consumer Products Limited Employee Stock Option Plan:

Sr. No.	Heading	Particulars
a	Options granted	3,667,000
b	The pricing formula	Market Price plus Interest at such a rate not being less than the Bank Rate then prevailing compoundable on an annual basis for the period commencing from the date of Grant of the Option and ending on the date of intimating Exercise of the Option to the Company
c	Options vested upto March 31, 2011	2,810,000
d	Options exercised upto March 31, 2011	1,001,500
e	The total number of shares arising as a result of exercise of option;	NiL - Since no fresh issue of shares by the Company
f	Options lapsed	7,62,000 lapsed and forfeited (on account of employees leaving the service of the Company before the date of vesting).
g	Variation of terms of options	In case of certain employees vesting date was accelerated subject to the completion of minimum one year from date of grant of options.
h	Money realized by exercise of options	₹ 303,702,800
i	Total number of options in force	1,903,500
j	Employee wise details of options granted to:-	
	i) senior managerial personnel	As per note below
	ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
	iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
k	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting *Standard (AS) 20 'Earnings Per Share'.*	There is no fresh issue of shares arising on account of exercise of options. Hence, not applicable.

Sr. No.	Heading		Particulars
I	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.		The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted the employee compensation cost would have been higher by ₹ 2.58 crore, Profit after tax lower by ₹ 2.58 crore and basic EPS would have been lower by ₹ 0.08
m	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.		Exercise price ₹ 228.12 plus interest as mentioned in pricing formula Fair Value ₹ 25.90
N	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:		The fair value of the options granted has been calculated using Black – Scholes Options pricing formula and the significant assumptions made in this regard are as follows:
	i)	risk-free interest rate	7.39%
	ii)	expected life	4 years
	iii)	expected volatility	39%
	iv)	expected dividends, and	1% - 3.01%
	v)	the price of the underlying share in market at the time of option grant	₹ 129.65- ₹ 401.05

Note - Employee wise details of outstanding options

Name of senior managerial persons	Number of options outstanding
Mr. B S Sodhi	70,000
Dr R K Sinha	10,000
Dr Sunder Nurani Mahadevan	25,000
Mr. P Ganesh	5,000

Annexure B forming part of the Directors' Report

INFORMATION PURSUANT TO SECTION 217(1) (e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

A. Conservation of Energy

I. (A) Energy Conservation measures undertaken:

1. Provided Air Pre-heater in TP-25 (Thermic fluid heater) of Cp # 2 to recover waste heat. This has resulted in a fuel saving of ₹ 3 Lac during FY 10-11 (Equivalent to 17 MT).
2. Right sizing of pumps and motors in Chemical Plant # 3. This has resulted in a saving of ₹ 7.5 Lac / annum (1.5 Lac KWH/ annum).
3. Provided LED lights in place of conventional lights for street light and in QA lab and canteen building resulting in a saving of ₹ 600 / day (120 KWH / day).
4. Provided energy saver for lighting load in CP# 3 and allied tank farm and utility sections. This has resulted in a saving of ₹ 800 / day (160 KWH /day).
5. Provided condensate heat recovery system to raise the boiler feed water temperature. This has resulted in a fuel saving of 100 Kg / day (₹ 1800 / day).

(B) Proposed energy conservation measures:

1. Provision of Air Pre-heater for waste heat recovery in TP-10 (Thermic Fluid Heater) of FADP # 1.
2. Unification of high pressure steam network of High Pressure steam generators in order to reduce fuel consumptions in Fat splitting plants.
3. Provision of Energy efficient motors in place of low efficiency motors.
4. Provision of LED lights in place of conventional lights in plant Area and street lights.
5. Provision of Energy efficient air compressors equipped with VFD.
6. Provision of waste heat recovery system for process condensate.

II. Impact of measures on reduction of energy consumption and consequent impact on the cost of production of goods:

Saving in energy costs during the period under consideration.

B. Technology Absorption

Research and development(R & D)

Research and Development plays an integral role for GCPL. Your Company has integrated its R & D practices to operate in tandem with the long-term strategy and cater to the demands of the market-place. The focus of the R & D team is to implement knowledge management and drive quality assurance while maintaining customer centricity in the entire process.

I. Specific areas in which R & D was carried out by the Company -

1. Hair Care
2. Skin Care
3. Household Insectide
4. Customer Centricity
5. Packaging Development
6. Fabric care
7. Hygiene Products

II. Benefits derived as a result of the above R & D efforts -

On the back of strong R & D initiatives, a number of new products were launched successfully in the market in the current financial year.

1. Godrej No.1 'Saffron and Milk Cream" soap.
2. FairGlow soap relaunched.
3. Ten new shades in Renew Hair colour range – launched in South Africa
4. Three new shades in Inecto powder hair colour for Black hair launched in South Africa.
5. Abha Herbal Black Henna launched in Sri Lanka.

III. Future Plan of Action:

1. Focus on new categories.
2. Explore new technologies in existing categories.
3. Explore a variety of fashion hair colours with added benefits, hair colour highlights and newer formats for hair colouring.

IV. Expenditure on R & D

₹ Crore

		FY 2010-11	FY 2009-10
(a)	Capital	-	0.2
(b)	Recurring	7.9	4.7
(c)	Total	7.9	4.9
(d)	Total R & D expenditure as a percentage of total sales turnover	0.32%	0.38%

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

Commercialization of new product formats such as Abha Herbal Black henna.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.

The above efforts helped in cost reduction, customer satisfaction and top line and bottom line improvements

3. Imported Technology:

The Company has not imported any technology since incorporation.

C. Foreign Exchange earnings and outgo:

₹ Crore

	FY 2010-11	FY 2009-10
I. Foreign exchange used	177.3	155.2
II. Foreign exchange earned	161.6	32.0

Annexure C forming part of the Directors' Report

"Group" for interse transfer of shares under clause 3(1)(e)of the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,1997.

1	Godrej & Boyce Mfg. Co. Ltd.	38	Golden Feed Products Ltd.
2	Godrej Industries Ltd.	39	Godrej Oil Palm Ltd.
3	Cartini India Ltd.	40	Cauvery Palmoil Ltd.
4	Godrej Investments Pvt. Ltd.	41	Natures Basket Ltd.
5	Godrej Efacec Automation & Robotics Ltd.	42	Godrej Tyson Foods Limited
6	Godrej Holdings Pvt. Ltd.	43	Aadhaar Retailing Limited
7	Godrej Infotech Ltd.	44	Godrej IJM Palm Oil Ltd.
8	Geometric Ltd.	45	Polychem Hygiene Laboratories Pvt. Ltd.
9	Mercury Manufacturing Co. Ltd.	46	Creamline Dairy Products Ltd.
10	Godrej (Malaysia) Sdn. Bhd.	47	ACI Godrej Agrovet Pvt. Ltd.
11	Godrej (Singapore) Pte. Ltd.	48	Wadala Commodities Ltd.
12	J. T. Dragon Pte. Ltd.	49	Godrej Hershey Limited
13	Godrej Vietnam Company Ltd	50	Mr. Adi Godrej
14	Veromatic International BV	51	Mrs. Parmeshwar Godrej
15	Veromatic Services BV	52	Ms. Nisaba Godrej
16	Water Wonder Benelux BV	53	Mr. Pirojsha Godrej
17	Ensemble Holdings & Finance Ltd.	54	Mrs. Tanya Dubash
18	Swadeshi Detergents Ltd.	55	Mr. Jamshyd Godrej
19	Vora Soaps Ltd.	56	Mrs. Pheroza Godrej
20	Godrej International Ltd.	57	Ms. Raika Godrej
21	Godrej Properties Ltd.	58	Mr. Navroze Godrej
22	Godrej Reality Pvt. Ltd.	59	Mr. Nadir Godrej
23	Godrej Waterside Properties Pvt. Ltd.	60	Mrs. Rati Godrej
24	Godrej Real Estate Pvt. Ltd.	61	Master Burjis Godrej thru father and natural guardian Mr. Nadir Godrej
25	Godrej Developers Pvt. Ltd.	62	Master Sohrab Godrej thru mother and natural guardian Mrs. Rati Godrej
26	Godrej Seaview Properties Pvt. Ltd.	63	Master Hormuzd Godrej
27	Godrej Estate Developers Pvt. Ltd.	64	Mr. Vijay Crishna
28	Happy Highrises Ltd.	65	Mrs. Smita Crishna
29	Godrej Buildwell Pvt. Ltd.	66	Ms. Freyan Crishna
30	Godrej Buildcon Pvt. Ltd.	67	Ms. Nyrika Crishna
31	Godrej Garden City Properties Pvt. Ltd.	68	Mr. Rishad Naoroji
32	Tahir Properties Ltd.	69	Godrej & Boyce Enterprise LLP
33	Godrej Projects Development Pvt. Ltd.	70	ABG Enterprise LLP
34	Godrej Premium Builders Pvt. Ltd.	71	JNG Enterprise LLP
35	Udhay-GK Realty Private Ltd.	72	SVC Enterpirse LLP
36	Godrej Agrovet Ltd.	73	RKN Enterprise LLP
37	Bahar Agro Chem & Feeds Pvt. Ltd.	74	NBG Enterprise LLP

Annexure D forming part of the Directors' Report

Auditors' Certificate on Corporate Governance

To the Members of
Godrej Consumer Products Limited,
Mumbai.

We have examined the compliance of conditions of Corporate Governance by Godrej Consumer Products Limited (the Company) for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit, nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As per the records of the Company, there were no investor grievances remaining unattended for a period exceeding one month against the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and on behalf of
Kalyaniwalla & Mistry
Firm Registration No. 104607W
Chartered Accountants

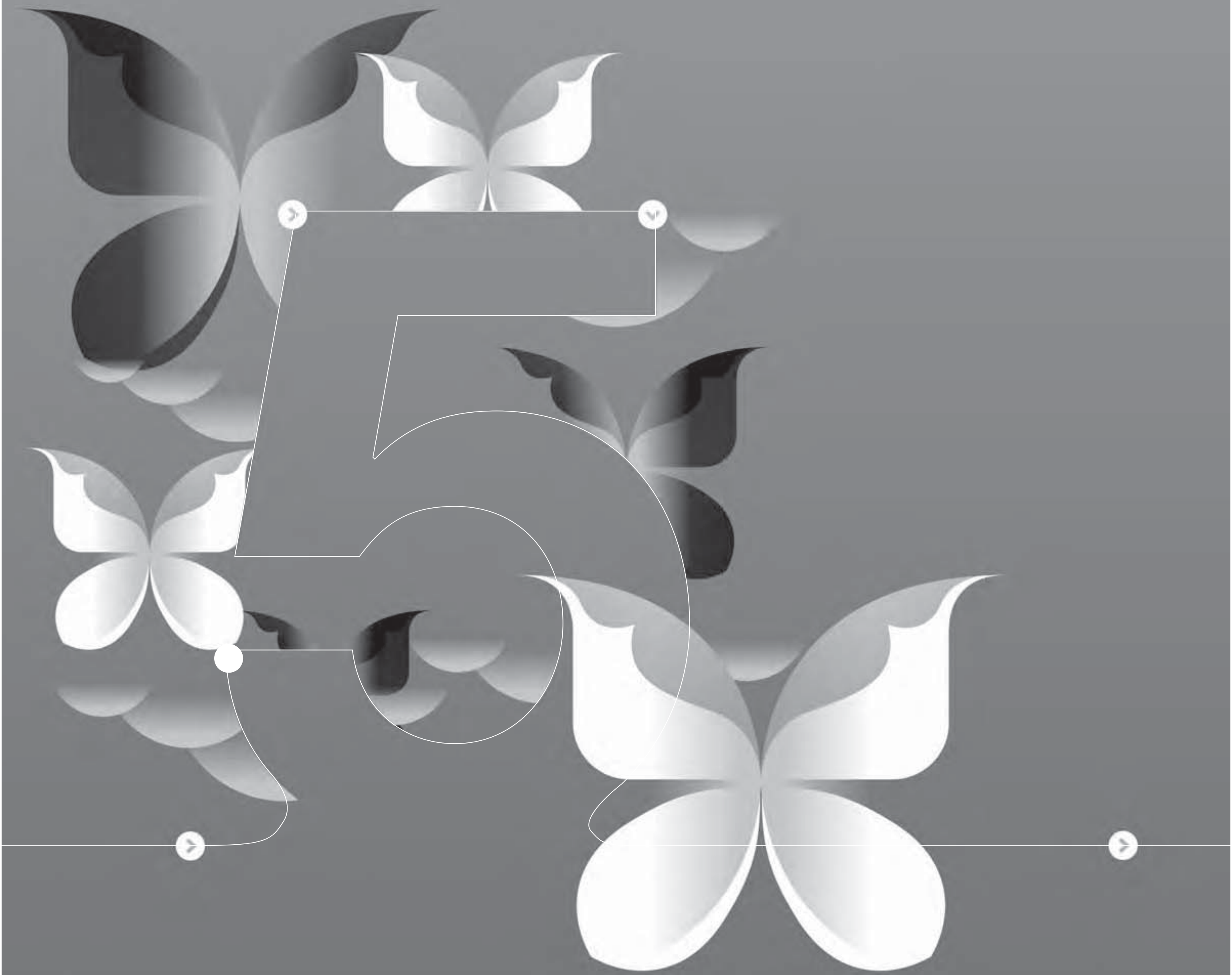
Daraius Z. Fraser

Partner

Membership No.: 42454

Mumbai, May 2, 2011

Financials



Auditors' Report

TO THE MEMBERS OF GODREJ CONSUMER PRODUCTS LIMITED

1. We have audited the attached Balance Sheet of GODREJ CONSUMER PRODUCTS LIMITED as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. As stated in Note 3, Schedule 16: Notes to Accounts, Godrej Household Products Ltd. (GHPL), an erstwhile 100% subsidiary of Godrej Consumer Products Limited (GCPL) was amalgamated on March 31, 2011, with GCPL with effect from April 1, 2010, in accordance with a Scheme of Amalgamation sanctioned by the Hon'ble High Court of Judicature at Bombay. These financial statements include the financial statements of the erstwhile GHPL for the year ended March 31, 2011, which have not been audited by us and have been audited by another auditor whose report has been furnished to us. Our opinion on the financial statements, to the extent they have been derived from the financial statements of the erstwhile GHPL, is based solely on the report of the other auditor.

5. Without qualifying our opinion, attention is drawn to Note 3, Schedule 16: Notes to Accounts, regarding the Scheme of Amalgamation approved by The Hon'ble High Court of Judicature at Bombay whereby the assets and liabilities of the erstwhile Godrej Household Products Limited have been taken over and recorded at their fair values as on April 1, 2010, as determined by the Board of Directors of the Company. In accordance with the Scheme of Amalgamation, an amount of ₹ 3776.83 lac on account of fair valuation of loans and advances, an amount of ₹ 5275.00 lac on account of brand amortization and an amount of ₹ 614.42 lac on account of costs and expenses of amalgamation aggregating to ₹ 9666.25 lac has been charged to General Reserve instead of charging the same to the Profit and Loss Account. Had this amount been charged to the Profit and Loss Account, the profit for the year would have been lower by ₹ 9666.25 lac and the General Reserve would have been higher by ₹ 9666.25 lac

6. Further to our comments in the Annexure referred to in para 3 above and our comments in para 4 above, we report that:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of such books.

Auditors' Report

c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

   ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

   iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

7. On the basis of the written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Regn. No.: 104607W

Daraius Z. Fraser
PARTNER

M. No.: 42454

Mumbai: May 2, 2011.

Annexure to the Auditors' Report

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we further report that:

1. Fixed Assets:
   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   b) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies reported on such verification are not material and have been properly dealt with in the books of account.
   c) In our opinion, there have been no significant disposals of fixed assets during the year which affect the going concern assumption.
2. Inventory:
   a) The Management has conducted physical verification of inventory (excluding stocks lying with third parties) at reasonable intervals. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
   b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on verification between the physical stocks and the book records.
3. Loans and Advances:
   a) The Company had granted unsecured loans to two companies listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 1586.73 lac and the closing balance amounted to ₹ Nil. The erstwhile Godrej Household Products Limited had granted an unsecured loan, to a party covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was ₹ 257.14 lac and the year-end balance was ₹ 214.29 lac.
   b) In our opinion, the rate of interest and other terms and conditions on which the unsecured loans have been granted to companies / parties listed in the register maintained under section 301 of the Companies Act, 1956, are not prima facie prejudicial to the interest of the Company.
   c) The parties to whom the Company had granted loans have repaid / are repaying the principal amounts as stipulated and have also been regular in the payment of interest.
   d) There is no overdue amount of loans granted to companies / parties listed in the register maintained under section 301 of the Companies Act, 1956.
   e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. Transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956:
   a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
   b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the

Annexure to the Auditors' Report

Companies Act, 1956 and exceeding the value of ₹ 5.00 lac in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A, 58AA, or any other relevant provisions of the Companies Act, 1956 and the rules framed there under. No order has been passed by the Company Law Board, or National Company Law Tribunal, or Reserve Bank of India, or any Court, or any other Tribunal.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the Company in respect of manufacture of soaps, cosmetics and toiletries pursuant to the Rules made by the Central Government for maintenance of cost records, under section 209(l)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete. To the best of our knowledge and according to the information given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for any other products of the Company.
9. Statutory Dues
   a) According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues, including dues pertaining to Investor Education and Protection Fund, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and any other statutory dues with the appropriate authorities. We have been informed that there are no undisputed dues which have remained outstanding as at the end of the financial year, for a period of more than six months from the date they became payable.
   b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess outstanding on account of any dispute, other than the following:

Name of Statute	Nature of Dues	Amount ₹ lac	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Rate differences on account of soap scrap.	61.54	2000-04	CESTAT
	Cenvat credit availed on input services.	10.81	2009-10	Commissioner of Central Excise (Appeal)
	Excise duty claim in respect of non payment of education cess.	118.27	2004-08	Assistant Commissioner
	Others	21.94	1996-99 2007-08	Assistant Commissioner CESTAT
	Excise duty in dispute pertaining to erstwhile Godrej Household Products Limited.	18.43	2002-03, 2006-07	Commissioner of Central Excise (Appeals), Chennai
Sales Tax Act	Interest on sales tax dues.	12.07	2001-02	High Court
	Sales Tax Dues	106.41	2004-05	Sales Tax Authority
	Sales Tax Dues	17.58	2009-10	Joint Commissioner (A)
	Others	28.62	2000-01 2002-03 2007-08 2003-04 2005-08 2009-10	Assistant / Joint/ Deputy Commissioner Sales Tax Authority

Annexure to the Auditors' Report

Name of Statute	Nature of Dues	Amount ₹ lac	Period to which the amount relates	Forum where dispute is pending
	Sales tax in dispute pertaining to erstwhile Godrej Household Products Limited.	31.70	Financial Years 2002-03, 2003-04 and 2004-05	Supreme Court of India
		66.00	Financial Year 2004-05	Commercial Tax Officer (West Bengal)
		502.78	Financial Years 1998-99, 1999-00, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08.	Deputy Commissioner Commercial Taxes (Uttar Pradesh) and Deputy Commissioner Appeals (West Bengal, Maharashtra, Uttar Pradesh, Andhra Pradesh, Punjab, Orissa, Haryana, Jammu and Kashmir)
		29.83	Financial Years 2001-02, 2002-03, 2003-04, 2006-07 and 2008-09	Joint Commissioner (Appeals) (Uttar Pradesh, Orissa, Andhra Pradesh and Tamil Nadu)
		89.52	Financial Years 1994-95, 1999-00, 2000-01, 2001-02, 2002-03 and 2003-04	Sales Tax Tribunal (Bihar, Uttar Pradesh, Delhi, West Bengal, Karnataka)
		1044.43	Financial Years 1999-00, 2000-01, 2001-02, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09	High Court (Andhra Pradesh, Madhya Pradesh, Kerala, Rajasthan, Karnataka)
		44.11	Financial Years 2003-04 and 2004-05	Commissioner (Appeals) (Andhra Pradesh, Bihar, Maharashtra)
The Entry Tax Act.	Entry Tax in dispute pertaining to erstwhile Godrej Household Products Limited.	105.95	Financial Years 2006-07 and 2007-08	Supreme Court of India
		22.67	Financial Years 1999-2000 to 2003-04	Commissioner (Appeals) (Madhya Pradesh)
The Finance Act, 1994.	Service Tax in dispute pertaining to erstwhile Godrej Household Products Limited.	16.21	September 2004 to November 2004 and February 2005 to June 2008	Commissioner (Appeals)
Employee's Provident Funds and Miscellaneous Provisions Act, 1952.	Provident Fund in dispute pertaining to erstwhile Godrej Household Products Limited.	252.95	Financial Years 2005-06 to 2009-10	Employees Provident Fund Appellate Tribunal, New Delhi.
Income-tax Act, 1961	Appeal against order of regular assessment u/s 143(3) of the Act.	322.71	Assessment Year 2006-07	CIT(A)
	Demand based on the order of regular assessment u/s 143(3) of the Act.	34.91	Assessment Year 2008-09	AO
	Demand based on the order of regular assessment u/s 143(3) of the Act.	77.56	Assessment Year 2009-10	AO
	Others	402.26	Assessment Year 2003-04 2006-07 2007-08	CIT (A)
	Income-tax in dispute pertaining to erstwhile Godrej Household Products Limited.	60.72	Assessment Year 2003-04	Assessing Officer
		267.63	Assessment Year 2006-07	Income-tax Appellate Tribunal
		106.22	Assessment Year 2007-08	Commissioner of Income-tax (Appeals)

Annexure to the Auditors' Report

10. The Company does not have accumulated losses as at the end of the financial year, nor has it incurred cash losses in the current financial year, or in the immediately preceding financial year.
11. According to the information and explanations given to us and based on the documents and records produced before us, there has been no default in repayment of dues to banks or debenture holders. There are no dues to financial institutions.
12. According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
14. The Company does not deal or trade in shares, securities, debentures and other investments.
15. According to the information and explanations given to us and the records examined by us, the terms and conditions of guarantees given by the Company for loans taken by its subsidiaries from banks are not prima facie prejudicial to the interest of the Company.
16. According to the information and explanations given to us and the records examined by us, on an overall basis, the term loan obtained by the Company was applied for the purpose for which the loan was obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Cash Flow Statement and other records examined by us, the Company has used funds raised on short term basis for long term investment. The Company has used short term borrowings to the extent of ₹ 6993.26 lac for the acquisition of long term investments.
18. The Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has issued unsecured redeemable non-convertible debentures during the year in respect of which no security is required to be created.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed by us, to the best of our knowledge and belief and according to the information and explanations given to us by the Management, no fraud on, or by the company, has been noticed or reported during the year.

For and on behalf of

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Regn. No.: 104607W

Daraius Z. Fraser
PARTNER

M. No.: 42454

Mumbai: May 2, 2011.

Balance Sheet as at March 31, 2011

	Schedule	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SOURCES OF FUNDS:				
1. Shareholders' Funds				
a) Share Capital	1	**3235.90**		3081.90
b) Reserves and Surplus	2	**150131.75**		79664.63
			153367.65	82746.53
2. Loan Funds				
a) Secured Loans	3	**1005.98**		1239.80
b) Unsecured Loans	4	**26243.42**		-
			27249.40	1239.80
3. Deferred Tax Liability (Net)	5		**852.71**	632.12
TOTAL			**181469.76**	84618.45
APPLICATION OF FUNDS:				
4. Fixed Assets	6			
a) Gross Block		**146105.52**		27379.54
b) Less: Depreciation		**23135.45**		10823.75
c) Net Block		**122970.07**		16555.79
d) Capital Work-in-Progress		**1188.16**		83.72
			124158.23	16639.51
5. Investments	7		**36206.32**	52188.17
6. Current Assets, Loans and Advances	8			
a) Inventories		**30636.12**		16804.82
b) Sundry Debtors		**10327.96**		3314.95
c) Cash and Bank Balances		**8062.71**		18570.41
d) Other Current Assets		**1206.11**		604.42
e) Loans and Advances		**25183.18**		10554.30
		75416.08		49848.90
7. Less: Current Liabilities and Provisions	9			
a) Current Liabilities		**52482.38**		32682.72
b) Provisions		**1828.49**		1375.42
		54310.87		34058.14
8. Net Current Assets			**21105.21**	15790.77
TOTAL			**181469.76**	84618.45
Notes to Accounts	16			

The Schedules referred to above form an integral part of the Balance Sheet
As per our Report attached

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Daraius Z. Fraser
Partner

P. Ganesh
Executive Vice President
(Finance & Commercial)
and Company Secretary

Mumbai: May 2, 2011.

Signatures to the Balance Sheet and Schedules 1 to 9 and 16.

For and on behalf of the Board
Adi Godrej
Chairman

A. Mahendran
Managing Director

Profit and Loss Account for the year ended March 31, 2011

	Schedule	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
INCOME:				
1. Sales (Gross)		247746.01		129433.98
Less: Excise Duty		(8229.76)		(2645.86)
			239516.25	126788.12
2. Other Income	10		**8068.09**	4958.79
			247584.34	131746.91
EXPENDITURE:				
3. Materials Consumed and Purchase of Goods	11	120762.88		57730.62
4. Expenses	12	76427.53		43874.13
5. Interest and Financial Charges	13	877.24		366.22
6. Depreciation and Amortisation		2198.07		1374.94
		200265.72		103345.91
7. Inventory Change	14	(3145.74)		(1513.22)
			197119.98	101832.69
Profit Before Tax:			**50464.36**	29914.22
8. Provision for Taxes				
- Current Taxes		10086.65		4886.78
- Deferred Taxes		110.02		215.80
			10196.67	5102.58
Net Profit After Tax			**40267.69**	24811.64
9. Exceptional Items (Net of Tax)	15		**3227.62**	-
Net Profit After Tax:			**43495.31**	24811.64
10. Surplus Brought Forward			**17419.56**	9814.58
Profit Available for Appropriation:			**60914.87**	34626.22
APPROPRIATIONS:				
1. Dividend on Equity Shares				
- Interim			**16319.82**	12585.72
2. Tax on Distributed Profit			**3338.62**	2138.94
3. Transfer to General Reserve			**6509.94**	2482.00
4. Surplus Carried Forward			**34746.49**	17419.56
TOTAL			**60914.87**	34626.22
EARNINGS PER SHARE (In ₹) (Face value ₹ 1)	16 - (29)			
Before Extraordinary Items:				
Basic and Diluted			**13.62**	8.28
Including Extraordinary Items:				
Basic and Diluted			**13.62**	8.28
Notes to Accounts	16			

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report attached

Signatures to the Profit Loss Account and Schedules 10 to 16.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

For and on behalf of the Board
Adi Godrej
Chairman

Daraius Z. Fraser
Partner

P. Ganesh
Executive Vice President
(Finance & Commercial)
and Company Secretary

A. Mahendran
Managing Director

Mumbai: May 2, 2011.

Cash Flow Statement for the year ended March 31, 2011

		₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**			
	Profit Before Tax:		**50464.36**	29914.21
	Adjustments for:			
	Depreciation	2198.07		1374.94
	Loss/(Profit) on Sale of Fixed Assets (Net)	39.71		41.44
	(Profit)/Loss on Sale of Investments (Net)	(133.11)		(207.06)
	Interest Expense	620.49		138.40
	Interest Income	(3091.06)		(2530.53)
	Dividend Income	(98.16)		(1001.07)
	Foreign Exchange (Gain)/Loss	118.05		(421.79)
	Bad Debts Written Off	3.04		1.73
	Provision for Doubtful Debts	55.08		1.42
	Provision for Non Moving Inventory	(314.16)		71.13
	Write in of Old Balances	(58.64)		(39.49)
	Others Income Outstanding	(749.87)		155.15
			(1410.56)	(2415.73)
	Operating Cash Flows Before Working Capital Changes		**49053.80**	27498.48
	Adjustments for:			
	Inventories	(5769.97)		(4208.55)
	Sundry Debtors	(3429.57)		(2343.19)
	Loans and Advances	(6932.47)		3394.02
	Other Current Assets	54.53		-
	Current Liabilities and Provisions	(236.08)		7362.84
			(16313.54)	4205.12
	Cash Generated from Operations		**32740.26**	31703.60
	Adjustment for:			
	Direct Taxes Paid	(11112.48)		(4904.99)
			(11112.48)	(4904.99)
	Net Cash Flow from Operating Activities before Exceptional Item		**21627.78**	26798.61
	Exceptional Items - Termination Compensation		**4031.00**	-
	Net Cash Flow from Operating Activities After Exceptional Items		**25658.78**	26798.61
	Balance carried forward		**25658.78**	26798.61

Cash Flow Statement for the year ended March 31, 2011

		₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
	Balance brought forward		**25658.78**	26798.61
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**			
	Purchase of Fixed Assets	(110212.32)		(844.25)
	Sale of Fixed Assets	26.43		17.11
	Investments in Subsidiary	(7330.53)		(16749.07)
	Cost and Expenses of Amalgamation	(614.42)		(731.15)
	Purchase/Reinvestment of Investments	(28200.00)		(66797.52)
	Sale of Investments	35033.11		61054.58
	Dividend Received	98.16		1001.07
	Loan to ESOP Trust (Net)	(817.71)		(950.84)
	Loan to Subsidiaries Repaid/(Given)	1439.60		(1400.14)
	Intercorporate Deposits Placed	-		(405.00)
	Intercorporate Deposits Refund Received	-		405.00
	Interest Received	2197.14		2826.75
	Investment Expenses to be Capitalised	(268.95)		(227.70)
	Net Cash Flow From Investing Activities		**(108649.49)**	(22801.14)
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**			
	Proceeds from Issue of Share Capital (Net of exp. on QIP)	52277.85		-
	Borrowings from Bank (Net)	5950.00		(5463.39)
	Issue of Debentures (Net of expenses and premium paid)	17774.05		-
	Cash Credits (Net)	(214.00)		414.16
	Interest Paid	(592.12)		(148.94)
	Dividend Paid	(15261.46)		(12562.77)
	Dividend Tax Paid	(3205.91)		(2139.27)
	Net Cash Flow From Financing Activities		**56728.41**	(19900.21)
	Net Increase/(Decrease) in Cash and Cash Equivalents:		**(26262.30)**	(15902.74)
	Cash and Cash Equivalents:			
	As at the Beginning			
	Cash and Bank Balances		**18570.42**	34456.81
	Acquired Pursuant to the Scheme of Amalgamation		**15754.59**	16.36
	As at the Ending			
	Cash and Bank Balances		**8062.71**	18570.42
	Net Increase/(Decrease) in Cash and Cash Equivalents:		**(26262.30)**	(15902.74)

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Daraius Z. Fraser
Partner

Mumbai: May 2, 2011.

P. Ganesh
Executive Vice President
(Finance & Commercial)
and Company Secretary

For and on behalf of the Board
Adi Godrej
Chairman

A. Mahendran
Managing Director

Schedules forming part of the Accounts for the year ended March 31, 2011

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 1: SHARE CAPITAL			
1. Authorised:			
410,000,000 Equity shares (previous year 410,000,000 Equity shares) of ₹ 1/- each.		**4100.00**	4100.00
10,000,000 Preference shares (previous year 10,000,000 Preference shares) of ₹ 1/- each.		**100.00**	100.00
2. Issued:			
323,621,268 Equity shares (previous year 308,221,168 Equity shares) of ₹ 1/- each fully paid up.		**3236.21**	3082.21
3. Subscribed and Paid Up:			
323,590,144 Equity shares (previous year 308,190,044 Equity shares) of ₹ 1/- each fully paid up.		**3235.90**	3081.90
Total		**3235.90**	3081.90

Note:

Of the above, 277,079,512 equity shares of ₹ 1 each have been issued pursuant to schemes of arrangements for consideration other than cash.

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 2: RESERVES AND SURPLUS			
1. Capital Investment Subsidy Reserve			
i) Central Subsidy			
Balance as per last Balance Sheet		**15.00**	15.00
2. Capital Redemption Reserve			
Balance as per last Balance Sheet		**145.94**	145.94
3. Securities Premium Account			
Balance as per last Balance Sheet	35703.58		35703.58
Add: Premium Received on Allotment of QIP	52976.34		-
Less: Expenses on QIP	(852.50)		-
Less: Expenses on Issue of Debentures and Debenture Premium	(2519.37)		-
		85308.06	35703.58
4. Debenture Redemption Reserve			
Transfer from General Reserve		**738.43**	-
5. General Reserve			
As per last Balance Sheet	26380.55		5443.30
Add: Transfer from Profit and Loss Account	6509.94		2482.00
Less: Transfer to Debenture Redemption Reserve	(738.43)		-
Add: Transfer on Amalgamation of GCBL & GHCL	-		18455.25
Less: Adjustments Pursuant to Scheme of Amalgamation	(9018.45)		-
		23133.61	26380.55
6. Profit & Loss Account			
Balance as per Profit and Loss Account	34746.49		17419.56
Addition on Amalagamation	6044.21		-
		40790.70	17419.56
Total		**150131.75**	79664.63

Schedules forming part of the Accounts for the year ended March 31, 2011

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 3: SECURED LOANS			
1. Borrowings From Banks			
Cash Credit		**975.46**	1189.46
2. Sales Tax Deferment Loan		**30.52**	50.34
Total		**1005.98**	1239.80
SCHEDULE 4: UNSECURED LOANS			
1. Debentures			
a) 2,000 Unsecured, Redeemable, Zero Coupon, Non- Convertible Debentures of ₹ 10.00 lac each	20000.00		-
b) Premium on Redemption thereon	293.42		-
		20293.42	-
2. Term Loans and Advances			
a) From Banks		**5950.00**	-
Total		**26243.42**	-
Amount repayable within one year		**26243.42**	-
SCHEDULE 5: DEFERRED TAX LIABILITY (NET)			
1. Deferred Tax Liability			
a) Depreciation		**1266.04**	923.98
2. Deferred Tax Asset			
a) Expenditure Disallowable under Section 43B	(248.42)		(210.09)
b) Provision for Doubtful Debts	(164.90)		(81.78)
		(413.32)	(291.87)
Total		**852.71**	632.12

SCHEDULE 6: FIXED ASSETS

(₹ in Lac)

ASSET	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As on 01-04-2010	Adjustments	Additions	Deductions	As on 31-03-2011	Upto 31-03-2010	Adjustments	For the Year	On Deductions	Upto 31-03-2011	As on 31-03-2011	As on 31-03-2010
Tangible Assets:												
Freehold Land	11.43	39.43	-	-	50.86	-	-	-	-	-	50.86	11.43
Leasehold Land	684.71	-	-	-	684.71	35.71	-	7.10	-	42.81	641.90	649.00
Leasehold Improvement	102.16	779.82	207.66	-	1089.64	7.58	368.14	49.85	-	425.57	664.07	94.58
Buildings	5817.90	876.38	14.13	7.13	6701.29	947.31	302.36	187.41	3.60	1433.48	5267.80	4870.59
Plant and Machinery	19092.20	5874.80	1527.94	63.47	26431.47	8913.74	3072.13	1487.75	52.68	13420.94	13010.53	10178.46
Furniture, Fixtures and Fittings	252.58	1471.06	341.77	285.18	1780.23	70.87	1042.48	238.60	283.56	1068.39	711.84	181.71
Office Equipment	392.09	-	33.32	1.88	423.53	130.63	-	19.02	1.04	148.61	274.92	261.46
Computers	483.30	-	3.92	10.90	476.33	388.14	-	52.38	10.22	430.29	46.03	95.16
Vehicles	92.96	198.49	192.26	95.04	388.66	28.26	93.77	31.43	46.36	107.10	281.57	64.70
Intangibles:												
Computer Software	434.54	795.68	165.19	122.12	1273.28	295.64	453.33	118.54	122.12	745.39	527.90	138.90
Trade Marks and Brands	-	105500.00		-	105500.00	-	5274.00	-	-	5274.00	100226.00	-
Technical Knowhow	-	30.00	-	-	30.00	-	6.00	3.00	-	9.00	21.00	-
Goodwill	-	30.00	1229.85	-	1259.85	-	21.00	1.50	-	22.50	1237.35	-
Assets Under Finance Lease:												
Leased Vehicles	15.67	-	-	-	15.67	5.88	-	1.49	-	7.37	8.30	9.79
Total	**27379.54**	**115595.66**	**3716.04**	**585.72**	**146105.52**	**10823.75**	**10633.21**	**2198.07**	**519.58**	**23135.45**	**122970.06**	-
Previous Year	26654.29	-	1010.19	284.94	27379.54	9675.20	-	1374.94	226.40	10823.75	-	16555.79
Capital Work-in-Progress including Capital Advances											1188.16	83.72
Total											**124158.23**	16639.51

Note: Adjustments comprise of assets arising on account of amalgamation.

Schedules forming part of the Accounts for the year ended March 31, 2011

SCHEDULE 7: INVESTMENTS

	Face Value ₹	Number As At 01-04-10	Acquired during the Year	Sold during the Year	As At 31-03-11	₹ in Lac	**Current Year ₹ in Lac**	Previous Year ₹ in Lac
Long Term - At Cost - Fully Paid up								
1. IN EQUITY SHARES								
Unquoted:								
Godrej Household Products Limited* *(Formerly Godrej Sara Lee Ltd.)*	₹ 4	12,513,375	-	-	-	-	-	19700.52
							-	19700.52
2. IN EQUITY SHARES OF SUBSIDIARY COMPANIES								
Unquoted:								
Godrej Netherlands B.V.	€ 100	1,000	-	-	1,000	4912.57		4912.57
Rapidol (PTY) Ltd.	ZAR 1	18,050,000			18,050,000	1266.50		1266.50
Godrej Global Mideast FZE	USD 250,000	5	-	-	5	573.80		573.80
Godrej Hygiene Products Ltd.	₹ 10	2,600,000	-	-	2,600,000	2087.36		2087.36
Godrej Consumer Products Mauritius Ltd.	USD 1	6	-	-	6	16501.05		15079.45
Godrej Consumer Products Holding (Mauritius) Ltd.	USD 1	1	-	-	1	2001.26		45.58
Essence Consumer Care Products Limited	₹ 10	-	1,650,000	-	1,650,000	2168.81		-
Naturesse Consumer Care Products Limited	₹ 10	-	400,000	-	400,000	1784.44		-
Godrej Household Products (Bangladesh) Pvt. Ltd.	BDT 10	-	9,585,481	-	9,585,481	658.06		-
Godrej Household Products (Lanka) Pvt. Ltd.	LKR 10	-	21,501,045	-	21,501,045	2710.54		-
Godrej Consumer Products Bangladesh Ltd.	BDT 10		1		1	3.65	**-**	-
							34668.04	23965.26
3. IN PREFERENCE SHARES OF SUBSIDIARY COMPANIES								
Unquoted:								
Godrej Consumer Products Mauritius Ltd.	USD 1	4,000,000	-	-	4,000,000	-	**1822.40**	1822.40
Current - At Cost - Fully Paid up								
4. IN UNITS OF MUTUAL FUNDS								
Unquoted:								
Birla Sunlife Mutual Fund Cash Plus - Instl. Premium - Growth	₹ 10	-	55,098,540	55,098,540	-	-	-	-
Kotak Liquid (Institutional Premium) Plan - Growth Scheme	₹ 10	18,940,359	19,455,674	38,396,033	-	-	-	3500.00
Prudential ICICI Institutional Liquid Plan - Super Institutional Growth Scheme	₹ 100	1,543,853	8,690,045	10,233,898	-	-	-	2100.00
HDFC Liquid Fund - Premium Plan - Growth Scheme	₹ 10	5,965,196	22,611,231	28,576,427	-	-	-	1100.00
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	₹ 10	-	3,859,831	3,859,831	-	-	-	-
							-	6700.00
TOTAL BOOK VALUE OF INVESTMENTS							**36490.44**	52188.17
PROVISION FOR DEPLETION IN VALUE OF INVESTMENTS							**(284.12)**	-
Total							**36206.32**	52188.17
Aggregate Book Value of Investments:								
Quoted							**-**	-
Unquoted							**36490.44**	52188.17
Total							**36490.44**	52188.17

*12,513,375 equity shares at the beginning of the year have been extinguished consequent to the Scheme of Amalgamation.

Schedules forming part of the Accounts for the year ended March 31, 2011

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 8: CURRENT ASSETS, LOANS AND ADVANCES			
1. Inventories			
(At lower of cost and net realisable value)			
a) Raw Materials	13108.16		7666.72
b) Stores and Spares	430.00		394.68
c) Work-In-Progress	1966.12		2298.91
d) Finished Goods - Manufactured	11855.76		5845.33
- Trading	3276.08		599.18
		30636.12	16804.82
2. Sundry Debtors			
(Unsecured - Considered good, unless otherwise stated)			
a) Debts outstanding for a period exceeding six months (Including doubtful debts ₹ 472.97 lac; - previous year ₹ 33.83 lac)	614.36		39.61
b) Other Debts	10186.57		3309.17
	10800.93		3348.78
c) Less: Provision for Doubtful Debts	472.97		33.83
		10327.96	3314.95
3. Cash and Bank Balances			
a) Cash in Hand	22.15		11.90
b) Cheques on Hand	573.33		734.23
c) Balances with Scheduled Banks			
- In Current Accounts	2105.45		1316.98
- In Deposit Accounts	5358.56		16507.30
(Under lien with the bank: ₹ 106.95 lac; previous year ₹ 106.95 lac)			
d) Balances with Non-Scheduled Banks	3.23		-
		8062.72	18570.41
4. Other Current Assets			
a) Accrued Interest		**1206.11**	604.42
5. Loans and Advances			
(Unsecured - considered good, unless otherwise stated)			
a) To Subsidiaries	-		1439.60
b) Advances Recoverable in Cash or in Kind or For Value to be Received	7031.67		1763.46
(Net of advances considered doubtful ₹ 36.89 lac; - previous year ₹ 6.86 lac)			
c) Amount Due from ESOP Trust	9290.88		5221.07
d) Balances with Excise Authorities	6766.59		1875.06
e) Sundry Deposits	1776.38		261.97
f) Advance Payment of Taxes (Net of Provision for Taxes)	354.56		-
	25220.07		10561.16
Less: Provision for Doubtful Loans and Advances	36.89		6.86
		25183.18	10554.30
Total		**75416.08**	49848.90

Schedules forming part of the Accounts for the year ended March 31, 2011

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 9: CURRENT LIABILITIES AND PROVISIONS			
1. Current Liabilities			
a) Sundry Creditors			
- Dues to Micro, Small and Medium Enterprises	-		688.19
- Others	26026.50		9381.69
b) Advances and Deposits	1018.37		553.36
c) Unclaimed Dividends*	490.05		433.16
d) Other Liabilities	20065.24		17773.94
e) Interim Dividend Payable	4853.85		3852.38
f) Interest Accrued but not Due on Loans	28.37		-
		52482.38	32682.72
2. Provisions			
a) For Taxation (Net of Advance Payment of Taxes)	-		102.63
c) For Tax on Distributed Profits	787.42		654.71
d) For Leave Encashment	1041.07		618.08
		1828.49	1375.42
Total		**54310.87**	34058.14

*The figure of Unclaimed Dividend reflects the position as at March 31, 2011. During the year, the Company has transferred an amount of ₹ 31.16 lac (previous year ₹ 41.54 lac); to the Investor Education and Protection Fund in accordance with the provisions of section 205C of the Companies Act, 1956.

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 10: OTHER INCOME			
1. Dividend		**98.16**	1001.07
2. Interest Received (Gross)			
a) On Investments	640.53		-
b) On Advances and Deposits	1831.93		94.93
c) On Rights Issue Proceeds	138.65		2005.92
d) On ESOP Trust Loan	438.71		428.69
(Tax Deducted at Source ₹ 110.46 lac; previous year ₹ 408.19 lac)			
e) On Income Tax Refund	41.24		0.99
		3091.06	2530.53
3. Profit on Sale of Investments (Net)		**133.11**	207.06
4. Business Support Fees		**853.28**	-
5. Royalty and Technological Fees		**2837.73**	723.58
6. Claims Received		**48.99**	73.05
7. Miscellaneous Income		**1005.75**	423.50
Total		**8068.08**	4958.79
SCHEDULE 11: MATERIALS CONSUMED AND PURCHASE OF GOODS			
1. Raw Materials Consumed			
Opening Inventory	7666.72		5047.55
Add: Purchases (Net)	108433.44		56731.82
	116100.16		61779.37
Less: Closing Inventory	13108.16		7666.72
Raw Materials Consumed During the Year		**102992.00**	54112.65
2. Purchase of Goods for Resale		**17770.88**	3617.97
Total		**120762.88**	57730.62

Schedules forming part of the Accounts for the year ended March 31, 2011

		₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 12: EXPENSES				
1.	Salaries, Wages and Bonus		**12152.43**	11488.07
2.	Contribution to Provident Fund and Other Funds		**848.42**	497.76
3.	Workmen and Staff Welfare Expenses		**357.07**	108.59
4.	Stores and Spares Consumed		**858.64**	538.13
5.	Processing Charges and Other Manufacturing Charges		**6203.53**	1847.81
6.	Excise Duty Provision on Inventory		**84.99**	92.03
7.	Power and Fuel		**5115.45**	3289.91
8.	Repairs and Maintenance			
	a) Plant and Machinery	227.82		191.42
	b) Buildings	100.30		35.38
	c) Others	154.43		134.07
			482.56	360.87
9.	Establishment Expenses		**170.69**	366.76
10.	Miscellaneous Expenses		**2478.19**	1169.99
11.	Rent		**1512.58**	547.22
12.	Rates and Taxes		**704.58**	190.49
13.	Travelling and Conveyance		**1885.48**	952.92
14.	Legal and Professional Charges		**1333.78**	619.55
15.	Insurance		**243.84**	161.36
16.	Donations		**91.86**	5.63
17.	Selling and Distribution Expenses		**5135.67**	1748.27
18.	Sales Promotion		**7871.32**	5319.93
19.	Freight		**8256.81**	4434.87
20.	Advertising and Publicity		**19854.39**	10168.90
21.	Royalty Expense		**503.57**	–
22.	Commission		**65.09**	14.30
23.	Discount		**0.71**	8.71
24.	Loss on Sale of Assets (Net)		**39.71**	41.44
25.	Loss/(Gain) on Exchange Difference (Net)		**118.05**	(102.53)
26.	Bad Debts Written Off		**3.04**	1.73
27.	Provision for Doubtful Debts/Advances		**55.08**	1.42
	Total		**76427.53**	43874.13
SCHEDULE 13: INTEREST AND FINANCIAL CHARGES				
1.	Interest Expense:			
	a) Interest on Term Loans	395.55		94.95
	b) Interest on Other Bank Loans	196.97		1.96
	c) Other Interest	27.97		41.49
			620.49	138.40
2.	Discounting and Other Finance Charges		**256.75**	227.82
	Total		**877.24**	366.22

Schedules forming part of the Accounts for the year ended March 31, 2011

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 14: INVENTORY CHANGE			
1. Opening Inventory			
a) Finished Goods	5845.33		5091.65
b) Traded Goods	599.18		463.43
c) Work-In-Progress	2298.91		1675.12
		8743.42	7230.20
2. Add: Stock taken over on Amalgamation			
a) Finished Goods	1940.56		-
b) Traded Goods	2829.23		-
c) Work-In-Progress	439.01		-
		5208.80	-
3. Less: Closing Inventory			
a) Finished Goods	11855.76		5845.33
b) Traded Goods	3276.08		599.18
c) Work-In-Progress	1966.12		2298.91
		17097.96	8743.42
4. (Increase)/Decrease in Inventory		**(3145.74)**	(1513.22)
SCHEDULE 15: EXCEPTIONAL ITEMS (NET OF TAX)			
1. License Agreement Termination Compensation		**4031.00**	-
Less: Tax Thereon		**(803.38)**	-
Total		**3227.62**	-

SCHEDULE 16: NOTES TO ACCOUNTS

1. **SIGNIFICANT ACCOUNTING POLICIES**

a) **Accounting Convention:**

The financial statements are prepared under the historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) **Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

c) **Fixed Assets:**

Fixed Assets are stated at cost of acquisition or construction, less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned assets.

Direct financing cost incurred during the construction period on major projects is also capitalised.

Schedules forming part of the Accounts for the year ended March 31, 2011

Fixed assets acquired under finance lease are capitalised at the lower of their fair value and the present value of the minimum lease payments.

d) **Asset Impairment:**

Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds its recoverable amount. An impairment loss, if any, is recognised in the period in which the impairment takes place.

e) **Leases:**

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

f) **Investments:**

Investments are classified into current and long term investments. Long term investments are carried at cost. Cost of acquisition includes all costs directly incurred on the acquisition of the investment. Provision for diminution, if any, in the value of long term investments is made to recognise a decline, other than of a temporary nature. Current investments are stated at lower of cost and net realisable value.

g) **Inventories:**

Inventories are valued at lower of cost and net realisable value. Cost is computed on the weighted average basis and is net of Cenvat. Finished goods and work-in-progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Finished goods valuation also includes excise duty. Provision is made for cost of obsolescence and other anticipated losses, whenever considered necessary.

h) **Provisions and Contingent Liabilities:**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No Provision is recognised for –

A. Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

B. Any present obligation that arises from past events but is not recognised because.

   a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   b) A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed periodically and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realised.

i) **Revenue Recognition:**

Sales are recognised when goods are supplied and are recorded net of returns, trade discounts, rebates, sales taxes and excise duties.

Income from processing operations is recognised on completion of production/dispatch of the goods, as per the terms of contract.

Schedules forming part of the Accounts for the year ended March 31, 2011

Export incentives are accounted on accrual basis and include the estimated value of export incentives receivable under the Duty Entitlement Pass Book Scheme.

Dividend income is recognised when the right to receive the same is established.

Interest income is recognised on a time proportion basis.

Insurance claims and transport and power subsidies from the Government are accounted on cash basis when received.

j) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is put to use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

k) Foreign Currency Transactions:

i) Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency remaining unsettled at the period end are translated at the period end exchange rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions are recognised in the Profit and Loss Account.

ii) Forward exchange contracts, remaining unsettled at the period end, backed by underlying assets or liabilities are also translated at period end exchange rates. Premium or discount on forward foreign exchange contracts is amortised over the period of the contract and recognised as income or expense for the period. Realised gain or losses on cancellation of forward exchange contracts are recognised in the Profit and Loss Account of the period in which they are cancelled.

iii) Non Monetary foreign currency items like investments in foreign subsidiaries are carried at cost and expressed in Indian currency at the rate of exchange prevailing at the time of making the original investment.

l) Research and Development Expenditure:

Revenue expenditure on research and development is charged to the Profit and Loss Account of the year in which it is incurred. Capital expenditure incurred during the year on research and development is shown as addition to fixed assets.

m) Employee Benefits:

Short term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, performance incentives, etc., are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the employee renders the related service.

Post Employment Benefits:

Defined Contribution Plans:

Payments made to a defined contribution plan such as Provident Fund and Superannuation fund are charged as an expense in the Profit and Loss Account as they fall due.

Defined Benefit Plans:

Company's liability towards gratuity to past employees is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market

Schedules forming part of the Accounts for the year ended March 31, 2011

yields at the Balance Sheet date on Government Securities where the currency and terms of the Government Securities are consistent with the currency and estimate terms of the defined benefit obligations.

Other Long Term Employee Benefits:

Other Long Term Employee Benefits viz., leave encashment and long service bonus are recognised as an expense in the Profit and Loss Account as and when it accrues. The Company determines the liability using the Projected Unit Credit Method, with the actuarial valuation carried out as at the Balance Sheet date. Actuarial gains and losses in respect of such benefits are charged to the Profit and Loss Account.

n) **Incentive Plans:**

The Company has a scheme of Performance Linked Variable Remuneration (PLVR) which rewards its employees based on Economic Value Addition (EVA). The PLVR amount is related to actual improvements made in EVA over the previous year when compared with expected improvements.

Up to March 31, 2009 the EVA awards would flow through a notional bank whereby only the prescribed portion of the bank is distributed each year and the balance is carried forward. The amount distributed out of the notional bank is charged to Profit and Loss Account. The notional bank was held at risk and charged to EVA of future years and was payable at that time, if future performance so warranted. The opening notional bank balance accumulated till March 31, 2009, is being paid @ 33% every year on reducing balance.

The entire EVA award for the year has been charged to the Profit and Loss Account.

o) **Depreciation:**

Leasehold land is amortised equally over the lease period.

Leasehold Improvements are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the assets.

Depreciation is provided pro rata to the period of use, under the Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956, except for computer hardware which is depreciated over four years.

Pursuant to the Scheme of Amalgamation, the Company has acquired certain SAP licenses and Trademarks. These SAP licenses acquired are amortised over a period of four years. Tradmarks acquired are amortised equally over the best estimate of their useful life not exceeding a period of ten years, except in the case of Goodknight and Hit brands where the brands are amortised equally over a period of twenty years. The major influencing factors behind amortising these brands over a period of twenty years are that Goodknight has been in existence since the last twenty seven years and been growing at a fast pace. Goodknight has grown by 29% and HIT by 35% during the period under review. Goodwill is amortised over a period of five years. Tools, dies and moulds acquired are depreciated over a period of three and half years. Technical Knowhow is depreciated over a period of ten years.

In accordance with the Court order approving the Scheme of Amalgamation of the erstwhile Godrej Household Products Limited, an amount equivalent to the amortisation of the Goodknight and Hit brands at the end of each financial year is directly debited to the balance in the General Reserve Account.

Assets costing less than ₹ 5,000 are depreciated at 100% in the year of acquisition.

p) **Hedging:**

The Company uses forward exchange contracts to hedge it's foreign exchange exposures and commodity futures contracts to hedge the exposure to oil price risks. Gains or losses on settled contracts are recognised in the Profit and Loss Account. Gains or losses on the commodity futures contracts are recorded in the Profit and Loss Account under Cost of Materials Consumed.

q) **Taxes on Income:**

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income-tax Act, 1961.

Schedules forming part of the Accounts for the year ended March 31, 2011

Deferred tax is recognised on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on unabsorbed tax losses and tax depreciation are recognised only when there is a virtual certainty of their realisation and on other items when there is reasonable certainty of realisation. The tax effect is calculated on the accumulated timing differences at the year end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

r) **Segment Reporting**

The Company is considered to be a single segment company – engaged in the manufacture of Personal and Household Care products. Consequently, the Company has in its primary segment only one reportable business segment. As per AS-17 'Segment Reporting' if a single financial report contains both consolidated financial statements and the separate financial statement of the parent, segment information need be presented only on the basis of the consolidated financial statements. Accordingly, information required to be presented under AS-17 Segment Reporting has been given in the consolidated financial statements.

2. BACKGROUND

Godrej Consumer Products Limited (the Company) was incorporated on November 29, 2000, to take over as a going concern the consumer products business of Godrej Soaps Limited (subsequently renamed as Godrej Industries Limited), pursuant to a scheme of arrangement as approved by the High Court, Mumbai. The Company is a focused fast moving consumer goods company, manufacturing and marketing toilet soaps, hair colour, household insecticides, liquid detergents, toiletries and others.

3. SCHEME OF AMALGAMATION

a) A Scheme of Amalgamation ("the Scheme"), for the amalgamation of Godrej Household Products Ltd. (GHPL) (a wholly owned subsidiary of Godrej Consumer Products Ltd. (GCPL) called "the Transferor Company" with Godrej Consumer Products Limited (the Transferee Company) with effect from April 1, 2010, ("the Appointed Date"), was sanctioned by the Hon'ble High Court of Judicature at Bombay ("the Court"), vide its Order dated February 28, 2011 and certified copies of the Order of the Court sanctioning the Scheme were filed with the Registrar of Companies, Maharashtra on March 31, 2011 (the "Effective Date"). Accordingly, the standalone results of the Company for the year ended March 31, 2011, include the results of the erstwhile GHPL for the financial year ended March 31, 2011.

b) The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard AS 14 - Accounting for Amalgamations and the specific provisions of the Scheme. Accordingly, the Scheme has been given effect to in these accounts and all assets and liabilities of the Transferor Company stands transferred to and vested in the Transferee Company with effect from the Appointed Date. In accordance with the Scheme of Amalgamation, the assets and liabilities of GHPL have been taken over and recorded at their fair values as on April 1, 2010, as determined by the Board of Directors of GCPL.

c) The book value of net assets of GHPL taken over by the Company on Amalgamation and recorded at fair value are as under:

(₹ Lac)

Particulars	Book Value	Fair Value
Fixed Assets	4844.61	4844.61
Trademark	-	105500.00
Investments	3084.50	3084.50
Current Assets, Loans and Advances	39172.75	35398.06
Current Liabilities and Provisions	(19411.95)	(19411.95)
Net Assets	27689.91	129415.22

Schedules forming part of the Accounts for the year ended March 31, 2011

d) In arriving at the fair value of the net assets of GHPL taken over by the Company:

i) Loans and Advances have been reduced by ₹ 3776.83 lac on account of:

a) Restatement of loans given by the erstwhile GHPL to the GHPL ESOP Trust for acquiring shares of Godrej Industries Limited (GIL) granted under an ESOP Scheme to the employees of GHPL. The loans have been restated at the market value of the underlying GIL shares as on April 1, 2010, resulting in a reduction of Loans and Advances by ₹ 2955.14 lac and

b) Reduction in the excise duty refund receivable by GHPL by ₹ 821.69 lac on account of uncertainty of recoverability.

ii) Trademarks have increased by ₹ 105500.00 lac on account of fair valuation of the Goodknight and Hit brands of the erstwhile GHPL as on April 1, 2010. Amortisation of these brands for the year amounting to ₹ 5275.00 lac has been charged directly to General Reserves as per the Scheme.

e) Costs and expenses of amalgamation amounting to ₹ 614.42 lac have been directly debited to General Reserves.

f) Consequently, the following amounts have been adjusted in General Reserve as under:

(₹ in Lac)

i)	General Reserve Account of GHPL	647.80
ii)	Adjustment on account of difference between book value and fair value of assets / liabilities taken over	(3776.83)
iii)	Brand Amortisation for the year	(5275.00)
iv)	Costs and Expenses of Amalgamation	(614.42)
Total Adjustments Pursuant to Scheme of Amalgamation		(9018.45)

g) At the end of each financial year an amount equivalent to ₹ 5275.00 lac being the amortization of brands (recorded pursuant to the amalgamation), is to be directly debited to General Reserves.

h) Since the entire issued, subscribed and paid-up share capital of GHPL was held by the Company, upon the Scheme of Amalgamation becoming effective, no shares of the Company have been allotted in lieu or exchange of its holding in GHPL and the share capital of GHPL stands cancelled.

i) Had the Scheme not prescribed the above accounting treatment, the balance in Goodwill would have been higher by ₹ 105500.00 lac Trademarks would have been lower by ₹ 105500.00 lac, expenses and provisions would have been higher by ₹ 4391.25 lac Depreciation would have been higher by ₹ 5275.00 lac General Reserve would have been higher by ₹ 9666.25 lac and profit for the year would have been lower by ₹ 9666.25 lac.

j) Since the aforesaid Scheme of amalgamation of GHPL with the Company, which is effective from April 1, 2010, has been given effect to in these accounts, the figures for the current year to that extent are not comparable with those of the previous year.

k) Fair valuation of Trademarks - Goodknight & HIT, ESOP Loan and Excise Receivable has been done to reflect the true and fair value of these assets. Since the amortisation of trademark is on account of fair valuation, hence it has been charged to General Reserve. Since the amalgamation expenses are not incurred in the normal course of business and incurred only on account of amalgamation, hence charged to General Reserve.

Schedules forming part of the Accounts for the year ended March 31, 2011

4. CONTINGENT LIABILITIES

	Current Year ₹ Lac	Previous Year ₹ Lac
a) Claims for excise duties, taxes and other matters:		
i) Excise duty demands aggregating ₹ 184.56 lac (previous year ₹ 93.08 lac) against which the Company has preferred appeals (net of tax).	**123.26**	61.44
ii) Excise duty claims in respect of non-payment of education cess for the period January 2005 to March 2008 at the Guwahati Factory amounting to ₹ 118.26 lac (previous year ₹ 118.26 lac) (net of tax).	**78.98**	78.07
iii) Special Value Addition Rate application for excise purpose at Guwahati claimed at a rate higher than the normal rate as per new notification is yet to be granted. The excess special value addition claimed over and above the normal rate amounting to ₹ Nil (previous year ₹ 830.86 lac) has been accounted as recoverable and the same is contingent on the higher rate being granted (net of tax).	**-**	548.45
iv) Sales tax demands aggregating ₹ 2079.93 lac (previous year ₹ 168.59 lac) against which the Company has preferred appeals (net of tax).	**1389.03**	111.29
v) Income-tax matters: Demand notices issued by Income-tax Authorities.	**837.43**	2162.96
vi) Other matters - ₹ 300.05 lac (previous year ₹ 6.62 lac) (net of tax).	**200.38**	4.37
b) Guarantees issued by banks (secured by bank deposits under lien with the bank ₹ 106.95 lac (previous year – ₹ 106.95 lac).	**865.02**	262.74
c) Guarantees amounting to $ 95 million given by the Company towards loans provided by HSBC, to Godrej Consumer Products Mauritius Ltd.	**43021.13**	-
d) Guarantee amounting to $ 365 million given by the Company towards loan provided by Banks to Godrej Consumer Products Holding (Mauritius) Ltd.	**164159.57**	-
e) Guarantee of AED 1.4 million (previous year AED 1.4 million) given by the Company to guarantee principal amount of credit facilities extended by HSBC Bank Middle East Ltd. to Godrej Global Mideast FZE – a wholly owned subsidiary of the Company.	**172.59**	171.69
f) Guarantee given by the Company to guarantee principal amount of credit facilities extended by the Royal Bank of Scotland to Godrej Hygiene Products Limited – a wholly owned subsidiary of the Company.	**500.00**	300.00
g) Guarantees of GBP Nil (previous year GBP 3 million) given by the Company for securing loan availed by Godrej Netherlands B.V., a wholly owned subsidiary of the Company.	**-**	2036.05
h) Guarantee given by the Company to guarantee principal amount of credit facilities extended by Citibank Sri Lanka and Citibank Bangladesh to Godrej Household Products (Lanka) Private Limited and Godrej Household Products (Bangladesh) Private Limited respectively - wholly owned subsidiaries of the Company.	**756.36**	-
i) Claims against the Company not acknowledged as debt:		
Claims by various parties on account of unauthorised, illegal and fraudulent acts by an employee.	**2424.19**	2424.19
Claims pertaining to litigations filed against the erstwhile Godrej Household Products Limited.	**25.02**	–

Schedules forming part of the Accounts for the year ended March 31, 2011

5. CAPITAL COMMITMENTS

Estimated value of contracts remaining to be executed on capital account to the extent not provided for – ₹ 725.47 lac (previous year ₹ 42.57 lac), net of advances amounting to ₹ 670.61 lac (previous year ₹ 28.52 lac).

6. SHARE CAPITAL

During the year, the Company issued 15,400,100 equity shares of face value ₹ 1 each at a premium of ₹ 344 per equity share to Qualified Institutional Buyers. The pricing was equal to the floor price of ₹ 345 per equity share calculated in accordance with SEBI guidelines. The issue proceeds aggregating to ₹ 53130.35 lac has been utilized to retire debt and for general corporate purpose.

7. SECURED LOANS

a) The Sales Tax Deferment Loan is secured by:

i) Malanpur location:

(a) a first charge by way of equitable mortgage of the immovable properties at Malanpur factory, and

(b) hypothecation of movable assets at Malanpur factory, save and except, book debts and subject to charges already created by the Company in favour of the banks for working capital facilities.

ii) Baddi Location:

Bank guarantee in favour of the sales tax authorities.

b) Bank cash credit, working capital demand loans and guarantees issued by banks are secured by hypothecation of stocks and book debts.

8. UNSECURED LOANS

a) During the year, the Company had issued 11000 and redeemed 9000 zero coupon, unsecured, redeemable, non-convertible debentures on private placement basis. The debentures were redeemed at a premium of ₹ 2013.00 lac at maturity.

b) Unsecured Loans include 2,000 zero coupon, unsecured, redeemable, non-convertible debentures having a face value of ₹ 10 lac each, aggregating to ₹ 20000.00 lac, issued on a Private Placement basis, redeemable in two tranches at a premium, which will yield 10.50% p.a. at maturity. Debentures amounting to ₹ 4500.00 lac are redeemable in December 2011 and the balance, amounting to ₹ 15500.00 lac are redeemable in January 2012.

9. INVESTMENTS

a) During the year the Company completed the acquisition of PT. Megasari Makmur Group in Indonesia with effect from May 17, 2010 and also incorporated Godrej Indonesia Netherlands Holding BV, Netherlands with effect from May 7, 2010 under Godrej Consumer Products Dutch Cooperatief U.A., Netherlands.

b) During the year, the Company completed the acquisition of the balance 51% stake in Godrej Sara Lee Ltd. (subsequently renamed as Godrej Household Products Ltd.). Consequently Godrej Household Products Ltd. became a wholly owned subsidiary of Godrej Consumer Products Limited (GCPL) with effect from May 28, 2010. Subsequently, pursuant to a Scheme of Amalgamation sanctioned by the Hon'ble High Court of Judicature at Bombay, Godrej Household Products Ltd. was amalgamated with Godrej Consumer Products Ltd. on March 31, 2011 (the "Effective Date") with effect from April 1, 2010, ("the Appointed Date").

Godrej Household Products (Lanka) Private Limited and Godrej Household Products (Bangladesh) Private Limited, subsidiaries of the erstwhile Godrej Household Products Ltd., have consequently become subsidiaries of GCPL.

c) During the year the Company acquired 100% stake in Laboratoria Cuenca, Consell SA, Issue Uruguay and Issue Brazil (collectively referred to as 'Issue Group') with effect from June 1, 2010 and acquired a 100% stake in Argencos, a mid-sized Argentine hair care company & Panamar Produccioness Srl with effect from July

Schedules forming part of the Accounts for the year ended March 31, 2011

8, 2010 through its newly incorporated subsidiaries Godrej Netherlands Argentina Holding B.V., Netherlands and Godrej Netherlands Argentina B.V., Netherlands which were incorporated under Godrej Argentina Dutch Cooperatief UA, Netherlands.

d) The Company completed the acquisition of the worldwide rights of Tura from the Tura Group, Nigeria with effect from June 16, 2010.

e) During the year, the Company acquired a 100% stake in Naturesse Consumer Care Products Limited (NCCPL) and Essence Consumer Care Products Limited (ECCPL) which own the “Swastik” and “Genteel” brand respectively. The Board of Directors of the Company has approved a Scheme of Amalgamation of these Companies with GCPL subject to the consent of the Hon'ble High Court of Judicature at Bombay and such other necessary approvals and consents. The Appointed Date for the amalgamation is December 3, 2010. NCCPL and ECCPL have filed separate petitions with the Hon'ble High Court of Judicature at Bombay for sanction of the said Scheme. The approval of the Hon'ble High Court is awaited.

As the Appointed Date for the said Scheme is December 3, 2010, on receipt of the approval of the Hon'ble High Court and filing of the same with the Registrar of Companies, the financial statements of GCPL for the year ended March 31, 2011, would be impacted. Fixed Assets (net of depreciation) will increase by ₹ 15.00 lac representing the book value of "Swastik" and "Genteel" brands, the Net Current Assets will increase by ₹ 172.00 lac. The General Reserve will reduce by ₹ 3766.00 lac being the difference between book value of assets and liabilities taken over after giving effect to the adjustments proposed in the said scheme of Amalgamation.

f) During the year the Company incorporated Godrej Mauritius Africa Holdings Limited (w.e.f. March 14, 2011) as its 100% subsidiary which in turn acquired Godrej Weave Holdings Limited on March 14, 2011, as its 100% subsidiary.

10. SUNDRY DEBTORS

Sundry Debtors include amounts due from companies under the same management as under:

(₹ in Lac)

Name of the Company	Current Year	Previous Year
a) Godrej Industries Ltd.	**78.82**	35.16
b) Godrej Agrovet Limited	**4.74**	3.39

11. LOANS AND ADVANCES

a) Loans and Advances include loans to subsidiaries as under:

(₹ in Lac)

Name of the Company	Current Year	Previous Year
a) Godrej Hygiene Products Ltd.	**-**	1100.00
Accrued Interest Due thereon	**-**	57.15
Maximum balance during the year	**1206.25**	1157.15
b) Godrej Netherlands B.V.	**-**	339.60
Accrued Interest Due thereon	**-**	1.65
Maximum balance during the year	**380.49**	380.11

b) The Company has granted a loan amounting to ₹ 5223.56 lac (previous year ₹ 4430.84 lac) (being the maximum amount of loan outstanding during the year) to The Godrej Consumer Products Limited ESOP Trust, set up for administering the Employee Stock Option Plan of the Company for the employees/ directors of the Company and/or of the Company’s subsidiaries. Out of the above loans, loans aggregating ₹ 2923.56 lac for ESOP is repayable at the end of five years from the date of the loan agreement viz. five years

Schedules forming part of the Accounts for the year ended March 31, 2011

from March 21, 2008. The repayment of the loan by the Trust is dependant on the exercise of options by the employees and/or the market price of the underlying equity shares of the unexercised options at the end of the exercise period.

In respect of the balance loans amounting to ₹ 2300.00 lac which have been granted for for the Employee Stcok Purchase Plan (GCPL ESPL), the repayment will commence from the date on which the employee exercises the stock grant or after 2 years from the date of vesting whichever is earlier. In the event the price of the underlying GCPL shares fall below the exercise price during/on conclusion of the exercise period, the employee shall compulsorily exercise the shares at cost plus interest.

Under the Scheme of Amalgamation, the Company has obtained a new employees stock option scheme viz. 'Godrej Sara Lee Limited stock option plan' to eligible employees of the merged Company. on the terms and conditions as specified in the scheme. The equity shares of 'Godrej Industries Limited' are the underlying equity shares for the stock option scheme. In order to execute the Scheme, an independent trust has been created with ILFS Trust Company Limited and the erstwhile GHPL has given an interest bearing loan which together with interest amount to ₹ 5940.00 lac to the trust to execute the scheme. Based on Market conditions the same has been fair valued at ₹ 2984.86 lac shown under the head "loans and advances". The impaired amount of ₹ 2955.14 lac has been adjusted to general reserve.

12. RIGHTS ISSUE PROCEEDS

Out of the funds raised from the rights issue in 2008-09 amounting to ₹ 39645.75 lac, the Company has, as of March 31, 2011, utilised the entire proceeds towards the objects mentioned in the Rights Offer letter (as amended till date).

13. LIABILITIES

a) There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at the balance sheet date. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

b) The Company has acquired a vehicle under a finance lease. The liability for minimum lease payment is secured by hypothecation of the vehicle acquired under the lease. The minimum lease payments outstanding as on March 31, 2011, in respect of vehicle leased are as under:

(₹ in Lac)

Maturity Profile	Total Future Minimum Lease Payments Outstanding as on March 31, 2011	Unmatured Finance Charges	Present Value of Future Minimum Lease Payments
Not later than one year	- (3.92)	- (0.03)	- (3.89)
Later than one year and not later than five years	- (-)	- (-)	- (-)
Later than five years	- (-)	- (-)	- (-)
Total	- (3.92)	- (0.03)	- (3.89)

(Note: Figures for previous year are given in brackets)

c) The Company has acquired assets under non cancellable operating leases arising out of Scheme of Amalgamation of the Company with erstwhile Godrej Household Products Limited. The liability for minimum lease payment is secured by hypothecation of the assets acquired under the lease. The future minimum lease payments outstanding as on March 31, 2011, in respect of assets leased are as under:

Schedules forming part of the Accounts for the year ended March 31, 2011

(₹ in Lac)

Maturity Profile	Total Future Minimum Lease Payments Outstanding as on March 31, 2011	Unmatured Finance Charges	Present Value of Future Minimum Lease Payments
Not later than one year	**64.79** (-)	**-** (-)	**64.79** (-)
Later than one year and not later than five years	**101.82** (-)	**-** (-)	**101.82** (-)
Later than five years	**-** (-)	**-** (-)	**-** (-)
Total	**166.61** (-)	**-** (-)	**166.61** (-)

(Note: Figures for previous year are given in brackets)

d) The Company's significant leasing agreements are in respect of operating lease for premises (office godown) Computers and the aggregate lease rentals payable, are charged as rent.

e) Sundry Creditors / Provision for Liabilities – Raw materials include overseas supplier credit amounting to ₹ 7743.49 lac (previous year ₹ 8231.47 lac).

14. HEDGING CONTRACTS

The Company uses forward exchange contracts to hedge its foreign exchange exposure relating to the underlying transactions and firm commitment in accordance with its forex policy as determined by a Forex Committee. The Company does not use foreign exchange forward contracts or commodity futures contracts for trading or speculation purpose. As at March 31, 2011, the Company had 6 (previous year 15) outstanding forward exchange contracts to purchase foreign currency aggregating, to US Dollars 66.10 lac (previous year US Dollars 112.12 lac) at an average rate of ₹ 45.91 per US Dollar (previous year ₹ 46.44 per US Dollar). Pursuant to the Scheme of Amalgamation the Company has obtained 3 outstanding forward exchange contracts to sell foreign currency aggregating to US Dollar 0.5 lac at an average rate of ₹ 45.28 per US Dollar and EURO 9.25 lac at an average rate of ₹ 63.84 per EURO. The uncovered foreign exchange exposure as at March 31, 2011, is as under:

(₹ in Lac)

	Currency exposure	**Current Year**	Previous Year
Payable	USD	**157.98**	71.22
Payable	EURO	**376.88**	-
Payable	GBP	**2.27**	-
Receivable	USD	**1623.71**	7.91
Receivable	EURO	**1170.24**	-
Receivable	ZAR	**84.38**	29.65
Loan and Interest Receivable	GBP	**-**	5.02

15. PROFIT AND LOSS ACCOUNT

a) Exchange differences (net) recognised in the Profit and Loss Account for the year amounted to a gain of ₹ 118.05 lac (previous year ₹ 102.53 lac). The premium in respect of forward exchange contracts to be recognised in subsequent accounting periods is ₹ 35.16 lac (previous year ₹ 38.26 lac).

b) Research and Development Expenditure of revenue nature charged to the Profit and Loss Account amounts to ₹ 793.96 lac (previous year ₹ 474.76 lac).

c) Establishment expenses represent the Company's share of various expenses incurred by Godrej Industries Ltd. and other companies under the same management for sharing of services and use of common facilities.

Schedules forming part of the Accounts for the year ended March 31, 2011

16. EXCEPTIONAL ITEMS

a) Pursuant to Ambipur Manufacturing and Distribution License Termination and Amendment Agreement dated May 28, 2010, entered into between Kiwi European Holdings B.V., Saralee Household & Body Care International B.V. and Godrej Household Products Limited (formerly known as Godrej Sara Lee Limited), the erstwhile Godrej Household Products Ltd. received termination compensation of Euro 7,000,000 (equivalent to ₹ 4030.99 lac) disclosed as an “Exceptional Item” in the Profit and Loss Account.

b) Pursuant to the ‘Kiwi Manufacturing and Distribution License (excluding Sri Lanka) – Confirmation and Amendment Agreement dated May 28, 2010, entered into between Kiwi European Holdings B.V., Saralee Household & Body Care International B.V. and Godrej Household Products Limited (formerly known as Godrej Sara Lee Limited), and further pursuant to the letters dated February 9, 2011 and March 24, 2011, the ‘Kiwi Manufacturing and Distribution License (excluding Sri Lanka) Agreement has been terminated effective April 3, 2011 and termination compensation of ₹ 15619.38 lac has been received subsequent to the year end.

17. EMPLOYEE STOCK OPTION PLAN

a) The shareholders of the Company have approved the setting up of the Godrej Consumer Products Ltd. Employee Stock Option Plan (GCPL ESOP) for the benefit of its eligible employees whereby the Company can grant 45,00,000 stock options convertible into 45,00,000 equity shares of the nominal value ₹ 1 each to the eligible employees/Directors of the Company and of the Company’s subsidiaries.

b) The ESOP Scheme is administered by an independent ESOP trust created with IL&FS Trust Company Limited which acquires by subscription/purchase or otherwise, the Company’s shares equivalent to the number of options proposed to be granted by the participating companies, as approved by the Compensation Committee.

c) The ESOPS authorised for issue are as under:

   i) 2,000,000 options in the Extra-ordinary General Meeting on March 14, 2007.

   ii) 2,500,000 options in the Extra-ordinary General Meeting on April 28, 2008.

d) The options granted shall vest in the eligible employees within such period as may be prescribed by the Compensation Committee, which period shall not be less than one year and may extend up to three years from the date of grant of the option. Vesting may occur in tranches subject to the terms and conditions of vesting. The option is exercisable within two years after vesting.

e) All unvested Options shall vest in the employees on the date of retirement or at an earlier date as may be decided by the Compensation Committee, subject to the requirement of minimum vesting period and all vested Options should be exercised by the Option Grantee immediately on retirement, but in no event later than six months from the date of such Options Grantee’s retirement.

f) The price at which the Option Grantee would convert Options granted into GCPL Shares (i.e. the exercise price) shall be the market price prevailing on the day prior to the day of grant plus interest at such rate not being less than the bank rate then prevailing compoundable on an annual basis for the period commencing from the date of granting of the Option and ending on the date of intimating exercise of the Option to the Company.

g) The employee share based payment plans have been accounted based on the intrinsic value method and no compensation expense has been recognized since the market price of the underlying share at the grant date is the same/less than the exercise price of the option, the intrinsic value therefore is Nil.

   Had the fair value method of accounting been used, the employee compensation cost would have been higher by ₹ 1132.64 lac (previous year ₹ 442.75 lac).

h) The Board of Directors at its meeting held on January 22, 2011 has approved an Employee Stock Purchase Plan (GCPL ESPL) which is administered by the GCPL ESOP Trust. Under the plan, the Company provides loan to the GCPL ESOP Trust at an interest rate which is not less than the bank rate, to enable the GCPL ESOP trust to acquire upto 1,000,000 shares of the Company from the secondary market.

Schedules forming part of the Accounts for the year ended March 31, 2011

The HR & Compensation committee had resolved that the surplus shares held by GCPL ESOP Trust at any point of time for grant of options under GCPL ESOP be utilised for grant of shares to the employees under the GCPL ESPL within the maximum of 10,00,000 equity shares.

Under the plan, 9,80,000 shares have been granted till March 31, 2011.

The shares granted shall vest on March 30, 2012. Thereafter within the exercise period of two years, these shares shall have to be compulsorily acquired from the GCPL ESOP Trust. The exercise price shall be the market price on the day prior to the date of grant plus interest at a rate not less than the bank rate till the date of exercise.

i) The status of the above plans are as under:

	Current Year	Previous Year
Options/shares Granted	**4,647,000**	3,828,000
Options Vested	**2,810,000**	100,000
Options Exercised	**1,001,500**	100,000
Options Lapsed/Forfeited	**762,000**	619,000
Options Lapsed/Forfeited to be re-granted	**20,000**	275,000
Total Number of Options/shares Outstanding	**2,883,500**	2,834,000

j) Under the Scheme of Amalgamation, the Company has obtained 'Godrej Sara Lee Limited Employees Stock Option Plan' set up for eligible employees of the erstwhile Godrej Household Products Limited. The equity shares of Godrej Industries Limited (GIL) are the underlying equity shares for the stock option plan. The ESOP Scheme is administered by an independent ESOP trust created with IL&FS Trust Company Limited. The independent ESOP trust has purchased shares of GIL from the market against which options have been granted. The purchases have been financed by loans from the erstwhile Godrej Household Products Limited which together with interest amounts to ₹ 5940.00 lac. The repayment of the loans granted to the ESOP trust and the interest thereon is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period.

k) The status of the above plan is as under

	Current Year	Previous Year
Options Granted	**2,129,000**	-
Options Vested	**-**	-
Options Exercised	**-**	-
Options Lapsed/Forfeited	**205,000**	-
Options Lapsed / Forfeited to be re-granted	**-**	-
Total Number of Options Outstanding	**1,924,000**	-

18. INCENTIVE PLANS

The amount carried forward in notional bank after distribution of PLVR for the financial year 2010-11 is ₹ 667.18 lac as on March 31, 2011 (previous year ₹ 525.00 lac). The said amount is not provided in the books of account and is payable in future, if performance so warrants.

19. PROVISION FOR CONTINGENCIES

(₹ in Lac)

Particulars	**Current Year**	Previous Year
Provision as on April 1, 2010	**113.50**	-
Additional Provision made	**420.98**	-
Provision Amount Utilised / Reversed	**-**	-
Provision as on March 31, 2011	**534.48**	-

Note:

a) The above provision has come in the books pursuant to the Scheme of Amalgamation with GHPL.

b) The above provision represents estimates made for probable liabilities arising out of pending disputes / litigation with the Sales Tax / Service Tax Authorities. The outflow with regard to the said matters depends on exhaustion of remedies available to the Unit under the law and hence, the Unit is not able to reasonably ascertain the timing of the outflow.

20. EMPLOYEE BENEFITS

a) DEFINED CONTRIBUTION PLAN

Provident Fund:

The Company manages the Provident Fund plan through a Provident Fund Trust for its employees which is permitted under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by the employer and employees and guarantees interest at the rate notified by the Provident Fund authority. The contribution by employer and employee, together with interest, are payable at the time of separation from service or retirement, whichever is earlier.

The post employment benefits of the erstwhile Godrej Household Products Ltd., which was acquired pursuant to the Scheme of Amalgamation, include contributions to the Provident Fund and Superannuation Fund. The contributions to the Provident Fund are made to a Government administered Provident Fund and there are no further obligations beyond making such contribution. The Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company contributes to an Insurance Company and has no further obligation beyond making payment to the insurance company.

b) Defined Benefit Plan

Gratuity:

The Company participates in the Employees' Group Gratuity-cum-Life Assurance Scheme of HDFC Standard Life Insurance Co. Ltd., a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on death or on separation/termination in terms of the provisions of the Payment of Gratuity (Amendment) Act, 1997, or as per the Company's scheme whichever is more beneficial to the employees.

The gratuity scheme of the erstwhile Godrej Household Products Ltd., which was acquired pursuant to the Scheme of Amalgamation, is funded through a Unit Linked Gratuity Plus Scheme with Life Insurance Corporation of India ('LIC') and HDFC Standard Life Insurance Company Limited. The liability for the Defined Benefit Plan is provided on the basis of a valuation, using the Projected Unit Credit Method, as at the Balance Sheet date, carried out by an independent actuary.

c) Basis Used to Determine Expected Rate of Return on Assets:

The expected return on plan assets of 8.25% has been considered based on the current investment pattern in Government securities.

d) Amounts Recognised as Expense:

i) Defined Contribution Plan

Employer's Contribution to Provident Fund amounting to ₹ 533.73 lac (previous year ₹ 262.70 lac) has been included in Schedule 12 under Contribution to Provident and Other Funds.

ii) Defined Benefit Plan

Gratuity cost amounting to ₹ 215.20 lac (previous year ₹ 195.89 lac) has been included in Schedule 12 under Contribution to provident and Other Funds. The Company had made a short provision amounting to ₹ 0.43 lac in the current year and ₹ 4.34 lac in the previous year for which no adjustment entries have been passed in the books of account.

Schedules forming part of the Accounts for the year ended March 31, 2011

e) The amounts recognised in the Company's financial statements as at the year end are as under:

		Gratuity	
		Current Year ₹ in Lac	Previous Year ₹ in Lac
i)	**Change in Present Value of Obligation**		
	Present value of the obligation at the beginning of the year	**938.11**	743.67
	Liability on transfer of employees from group companies	**-**	4.03
	Obligation on Transfer of Employees pursuant to Scheme of Amalgamation	**598.73**	-
	Current Service Cost	**136.24**	53.55
	Interest Cost	**126.61**	59.49
	Actuarial (Gain)/Loss on Obligation	**24.52**	149.43
	Benefits Paid	**(198.35)**	(72.07)
	Present value of the obligation at the end of the year	**1625.86**	938.11
ii)	**Change in Plan Assets**		
	Fair value of Plan Assets at the beginning of the year	**738.18**	748.01
	Plan Assets taken over pursuant to Scheme of Amalgamation	**603.34**	-
	Expected return on Plan Assets	**110.67**	59.84
	Actuarial Gain/(Loss) on Plan Assets	**(36.80)**	2.40
	Contributions by the Employer	**50.00**	-
	Benefits Paid	**(198.35)**	(72.07)
	Fair value of Plan Assets at the end of the year	**1267.04**	738.18
iii)	**Amounts Recognised in the Balance Sheet:**		
	Present value of Obligation at the end of the year	**1625.86**	938.11
	Fair value of Plan Assets at the end of the year	**1267.04**	738.18
	Net Obligation at the end of the year	**358.82**	199.92
iv)	**Amounts Recognised in the statement of Profit and Loss:**		
	Current Service Cost	**136.24**	53.55
	Interest Cost on Obligation	**126.61**	59.49
	Expected return on Plan Assets	**(110.67)**	(59.84)
	Net Actuarial (Gain)/Loss recognised in the year	**63.45**	147.03
	Net Cost included in Personnel Expenses	**215.63**	200.24
v)	**Actual Return on Plan Assets**	**73.87**	62.24
vi)	**Estimated contribution to be made in next financial year**	**136.03**	87.12
vii)	**Major categories of Plan Assets as a % of total Plan Assets**		
	i) Insurer Managed Funds	**100%**	100%
viii)	**Actuarial Assumptions**		
	i) Discount Rate	**8.25% P.A.**	8.25% P.A.
	ii) Expected Rate of Return on Plan Assets	**8.25% P.A.**	8.25% P.A.
	iii) Salary Escalation Rate	**5% P.A.**	5% P.A.
	iv) Employee Turnover	**1% P.A.**	1% P.A.
	v) Mortality	L.I.C (1994-96) Ultimate	
	The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		

EXPERIENCE ADJUSTMENT*	**Apr 10 - Mar 11**	Apr 09 - Mar 10	Apr 08 - Mar 09	Apr 07 - Mar 08
Experience adjustments on Plan Liabilities (Gain)/Loss	26.67	186.15	29.66	89.41
Experience adjustments on Plan Assets Gain/(Loss)	36.80	(68.24)	3.74	(11.50)

Schedules forming part of the Accounts for the year ended March 31, 2011

21. ANNUAL CAPACITIES AND PRODUCTION

	Item	Units	Installed Capacity*		Actual Production	
			Current Year	Previous Year	**Current Year**	Previous Year
1.	Soaps	M.T.	**159,000**	159,000	**88,872**	92,290
2.	Hair Colour and Other Toiletries	M.T.	**17,880**	16,080	**1,763**	1,540
3.	Fatty Acids	M.T.	**97,500**	97,500	**5,189**	3,087
4.	Glycerine	M.T.	**2,300**	2,300	**4,726**	3,465
5.	Detergents	M.T.	**12,000**	12,000	**5,410**	5,134
6.	Repellents	Nos. (Million)	**342**	-	**235**	-

* As certified by the management and relied on by the Auditors, being a technical matter.

Notes :

1. The licensed capacities are not applicable in view of the exemption from licensing granted under Notification SO 477 (E) dated July 25, 1991, issued under Industries (Development & Regulation) Act, 1951.
2. Actual production excludes production for captive consumption.
3. Actual production excludes items processed for the Company by third parties, viz. Hair colour and other toiletries 5,075 MT (previous year 4,544 MT).

22. INVENTORY OF FINISHED GOODS

	Item	Quantity Units	March 31, 2011		March 31, 2010		March 31, 2009	
			Quantity	**Value ₹ in Lac**	Quantity	Value ₹ in Lac	Quantity	Value ₹ in Lac
	Manufactured:							
1.	Soaps	M.T.	**7,860**	**6655.77**	7,277	4113.61	7,295	4171.54
2.	Hair Colour and Other Toiletries	M.T.	**773**	**945.35**	742	1471.45	418	699.09
3.	Detergents	M.T.	**312**	**188.71**	465	260.28	310	212.32
4.	Fatty Acids and Glycerine		**-**	**-**	-	-	21	8.70
5.	Repellents	Nos. (Million)	**14**	**2026.08**	-	-	-	-
6.	Others			**1854.66**	-	-	-	-
	Purchased:							
1.	Soaps	M.T.	**105**	**78.09**	12	12.02	11	12.74
2.	Hair Colour and Other Toiletries	M.T.	**433**	**823.96**	337	587.16	225	450.70
3.	Detergents	M.T.	**258**	**165.13**				
4.	Repellents	Nos. (Million)	**9**	**1198.78**				
5.	Others			**1195.30**		–		–
	Total			**15131.84**		6444.51		5555.09

Schedules forming part of the Accounts for the year ended March 31, 2011

23. SALES TURNOVER (Net of Excise Duty)

	Item	Quantity Units	Current Year		Previous Year	
			Quantity	Value ₹ in Lac	Quantity	Value ₹ in Lac
1.	Soaps	M.T.	88,547	79586.31	92,570	82837.93
2.	Hair Colour and Other Toiletries	M.T.	7,597	38821.81	7,266	35774.50
3.	Detergents	M.T.	5,850	6437.05	4,927	5326.24
4.	Fatty Acids and Glycerine	M.T.	-	4401.77		2849.45
5.	Repellents	Nos. (Million)	309	62382.52		-
6.	Others			47886.79		-
	Total			239516.25		126788.12

24. RAW MATERIALS CONSUMED

	Item	Quantity Units	Current Year		Previous Year	
			Quantity	Value ₹ in Lac	Quantity	Value ₹ in Lac
1.	Oils and Fats	M.T.	77,092	31735.79	83,703	26058.46
2.	Chemicals, Perfumes, Colours and Catalysts	M.T.	38,731	26686.00	36,934	17418.01
3.	Packing Materials etc.			44042.36		10636.17
4.	Paper	Nos	2,304,154	527.85		-
	Total			102992.00		54112.65

25. PURCHASE OF GOODS

	Item	Quantity Units	Current Year		Previous Year	
			Quantity	Value ₹ in Lac	Quantity	Value ₹ in Lac
1.	Soaps	M.T.	585	473.63	261	215.70
2.	Hair Colour and Other Toiletries	M.T.	1,717	3650.60	1,742	3402.27
3.	Detergents	M.T.	710	448.55		-
4.	Repellents	Nos. (Million)	74	7941.32		-
5.	Others			5256.79		-
	Total			17770.88		3617.97

Schedules forming part of the Accounts for the year ended March 31, 2011

		₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
26.	**COMPUTATION OF PROFITS UNDER SECTION 349 OF THE COMPANIES ACT, 1956.**			
	Profit for the year as per Profit and Loss Account		**40267.69**	24811.64
	Add:			
	Depreciation as per Accounts	2198.07		1374.94
	Managerial Remuneration	1143.99		1614.18
	Loss on Sale of Assets as per books	39.71		41.44
	Provision for Doubtful Debts	51.96		(4.78)
	Bad Debts Written Off	3.04		1.73
	Provision for Doubtful Advances	3.12		6.20
	Provision for Taxation	10196.67		5102.58
			13636.56	8136.29
			53904.25	32947.93
	Less:			
	Depreciation under Section 350	2059.82		1364.93
	Profit on Sale of Investments as per Accounts	133.11		207.06
	Loss on Sale of Assets as per Section 349	39.71		41.44
			2232.64	1613.43
	Eligible Net Profit as per Section 349 of the Companies Act, 1956.		**51671.61**	31334.51
	Maximum limit of remuneration payable as per Section 198 read with Schedule XIII of the Companies Act, 1956:			
	a) To Wholetime Directors @ 10% of Eligible Profit:		**5167.16**	3133.45
	b) To Non-wholetime Directors @ 1% of Eligible Profit:		**516.72**	313.35
	Managerial Remuneration to Wholetime Directors		**1056.80**	1512.58
	Commission to Non-wholetime Directors		**78.34**	90.00
27.	**MANAGERIAL REMUNERATION**			
	Remuneration to the Chairman, Vice Chairman and Managing Director:			
	a) Salary and Allowances	529.12		350.27
	b) Contribution to Provident Fund	24.49		22.69
	c) Estimated Monetary Value of Perquisites	333.79		193.40
	d) Provision for Performance Linked Variable Remuneration	169.40		946.23
			1056.80	1512.58
	Remuneration to Non-wholetime Directors:			
	a) Commission on Profits	78.34		90.00
	b) Directors' Sitting Fees	8.85		11.60
			87.19	101.60
	Total		**1143.99**	1614.18

Note: The above remuneration does not include contribution to Gratuity Fund and provision for Leave Encashment as separate figures are not available. The above remuneration includes remuneration amounting to ₹ 312.11 lac drawn during the year by the managing director during his tenure as managing direcor in the erthwhile GHPL before he was appointed as managing director of the company.

Schedules forming part of the Accounts for the year ended March 31, 2011

		₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
28.	**AUDITOR'S REMUNERATION**			
	a) Statutory Audit Fees		**75.75**	50.50
	b) Audit Under Other Statutes		**14.00**	10.00
	c) In Other Capacity:			
	Taxation Matters	11.36		8.75
	Certification	10.73		9.20
	Other Charges	3.00		3.65
			25.09	21.60
	d) QIP Issue Audit Fees		**15.00**	-
	e) Reimbursement of Expenses		**3.71**	3.30
	f) Cost Audit Fees		**3.00**	3.50
	g) Service Tax		**10.47**	9.16
	Total		**147.02**	**98.06**
29.	**EARNINGS PER SHARE**			
	a) Net Profit After Tax		**43495.31**	24811.64
	b) Number of Equity Shares:			
	As at the commencement of the year		**308,190,044**	256,953,908
	Issued during the year		**15,400,100**	51,236,136
	As at the end of the year		**323,590,144**	308,190,044
	Weighted average number of equity shares during the year:			
	Basic and Diluted		**319,466,620**	299,627,293
	Before Extraordinary Items:			
	Basic and Diluted		**13.62**	8.28
	Including Extraordinary Items:			
	Basic and Diluted		**13.62**	8.28

Schedules forming part of the Accounts for the year ended March 31, 2011

		Current Year ₹ in Lac	Previous Year ₹ in Lac
30.	**DIVIDENDS REMITTED IN FOREIGN CURRENCY**		
a)	4th Interim Dividend for the year ended March 31, 2010, to 273 non-resident shareholders on 77,212 shares @ ₹ 1.25 per share	**0.97**	
	1st Interim Dividend for the year ended March 31, 2011, paid to 286 non-resident shareholders on 79,260 shares @ ₹ 1 per share	**0.79**	
	Paid to 1 non-resident shareholder of erstwhile Godrej SaraLee Ltd. on 13,024,125 shares @ ₹ 13.50 per share	**1758.26**	
	2nd Interim Dividend for the year ended March 31, 2011, to 272 non-resident shareholders on 76,712 shares @ ₹ 1 per share	**0.77**	
	3rd Interim Dividend for the year ended March 31, 2011, to 270 non-resident shareholders on 75,832 shares @ ₹ 1 per share	**0.76**	
b)	Final Dividend for the year ended March 31, 2010, to 282 non-resident shareholders on 78,352 shares @ ₹ 0.75 per share		0.59
	4th Interim Dividend for the year ended March 31, 2009, to 282 non-resident shareholders on 78,352 shares @ ₹ 0.75 per share		0.59
	1st Interim Dividend for the year ended March 31, 2010, to 282 non-resident shareholders on 78,352 shares @ ₹ 1 per share		0.78
	2nd Interim Dividend for the year ended March 31, 2010, to 278 non-resident shareholders on 78,512 shares @ ₹ 1 per share		0.79
	3rd Interim Dividend for the year ended March 31, 2010, to 276 non-resident shareholders on 77,792 shares @ ₹ 1 per share		0.78
	Total	**1761.54**	3.52

31. CONSUMPTION OF RAW MATERIALS AND STORES

		Current Year		Previous Year	
		₹ in Lac	%	₹ in Lac	%
a)	Raw Materials				
	- Imported	**16661.97**	**16.18**	18436.58	34.07
	- Indigenous	**86330.03**	**83.82**	35676.07	65.93
		102992.00	**100.00**	54112.65	100.00
b)	Stores and Spare Parts				
	- Imported	**-**	**-**	10.47	1.94
	- Indigenous	**858.64**	**100.00**	527.66	98.06
	Total	**858.64**	**100.00**	538.13	100.00

Schedules forming part of the Accounts for the year ended March 31, 2011

	Current Year ₹ in Lac	Previous Year ₹ in Lac
32. VALUE OF IMPORTS ON C.I.F. BASIS		
a) Raw Materials	**14556.06**	15075.23
b) Spare parts & Components	**-**	11.73
c) Capital Goods	**22.01**	11.59
d) Goods for resale	**-**	368.03
Total	**14578.07**	15466.59
33. EXPENDITURE IN FOREIGN CURRENCY		
a) Travelling Expenses	**7.38**	180.59
b) Consultancy Fees	**580.69**	228.93
c) Trade Mark Registration	**-**	11.23
d) Sales Promotion	**125.08**	5.59
e) Freight	**134.47**	-
f) Royalty	**497.68**	-
g) Others	**46.98**	18.16
Total	**1392.29**	444.50
34. EARNINGS IN FOREIGN CURRENCY		
a) F.O.B. Value of Exports	**13242.49**	2473.26
b) Royalty & Technological Fees	**2805.73**	723.58
c) Interest on Loan to Subsidiary	**-**	7.79
d) Dividend received from Subsidiary	**98.16**	-
e) Guarantee Commission from Subsidiary	**13.38**	-
Total	**16159.76**	3204.63

35. Related Party Disclosures

A) Related Parties and their Relationship

a) Enterprise having control over reporting enterprise:

i) Godrej & Boyce Mfg. Co. Ltd.

b) Subsidiaries:

i) Godrej Netherlands B.V.

Godrej Consumer Products (UK) Limited

Keyline Brands Limited

Inecto Manufacturing Limited

ii) Rapidol (Proprietary) Limited

iii) Godrej Global Mid East FZE

iv) Godrej Hygiene Products Limited

v) Godrej Consumer Products Mauritius Limited

Godrej Kinky Holdings Limited

Kinky Group (Proprietary) Limited

Schedules forming part of the Accounts for the year ended March 31, 2011

Godrej Nigeria Holdings Ltd.

Godrej Nigeria Limited

Godrej Argentina Dutch Cooperatief U.A

Godrej Netherlands Argentina Holding B.V

Godrej Netherlands Argentina B.V

Laboratoria Cuenca S.A

Deciral S.A

Issue Group Uruguay S.A

Issue Group Brazil Limited

Consell S.A

Argencos S.A

Panamar Produccioness Srl

vi) Godrej Consumer Products Holding (Mauritius) Limited

Indovest Capital Limited, Labuan

Godrej Consumer Products Dutch Cooperatief U.A.

Godrej Indonesia Netherlands Holding B.V

Godrej Consumer Products (Netherlands) B.V.

Godrej Consumer Holdings (Netherlands) B.V.

PT Simba Indosnack Makmur

PT Indomas Susemi Jaya

PT Intrasari Raya

PT Megasari Makmur

PT Ekamas Sarijaya

PT Sarico Indah

vii) Godrej Household Products (Lanka) Private Limited

viii) Godrej Household Products (Bangladesh) Private Limited

ix) Godrej Consumer Products Bangladesh Limited

x) Essence Consumer Care Products Private Limited

xi) Naturesse Consumer Care Products Private Limited

xii) Godrej Mauritius Africa Holdings Limited

xiii) Godrej Weave Holdings Limited

c) **Joint Ventures:**

i) Godrej Household Products Ltd. (Formerly Godrej Sara Lee Limited)

(Joint Venture from June 1, 2009 up to May 27, 2010. Became a subsidiary of the Company on May 28, 2010 and subsequently was pursuant to the Scheme of Amalgamation with effect from April 1, 2010)

d) **Enterprises under common control with whom transactions have taken place during the year:**

i) Godrej Industries Limited

ii) Godrej Agrovet Limited

iii) Godrej Hershey Limited

iv) Godrej Infotech Limited

v) Godrej Properties Limited

vi) Godrej International Limited

vii) Wadala Commodities Ltd.

viii) Godrej Oil Palm Limited

ix) Natures Basket Limited

e) **Enterprise over which Key Management Personnel exercise significant influence:**

i) Godrej Investments Private Limited

f) **Key Management Personnel and Relatives:**

i)	Mr. Adi Godrej	Chairman
ii)	Mr. Hoshedar Press	Vice-Chairman (retired w.e.f. close of April 30, 2010)
iii)	Mr. Dalip Sehgal	Managing Director (up to June 30, 2010)
iv)	Mrs. Parmeshwar Godrej	Wife of Mr. Adi Godrej
v)	Mr. A. Mahendran	Managing Director (w.e.f. from July 1, 2010)
vi)	Mrs. Mythili Mahendran	Wife of Mr. A. Mahendran
vii)	Mrs. Tanya Dubhash	Daughter of Mr. Adi Godrej
viii)	Ms. Nisaba Godrej	Daughter of Mr. Adi Godrej
ix)	Mr. Pirojsha Godrej	Son of Mr. Adi Godrej
x)	Mr. Nadir Godrej	Brother of Mr. Adi Godrej
xi)	Mrs. Rati Godrej	Wife of Mr. Nadir Godrej
xii)	Mr. Burjis Godrej	Son of Mr. Nadir Godrej
xiii)	Mr. Sohrab Godrej	Son of Mr. Nadir Godrej
(xiv)	Mr. Hormazd Godrej	Son of Mr. Nadir Godrej

Schedules forming part of the Accounts for the year ended March 31, 2011

g) Transactions with Related Parties

(₹ in Lac)

Particulars	Enterprise Having Control Over Reporting Enterprise	Enterprise Under Common Control	Subsidiary Companies	Joint Venture Company	Enterprise over which Key Management Personnel Exercise Significant Influence	Relatives of Key Management Personnel	Key Management Personnel	Total
Sale of Goods	**30.91**	**886.30**	**1707.14**	**-**	**-**	**-**	**-**	**2624.35**
	19.88	*617.91*	*1096.01*	*305.03*	-	-	-	*2038.82*
Purchase of Materials, Spares and Capital Equipment	**714.11**	**1645.79**	**1529.25**	**-**	**-**	**-**	**-**	**3889.15**
	76.11	*1178.37*	*1385.93*	-	-	-	-	*2640.41*
Establishment and Other Expenses Paid/(Received)	**14.21**	**805.19**	**(14.74)**	**-**	**-**	**-**	**-**	**804.66**
	10.64	*695.84*	*(51.16)*	*70.86*	-	-	-	*726.18*
Investments Made	**-**	**-**	**2453.42**	**-**	**-**	**-**	**-**	**2453.42**
	-	-	*16749.07*	*19700.52*	-	-	-	*36449.59*
Royalty Received	**-**	**-**	**2974.16**	**-**	**-**	**-**	**-**	**2974.16**
	-	-	*723.58*	-	-	-	-	*723.58*
Loan Given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	*405.00*	*1806.73*	-	-	-	-	*2211.73*
Loan Repaid	**-**	**-**	**1439.60**	**-**	**-**	**-**	**42.86**	**1482.46**
	-	*405.00*	*367.13*	-	-	-	-	*772.13*
Interest Received on Loan	**-**	**-**	**54.85**	**-**	**-**	**-**	**24.97**	**79.82**
	-	*6.12*	*64.94*	-	-	-	-	*71.06*
Issue of Equity Shares pursuant to scheme of arrangement	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	302.97	*209.39*	-	-	-	-	-	*512.36*
Guarantees Given/(Cancelled)	**-**		**205344.65**	**-**	**-**	**-**	**-**	**205344.65**
	-		*(19988.00)*	-	-	-	-	*(19988.00)*
Dividend Remitted	**5415.64**	**3039.40**			**-**	**353.61**	**6.45**	**8815.10**
	4976.79	*2238.36*			-	*470.66*	*0.46*	*7686.27*
Dividend Received	**-**	**-**	**98.16**	**-**	**-**	**-**	**-**	**98.16**
	-	-	-	*1001.07*	-	-	-	*1001.07*
Managerial Remuneration	**-**	**-**	**-**	**-**	**-**	**-**	**1056.80**	**1056.80**
	-	-	-	-	-	-	*1512.58*	*1512.58*
Lease Rentals paid	**-**	**-**	**-**	**-**	**-**	**195.44**	**-**	**195.44**
	-	-	-	-	-	*129.07*	-	*129.07*
Outstanding Balances as at year end								
Receivable	**80.47**	**299.45**	**4286.94**	**-**	**-**	**-**	**-**	**4666.86**
	0.69	*45.10*	*1873.97*	*9.20*	-	-	-	*1928.96*
Payable	**84.35**	**149.78**	**1.57**	**-**	**-**	**-**	**1.26**	**236.97**
	0.56	*42.12*	*78.20*	*18.70*	-	-	-	*139.58*
Guarantees Outstanding	**-**	**-**	**208609.65**	**-**	**-**	**-**	**-**	**208609.65**
	-	-	*2507.74*	-	-	-	-	*2507.74*

Note: Figures in italics denote figures for previous year.

Schedules forming part of the Accounts for the year ended March 31, 2011

C) The Significant Related Party Transactions are as under :

Nature of Transaction	Name of Party	Current Year (₹ in lac)	Previous Year (₹ in lac)
Sale of Goods	Godrej & Boyce Mfg. Co. Ltd.	**30.91**	19.88
	Godrej Industries Ltd.	**856.94**	575.92
	Godrej Agrovet Ltd.	**12.12**	21.93
	Godrej Hershey Ltd.	**17.24**	20.07
	Godrej Global Mideast F.Z.E.	**432.54**	412.40
	Rapidol (Pty) Ltd	**281.37**	321.52
	Godrej Hygiene Products Ltd.	**-**	362.09
	Godrej Nigeria Ltd.	**2.93**	
	Godrej Household Products (Lanka) Private Limited	**405.08**	
	Godrej Household Products (Bangladesh) Private Limited	**577.63**	
	PT Megasari Makmur	**7.60**	
	Godrej Household Products Limited (now merged with GCPL)	**-**	305.03
Purchase of Materials, Spares and Capital Equipment			
	Godrej & Boyce Mfg. Co. Ltd.	**714.11**	76.11
	Godrej Industries Ltd.	**1636.96**	1131.68
	Godrej Hershey Ltd.	**-**	46.70
	Godrej Oil Palm Limited	**8.83**	-
	Godrej Global Mideast F.Z.E.	**-**	10.92
	Godrej Hygiene Products Ltd.	**1529.25**	1375.01
Establishment and Other Expenses Paid/ (Received)			
	Godrej & Boyce Mfg. Co. Ltd.	**14.21**	10.64
	Godrej Industries Ltd.	**548.60**	696.42
	Godrej Hershey Ltd.	**42.03**	(23.43)
	Godrej Agrovet Ltd.	**91.46**	21.50
	Godrej Infotech Limited	**2.22**	1.35
	Godrej Properties Limited	**120.79**	-
	Natures Basket Limited	**0.10**	-
	Godrej Hygiene Products Ltd.	**-**	(51.16)
	Godrej Household Products (Lanka) Private Limited	**(9.32)**	-
	Godrej Household Products (Bangladesh) Private Limited	**(11.86)**	-
	Rapidol (Proprietary) Limited	**6.44**	-
	Godrej Household Products Limited (now merged with GCPL)	**-**	70.86

Schedules forming part of the Accounts for the year ended March 31, 2011

Nature of Transaction	Name of Party	Current Year (₹ in lac)	Previous Year (₹ in lac)
Investments Made			
	Godrej Consumer Products Mauritius Ltd.	**497.74**	16216.13
	Godrej Hygiene Products Ltd.	**-**	487.36
	Godrej Consumer Products Holdings (Mauritius) Ltd.	**1955.68**	45.58
	Godrej Household Products Limited (now merged with GCPL)	**-**	19700.52
Royalty Received			
	Rapidol (Pty) Ltd	**804.52**	723.58
	Godrej Household Products (Lanka) Private Limited	**16.68**	-
	Godrej Household Products (Bangladesh) Private Limited	**97.73**	-
	Megasari Group	**2055.23**	-
Loan Given			
	Godrej Industries Ltd.	**-**	405.00
	Godrej Netherlands B.V.	**-**	706.73
	Godrej Hygiene Products Ltd.	**-**	1100.00
Loan Repaid			
	Godrej Industries Ltd.	**-**	405.00
	Godrej Netherlands B.V.	**339.60**	367.13
	Godrej Hygiene Products Limited	**1100.00**	-
	A. Mahendran	**42.86**	-
Interest Received on Loan			
	Godrej Industries Ltd.	**-**	6.12
	Godrej Netherlands B.V.	**2.03**	7.79
	Godrej Hygiene Products Ltd.	**52.82**	57.15
	A. Mahendran	**24.97**	-
Issue of Equity Shares Pursuant to Scheme of Amalgamation			
	Godrej & Boyce Mfg. Co. Ltd.	**-**	302.97
	Godrej Industries Ltd.	**-**	209.39
Guarantees Given/ (Cancelled)			
	Godrej Hygiene Products Ltd.	**200.00**	300.00
	Godrej Consumer Products Holding (Mauritius) Ltd	**164159.58**	-
	Godrej Consumer Products Mauritius Limited	**43021.13**	(20288.00)
	Godrej Netherlands B.V.	**(2036.06)**	-

Schedules forming part of the Accounts for the year ended March 31, 2011

Nature of Transaction	Name of Party	Current Year (₹ in lac)	Previous Year (₹ in lac)
Dividend Remitted			
	Godrej & Boyce Mfg. Co. Ltd.	**5415.64**	4976.79
	Godrej Industries Ltd.	**3039.40**	2238.36
	Mr. Adi Godrej	**0.00**	0.00
	Mr. Hoshedar Press	**-**	0.45
	A. Mahendran	**6.45**	-
	Mrs. Parmeshwar A Godrej	**-**	14.80
	Mrs. Tanya Dubhash	**58.93**	74.56
	Ms. Nisa Godrej	**58.93**	74.56
	Mr. Pirojsha Godrej	**58.93**	74.56
	Mr. Nadir Godrej	**89.37**	139.60
	Mrs. Rati Godrej	**43.72**	46.29
	Mr. Hormazd Godrej	**43.72**	46.29
Dividend Received			
	Godrej Household Products (Lanka) Private Limited	**98.16**	-
	Godrej Household Products Limited (now merged with GCPL)	**-**	1001.07
Managerial Remuneration			
	Mr. Adi B. Godrej	**319.63**	564.84
	Mr. Hoshedar K. Press	**184.38**	500.17
	Mr. Dalip Sehgal	**76.02**	447.57
	Mr. A. Mahendran	**476.77**	-
Lease Rentals Paid			
	Mrs. Parmeshwar A. Godrej	**159.44**	129.07
	Ms. Mythili Mahendran	**36.00**	-
Guarantees Outstanding			
	Godrej Netherlands B.V.	**-**	2036.06
	Godrej Global Mideast F.Z.E.	**172.59**	171.69
	Godrej Hygiene Products Ltd.	**500.00**	300.00
	Godrej Consumer Products Mauritius Limited	**43021.13**	-
	Godrej Consumer Products Holding (Mauritius) Ltd	**164159.58**	-
	Godrej Household Products (Lanka) Private Limited and Godrej Household Products (Bangladesh) Pvt. Ltd.	**756.36**	-

Schedules forming part of the Accounts for the year ended March 31, 2011

36. INTEREST IN JOINT VENTURE

The Company's interest, as a venturer, in jointly controlled entities is as under:

Current Year : Nil

Previous Year :

a) Name of Company: Godrej Sara Lee Ltd. (with effect from June 1, 2009) (now merged with Godrej Consumer Products Ltd.)

b) Country of Incorporation: India

c) Principal Activities: Manufacture of Personal and Household Care Products.

d) Percentage of Ownership Interest as at the year end: 49%

The Company's interest in jointly controlled entities is reported as Long Term Investments in Schedule 7 and stated at cost less provision, if any, for permanent diminution in value of such investments.

The Company's share of each of the assets, liabilities, income and expenses (without elimination of the effect of transactions between the Company and the Joint Venture), related to its interest in the joint venture is as under:

	Current Year ₹ in Lac	Previous Year ₹ in Lac
I ASSETS		
1. Fixed Assets	-	3383.19
2. Current Assets		
Inventories	-	3954.09
Sundry Debtors	-	1888.16
Cash and Bank Balances	-	8176.58
Other Current Assets	-	30.05
Loans and Advances	-	6030.63
II LIABILITIES		
1. Deferred Tax Liability	-	17.67
2. Current Liabilities	-	9734.77
3. Provisions	-	215.07
III INCOME		
1. Sales (Net of Excise Duty)	-	40884.90
2. Other Income	-	495.23
IV EXPENSES		
1. Materials Consumed and Purchase of Goods	-	21335.14
2. Expenses	-	12458.39
3. Interest and Finance Charges	-	30.27
4. Depreciation	-	341.52
5. Inventory Change - (Increase)/Decrease	-	(466.28)
6. Provision for Taxation	-	1287.03

Note: The Company's share in the Income and Expense for the previous year related to its interest in the Joint Venture is for the period June 1, 2009 upto March 31, 2010.

37. GENERAL

a) Other information required by Schedule VI to the Companies Act, 1956, has been given only to the extent applicable.

b) Figures for the previous year have been regrouped/restated wherever necessary to conform to current year's presentation.

STATEMENT PURSUANT TO PART IV, SCHEDULE VI TO THE COMPANIES ACT, 1956: BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	**Registration Details:**		
	Registration No.	:	129806
	State Code	:	11
	Balance Sheet Date	:	March 31, 2011
II.	**Capital Raised During the Year: (Amount in ₹ Thousand)**		
	Public Issue	:	-
	Bonus Issue	:	-
	Qulified Institutional Placement	:	15,400
	Private Placement	:	-
III.	**Position of Mobilisation and Deployment of Funds: (Amount in ₹ Thousand)**		
	Total Liabilities	:	23,578,064
	Total Assets	:	23,578,064
	Sources of Funds		
	Paid-up Capital	:	323,590
	Reserves and Surplus	:	15,013,175
	Secured Loans	:	100,598
	Unsecured Loans	:	2,624,342
	Deferred Tax Liability	:	85,271
	Application of Funds		
	Net Fixed Assets	:	12,415,822
	Investments	:	3,620,634
	Deferred Tax Asset	:	-
	Net Current Assets	:	2,110,523
	Miscellaneous Expenditure	:	-
	Accumulated Losses	:	-
IV.	**Performance of Company: (Amount in ₹ Thousand)**		
	Turnover	:	24,758,434
	Total Expenditure	:	19,711,998
	Net Profit / (Loss) Before Tax	:	5,046,437
	Net Profit / (Loss) After Tax	:	4,349,531
	Earning Per Share in ₹	:	
	Basic		13.62
	Diluted		13.62
	Dividend Rate %	:	450%
V.	**Generic Names of 3 Principal Products / Services of Company:**		
	(As per monetary terms)		
	a) Item Code No. (ITC Code)	:	34.01*
	Product Description	:	Soaps
	b) Item Code No. (ITC Code)	:	33.07*
	Product Description	:	Cosmetics
	c) Item Code No. (ITC Code)	:	3808.1*
	Product Description	:	Insecticides

* Represents Heading No. of the Hormonised Commodity Description and Coding System

Consolidated Financials

Auditors' Report

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GODREJ CONSUMER PRODUCTS LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached consolidated Balance Sheet of GODREJ CONSUMER PRODUCTS LIMITED (the Company) and its subsidiaries (collectively referred to as the "Godrej Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended annexed thereto (Consolidated Financial Statements). These Consolidated Financial Statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As stated in Note 4, Schedule 15: Notes to Consolidated Accounts, Godrej Household Products Ltd. (GHPL), an erstwhile 100% subsidiary of Godrej Consumer Products Limited (GCPL) was amalgamated on March 31, 2011, with GCPL with effect from April 1, 2010, in accordance with a Scheme of Amalgamation sanctioned by the Hon'ble High Court of Judicature at Bombay. These financial statements include the financial statements of the erstwhile GHPL for the year ended March 31, 2011, which have not been audited by us and have been audited by another auditor whose report has been furnished to us. Our opinion on the financial statements, to the extent they have been derived from the financial statements of the erstwhile GHPL, is based solely on the report of the other auditor.

4. We did not audit the financial statements of certain subsidiaries included in the Consolidated Financial Statement whose financial statements reflect the Group's share of total assets of Rs. 163642.16 lac as at March 31, 2011, the Group's share of total revenues of Rs. 125970.49 lac and net cash flows amounting to Rs. 1550.89 lac for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

5. As stated in Note 2(b), Schedule 15: Notes to Consolidated Accounts, certain subsidiaries whose financial statements reflect the Group's share of total assets of Rs. 104580.77 lac as at March 31, 2011 and the Group's share of total revenues of Rs. 3289.19 lac and net cash flows amounting to Rs.1304.36 lac for the year ended on that date have not been audited and have been considered in the Consolidated Financial Statements based solely on the unaudited separate financial statements certified by Management.

6. Without qualifying our opinion, attention is drawn to Note 4, Schedule 15: Notes to Consolidated Accounts, regarding the Scheme of Amalgamation approved by The Hon'ble High Court of Judicature at Bombay whereby the assets and liabilities of the erstwhile Godrej Household Products Limited have been taken over and recorded at their fair values as on April 1, 2010, as determined by the Board of Directors of the Company. In accordance with the Scheme of Amalgamation, an amount of Rs. 3776.83 lac on account of fair valuation of loans and advances, an amount of Rs. 5275.00 lac on account of brand amortization and an amount of Rs. 614.42 lac on account of costs and expenses of amalgamation aggregating to Rs. 9666.25 lac has been charged to General Reserve instead of charging the same to the Profit and Loss Account. Had this amount been charged to the Profit and Loss Account, the profit for the year would have been lower by Rs. 9666.25 lac and the General Reserve would have been higher by Rs. 9666.25 lac.

7. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interest in Joint Venture issued by the Institute of Chartered Accountants of India.

8. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the management's certification of the unaudited financial statements, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Godrej Consumer Products Limited and its subsidiaries as at March 31, 2011;

   (b) in the case of the Consolidated Profit and Loss Account, of the consolidated profit for the year ended on that date; and

   (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants
Firm Regn. No.: 104607W

Daraius Z. Fraser
Partner
M. No.: 42454

Mumbai: May 2, 2011.

Consolidated Balance Sheet as at March 31, 2011

	Schedule	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SOURCES OF FUNDS:				
1. Shareholders' Funds				
a) Share Capital	1	3235.90		3081.90
b) Reserves and Surplus	2	169280.22		92387.02
			172516.12	95468.92
2. Loan Funds				
a) Secured Loans	3	170169.12		3687.44
b) Unsecured Loans	4	30373.08		-
			200542.20	3687.44
3. Deferred Tax Liability (Net)	5		142.78	658.94
TOTAL			373201.10	99815.30
APPLICATION OF FUNDS:				
4. Fixed Assets	6			
a) Gross Block		191474.96		41487.43
b) Less: Depreciation and Amortisation		37745.81		15314.35
c) Net Block		153729.15		26173.08
d) Capital Work-in-Progress		1538.47		83.72
			155267.62	26256.80
5. Goodwill on Consolidation			154040.86	31186.13
6. Investments	7			6700.00
7. Current Assets, Loans and Advances	8			
a) Inventories		43942.74		26443.33
b) Sundry Debtors		38400.20		11525.84
c) Cash and Bank Balances		22691.08		30515.90
d) Other Current Assets		1217.92		575.08
e) Loans and Advances		44370.35		21892.77
		150622.29		90952.92
8. Less: Current Liabilities and Provisions	9			
a) Current Liabilities		84480.87		53261.82
b) Provisions		2248.80		2018.72
		86729.67		55280.54
9. Net Current Assets			63892.62	35672.38
TOTAL			373201.10	99815.30
Notes To Accounts	16			

The Schedules referred to above form an integral part of the Balance Sheet

As per our Report attached

Signatures to the Balance Sheet and Schedules 1 to 9 and 16.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

For and on behalf of the Board
Adi Godrej
Chairman

Daraius Z. Fraser
Partner

P. Ganesh
Executive Vice President
(Finance & Commercial)
and Company Secretary

A. Mahendran
Managing Director

Mumbai: May 2, 2011.

Consolidated Profit and Loss Account for the year ended March 31, 2011

	Schedule	₹ in Lacs	Current Year ₹ in Lac	Previous Year ₹ in Lac
INCOME:				
1. Sales (Gross)		372528.75		208177.50
Less: Excise Duty		(8229.76)		(4057.67)
			364299.00	204119.84
2. Processing Income			**308.80**	249.53
3. Other Income	10		**6980.41**	4429.93
			371588.21	208799.30
EXPENDITURE:				
4. Materials Consumed and Purchase of Goods	11	179403.72		98675.42
5. Expenses	12	125342.76		68706.41
6. Interest and Financial Charges	13	5192.01		1109.92
7. Depreciation and Amortisation		4990.81		2360.40
		314929.30		170852.16
8. Inventory Change	14	(4521.25)		(4044.95)
			310408.04	166807.22
PROFIT BEFORE TAX:			**61180.17**	41992.08
9. Provision for Taxes				
- Current Taxes		12980.80		7955.14
- Deferred Taxes		39.04		78.34
			13019.84	8033.48
NET PROFIT AFTER TAX AND BEFORE EXCEPTIONAL ITEMS:			**48160.33**	33958.60
10. Exceptional Items (Net of Tax)	15		**3310.62**	-
NET PROFIT AFTER TAX			**51470.95**	33958.60
11. Surplus Brought Forward			**29695.72**	13762.40
PROFIT AVAILABLE FOR APPROPRIATION:			**81166.67**	47721.00
APPROPRIATIONS:				
1. Dividend on Equity Shares				
- Interim			**16313.98**	12585.72
2. Tax on Distributed Profit			**3348.88**	2309.76
3. Transfer to General Reserve			**6509.94**	3129.80
4. Surplus Carried Forward			**54993.87**	29695.72
TOTAL			**81166.67**	47721.00
EARNINGS PER SHARE (in Rupees)	16-(17)			
(Face value ₹ 1)				
Before Extraordinary Items:				
Basic and Diluted			**16.11**	11.33
including extra-ordinary item				
Basic and Diluted			**16.11**	11.33
NOTES TO ACCOUNTS	16			

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report attached

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Daraius Z. Fraser
Partner

Mumbai: May 2, 2011.

P. Ganesh
Executive Vice President
(Finance & Commercial)
and Company Secretary

Signatures to the Profit Loss Account and Schedules 10 to 16.

For and on behalf of the Board
Adi Godrej
Chairman

A. Mahendran
Managing Director

Consolidated Cash Flow Statement for the year ended March 31, 2011

		Current Year	Previous Year
	₹ in Lac	**₹ in Lac**	₹ in Lac
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Profit Before Tax and Extraordinary Items:	61180.17		41992.08
Adjustments for:			
Depreciation	4990.81		2360.40
(Profit)/Loss on Fixed Assets Sold/Discarded	(42.76)		50.94
Profit on Sale of Investment	(133.11)		(207.29)
Interest Expense	3233.41		1109.92
Interest Income	(2678.51)		(2704.22)
Foreign Exchange (Gain)/Loss	527.91		94.05
Bad Debts Written off	46.89		91.28
Provision for Doubtful Debts	90.46		(4.78)
Provision for Doubtful Advances	-		6.20
Provision for Non Moving Inventory	(152.28)		71.13
Write-Off/(Write-in) of Old Balances	56.17		(39.49)
Other Income Outstanding	896.18		155.15
		6835.17	983.29
Operating Profit Before Working Capital Changes		**68015.33**	42975.37
Adjustments for :			
Inventories	(25094.30)		(9696.04)
Sundry Debtors	(30650.24)		(5593.35)
Loans and Advances	(32268.26)		(4151.26
Other Current Assets	(24.48)		325.56
Current Liabilities and Provisions	50716.95		17784.78
		(37320.34)	(1330.32)
Cash Generated from / (used) in Operations		**30694.99**	41645.05
Adjustment for:			
Direct taxes paid		**(14196.32)**	(7795.58)
Net Cash Flow from Operating Activities Before Exceptional Items		**16498.67**	33849.47
Exceptional Items:			
- Licence Agreement Termination Compensation	4031.00		–
- Compensation for Assignment of Rights Leasehold Land	83.00		–
		4114.00	
Net Cash Flow from Operating Activities After Exceptional Items		**20612.67**	33849.47
B. CASH FLOW FROM INVESTING ACTIVITIES:			
(Purchase) / Sale of Fixed Assets (net)	(138803.48)		(5699.17)
Cost and Expenses of Amalgamation	(614.42)		(731.15)
(Purchase) / Sale Investments (net)	6833.11		(5742.17)
Investment Expenses to be Capitalized	(231.13)		(227.70)
Loan to ESOP Trust (net)	(2912.11)		(2050.84)
Adjustment for Goodwill on Consolidation	(102705.83)		9298.35
Interest Received	2005.62		2704.22
Net Cash Flow From Investing Activities		**(236428.24)**	(2448.45)
Balance carried forward		**(215815.57)**	31401.02

Consolidated Cash Flow Statement for the year ended March 31, 2011

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
Balance brought forward		**(215815.57)**	31401.02
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from issue of share capital (Net of expenses on QIP)	52277.85		-
Borrowing from Banks (Net)	176049.32		(23396.60)
Issue of Debentures (Net of Expenses on Issue of Debenture and Preium on Redemption of Debenture)	17774.06		-
Cash Credits (net)	512.01		(1191.34)
Interest Paid	(3205.04)		(1109.92)
Dividend Paid	(16313.98)		(8733.34)
Tax on Distributed Profits	(3348.88)		(1655.05)
Net Cash Flow From Financing Activities		**223745.34**	(36086.26)
Net Increase/(Decrease) In Cash And Cash Equivalents:		**7929.77**	(4685.24)
CASH AND CASH EQUIVALENTS:			
AS AT THE BEGINNING			
Cash and Bank Balances		**30515.90**	37832.27
Acquired Pursuant to the Scheme of Amalgamation		**15754.59**	16.36
Acquisition of Balance 50% Share in Godrej Hygiene Products Limited		**-**	72.77
Acquisition of 49% Share in Godrej Household Products Ltd.		**-**	2542.01
AS AT THE ENDING			
Cash and Bank Balances		**22691.08**	30515.90
Unrealised Foreign Exchange Restatement in Cash and Cash Equivalents		**-**	-
		38445.67	33147.04
Net increase/(decrease) in cash and cash equivalents:		**7929.77**	(4685.24)

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Daraius Z. Fraser
Partner

P. Ganesh
Executive Vice President
(Finance & Commercial)
and Company Secretary

For and on behalf of the Board
Adi Godrej
Chairman

A. Mahendran
Managing Director

Mumbai: May 2, 2011.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

	₹ in Lacs	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 1: SHARE CAPITAL			
1. Authorised:			
410,000,000 Equity shares (previous year 410,000,000 equity shares) of ₹ 1/- each.		**4100.00**	4100.00
10,000,000 Preference shares (previous year 10,000,000 preference shares) of ₹ 1/- each.		**100.00**	100.00
2. Issued:			
323,621,268 Equity shares (previous year 308,221,168 equity shares) of ₹ 1/- each fully paid up.		**3236.21**	3082.21
3. Subscribed and Paid Up:			
323,590,144 Equity shares (previous year 308,190,044 equity shares) of ₹ 1/- each fully paid up.		**3235.90**	3081.90
Total		**3235.90**	3081.90

Note:

Of the above, 27,70,79,512 equity shares of ₹ 1 each have been issued pursuant to Schemes of Arrangements for a consideration other than cash.

	₹ in Lacs	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 2: RESERVES AND SURPLUS			
1. Capital Investment Subsidy Reserve			
Balance as per last Balance Sheet		**15.00**	15.00
2. Capital Redemption Reserve			
As per last Balance Sheet		**145.94**	145.94
3. Securities Premium Account			
As per last Balance Sheet	35703.58		35703.58
Add: Premium Received on Allotment of QIP	52976.34		-
Less: Expenses on QIP	(852.50)		-
Less: Expenses on Issue of Debenture and Premium on Redemption of Debenture	(2519.37)		-
		85308.06	35703.58
4. Debenture Redemption Reserve			
Transfer from General Reserve		**738.43**	-
5. Foreign Currency Translation Reserve		**(720.34)**	**(189.95)**
6. General Reserve			
As per last Balance Sheet:	26380.55		5443.30
Add: Transfer from Profit and Loss Account	6509.94		3129.80
Less: Transfer to Debenture Redemption Reserve	(738.43)		-
Less: Adjustments Pursuant to Amalgamation	(9018.45)		18455.25
Less: Share in Jointly Controlled Entity	-		(647.80)
		23133.61	26380.55
7. Profit and Loss Account			
Balance as per Profit and Loss Account	54993.87	**-**	29695.72
Share in Pre-acquisition Profits of Subsidiaries	5665.63		-
Less: Share in Jointly Controlled Entity	-		(4574.37)
		60659.51	25121.36
8. Share in Jointly Controlled Entity		**-**	5210.54
Total		**169280.22**	92387.02

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

	₹ in Lacs	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 3: SECURED LOANS			
1. Borrowings from Banks			
a) Term Loans	131340.98		1068.93
b) Cash Credit	1701.47		1189.46
c) Working Capital Demand Loans	37096.15		1378.71
		170138.60	3637.10
2. Sales Tax Deferment Loan		30.52	50.34
Total		170169.12	3687.44
SCHEDULE 4: UNSECURED LOANS			
1. Debentures		20293.42	-
a) 2,000 Unsecured, Redeemable, Zero Coupon, Non- Convertible Debentures of ₹ 1,000,000 each	20000.00		-
b) Premium on Redemption thereon	293.42		-
		20293.42	-
2. Term Loans and Advances			
a) From Banks		10079.65	-
Total		30373.08	-
Amount repayable within one year		26277.19	-
SCHEDULE 5: DEFERRED TAX LIABILITY (NET)			
1. Deferred Tax Liability			
a) Depreciation	1266.04		923.98
b) Share in Jointly Controlled Entity	-		17.67
		1266.04	950.81
2. Deferred Tax Asset			
a) Tax Disallowances	(248.42)		(210.09)
b) Provision for Doubtful Debts	(164.90)		(81.78)
c) Others	(709.93)		9.15
		(1123.25)	(291.87)
Total		142.78	658.94

SCHEDULE 6: FIXED ASSETS

(₹ in Lac)

ASSET	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
	As on 01-04-2010	Adjustments	Additions	Deductions	As on 31-03-2011	Upto 31-03-2010	Adjustments	For the Year	On Deductions	Upto 31-03-2011	As on 31-03-2011	As on 31-03-2010
Tangible Assets:												
Freehold Land	880.01	869.54	624.97	-	**2374.51**	-	-	-	-	**-**	**2374.51**	880.01
Leasehold Land	1156.92	(50.94)	30.30	342.15	**794.14**	148.68	(57.69)	24.74	63.05	**52.68**	**741.45**	1008.24
Leasehold Improvements	102.16	779.82	207.66	-	**1089.64**	7.58	368.12	49.86	-	**425.56**	**664.08**	94.58
Buildings	5866.13	5244.97	2516.42	7.13	**13620.39**	948.10	1696.20	404.24	3.60	**3044.94**	**10575.45**	4918.03
Plant and Machinery	19349.12	16085.59	3040.28	124.67	**38350.32**	9068.31	9224.10	2507.34	110.95	**20688.80**	**17661.53**	10280.80
Furniture, Fixtures and Fittings	768.73	2805.73	742.45	299.30	**4017.61**	214.76	1947.25	527.72	297.68	**2392.06**	**1625.55**	553.97
Office Equipment	402.46	574.05	191.46	2.15	**1165.82**	131.78	383.09	128.16	1.17	**641.86**	**523.96**	270.68
Computers	590.64	149.84	30.43	10.96	**759.94**	465.73	116.68	93.77	10.22	**665.96**	**93.98**	124.91
Vehicles	206.40	1585.40	411.97	150.05	**2053.72**	90.60	684.12	250.76	84.98	**940.51**	**1113.22**	115.79
Intangibles:												
Computer Software	469.34	980.61	272.48	122.12	**1600.31**	306.92	603.32	150.79	122.12	**938.91**	**661.40**	162.42
Trade Marks and Brands	5596.33	107013.60	12436.64	825.32	**124221.26**	1225.67	5842.77	831.37	-	**7899.81**	**116321.45**	4370.66
Technical Knowhow	-	30.00	-	-	**30.00**	-	6.00	3.00	-	**9.00**	**21.00**	-
Goodwill	-	30.00	1229.85	-	**1259.85**	-	21.00	1.50	-	**22.50**	**1237.35**	-
Assets Under Finance Lease:												
Leased Vehicles	15.67	(1.50)	123.27	-	**137.44**	5.88	(0.19)	17.55	-	**23.23**	**114.21**	9.79
Share In Jointly Controlled Entity	6083.53	-	-	6083.53	**-**	2700.34	-	-	2700.34	**-**	**-**	3383.19
Total	**41487.43**	**136096.72**	**21858.19**	**7967.37**	**191474.96**	**15314.35**	**20834.75**	**4990.81**	**3394.10**	**37745.81**	**153729.15**	**-**
Previous Year	33695.56	-	7624.98	(166.89)	**41487.43**	10976.26	-	2360.40	(1977.69)	**15314.35**	**-**	26173.08
Capital Work-in-Progress including Capital Advances											**1538.47**	83.72
Total											**155267.62**	26256.80

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

SCHEDULE 7: INVESTMENTS

	Face Value ₹	Number As At 01-04-10	Acquired during the Year	Sold during the Year	As At 31-03-11	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Current - At Cost - Fully Paid up							
1. In Units of Mutual Funds							
Unquoted:							
Birla Sunlife Mutual Fund Cash Plus - Instl. Premium - Growth	10		55,098,540	55,098,540	-	-	-
Kotak Liquid (Institutional Premium) Plan - Growth Scheme	10	18,940,359	19,455,674	38,396,033	-	-	3500.00
Prudential ICICI Institutional Liquid Plan - Super Institutional Growth Scheme	100	1,543,853	8,690,045	10,233,898	-	-	2100.00
HDFC Liquid Fund - Premium Plan - Growth Scheme	10	5,965,196	22,611,231	28,576,427	-	-	1100.00
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	10	-	3,859,831	3,859,831	-	-	-
						-	6700.00
Total						-	6700.00
Aggregate Book Value of Investments:							
Quoted						-	-
Unquoted						-	6700.00
Total						-	6700.00

SCHEDULE 8: CURRENT ASSETS, LOANS AND ADVANCES

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
1. Inventories			
(At lower of cost and net realisable value)			
a) Raw Materials	19241.45		7946.37
b) Stores and Spares	832.41		404.06
c) Work-in-Progress	2138.43		2322.14
d) Finished Goods - Manufactured	18132.65		10849.97
- Trading	3597.79		966.70
e) Share In Jointly Controlled Entity	-		3954.09
		43942.74	26443.33
2. Sundry Debtors			
(Unsecured - Considered good, unless otherwise stated)			
a) Debts outstanding for a period exceeding six months (Including doubtful debts ₹ 673.29 lacs; - Previous Year ₹ 111.19 lacs)	814.68		121.83

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

		₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
b)	Other Debts	38258.81		9627.05
		39073.49		9748.87
c)	Less: Provision for Doubtful Debts	673.29		111.19
		38400.20		9637.68
d)	Share in Jointly Controlled Entity	-		1888.16
			38400.20	11525.84
3.	**Cash and Bank Balances**			
a)	Cash in Hand	786.87		13.12
b)	Cheques on Hand	573.33		734.23
c)	Balances with Scheduled Banks			
	- In Current Accounts	2194.36		1440.57
	- In Deposit Accounts	5358.56		16507.30
	(Under Lien with the bank: ₹ 106.95 lacs; Previous Year ₹ 107.30 lacs)			
d)	Balances with Non-Scheduled Banks	13777.96		3644.09
e)	Share in Jointly Controlled Entity	-		8176.58
			22691.08	30515.90
4.	**Other Current Assets**			
a)	Accrued Interest	1217.92		545.04
b)	Share in Jointly Controlled Entity	-		30.05
			1217.92	575.08
5.	**Loans and Advances**			
a)	Advances Recoverable in Cash or in Kind or for Value to be Received	26248.08		7340.30
	(Net of advances considered doubtful ₹ 36.89 lacs; - Previous Year ₹ 6.86 lacs)			
b)	Amount Due from ESOP Trust	9290.88		6378.77
c)	Balances With Excise Authorities	6766.59		1875.06
d)	Sundry Deposits	2095.73		274.87
		44401.28		15869.00
	Less: Provision for Doubtful Loans and Advances	30.93		6.86
		44370.35		15862.14
e)	Share In Jointly Controlled Entity	-		6030.63
			44370.35	21892.77
	Total		150622.29	90952.92

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 9: CURRENT LIABILITIES AND PROVISIONS			
1. Current Liabilities			
a) Sundry Creditors			
- Dues of Micro and Small Enterprises	-		688.19
- Others	54994.27		13014.78
b) Advances and Deposits	1386.95		846.50
c) Unclaimed Dividends	490.05		433.16
d) Other Liabilities	22727.38		24692.04
e) Interim Dividend Payable	4853.85		3852.38
f) Interest Accrued but not Due on Loans	28.37		-
g) Share in Jointly Controlled Entity	-		9734.77
		84480.87	53261.82
2. Provisions			
a) For Taxation (Net of Advance Payment of Taxes)	103.42		515.57
b) For Tax on Distributed Profits	787.42		654.71
c) For Leave Encashment	1357.97		633.37
d) Share In Jointly Controlled Entity	-		215.07
		2248.80	2018.72
Total		**86729.67**	55280.54

*The figure of Unclaimed Dividend reflects the position as at March 31, 2011. During the year, the Company has transferred an amount of ₹ 31.16 lac (previous year ₹ 41.54 lac); to the Investor Education and Protection Fund in accordance with the provisions of section 205C of the Companies Act, 1956.

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 10: OTHER INCOME			
1. Interest Income (Gross)			
a) On Investments	834.55		168.21
b) On Advances and Deposits	1225.32		165.35
c) On Rights Issue Proceeds	138.65		2005.92
d) On ESOP Trust Loan	438.71		363.75
(Tax Deducted at Source ₹ 110.46 lac; previous year ₹ 408.19 lac)			
e) On Income Tax Refund	41.28		0.99
		2678.51	2704.22
2. Gain on Exchange Difference (Net)		**527.91**	94.05
3. Profit/(Loss) on Sale of Assets (Net)		**42.76**	(50.94)
4. Profit on Sale of Investments (Net)		**133.11**	207.29
5. Claims Received		**55.32**	74.65
6. Miscellaneous Income		**3542.80**	905.43
7. Share in Jointly Controlled Entity		**-**	495.23
Total		**6980.41**	4429.93

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 11: MATERIALS CONSUMED AND PURCHASE OF GOODS			
1. Raw Materials Consumed			
Opening Inventory	7822.12		5480.87
Add: Purchases (Net)	163208.06		64424.81
	171030.18		69905.67
Less: Closing Inventory	19241.45		7946.37
Raw material consumed during the year		**151788.73**	61959.30
2. Purchase of Goods for Resale		**27615.00**	15380.98
3. Share in Jointly Controlled Entity		**-**	21335.14
Total		**179403.72**	98675.42

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

		₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 12: EXPENSES				
1.	Salaries, Wages and Bonus		**26248.64**	14373.66
2.	Contribution to Provident Fund and Other Funds		**860.74**	644.90
3.	Workmen and Staff Welfare Expenses		**1341.63**	161.52
4.	Stores and Spares Consumed		**1420.76**	619.70
5.	Processing Charges and Other Manufacturing Charges		**6203.53**	2258.42
6.	Excise Duty Provision on Inventory		**84.99**	92.03
7.	Power and Fuel		**5339.80**	3345.74
8.	Repairs and Maintenance			
	a) Plant and Machinery	376.16		210.02
	b) Buildings	233.05		50.04
	c) Others	375.71		153.74
			984.92	413.80
9.	Establishment Expenses		**170.69**	302.80
10.	Miscellaneous Expenses		**8445.25**	1914.81
11.	Rent		**2799.15**	1208.36
12.	Rates and Taxes		**2426.42**	289.28
13.	Travelling and Conveyance		**3122.59**	1251.60
14.	Legal and Professional Charges		**4101.03**	845.61
15.	Insurance		**502.25**	241.41
16.	Donations		**91.86**	5.66
17.	Selling and Distribution Expenses		**7414.95**	2442.06
18.	Sales Promotion		**5775.49**	6868.24
19.	Freight		**9608.67**	5042.90
20.	Advertising and Publicity		**35214.76**	13279.85
21.	Commission		**1876.09**	327.94
22.	Discount		**171.82**	225.04
23.	Bad Debts Written Off		**46.89**	91.28
24.	Provision for Doubtful Debts/Advances		**90.46**	1.42
26.	Royalty		**999.40**	-
27.	Share in Jointly Controlled Entity		**-**	12458.39
	Total		**125342.76**	68706.41
SCHEDULE 13: INTEREST AND FINANCIAL CHARGES				
1.	Interest Expense:			
	a) Interest on Term Loans	1130.43		-
	b) Interest on Bank Loans	1908.89		643.19
	c) Other Interest	194.09		37.40
			3233.41	680.60
2.	Discounting and Other Finance Charges		**1958.60**	399.06
3.	Share In Jointly Controlled Entity		**-**	30.27
	Total		**5192.01**	1109.92

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 14: INVENTORY CHANGE			
1. Opening Inventory			
a) Finished Goods	10849.97		6798.87
b) Traded Goods	966.70		2063.59
c) Work-in-Progress	2322.14		1697.69
d) Share in Jointly Controlled Entity	2754.11		211.10
		16892.92	10771.25
2. On Acquisition of Subsidiary/JV During the Year			
a) Finished Goods	221.13		2076.73
b) Traded Goods	1794.56		-
c) Work-in-Progress	439.01		-
		2454.69	2076.73
3. Less: Closing Inventory			
a) Finished Goods	18132.65		10849.97
b) Traded Goods	3597.79		966.70
c) Work-in-Progress	2138.43		2322.14
d) Share in Jointly Controlled Entity	-		2754.11
		23868.87	16892.92
4. (Increase)/Decrease in Inventory		**(4521.25)**	(4044.95)
SCHEDULE 15: EXCEPTIONAL ITEMS (NET OF TAX)			
1. Licence Agreement Termination Compensation		**4031.00**	-
Less: Tax Thereon		**(803.38)**	-
2. Compensation for Assignment of Rights on Leasehold Land		**83.00**	-
Total		**3310.62**	-

SCHEDULE 16: NOTES TO CONSOLIDATED ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention:

The financial statements are prepared under the historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

c) Fixed Assets:

Fixed Assets are stated at cost of acquisition or construction, less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned assets.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

Direct financing cost incurred during the construction period on major projects is also capitalised.

Fixed assets acquired under finance lease are capitalised at the lower of their fair value and the present value of the minimum lease payments.

d) **Asset Impairment:**

Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds its recoverable amount. An impairment loss, if any, is recognised in the period in which the impairment takes place.

e) **Intangible Assets:**

The cost of acquisition of trade marks is amortised equally over the best estimate of its useful life not exceeding a period of ten years, except in the case of Goodknight, HIT, Kinky and Tura brand where the brand is amortised equally over a period of twenty years.

f) **Investments:**

Investments are classified into current and long-term investments. Long-term investments are carried at cost. Cost of acquisition includes all costs directly incurred on the acquisition of the investment. Provision for diminution, if any, in the value of long term investments is made to recognise a decline, other than of a temporary nature. Current investments are stated at lower of cost and net realisable value.

g) **Inventories:**

Inventories are valued at lower of cost and net realisable value. Cost is computed on the weighted average basis and is net of Cenvat. Finished goods and work in progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Finished goods valuation also includes excise duty. Provision is made for cost of obsolescence and other anticipated losses, whenever considered necessary.

h) **Provisions and Contingent Liabilities:**

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No Provision is recognized for –

A. Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

B. Any present obligation that arises from past events but is not recognised because -

   a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   b) A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed periodically and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realized.

i) **Revenue Recognition:**

Sales are recognised when goods are supplied and are recorded net of returns, trade discounts, rebates, sales taxes and excise duties.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

Income from processing operations is recognised on completion of production/dispatch of the goods, as per the terms of contract.

Export incentives are accounted on accrual basis and include the estimated value of export incentives receivable under the Duty Entitlement Pass Book Scheme.

Dividend income is recognised when the right to receive the same is established.

Interest income is recognised on a time proportion basis.

Insurance claims and transport and power subsidies from the Government are accounted on cash basis when received.

j) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is put to use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

k) Foreign Currency Transactions:

i. Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency remaining unsettled at the period end are translated at the period end exchange rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions are recognised in the Profit and Loss Account.

ii. Forward exchange contracts, remaining unsettled at the period end, backed by underlying assets or liabilities are also translated at period end exchange rates. Premium or discount on forward foreign exchange contracts is amortised over the period of the contract and recognised as income or expense for the period. Realised gain or losses on cancellation of forward exchange contracts are recognised in the Profit and Loss Account of the period in which they are cancelled.

iii. Non-Monetary foreign currency items like investments in foreign subsidiaries are carried at cost and expressed in Indian currency at the rate of exchange prevailing at the time of making the original investment.

iv. For the purpose of consolidation of non-integral foreign operations, all assets and liabilities, both monetary and non-monetary are translated at the closing rate. Items of income and expenditure are translated at exchange rates at the date of the relevant transactions. All resulting exchange differences are accumulated in a Foreign Currency Translation Reserve until disposal of the net investment.

l) Research and Development Expenditure:

Revenue expenditure on research and development is charged to the Profit and Loss Account of the year in which it is incurred. Capital expenditure incurred during the year on research and development is shown as addition to fixed assets.

m) Employee Benefits:

Short-term Employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, performance incentives, etc., are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the employee renders the related service.

Post Employment Benefits:

Defined Contribution Plans:

Payments made to a defined contribution plan such as Provident Fund and Superannuation fund are charged as an expense in the Profit and Loss Account as they fall due.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

Defined Benefit Plans:

Company's liability towards gratuity to past employees is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Securities where the currency and terms of the Government Securities are consistent with the currency and estimate terms of the defined benefit obligations.

Other Long Term Employee Benefits:

Other Long Term Employee Benefits viz. leave encashment and long service bonus are recognised as an expense in the Profit and Loss Account as and when it accrues. The Company determines the liability using the Projected Unit Credit Method, with the actuarial valuation carried out as at the Balance Sheet date. Actuarial gains and losses in respect of such benefits are charged to the Profit and Loss Account.

n) **Incentive Plans:**

The Company has a scheme of Performance Linked Variable Remuneration (PLVR) which rewards its employees based on Economic Value Addition (EVA). The PLVR amount is related to actual improvements made in EVA over the previous year when compared with expected improvements.

Up to March 31, 2009, the EVA awards would flow through a notional bank whereby only the prescribed portion of the bank is distributed each year and the balance is carried forward. The amount distributed out of the notional bank is charged to Profit and Loss Account. The notional bank was held at risk and charged to EVA of future years and was payable at that time, if future performance so warranted. The opening notional bank balance accumulated till March 31, 2009, is being paid @ 33% every year on reducing balance.

The entire EVA award for the year has been charged to the Profit and Loss Account.

o) **Depreciation:**

Leasehold land is amortised equally over the lease period.

Leasehold Improvements are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the assets.

Depreciation is provided pro rata to the period of use, under the Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956, except for computer hardware which is depreciated over four years.

Pursuant to the Scheme of Amalgamation, the Company has acquired certain SAP licenses and Trademarks. These SAP licenses acquired are amortised over a period of four years, Trademarks acquired are amortised equally over the best estimate of their useful life not exceeding a period of ten years, except in the case of Goodknight and Hit brands where the brands are amortised equally over a period of 20 years. The major influencing factors behind amortising these brands over a period of twenty years are that Goodknight has been in existence since the last twenty seven years and been growing at a fast pace. Goodknight has grown by 29% and HIT by 35% during the period under review. Goodwill is amortised over a period of five years. Tools, dies and moulds acquired are depreciated over a period of three and half years. Technical Knowhow is depreciated over a period of ten years.

In accordance with the Court order approving the Scheme of Amalgamation of the erstwhile Godrej Household Products Limited, an amount equivalent to the amortisation of the Goodknight and Hit brands at the end of each financial year is directly debited to the balance in the General Reserve Account.

Assets costing less than ₹ 5,000 are depreciated at 100% in the year of acquisition.

Depreciation in the subsidiary companies is provided under the Straight Line Method over the expected useful lives of the respective assets ranging between three years to ten years except in the case of Kinky and Tura brands where the brand is amortised equally over a period of twenty years.

It is estimated that the impact on depreciation of the difference in expected useful lives between the holding company and subsidiaries is not material.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

p) **Taxes on Income:**

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on unabsorbed tax losses and tax depreciation are recognised only when there is a virtual certainty of their realisation and on other items when there is reasonable certainty of realisation. The tax effect is calculated on the accumulated timing differences at the year end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

q) **Hedging:**

The Company uses forward exchange contracts to hedge it's foreign exchange exposures and commodity futures contracts to hedge the exposure to oil price risks. Gains or losses on settled contracts are recognised in the profit and loss account. Gains or losses on the commodity futures contracts are recorded in the Profit and Loss Account under Cost of Materials Consumed.

r) **Segment Reporting**

The Company is considered to be a single segment company – engaged in the manufacture of Personal and Household Care products. The Company has identified business segment as its primary segment. Geographic segments of the Company are 'Within India' and 'Outside India'. Segment revenues and assets have been identified to represent segments on the basis of their relationship to the respective segment.

2. PRINCIPLES OF CONSOLIDATION

a) The consolidated financial statements relate to Godrej Consumer Products Limited, the Holding Company, its wholly owned subsidiaries and it's interest in jointly controlled entities (collectively referred to as the Group). The consolidation of accounts of the Company with its subsidiaries has been prepared in accordance with Accounting Standard (AS) 21 - Consolidated Financial Statements. The financial statements of the parent and its subsidiaries are combined on a line by line basis and intra group balances, intra group transactions and unrealised profits or losses are fully eliminated. The consolidation of its interest in joint ventures has been prepared in accordance with Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures". The Company uses the proportionate consolidation method for reporting its interest in the assets, liabilities, income and expenses of the jointly controlled entities. Separate line items are included to disclose its share in the assets, liabilities, income and expenses of the jointly controlled entity.

b) The financial statements of the subsidiaries and joint venture used in the consolidation are drawn up to the same reporting date as of the Company i.e. up to March 31, 2011.

The financial statements of following subsidiaries have been audited for the year ended March 31, 2011

• Godrej Consumer Products (UK) Limited, U.K. • Keyline Brands Limited, U.K. • Inecto Manufacturing Limited, U.K. • Rapidol (Proprietary) Limited, South Africa • Godrej Global Mid East FZE, UAE • Godrej Consumer Products Mauritius Limited, Mauritius • Godrej Kinky Holdings Limited, Mauritius • Kinky Group (Proprietary) Limited, South Africa • Godrej Hygiene Products Limited (formerly Godrej SCA Hygiene Limited – a Joint Venture up to March 31, 2009) • Godrej Consumer Products Holding (Mauritius) Ltd, Mauritius • Godrej Nigeria Holdings Limited, Mauritius • Godrej Household Products Lanka Pvt. Ltd. • Godrej Household Products Bangladesh Pvt. Ltd. • Godrej Nigeria Ltd. • PT Megasari Makmur • PT Simba Indosnack Makmur • PT Ekamas Sarijaya • PT Sarico Indah • PT Indomas Susemi Jaya • PT Intrasari Raya • Laboratoria Cuenca S.A. • Issue Group Uruguay S.A. • Deciral S.A. • Issue Group Brazil Ltd. • Consell S.A. • Argencos S.A. • Panamar Produccioness Srl • Essence Consumer Care Products Private Limited • Naturesse Consumer Care Products Private Limited • Godrej Mauritius Africa Holdings Limited • Godrej Weave Holdings Limited

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

The financial statements of • Godrej Netherlands, B.V. • Godrej Consumer Products Dutch Cooperatief U.A. • Godrej Consumer Holdings (Netherlands) B.V. • Godrej Consumer Products Bangladesh Ltd. • Godrej Consumer Products (Netherlands) B.V. • Godrej Indonesia Netherlands Holding B.V. • Godrej Argentina Dutch Cooperatief U.A • Godrej Netherlands Argentina Holding B.V. • Godrej Netherlands Argentina B.V. and Indovest Capital Ltd., for the year ended March 31, 2011, have not been audited and have been consolidated on the basis of accounts certified by Management.

c) Accordingly, the consolidated financial statements include the results of the subsidiaries for the year ended March 31, 2011 and their assets and liabilities as on the Balance Sheet date and in the case of the joint venture, to the extent of its interest, for the year and its share in the assets and liabilities as on the Balance Sheet date.

d) In the consolidated financial statements, 'Goodwill' represents the excess of the cost to the Company of its investment in the subsidiaries and/or joint ventures over its share of equity, at the respective dates on which the investments are made. Alternatively, where the share of equity as on the date of investment is in excess of cost of investment, it is recognised as 'Capital Reserve' in the consolidated financial statements.

3. PARTICULARS OF SUBSIDIARIES

a) The subsidiary companies/entities considered in the consolidated financial statements are:

Sr. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			Current Year	Previous Year
1.	Godrej Netherlands B.V.	Netherlands	**100%**	*100%*
2.	Godrej Consumer Products (UK) Limited *(100% subsidiary of Godrej Netherlands B.V.)*	UK	**100%**	*100%*
3.	Keyline Brands Limited *(100% subsidiary of Godrej Consumer Products (UK) Limited)*	UK	**100%**	*100%*
4.	Inecto Manufacturing Limited *(100% subsidiary of Keyline Brands Limited)*	UK	**100%**	*100%*
5.	Rapidol (Proprietary) Limited	South Africa	**100%**	*100%*
6.	Godrej Global Mid East FZE	UAE	**100%**	*100%*
7.	Godrej Consumer Products Mauritius Limited	Mauritius	**100%**	*100%*
8.	Godrej Kinky Holdings Limited *(100% subsidiary of Godrej Consumer Products Mauritius Limited)*	Mauritius	**100%**	*100%*
9.	Kinky Group (Proprietary) Limited *(100% subsidiary of Godrej Kinky Holdings Limited)*	South Africa	**100%**	*100%*
10.	Godrej Nigeria Holdings Limited *(100% subsidiary of Godrej Consumer Products Mauritius Limited)*	Mauritius	**100%**	*100%*
11.	Godrej Nigeria Limited *(99.99% held by Godrej Nigeria Holdings Limited, 0.01% held by Godrej Consumer Products Mauritius Limited.)*	Nigeria	**100%**	*100%*
12.	Godrej Argentina Dutch Cooperatief U.A. *(100% subsidiary of Godrej Consumer Products Mauritius Limited)*	Netherlands	**100%**	*100%*
13.	Godrej Netherlands Argentina Holding B.V. *(100% subsidiary of Godrej Argentina Dutch Cooperatief U.A.)*	Netherlands	**100%**	--
14.	Godrej Netherlands Argentina B.V. *(100% subsidiary of Godrej Argentina Dutch Cooperatief U.A.)*	Netherlands	**100%**	--
15.	Laboratoria Cuenca S.A. *(90% held by Godrej Netherlands Argentina B.V. and 10% held by Godrej Netherlands Argentina Holding B.V.)*	Argentina	**100%**	--
16.	Issue Group Uruguay S.A. *(100% subsidiary of Laboratoria Cuenca S.A.)*	Argentina	**100%**	--
17.	Deciral S.A. *(100% subsidiary of Laboratoria Cuenca S.A.)*	Argentina	**100%**	--
18.	Issue Group Brazil Limited *(100% subsidiary of Laboratoria Cuenca S.A.)*	Argentina	**100%**	--
19.	Consell S.A. *(74% held by Laboratoria Cuenca S.A., 23.4% held by Godrej Netherlands Argentina B.V. and 2.6% held by Godrej Netherlands Argentina Holding B.V.)*	Argentina	**100%**	--

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

Sr. No.	Name of the Company	Country of Incorporation	Percentage of Holding Current Year	Percentage of Holding Previous Year
20.	Argencos S.A. *(64.86% held by Godrej Netherlands Argentina B.V., 35.14% held by Panamar Produccioness Srl)*	Argentina	100%	--
21.	Panamar Produccioness Srl *(90% held by Godrej Netherlands Argentina B.V., 10% held by Godrej Netherlands Argentina Holding B.V.)*	Argentina	100%	--
22.	Godrej Hygiene Product Limited	India	100%	*100%*
23.	Godrej Consumer Products Holding (Mauritius) Limited	Mauritius	100%	*100%*
24.	Indovest Capital Limited *(100% subsidiary of Godrej Consumer Products Holding (Mauritius) Limited)*	Malaysia	100%	--
25.	Godrej Consumer Products Dutch Cooperatief U.A., *(99.99% held by Godrej Consumer Products Holding (Mauritius) Limited, 0.01% held by Godrej Consumer Products Mauritius Limited)*	Netherlands	100%	*100%*
26.	Godrej Indonesia Netherlands Holding B.V. *(100% subsidiary of Godrej Consumer Products Dutch Cooperatief U.A.)*	Netherlands	100%	--
27.	Godrej Consumer Products (Netherlands) B.V. *(100% subsidiary of Godrej Consumer Products Dutch Cooperatief U.A.)*	Netherlands	100%	*100%*
28.	Godrej Consumer Holdings (Netherlands) B.V. *(100% subsidiary of Godrej Consumer Products Dutch Cooperatief U.A.)*	Netherlands	100%	*100%*
29.	PT Megasari Makmur *(96% held by Godrej Consumer Holdings (Netherlands) B.V., 4% held by Godrej Consumer Products (Netherlands) B.V.)*	Indonesia	100%	--
30.	PT Simba Indosnack Makmur *(95% held by Godrej Consumer Holdings (Netherlands) B.V., 5% held by Godrej Consumer Products (Netherlands) B.V.)*	Indonesia	100%	--
31.	PT Ekamas Sarijaya *(96% held by Godrej Consumer Holdings (Netherlands) B.V., 4% held by Godrej Consumer Products (Netherlands) B.V.)*	Indonesia	100%	--
32.	PT Sarico Indah *(96% held by Godrej Consumer Holdings (Netherlands) B.V., 4% held by Godrej Consumer Products (Netherlands) B.V.)*	Indonesia	100%	--
33.	PT Indomas Susemi Jaya *(95% held by Godrej Consumer Holdings (Netherlands) B.V., 5% held by Godrej Consumer Products (Netherlands) B.V.)*	Indonesia	100%	--
34.	PT Intrasari Raya *(99% held by Godrej Consumer Holdings (Netherlands) B.V., 1% held by Godrej Consumer Products (Netherlands) B.V.)*	Indonesia	100%	--
35.	Godrej Household Products (Lanka) Private Limited	Sri Lanka	100%	--
36.	Godrej Household Products (Bangladesh) Private Limited	Bangladesh	100%	--
37.	Godrej Consumer Products Bangladesh Limited	Bangladesh	100%	--
38.	Essence Consumer Care Products Private Limited	India	100%	--
39.	Naturesse Consumer Care Products Private Limited	India	100%	--
40.	Godrej Mauritius Africa Holdings Limited	Mauritius	100%	--
41.	Godrej Weave Holdings Limited *(100% subsidiary of Godrej Mauritius Africa Holdings Limited)*	Mauritius	100%	--

4. SCHEME OF AMALGAMATION

a) A Scheme of Amalgamation (“the Scheme”) for the amalgamation of Godrej Household Products Ltd. (GHPL) (a 100% subsidiary of Godrej Consumer Products Ltd. (GCPL) called “the Transferor Company”, with Godrej Consumer Products Limited (the Transferee Company), with effect from April 1, 2010, (“the Appointed Date”) was sanctioned by the Hon’ble High Court of Judicature at Bombay (“the Court”), vide its Order dated February 28, 2011 and certified copies of the Order of the Court sanctioning the Scheme were filed with the Registrar of Companies, Maharashtra on March 31, 2011 (the “Effective Date”). Accordingly, the standalone results of the Company for the year ended March 31, 2011, include the results of the erstwhile GHPL for the financial year ended March 31, 2011.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

b) The amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard AS 14 - Accounting for Amalgamations and the specific provisions of the Scheme. Accordingly, the Scheme has been given effect to in these accounts and all assets and liabilities of the Transferor Company stands transferred to and vested in the Transferee Company with effect from the Appointed Date. In accordance with the Scheme of Amalgamation, the assets and liabilities of GHPL have been taken over and recorded at their fair values as on April 1, 2010, as determined by the Board of Directors of GCPL.

c) The book value of net assets of GHPL taken over by the Company on Amalgamation and recorded at fair value are as under:

(₹ in Lac)

Particulars	Book Value	Fair Value
Fixed Assets	4844.61	4844.61
Trademark	-	105500.00
Investments	3084.50	3084.50
Current Assets, Loans and Advances	39172.75	35398.06
Current Liabilities and Provisions	(19411.95)	(19411.95)
Net Assets	27689.91	129415.22

d) In arriving at the fair value of the net assets of GHPL taken over by the Company:

i) Loans and Advances have been reduced by ₹ 3776.83 lac on account of:

a) Restatement of loans given by the erstwhile GHPL to the GHPL ESOP Trust for acquiring shares of Godrej Industries Limited (GIL) granted under an ESOP Scheme to the employees of GHPL. The loans have been restated at the market value of the underlying GIL shares as on April 1, 2010, resulting in a reduction of Loans and Advances by ₹ 2955.14 lac and

b) Reduction in the excise duty refund receivable by GHPL by ₹ 821.69 lac on account of uncertainty of recoverability.

ii) Trademarks have increased by ₹ 105500.00 lac on account of fair valuation of the Goodknight and Hit brands of the erstwhile GHPL as on April 1, 2010. Amortisation of these brands for the year amounting to ₹ 5275.00 lac has been charged directly to General Reserves as per the Scheme.

e) Costs and expenses of amalgamation amounting to ₹ 614.42 lac have been directly debited to General Reserves.

f) Consequently, the following amounts have been adjusted in General Reserve as under:

(₹ in Lac)

i)	General Reserve Account of GHPL	647.80
ii)	Adjustment on account of difference between book value and fair value of assets / liabilities taken over	(3776.83)
ii)	Brand Amortisation for the year	(5275.00)
iv)	Costs and Expenses of Amalgamation	(614.42)
Total Adjustments Pursuant to Scheme of Amalgamation		(9018.45)

g) At the end of each financial year an amount equivalent to ₹ 5275.00 lac being the amortization of brands (recorded pursuant to the amalgamation), is to be directly debited to General Reserves.

h) Since the entire issued, subscribed and paid-up share capital of GHPL was held by the Company, upon the Scheme of Amalgamation becoming effective, no shares of the Company have been allotted in lieu or exchange of its holding in GHPL and the share capital of GHPL stands cancelled.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

i) Had the Scheme not prescribed the above accounting treatment, the balance in Goodwill would have been higher by ₹ 105500.00 lac Trademarks would have been lower by ₹ 105500.00 lac, expenses and provisions would have been higher by ₹ 4391.25 lac Depreciation would have been higher by ₹ 5275.00 lac General Reserve would have been higher by ₹ 9666.25 lac and profit for the year would have been lower by ₹ 9666.25 lac.

j) Since the aforesaid Scheme of amalgamation of GHPL with the Company, which is effective from April 1, 2010, has been given effect to in these accounts, the figures for the current year to that extent are not comparable with those of the previous year.

k) Fair valuation of Trademarks - Goodknight & HIT, ESOP Loan and Excise Receivable has been done to reflect the true and fair value of these assets. Since the amortisation of trademark is on account of fair valuation, hence it has been charged to General Reserve. Since the amalgamation expenses are not incurred in the normal course of business and incurred only on account of amalgamation, hence charged to General Reserve.

5. CONTINGENT LIABILITIES

	Current Year ₹ in Lac	Previous Year ₹ in Lac
a) Claims for excise duties, taxes and other matters:		
i) Excise duty demands aggregating ₹ 185.56 lac (previous year ₹ 93.08 lac) against which the Company has preferred appeals (net of tax).	**123.25**	61.44
ii) Excise duty claims in respect of non-payment of education cess for the period January 2005 to March 2008 at the Guwahati Factory amounting to ₹ 118.27 lac (Previous Year ₹ 118.27 lac) (net of tax).	**78.98**	78.06
iii) Special Value Addition Rate application for excise purpose at Guwahati claimed at a rate higher than the normal rate as per new notification is yet to be granted. The excess special value addition claimed over and above the normal rate amounting to ₹ Nil (previous year ₹ 830.86 lac) has been accounted as recoverable and the same is contingent on the higher rate being granted (net of tax).	**-**	548.45
iv) Sales tax demands aggregating ₹ 2079.93 lac (Previous Year ₹ 168.59 lac) against which the Company has preferred appeals (net of tax).	**1389.02**	111.29
v) Income-tax matters: Demand notices issued by Income-tax Authorities.	**837.44**	2162.96
vi) Other matters - ₹ 300.05 lac (Previous Year ₹ 6.62 lac) (net of tax).	**200.38**	4.37
b) Guarantees issued by banks (secured by bank deposits under lien with the bank ₹ 106.95 lac (Previous Year – ₹ 106.95 lac)	**865.02**	262.74
c) Guarantees amounting to $95 million given by the Company towards loans provided by HSBC to Godrej Consumer Products Mauritius Ltd.	**43021.13**	-
d) Guarantee amounting to $ 365 million given by the Company towards loan provided by Banks to Godrej Consumer Products Holding (Mauritius) Ltd.	**164159.57**	-
e) Guarantee of AED 1.4 million (previous year AED 1.4 million) given by the Company to guarantee principal amount of credit facilities extended by HSBC Bank Middle East Ltd. to Godrej Global Mideast FZE – a wholly owned subsidiary of the Company.	**172.59**	171.69

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

		Current Year ₹ in Lac	Previous Year ₹ in Lac
f)	Guarantee given by the Company to guarantee principal amount of credit facilities extended by the Royal Bank of Scotland to Godrej Hygiene Products Limited – a wholly owned subsidiary of the Company.	**500.00**	300.00
g)	Guarantees of 3 million GBP (Previous Year GBP 3 million) given by the Company for securing loan availed by Godrej Netherlands B.V., a wholly owned subsidiary of the Company.	**-**	2036.05
h)	Guarantee given by the Company to guarantee principal amount of credit facilities extended by Citibank SriLanka and Citibank Bangladesh to Godrej Household Products (Lanka) Private Limited and Godrej Household Products (Bangladesh) Private Limited respectively - wholly owned subsidiaries of the Company.	**756.36**	-
i)	Claims against the Company not acknowledged as debt:		
	Claims by various parties on account of unauthorised, illegal and fraudulent acts by an employee.	**2424.19**	2424.19
	Claims pertaining to litigations filed against the erstwhile Godrej Household Products Limited.	**25.02**	–
j)	Share in Jointly Controlled Entity		
	Guarantees, claims by various employees, distributors, transporters, etc. and Demands raised by statutory authorities.	**-**	1126.76

6. CAPITAL COMMITMENTS

Estimated value of contracts remaining to be executed on capital account to the extent not provided for ₹ 725.47 lac (Previous Year ₹ 42.57 lac). Net of advances amounting to ₹ 670.61 lac (Previous Year ₹ 28.52 lac)

In respect of share in Jointly Controlled entity, estimated amounts of contracts (net of capital advances) remaining to be executed on capital account to the extent not provided for ₹ Nil (Previous Year ₹ 28.16 lac).

7. SHARE CAPITAL

During the year, the Company issued 15,400,100 equity shares of face value ₹ 1 each at a premium of ₹ 344 per equity share to Qualified Institutional Buyers. The pricing was equal to the floor price of ₹ 345 per equity share calculated in accordance with SEBI guidelines. The issue proceeds aggregating to ₹ 53130.34 lac has been utilized to retire debt and for general corporate purpose.

8. SECURED LOANS

a) The Sales Tax Deferment Loan is secured by:

(i) Malanpur location:

a) a first charge by way of equitable mortgage of the immovable properties at Malanpur factory, and

b) hypothecation of movable assets at Malanpur factory, save and except, book debts and subject to charges already created by the Company in favour of the banks for working capital facilities.

(ii) Baddi Location:

Bank guarantee in favour of the sales tax authorities.

b) Bank cash credit, working capital demand loans and guarantees issued by banks are secured by hypothecation of stocks and book debts of the Company.

c) Bank borrowings of Godrej Global Mid East FZE are secured by assignment of insurance policies covering inventory, assets and corporate guarantee from parent company.

d) Bank borrowings of Keyline Brands Limited are secured by a charge on the fixed and current assets of the Company and also by pledge of shares of subsidiary companies.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

e) Godrej Consumer Products Mauritius Limited entered into a facility agreement with The Hong Kong and Shanghai Banking Corporation Limited for the acquisition of Issue and Argencos. The Company has pledged all the shares it owned in Godrej Argentina Dutch Cooperatief U.A.

f) The Company has also entered into a facility agreement with HSBC Bank (Mauritius) Limited for the acquisition of Tura brand and investment in Godrej Nigeria Holdings Limited. The Company has pledged all its shares it owned in Godrej Nigeria Holdings Limited.

g) Godrej Consumer Product Holding (Mauritius) Limited has entered into a facility agreement with various banks for the acquisition of Megasari group and Indovest Capital. The Company has pledged all the shares of Indovest Capital and shares of the Megasari Group.

9. UNSECURED LOANS

a) During the year, the Company had issued 11,000 and redeemed 9,000 zero coupon, unsecured, redeemable, non-convertible debentures on private placement basis. The debentures redeemed were at a premium of ₹ 2013.01 lac at maturity.

b) Unsecured Loans include 2,000 zero coupon, unsecured, redeemable, non-convertible debentures having a face value of ₹ 10 lac each, aggregating to ₹ 20000.00 lac, issued on a Private Placement basis, redeemable in two tranches at a premium, which will yield 10.50% p.a. at maturity. Debentures amounting to ₹ 4500.00 lac are redeemable in December 2011 and the balance, amounting to ₹ 15500.00 lac is redeemable in January 2012.

10. FIXED ASSETS

The Goodnight, HIT, Kinky and Tura brands are being amortised over a period of twenty years. The major influencing factors behind amortising over a period of twenty years are that Kinky brand has been in existence since last forty years. Kinky is the No.2 player in the category. Similarly Goodknight has been in existence since last twenty seven years and been growing at a fast pace. Goodknight has grown by 29% and HIT by 35% during the period under review. Tura is a strong Nigerian brand with more than twenty years of presence in the personal care category.

11. INVESTMENTS

a) During the year the Company completed the acquisition of PT. Megasari Makmur Group in Indonesia with effect from May 17, 2010 and also incorporated Godrej Indonesia Netherlands Holding BV, Netherlands with effect from May 7, 2010 under Godrej Consumer Products Dutch Cooperatief U.A, Netherlands.

b) During the year, the Company completed the acquisition of the balance 51% stake in Godrej Sara Lee Ltd. (subsequently renamed as Godrej Household Products Ltd). Consequently, Godrej Household Products Ltd. became a wholly owned subsidiary of Godrej Consumer Products Limited (GCPL) with effect from May 28, 2010. Subsequently, pursuant to a Scheme of Amalgamation sanctioned by the Hon'ble High Court of Judicature at Bombay, Godrej Household Products Ltd. was amalgamated with Godrej Consumer Products Ltd. on March 31, 2011 (the "Effective Date") with effect from April 1, 2010, ("the Appointed Date").

Godrej Household Products (Lanka) Private Limited and Godrej Household Products (Bangladesh) Private Limited, subsidiaries of the erstwhile Godrej Household Products Ltd., have consequently become subsidiaries of GCPL.

c) During the year, the Company acquired a 100% stake in Laboratoria Cuenca, Consell SA, Issue Uruguay and Issue Brazil (collectively referred to as 'Issue Group') with effect from June 1, 2010 and acquired a 100% stake in Argencos, a mid-sized Argentine hair care company and Panamar Produccioness Srl, with effect from July 8, 2010, through its newly incorporated subsidiaries Godrej Netherlands Argentina Holding B.V., Netherlands and Godrej Netherlands Argentina B.V., Netherlands which were incorporated under Godrej Argentina Dutch Cooperatief UA, Netherlands.

d) The Company completed the acquisition of the worldwide rights of Tura from the Tura Group, Nigeria with effect from June 16, 2010.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

e) During the year, the Company acquired a 100% stake in Naturesse Consumer Care Products Limited (NCCPL) and Essence Consumer Care Products Limited (ECCPL) which own the “Swastik” and “Genteel” brand respectively. The Board of Directors of the Company has approved a Scheme of Amalgamation of these Companies with GCPL subject to the consent of the Hon’ble High Court of Judicature at Bombay and such other necessary approvals and consents. The Appointed Date for the amalgamation is December 3, 2010. NCCPL and ECCPL have filed separate petitions with the Hon’ble High Court of Judicature at Bombay for sanction of the said Scheme. The approval of the Hon’ble High Court is awaited.

As the Appointed Date for the said Scheme is December 3, 2010, on receipt of the approval of the Hon’ble High Court and filing of the same with the Registrar of Companies, the financial statements of GCPL for the year ended March 31, 2011, would be impacted. Fixed Assets (net of depreciation) will increase by ₹ 15.00 lac representing the book value of “Swastik” and “Genteel” brands, the Net Current Assets will increase by ₹ 172.00 lac. The General Reserve will reduce by ₹ 3766.00 lac being the difference between book value of assets and liabilities taken over after giving effect to the adjustments proposed in the said scheme of Amalgamation.

f) During the year the Company incorporated Godrej Mauritius Africa Holdings Limited (w.e.f. March 14, 2011) as its 100% subsidiary which in turn acquired Godrej Weave Holdings Limited on March 14, 2011, as its 100% subsidiary.

12. LOANS AND ADVANCES

The Company has granted a loan amounting to ₹ 5223.56 lac (previous year ₹ 4430.84 lac) (being the maximum amount of loan outstanding during the year) to The Godrej Consumer Products Limited ESOP Trust, a trust set up for administering the Employee Stock Option Plan of the Company set for the employees/ Directors of the Company/ and or the Companies subsidiaries. Out of the above loans, loans aggregating ₹ 2923.56 lac for ESOP is repayable at the end of five years from the date of the loan agreement viz. Five years from March 21, 2008. The repayment of the loan by the trust is dependant on the exercise of options by the employees and/or the market price of the underlying equity shares of the unexercised options at the end of the exercise period.

In respect of the balance loans amounting to ₹ 2300.00 lac which have been granted for the Employee Stock Purchase Plan (GCPL ESPL), the repayment will commence from the date on which the employee exercises the stock grant or after 2 years from the date of vesting, whichever is earlier. In the event the price of the underlying GCPL share fall below the exercise price during/on conclusion of the exercise period, the employee shall compulsorily exercise the shares at cost plus interest.

Under the Scheme of Amalgamation the Company has obtained a new employee stock option scheme ‘Godrej Sara Lee Limited Employees Stock Option Plan’ to eligible employees of the merged Company on terms and conditions as specified in the Scheme. The equity shares of ‘Godrej Industries Limited’ are the underlying equity shares for the stock option scheme. In order to execute the Scheme, an independent Trust has been created with ILFS Trust Company Limited and the erstwhile Godrej Household Products Limited had given an interest bearing loan, which together with interest amounted to ₹ 5940.00 lac to the Trust to execute the scheme. Based on Market conditions the same has been fair valued at ₹ 2984.86 lac shown under the head “Loans and Advances”. The impaired amount of ₹ 2955.14 lac has been adjusted to General Reserve.

13. RIGHTS ISSUE PROCEEDS

Out of the funds raised from the rights issue in 2008-09 amounting to ₹ 39645.75 lac, the Company has, as of March 31, 2011, utilised the entire proceeds towards the objects mentioned in the Rights Offer letter (as amended till date).

14. LEASES

a) The Company has acquired a vehicle under a finance lease. The liability for minimum lease payment is secured by hypothecation of the vehicle acquired under the lease. The minimum lease payments outstanding as on March 31, 2011, in respect of vehicle leased are as under:

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

(₹ in Lac)

Maturity Profile	Total Future Minimum Lease Payments Outstanding as on March 31, 2011	Unmatured Finance Charges	Present Value of Future Minimum Lease Payments
Not later than one year	- *(3.92)*	- *(0.03)*	- *(3.89)*
Later than one year and not later than five years	- *(-)*	- *(-)*	- *(-)*
Later than five years	- *(-)*	- *(-)*	- *(-)*
Total	- *(3.92)*	- *(0.03)*	- *(3.89)*

(Note: Figures for previous year are given in brackets)

b) The Group has also acquired assets under non cancellable operating leases. The liability for minimum lease payment is secured by hypothecation of the assets acquired under the lease. The future minimum lease payments outstanding as on March 31, 2011, in respect of assets leased are as under:

(₹ in Lac)

Maturity Profile	Total Future Minimum Lease Payments Outstanding as on March 31, 2010	Unmatured Finance Charges	Present Value of Future Minimum Lease Payments
Not later than one year	434.58 *(115.67)*	- *(-)*	434.58 *(115.67)*
Later than one year and not later than five years	347.73 *(11.23)*	- *(-)*	347.73 *(11.23)*
Later than five years	139.48 *(138.59)*	- *(-)*	139.48 *(138.59)*
Total	921.80 *(265.49)*	- *(-)*	921.80 *(265.49)*

(Note: Figures for previous year are given in brackets)

c) The details of operating lease in respect of its share in Jointly Controlled Entity is as follows:

(₹ in Lac)

Maturity Profile	Total Future Minimum Lease Payments Outstanding as on March 31, 2010	Unmatured Finance Charges	Present Value of Future Minimum Lease Payments
Not later than one year	- *(50.08)*	- *(-)*	- *(50.08)*
Later than one year and not later than five years	- *(37.22)*	- *(-)*	- *(37.22)*
Later than five years	- -	- *(-)*	- -
Total	- *(87.30)*	- *(-)*	- *(87.30)*

(Note: Figures for previous year are given in brackets)

d) The Company's significant leasing agreements are in respect of operating lease for premises (office, godown, etc.) and computers and the aggregate lease rentals payable, are charged as rent.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

15. HEDGING CONTRACTS

The Company uses forward exchange contracts to hedge its foreign exchange exposure relating to the underlying transactions and firm commitment in accordance with its forex policy as determined by a Forex Committee. The Company does not use foreign exchange forward contracts or commodity futures contracts for trading or speculation purposes. As at March 31, 2011, the Group had 6 (previous year 18) outstanding forward exchange contracts to purchase foreign currency aggregating, to US Dollars 66.10 lac (previous year US Dollars 113.35 lac) at an average rate of ₹ 45.91 per US Dollar (previous year ₹ 46.44 per US Dollar) and Euro Nil (previous year Euro 6.86 lac) at an average rate of ₹ Nil (previous year ₹ 60.19 per Euro). Pursuant to the Scheme of Amalgamation, the Company obtained 3 outstanding forward exchange contracts to sell foreign currency aggregating to US Dollars 0.50 lac at an average rate of ₹ 45.28 per US Dollar and Euro 9.25 lac at an average rate of ₹ 63.84 per Euro have been added to the Company. The uncovered foreign exchange exposure as at March 31, 2011, is as under:

(₹ in Lac)

	Currency Exposure	Current Year	Previous Year
Payable	USD	**22846.13**	105.84
Payable	EURO	**376.88**	-
Payable	GBP	**2.27**	-
Payable	ZAR	**130.55**	10.52
Receivable	USD	**1623.71**	7.94
Receivable	EURO	**1170.24**	-
Other Income Receivable	ZAR	**128.13**	31.17
Loan and Interest Receivable	GBP	**-**	5.02
Advance Against Investments	USD	**-**	0.06
Cash and cash equivalents	USD	**1060.97**	-
Cash and cash equivalents	EURO	**636.56**	-
Cash and cash equivalents	ZAR	**0.06**	-
Bank Borrowings	USD	**(155971.96)**	-
Redeemable convertible preference shares	USD	**(1815.05)**	(1822.40)

16. PROFIT AND LOSS ACCOUNT

a) Exchange differences (net) recognised in the Profit and Loss Account for the year amounted to a gain of ₹ 527.91 lac (previous year ₹ 94.05 lac). The premium in respect of forward exchange contracts to be recognised in subsequent accounting periods is ₹ 35.16 lac (previous year ₹ 38.26 lac

b) Research and Development Expenditure of revenue nature charged to the Profit and Loss Account amounts to ₹ 793.96 lac (previous Year ₹ 715.66 lac).

17. EXCEPTIONAL ITEM

a) Pursuant to Ambipur Manufacturing and Distribution License Termination and Amendment Agreement dated May 28, 2010, entered into between Kiwi European Holdings B.V., Saralee Household & Body Care International B.V. and Godrej Household Products Limited (formerly known as Godrej Sara Lee Limited), the erstwhile Godrej Household Products Ltd. received termination compensation of Euro 70.00 lac (equivalent to ₹ 4030.99 lac) disclosed as an "Exceptional Item" in the Profit and Loss Account.

b) Pursuant to the 'Kiwi Manufacturing and Distribution License – Confirmation and Amendment Agreement dated May 28, 2010, entered into between Kiwi European Holdings B.V., Saralee Household & Body Care International B.V. and Godrej Household Products Limited (formerly known as Godrej Sara Lee Limited), and further pursuant to the letters dated February 9, 2011 and March 24, 2011, the 'Kiwi Manufacturing and Distribution License Agreement' has been terminated effective April 3, 2011 and termination compensation of ₹ 17492.26 lac has been received subsequent to the year end.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

18. EMPLOYEE STOCK OPTION PLAN

a) The shareholders of the Company have approved the setting up of the Godrej Consumer Products Ltd. Employee Stock Option Plan (GCPL ESOP) for the benefit of its eligible employees where by the Company can grant 45,00,000 Stock Options convertible into 45,00,000 equity shares of the nominal value ₹ 1 each to the eligible employees / Directors of the Company and of the Company's subsidiaries.

b) The ESOP Scheme is administered by an independent ESOP Trust created with IL&FS Trust Company Limited which acquires by subscription / purchase or otherwise, the Company's shares equivalent to the number of Options proposed to be granted by the participating companies, as approved by the Compensation Committee.

c) The ESOPS authorized for issue are as under:

i) 2,000,000 Options in the Extra-ordinary General Meeting on March 14, 2007.

ii) 2,500,000 Options in the Extra-ordinary General Meeting on April 28, 2008.

d) The Options granted shall vest in the eligible employees within such period as may be prescribed by the Compensation Committee, which period shall not be less than one year and may extend up to three years from the date of grant of the Option. Vesting may occur in tranches subject to the terms and conditions of vesting. The Option is exercisable within two years after vesting.

e) All unvested Options shall vest in the employees on the date of retirement or at an earlier date as may be decided by the Compensation Committee, subject to the requirement of minimum vesting period and all vested Options should be exercised by the Option Grantee immediately on retirement, but in no event later than six months from the date of such Options Grantee's retirement.

f) The price at which the Option Grantee would convert Options granted into GCPL Shares (i.e. the exercise price) shall be the market price prevailing on the day prior to the day of grant plus interest at such rate not being less than the bank rate then prevailing compoundable on an annual basis for the period commencing from the date of granting of the Option and ending on the date of intimating exercise of the Option to the Company.

g) The employee share based payment plans have been accounted based on the intrinsic value method and no compensation expense has been recognized since the market price of the underlying share at the grant date is the same / less than the exercise price of the option, the intrinsic value therefore is Nil.

Had the fair value method of accounting been used, the employee compensation cost would have been higher by ₹ 1132.64 lac (previous year ₹ 442.75 lac).

h) The Board of Directors in its meeting held on January 22, 2011, had approved an Employee Stock Purchase Plan (GCPL ESPL) which is administered by the GCPL ESOP Trust. Under the plan, the Company provides loans to the GCPL ESOP Trust at an interest rate which is not less than the bank rate, to enable the Trust to acquire up to 1,000,000 shares of the Company from the secondary market. The HR and Compensation Committee had resolved that the surplus shares held by the GCPL ESOP Trust at any point of time for grant of Options under GCPL ESOP be utilized for grant of shares to the employees under the GCPL ESPL within the maximum of 1,000,000 equity shares. Under the plan, 980,000 shares have been granted till March 31, 2011.

The shares granted shall vest on March 30, 2012. Thereafter, within the exercise period of two years, these shares have to be compulsorily acquired from the GCPL ESOP Trust. The exercise price shall be the market price on the day prior to the date of grant plus interest at a rate not less than the bank rate till the date of exercise.

i) The status of the above plans are as under:

	Current Year	Previous Year
Options/Shares Granted	**4,647,000**	3,828,000
Options Vested	**2,810,000**	100,000
Options Exercised	**1,001,500**	100,000
Options Lapsed/Forfeited	**762,000**	619,000
Options Lapsed/Forfeited to be re-granted	**20,000**	275,000
Total Number of Options/Shares Outstanding	**2,883,500**	2,834,000

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

j) Under the Scheme of Amalgamation, the Company has obtained the 'Godrej Sara Lee Limited Employees Stock Option Plan' set up for eligible employees of the erstwhile Godrej Household Products Limited. The equity shares of Godrej Industries Limited (GIL) are the underlying equity shares for the stock option plan. The ESOP Scheme is administered by an independent ESOP Trust created with IL&FS Trust Company Limited. The independent ESOP Trust has purchased shares of GIL from the market against which the options have been granted. The purchases have been financed by loans from the erstwhile Godrej Household Products Limited, which together with interest amounts to ₹ 5940.00 lac. The repayment of the loans granted to the ESOP Trust and interest thereon is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period.

	Current Year	Previous Year
Options Granted	2,129,000	-
Options Vested	-	-
Options Exercised	-	-
Options Lapsed / Forfeited	205,000	-
Options Lapsed / Forfeited to be re-granted	-	-
Total Number of Options Outstanding	1,924,000	-

19. INCENTIVE PLANS

The amount carried forward in notional bank after distribution of PLVR for the financial year 2010-11 is ₹ 667.18 lac as on March 31, 2011 (Previous Year ₹ 525.00 lac). The said amount is not provided in the books of account and is payable in future, if performance so warrants.

20. PROVISION FOR CONTINGENCIES

(₹ in Lac)

Particulars	Current Year	Previous Year
Provision as on April 1, 2010	11.35	-
Additional Provision made	420.98	-
Provision Amount Utilised / Reversed	-	-
Provision as on March 31, 2011	534.48	-

Note:

a) The above provision has come in the books pursuant to the Scheme of Amalgamation with GHPL.

b) The above provision represents estimates made for probable liabilities arising out of pending disputes / litigation with the Sales Tax / Service Tax Authorities. The outflow with regard to the said matters depends on exhaustion of remedies available to the Unit under the law and hence, the Unit is not able to reasonably ascertain the timing of the outflow.

21. EARNINGS PER SHARE

(₹ in Lac)

	Current Year	Previous Year
a) Net Profit After Tax	51470.95	33958.60
b) Number of Equity Shares:		
As at the commencement of the year	308,190,044	256,953,908
Issued during the year	15,400,100	51,236,136
As at the end of the year	323,590,144	308,190,044
Weighted Average Number of Equity Shares during the year:		
Basic	319,466,620	299,627,293
Diluted	319,466,620	299,627,293
c) Earning per Equity Share of ₹ 1/- each		
Before Extraordinary Items:		
Basic and Diluted	16.11	11.33
Including Extraordinary Items:		
Basic and Diluted	16.11	11.33

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

22. EMPLOYEE BENEFITS

a) DEFINED CONTRIBUTION PLAN

Provident Fund:

The Company manages the Provident Fund plan through a Provident Fund Trust for its employees which is permitted under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by the employer and employees and guarantees interest at the rate notified by the Provident Fund authority. The contribution by employer and employee, together with interest, are payable at the time of separation from service or retirement, whichever is earlier.

The post employment benefits of the erstwhile Godrej Household Products Ltd., which was obtained pursuant to the Scheme of Amalgamation, include contributions to the Provident Fund and Superannuation Fund. The contributions to the Provident Fund are made to a Government administered Provident Fund and there are no further obligations beyond making such contribution. The Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company contributes to an Insurance Company and has no further obligation beyond making payment to the insurance company.

b) Defined Benefit Plan

Gratuity:

The Company participates in the Employees' Group Gratuity-cum-Life Assurance Scheme of HDFC Standard Life Insurance Co. Ltd., a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on death or on separation/termination in terms of the provisions of the Payment of Gratuity (Amendment) Act, 1997, or as per the Company's scheme whichever is more beneficial to the employees.

The gratuity scheme of the erstwhile Godrej Household Products Ltd., which was obtained pursuant to the Scheme of Amalgamation, is funded through a Unit Linked Gratuity Plus Scheme with Life Insurance Corporation of India ('LIC') and HDFC Standard Life Insurance Company Limited. The liability for the Defined Benefit Plan is provided on the basis of a valuation, using the Projected Unit Credit Method, as at the Balance Sheet date, carried out by an independent actuary.

c) Basis Used to Determine Expected Rate of Return on Assets:

The expected return on plan assets of 8.25% has been considered based on the current investment pattern in Government securities.

d) The amounts recognised in the Company's financial statements as at the year end are as under:

	Gratuity	
	Current Year ₹ in Lac	Previous Year ₹ in Lac
i) Change in Present Value of Obligation		
Present value of the obligation at the beginning of the year	**1231.49**	743.67
Acquisition of 49% Share in Godrej Sara Lee Ltd. (Now merged with GCPL)	**598.73**	197.31
Liability on transfer of employees from group companies	**-**	4.03
Current Service Cost	**136.24**	78.63
Past Service Cost (Vested Benefit)	**-**	52.70
Interest Cost	**126.61**	74.43
Actuarial (Gain)/Loss on Obligation	**24.52**	168.66
Benefits Paid	**(198.35)**	(87.96)
Present value of the obligation at the end of the year	**1919.24**	1231.49

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

		Gratuity	
		Current Year ₹ in Lac	Previous Year ₹ in Lac
ii)	**Change in Plan Assets**		
	Fair value of Plan Assets at the beginning of the year	**1033.82**	748.01
	Acquisition of 49% Share in Godrej Sara Lee Ltd. (Now merged with GCPL)	**603.34**	199.38
	Expected return on Plan Assets	**110.67**	79.94
	Actuarial Gain/(Loss) on Plan Assets	**(36.80)**	34.66
	Contributions by the Employer	**50.00**	59.78
	Benefits Paid	**(198.35)**	(87.96)
	Fair value of Plan Assets at the end of the year	**1562.68**	1033.82
iii)	**Amounts Recognised in the Balance Sheet:**		
	Present value of Obligation at the end of the year	**1919.24**	1231.49
	Fair value of Plan Assets at the end of the year	**1562.68**	1033.82
	Net Obligation at the end of the year	**356.56**	197.67
iv)	**Amounts Recognised in the statement of Profit and Loss:**		
	Current Service Cost	**136.24**	78.63
	Interest Cost on Obligation	**126.61**	74.43
	Expected return on Plan Assets	**(110.67)**	(79.94)
	Net Actuarial (Gain)/Loss recognised in the year	**63.45**	134.00
	Past Service Cost	**-**	52.70
	Net Cost Included in Personnel Expenses	**215.63**	259.83
v)	**Actual Return on Plan Assets**	**73.87**	**114.60**
vi)	**Estimated contribution to be made in next financial year**	**136.03**	**143.46**
vii)	**Major categories of Plan Assets as a % of total Plan Assets**		
	i) Insurer Managed Funds	**100%**	100%
viii)	**Actuarial Assumptions**		
	i) Discount Rate	**8.25% P.A.**	7.75% to 8.25% P.A.
	ii) Expected Rate of Return on Plan Assets	**8.25% P.A.**	8% to 8.25% P.A.
	iii) Salary Escalation Rate	**5% P.A.**	5% to 7% P.A.
	iv) Employee Turnover	**1% P.A.**	1% to 2% P.A.
	v) Mortality	**L.I.C (1994-96) Ultimate**	

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note: The Employee Benefit details furnished above pertain only to the Indian subsidiaries/joint ventures of the Company. The disclosure of the above details not being mandatory in the respective countries of the foreign subsidiaries, have not been furnished.

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

23. RELATED PARTY DISCLOSURES

A) Related Parties and their Relationship

a) Enterprise having control over reporting enterprise:

i) Godrej & Boyce Mfg. Co. Ltd.

b) Joint Ventures:

i) Godrej Household Products Ltd. (Formerly Godrej Sara Lee Limited)

(Joint Venture from June 1, 2009 up to May 27, 2010. Became a subsidiary of the Company on May 28, 2010 and subsequently was pursuant to the Scheme of Amalgamation with effect from April 1, 2010)

c) Enterprises under common control with whom transactions have taken place during the year:

i) Godrej Industries Limited
ii) Godrej Agrovet Limited
iii) Godrej Hershey Limited
iv) Godrej Infotech Limited
v) Godrej Properties Limited
vi) Godrej International Limited
vii) Wadala Commodities Ltd.
viii) Godrej Oil Palm Limited
ix) Natures Basket Limited

d) Enterprise over which Key Management Personnel exercise significant influence:

i) Godrej Investments Private Limited

e) Key Management Personnel and Relatives:

i)	Mr. Adi Godrej	Chairman
ii)	Mr. Hoshedar K. Press	Vice-Chairman (retired w.e.f. close of April 30, 2010)
iii)	Mr. Dalip Sehgal	Managing Director (till June 30, 2010)
iv)	Mrs. Parmeshwar A. Godrej	Wife of Mr. Adi Godrej
v)	Mr. A. Mahendran	Managing Director (with effect from July 1, 2010)
vi)	Mrs. Mythili Mahendran	Wife of Mr. A. Mahendran
vii)	Mrs. Tanya Dubhash	Daughter of Mr. Adi Godrej
viii)	Ms. Nisaba Godrej	Daughter of Mr. Adi Godrej
ix)	Mr. Pirojsha Godrej	Son of Mr. Adi Godrej
x)	Mr. Nadir B. Godrej	Brother of Mr. Adi Godrej
xi)	Mr. Burjis Godrej	Son of Mr. Nadir Godrej
xii)	Mr. Sohrab Godrej	Son of Mr. Nadir Godrej
(xiii)	Mr. Hormazd Godrej	Son of Mr. Nadir Godrej
(xiv)	Ms. Rati Godrej	Wife of Mr. Nadir Godrej

B) Transactions with Related Parties

(₹ in Lac)

Particulars	Enterprise having control over Reporting Enterprise	Enterprise Under Common Control	Joint Venture Company	Enterprise over which Key Management Personnel Exercise Significant Influence	Relatives of Key Management Personnel	Key Management Personnel	Total
Sale of Goods	**30.91**	**897.03**	**-**	**-**	**-**	**-**	**927.94**
	19.88	*617.91*	*115.16*	*-*	*-*	*-*	*753.35*
Purchase of Materials, Spares	**715.43**	**1645.79**	**-**	**-**	**-**	**-**	**2361.22**
and Capital Equipment	*76.11*	*1178.37*	*-*	*-*	*-*	*-*	*1254.49*
Establishment and Other Expenses	**15.66**	**806.92**	**-**	**-**	**-**	**-**	**822.58**
Paid/(Received)	*10.64*	*695.84*	*36.14*	*-*	*-*	*-*	*742.62*
Loan Given	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	*405.00*	*-*	*-*	*-*	*-*	*405.00*

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

Particulars	Enterprise having control over Reporting Enterprise	Enterprise Under Common Control	Joint Venture Company	Enterprise over which Key Management Personnel Exercise Significant Influence	Relatives of Key Management Personnel	Key Management Personnel	Total
Loan Repaid	-	-	-	-	-	42.86	**42.86**
	-	*405.00*	*-*	*-*	*-*	*-*	*405.00*
Interest Received on Loan	-	-	-	-	-	**24.97**	**24.97**
	-	*6.12*	*-*	*-*	*-*	*-*	*6.12*
Issue of Equity Shares pursuant to scheme of arrangement	-	-	-	-	-	-	-
	302.97	*209.39*	*-*	*-*	*-*	*-*	*512.36*
Dividend Remitted	**5415.64**	**3039.40**	-	-	**353.61**	**6.47**	**8815.12**
	4976.79	*2238.36*	*-*	*-*	*470.66*	*0.46*	*7686.27*
Dividend Received	-	-	-	-	-	-	-
	-	*-*	*1001.07*	*-*	*-*	*-*	*1001.07*
Managerial Remuneration	-	-	-	-	-	**1056.80**	**1056.80**
	-	*-*	*-*	*-*	*-*	*1512.58*	*1512.58*
Lease Rentals paid	-	-	-	-	**195.44**		**195.44**
	-	*-*	*-*	*-*	*129.07*		*129.07*
Outstanding Balances as at year end Receivable	**12.33**	**247.32**	-	-	-	-	**259.62**
	0.69	*45.10*	*9.20*	*-*	*-*	*-*	*54.99*
Payable	**84.35**	**149.78**	-	-	-	**1.26**	**235.39**
	0.56	*42.12*	*18.70*	*-*	*-*	*-*	*61.38*

Note: Figures in italics denote figures for previous year.

C) The Significant Related Party Transactions are as under :

	Name of Party	Current Year (₹ in lac)	Previous Year (₹ in lac)
Sale of Goods			
	Godrej & Boyce Mfg. Co. Ltd.	**30.91**	19.88
	Godrej Industries Ltd.	**866.09**	575.92
	Godrej Agrovet Ltd.	**13.70**	21.93
	Godrej Hershey Ltd.	**17.24**	20.07
	Godrej Household Products Limited (now merged with GCPL)	**-**	155.56
Purchase of Materials, Spares and Capital Equipment			
	Godrej & Boyce Mfg. Co. Ltd.	**715.43**	76.11
	Godrej Industries Ltd.	**1636.96**	1131.68
	Godrej Oil Palm Limited	**8.83**	-
	Godrej Hershey Ltd.	**-**	46.70
Establishment and Other Expenses Paid/(Received)			
	Godrej & Boyce Mfg. Co. Ltd.	**15.66**	10.64
	Godrej Industries Ltd.	**549.59**	696.42
	Godrej Hershey Ltd.	**42.39**	(23.43)
	Godrej Agrovet Ltd.	**91.83**	21.50
	Godrej Infotech Limited	**2.22**	1.35
	Godrej Properties Limited	**120.79**	-
	Natures Basket Limited	**0.10**	-
	Godrej Household Products Limited (now merged with GCPL)	**-**	36.14

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

	Name of Party	Current Year (₹ in lac)	Previous Year (₹ in lac)
Loan Given	Godrej Industries Ltd.	**-**	405.00
Loan Repaid	Godrej Industries Ltd.	**-**	405.00
	A. Mahendran	**42.86**	-
Interest Received on Loan	Godrej Industries Ltd.	**-**	6.12
	A. Mahendran	**24.97**	-
Issue of Equity Shares Pursuant to Scheme of Amalgamation	Godrej & Boyce Mfg. Co. Ltd.	**-**	302.97
	Godrej Industries Ltd.	**-**	209.39
Dividend Remitted	Godrej & Boyce Mfg. Co. Ltd.	**5415.64**	4976.79
	Godrej Industries Ltd.	**3039.40**	2238.36
	Mr. Adi Godrej	**-**	-
	Mr. Hoshedar Press	**-**	0.45
	Mr. A. Mahendran	**6.47**	
	Ms. Parmeshwar Godrej	**-**	14.80
	Mrs. Tanya Dubhash	**58.93**	74.56
	Ms. Nisa Godrej	**58.93**	74.56
	Mr. Pirojsha Godrej	**58.93**	74.56
	Mr. Nadir Godrej	**89.37**	139.60
	Ms. Rati Godrej	**43.72**	46.29
	Mr. Hormazd Godrej	**43.72**	46.29
Managerial Remuneration	Mr. Adi B. Godrej	**319.63**	564.84
	Mr. Hoshedar K. Press	**184.38**	500.17
	Mr. Dalip Sehgal	**76.02**	447.57
	Mr. A. Mahendran	**476.77**	-
Lease Rentals Paid	Ms. Parmeshwar A. Godrej	**159.44**	129.07
	Ms. Mythili Mahendran	**36.00**	-

24. SEGMENTAL INFORMATION

(₹ in Lac)

	Within India		Outside India		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Sales revenue by geographical markets	**225246.33**	205427.36	141013.42	40989.18	366259.75	246416.54
Carrying amount of segment assets	**231754.57**	116066.64	228176.20	38561.83	459930.77	154628.47
Total cost incurred during the year to acquire assets	**5170.79**	7242.65	18142.15	382.33	23312.94	7624.98

25. JOINT VENTURE

Sales includes ₹ Nil (Previous Year ₹ 40884.90 lac) net of Excise Duty ₹ Nil (Previous Year ₹ 1411.80 lac), being share in sales of jointly controlled entity. Figures for the previous year pertain to Godrej Sara Lee Ltd., (now merged with Godrej Consumer Products Limited)

26. GENERAL

a) Other information required by Schedule VI to the Companies Act, 1956, has been given only to the extent applicable.

b) Figures for the previous year have been regrouped/restated wherever necessary to conform to current year's presentation.

Details of subsidairies as required under General Circular No 2/2011 of Government of India, Ministry of Company Affairs, pusuant to Section 212 of the Companies Act, 1956

All figures in Lac

Sr. No	Name of the Subsidiary	Period	Currency	Exchange Rate-1 unit of Foreign Currency=INR	Capital	Reserves & Surplus	Total Assets	Total Liabilities	Details of Investment*	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend and tax thereon
1	Godrej Household Products Lanka Pvt Ltd	01-04-2010 to	LKR		2,314.63	186.06	4,201.41	4,201.41	-	6,649.93	1,073.26	561.59	511.67	-
		31-03-2011	INR	0.412	953.16	76.62	1,730.14	1,730.14	-	2,738.44	441.97	231.26	210.71	-
2	Godrej Household Products Bangladesh Pvt Ltd	01-04-2010 to	Taka		958.55	(172.68)	2,353.78	2,353.78	-	5,766.12	517.98	-	517.98	-
		31-03-2011	INR	0.636	610.02	(109.90)	1,497.95	1,497.95	-	3,669.56	329.64	-	329.64	-
3	Godrej Consumer Products Bangladesh Ltd	13-04-2010 to	Taka		0.00	5.74	5.74	5.74	-	-	-	-	-	-
		31-03-2011	INR	0.636	0.00	3.65	3.65	3.65	-	-	-	-	-	-
4	Godrej Netherlands B.V.	01-04-2010 to	USD		0.26	13.26	14.01	14.01	-	-	(0.84)	-	(0.84)	-
		31-03-2011	INR	45.285	11.59	600.32	634.28	634.28	-	-	(37.98)	-	(37.98)	-
5	Godrej Consumer Products (UK) Ltd.	01-04-2010 to	GBP		50.00	121.66	171.75	171.75	-	-	21.97	0.06	21.91	-
		31-03-2011	INR	72.599	3,629.97	8,832.22	12,468.75	12,468.75	-	-	1,594.84	4.21	1,590.62	-
6	Keyline Brands Limited	01-04-2010 to	GBP		0.29	42.20	162.12	162.12	-	240.33	19.45	5.36	14.09	-
		31-03-2011	INR	72.599	21.17	3,063.68	11,770.14	11,770.14	-	17,447.62	1,411.72	388.99	1,022.73	-
7	Inecto Manufacturing Limited	01-04-2010 to	GBP		0.00	-	0.00	0.00	-	-	0.05	-	0.05	-
		31-03-2011	INR	72.599	0.07	-	0.07	0.07	-	-	3.27	-	3.27	-
8	Rapidol (Pty) Ltd.	01-04-2010 to	ZAR		180.50	658.59	1,002.05	1,002.05	-	1,235.67	261.78	73.30	188.48	-
		31-03-2011	INR	6.615	1,194.06	4,356.77	6,628.84	6,628.84	-	8,174.30	1,731.74	484.90	1,246.85	-
9	Godrej Global MidEast FZE	01-04-2010 to	AED		45.86	(23.15)	48.45	48.45	-	132.26	5.17	-	5.17	-
		31-03-2011	INR	12.328	565.38	(285.39)	597.29	597.29	-	1,630.52	63.68	-	63.68	-
10	Godrej Consumer Products Mauritius Ltd	01-04-2010 to	USD		431.06	(36.71)	1,129.56	1,129.56	-	4.66	(9.32)	-	(9.32)	-
		31-03-2011	INR	45.285	19,520.55	(1,662.47)	51,152.58	51,152.58	-	210.88	(422.12)	-	(422.12)	-
11	Godrej Kinky Holdings Ltd.	01-04-2010 to	USD		334.96	(0.54)	334.46	334.46	-	-	(0.16)	-	(0.16)	-
		31-03-2011	INR	45.285	15,168.63	(24.54)	15,146.26	15,146.26	-	-	(7.42)	-	(7.42)	-
12	Kinky Group Pty Ltd	01-04-2010 to	ZAR		0.03	1,238.74	1,387.45	1,387.45	-	1,080.57	56.91	15.94	40.98	-
		31-03-2011	INR	6.615	0.20	8,194.63	9,178.42	9,178.42	-	7,148.28	376.50	105.42	271.08	-
13	Godrej Hygiene Products Ltd	01-04-2010 to 31-03-2011	INR		260.00	14.14	1,896.40	1,896.40	-	1,555.34	59.25	-	59.25	-
14	Godrej Consumer Products Holding (Mauritius) Ltd	01-04-2010 to	USD		428.96	2.85	3,402.33	3,402.33	-	80.88	11.65	0.44	11.21	-
		31-03-2011	INR	45.285	19,425.55	129.02	154,075.89	154,075.89	-	3,662.86	527.36	19.77	507.60	-
15	Godrej Nigiera Holdings Ltd	01-04-2010 to	USD		286.45	(4.65)	281.86	281.86	-	-	(0.36)	-	(0.36)	-
		31-03-2011	INR	45.285	12,972.00	(210.57)	12,764.20	12,764.20	-	-	(16.46)	-	(16.46)	-
16	Godrej Nigeria Ltd	16-06-2010 to	Naira		4,140.66	(487.02)	5,568.58	5,568.58	-	9,262.33	(610.70)	(123.67)	(487.02)	-
		31-03-2011	INR	0.290	1,199.96	(141.14)	1,613.77	1,613.77	-	2,684.22	(176.98)	(35.84)	(141.14)	-
17	Godrej Consumer Products Dutch Cooperatief U.A	01-04-2010 to	USD		428.63	0.19	909.46	909.46	-	31.27	0.19	-	0.19	-
		31-03-2011	INR	45.285	19,410.89	8.54	41,185.45	41,185.45	-	1,415.91	8.54	-	8.54	-
18	Godrej Consumer Holdings (Netherlands) B.V	01-04-2010 to	USD		363.50	(0.49)	363.10	363.10	-	-	(0.46)	-	(0.46)	-
		31-03-2011	INR	45.285	16,461.10	(21.97)	16,442.96	16,442.96	-	-	(20.70)	-	(20.70)	-
19	Godrej Consumer Products (Netherlands) B.V	01-04-2010 to	USD		14.38	(0.87)	14.01	14.01	-	-	(0.84)	-	(0.84)	-
		31-03-2011	INR	45.285	651.15	(39.25)	634.28	634.28	-	-	(37.98)	-	(37.98)	-
20	Godrej Indonesia Netherlands Holding BV	07-05-2010 t0	USD		50.34	4.30	535.97	535.97	-	35.91	4.33	-	4.33	-
		31-03-2011	INR	45.285	2,279.57	194.64	24,271.77	24,271.77	-	1,626.34	195.91	-	195.91	-
21	PT Megasari Makmur	17-05-2010 to	IDR		17,500.00	1,266,402.49	6,466,457.24	6,466,457.24	-	9,423,292.17	879,903.00	176,452.12	703,450.88	-
		31-03-2011	INR	0.005	91.00	6,585.29	33,625.58	33,625.58	-	49,001.12	4,575.50	917.55	3,657.94	-
22	PT Simba Indosnack Makmur	17-05-2010 to	IDR		70,000.00	(70,326.57)	1,092,970.04	1,092,970.04	-	1,623,243.07	20,627.78	657.64	19,970.14	-
		31-03-2011	INR	0.005	364.00	(365.70)	5,683.44	5,683.44	-	8,440.86	107.26	3.42	103.84	-

Details of subsidiaries as required under General Circular No 2/2011 of Government of India, Ministry of Company Affairs, pusuant to Section 212 of the Companies Act, 1956

All figures in Lac

Sr. No	Name of the Subsidiary	Period	Currency	Exchange Rate-1 unit of Foreign Currency=INR	Capital	Reserves & Surplus	Total Assets	Total Liabilities	Details of Investment*	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend and tax thereon
23	PT Ekamas Sarijaya	17-05-2010 to	IDR		25,000.00	8,266.95	299,509.11	299,509.11	-	342,597.35	27,096.91	5,228.57	21,868.35	-
		31-03-2011	INR	0.005	130.00	42.99	1,557.45	1,557.45	-	1,781.51	140.90	27.19	113.72	-
24	P T Sarico Indah	17-05-2010 to	IDR		25,561.07	45,434.79	174,011.15	174,011.15	-	154,516.66	38,810.36	8,321.47	30,488.90	-
		31-03-2011	INR	0.005	132.92	236.26	904.86	904.86	-	803.49	201.81	43.27	158.54	-
25	P T Indomas Susemi Jaya	17-05-2010 to	IDR		17,600.00	248,381.84	398,531.81	398,531.81	-	374,533.40	98,955.56	22,351.75	76,603.82	-
		31-03-2011	INR	0.005	91.52	1,291.59	2,072.37	2,072.37	-	1,947.57	514.57	116.23	398.34	-
26	P T Intrasari Raya	17-05-2010 to	IDR		10,000.00	173,104.47	4,271,257.21	4,271,257.21	-	12,520,301.98	59,570.65	12,745.89	46,824.76	-
		31-03-2011	INR	0.005	52.00	900.14	22,210.54	22,210.54	-	65,105.57	309.77	66.28	243.49	-
27	Godrej Argentina Dutch Cooperatief U.A	13-04-2010 to	USD		437.57	(0.52)	441.07	441.07	-	0.34	(0.52)	-	(0.52)	-
		31-03-2011	INR	45.285	19,815.51	(23.36)	19,974.17	19,974.17	-	15.37	(23.36)	-	(23.36)	-
28	Laboratoria Cuenca S.A	01-06-2010 to	ARS		74.92	9.85	745.40	745.40	-	1,051.83	58.60	34.78	23.82	-
		31-03-2011	INR	11.19	838.35	110.26	8,341.04	8,341.04	-	11,769.98	655.75	389.21	266.54	-
29	Issue Group Uruguay S.A	01-06-2010 to	Urug Peso		4.00	84.66	271.55	271.55	-	734.12	42.19	10.44	31.76	-
		31-03-2011	INR	2.301	9.20	194.76	624.69	624.69	-	1,688.84	97.06	24.01	73.05	-
30	Deciral S.A	01-06-2010 to	Urug Peso		165.00	91.34	366.26	366.26	-	349.01	42.28	10.82	31.46	-
		31-03-2011	INR	2.301	379.58	210.12	842.57	842.57	-	802.89	97.26	24.89	72.37	-
31	Issue Group Brasil Ltd	01-06-2010 to	Reales		22.50	(46.26)	159.24	159.24	-	8.72	(11.28)	-	(11.28)	-
		31-03-2011	INR	27.506	618.78	(1,272.33)	4,380.22	4,380.22	-	239.75	(310.26)	-	(310.26)	-
32	Consell S.A	01-06-2010 to	ARS		29.00	(4.84)	76.39	76.39	-	141.26	73.05	0.78	73.83	-
		31-03-2011	INR	11.19	324.51	(54.16)	854.84	854.84	-	1,580.72	817.40	8.75	826.15	-
33	Indovest Capital Ltd.	17-05-2010 to	USD		0.00	13.73	14.03	14.03	-	42.85	42.58	0.10	42.48	-
		31-03-2011	INR	45.285	0.09	621.76	635.37	635.37	-	1,940.27	1,928.17	4.44	1,923.73	-
34	Godrej Netherlands Argentina Holding B.V	23-04-2010 to	USD		40.78	(0.35)	44.01	44.01	-	-	(0.32)	-	(0.32)	-
		31-03-2011	INR	45.285	1,846.90	(15.77)	1,992.85	1,992.85	-	-	(14.51)	-	(14.51)	-
35	Godrej Netherlands Argentina B.V	23-04-2010 to	USD		396.49	(0.60)	463.10	463.10	-	4.43	(0.58)	-	(0.58)	-
		31-03-2011	INR	45.285	17,955.14	(27.34)	20,971.50	20,971.50	-	200.76	(26.07)	-	(26.07)	-
36	Argencos S.A	08-07-2010 to	ARS		18.50	171.45	435.59	435.59	-	448.39	38.53	5.27	33.26	-
		31-03-2011	INR	11.19	207.02	1,918.52	4,874.28	4,874.28	-	5,017.50	431.13	58.93	372.20	-
37	Panamar Produccioness Srl	08-07-2010 to	ARS		5.31	89.98	95.62	95.62	-	-	11.52	-	11.52	-
		31-03-2011	INR	11.19	59.42	1,006.88	1,070.03	1,070.03	-	-	128.91	-	128.91	-
38	Essence Consumer Care Products Private Limited	03-12-2010 to 31-03-2011	INR		152.00	2.28	162.54	162.54	-	4.44	4.27	-	4.27	-
39	Naturesse Consumer Care Products Private Limited	03-12-2010 to 31-03-2011	INR		35.00	2.26	37.59	37.59	-	2.26	0.48	-	0.48	-
40	Godrej Mauritius Africa Holdings Limited	14-03-2011 to	USD		0.00	(0.07)	0.01	0.01	-	-	(0.07)	-	(0.07)	-
		31-03-2011	INR	45.285	0.00	(3.03)	0.23	0.23	-	-	(3.03)	-	(3.03)	-
41	Godrej Weave Holdings Limited	14-03-2011 to	USD		0.00	(0.07)	0.01	0.01	-	-	(0.07)	-	(0.07)	-
		31-03-2011	INR	45.285	0.00	(3.03)	0.23	0.23	-	-	(3.03)	-	(3.03)	-

*Excluding investment in subsidiaries

Note: 1) The financial statement of the foreign subsidiaries have been converted into Indian Rupees at exchange rate as on March 31, 2011

2) All the above companies are wholly owned subsidiaries of the Company directly or through one or more wholly owned subsidiaries

3) "-" indicates figures are less than 0.01 lac

Godrej Consumer Products Limited

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eleventh ANNUAL GENERAL MEETING of the members of GODREJ CONSUMER PRODUCTS LIMITED will be held on Saturday, July 23, 2011 at 3.30 p.m. at Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2011, the Balance Sheet as at that date, the Auditors' Report thereon and the Directors' Report;
2. To declare a dividend on equity shares;
3. To appoint a Director in place of Dr. Omkar Goswami, who retires by rotation and being eligible, offers himself for reappointment;
4. To appoint a Director in place of Mr. Jamshyd Godrej who retires by rotation and being eligible, offers himself for reappointment;
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to authorise the Board of Directors of the Company to fix their remuneration. M/s. Kalyaniwalla & Mistry, Chartered Accountants (Firm Registration No. 104607W), the retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS

6. **To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

   RESOLVED that subject to the provisions of Section 257 and other applicable provisions of the Companies Act 1956, if any, Ms. Tanya Dubash, who was appointed as an Additional Director of the Company with effect from May 2, 2011 by the Board of Directors and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 along with a deposit of ₹ 500/- from a member proposing her candidature for the office of a Director, be and is hereby appointed as a Director of the Company.

7. **To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

   RESOLVED that subject to the provisions of Section 257 and other applicable provisions of the Companies Act, 1956, if any, Ms. Nisaba Godrej, who was appointed as an Additional Director of the Company with effect from May 2, 2011 by the Board of Directors and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice on May 2, 2011 under Section 257 of the Companies Act, 1956 along with a deposit of ₹ 500/- from a member proposing her candidature for the office of a Director, be and is hereby appointed as a Director of the Company.

8. **To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

   RESOLVED that subject to the provisions of Section 257 and other applicable provisions of the Companies Act 1956, if any, Mr. Narendra Ambwani, who was appointed as an Additional Director of the Company with effect from May 2, 2011 by the Board of Directors and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice on May 2, 2011 under Section 257 of the Companies Act, 1956 along with a deposit of ₹ 500/- from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.

9. **To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

   RESOLVED that subject to the provisions of Section 257 and other applicable provisions of the Companies Act 1956, if any, Mr. Shyamsunder Jaipuria, in respect of whom the Company has received a notice on May 9, 2011 under Section 257 of the Companies Act, 1956 along with a deposit of ₹ 500/- and proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.

By Order of the Board of Directors

P. Ganesh
Executive Vice President (Finance & Commercial) &
Company Secretary

Mumbai, June 10, 2011

Registered Office:
Pirojshanagar, Eastern Express Highway,
Vikhroli (East), Mumbai 400 079

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy so appointed shall not have any right to speak at the meeting.

2. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.

3. Members are requested to send in their queries at least a week in advance to the Company Secretary at the Registered Office of the Company to facilitate clarifications during the meeting.

4. Unclaimed Dividends pertaining to the financial years 2004-05 and 2005-06 will be transferred to the 'Investor Education and Protection Fund' of the Central Government, pursuant to Section 205C of the Companies Act, 1956 on the dates mentioned below. Those Members who have so far not encashed these dividend warrants or dividend warrants for financial years 2006-07 and onwards, may claim or approach our Registrars viz. Computech Sharecap Ltd., 147, M. G. Road, Fort, Mumbai 400 001 (e-mail: gcpl@computechsharecap.com) or the Company for the payment thereof.

   Please note that as per Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the aforesaid Fund in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the date the dividend became due for payment and no payment shall be made in respect of such claims.

Dividend Period	Due date for transfer
First Interim 2004-05 paid in July 2004	27-08-2011
Second Interim 2004-05 paid in November 2004	02-12-2011
Third Interim 2004-05 paid in February 2005	27-02-2012
Fourth Interim 2004-05 paid in May 2005	03-06-2012
First Interim 2005-06 paid in August 2005	27-08-2012
Second Interim 2005-06 paid in November 2005	26-11-2012
Third Interim 2005-06 paid in February 2006	26-02-2013
Fourth Interim 2005-06 paid in May 2006	01-06-2013

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM 6

The Board of Directors at its meeting held on May 2, 2011 appointed Ms. Tanya Dubash as an Additional Director on the Board of the Company.

Ms. Tanya Dubash holds office upto the date of the Annual General Meeting. The Company has received on May 2, 2011, a notice from a member under Section 257 of the Companies Act, 1956 to propose the candidature of Ms. Tanya Dubash as a Director of the Company.

Profile of Ms. Tanya Dubash

"Tanya Dubash, aged 42 years, is Executive Director and President of Marketing for the Godrej Group. Tanya is charged with boosting value of the Godrej brand and evolving the Group to a more brand driven organization. She led the successful relaunch of the Godrej Brand (one of the most successful relaunches of a Group brand ever in India). Tanya heads the Strategic Marketing Group (SMG) that guides the Godrej Masterbrand and portfolio strategy. She has been closely involved in designing the strategy of GCPL's portfolio of brands. Tanya also heads Corporate Communications and Media for the Group. She also oversees Godrej Natures Basket, a gourmet food retailing chain. Tanya is a graduate in Economics and Political Science from Brown University, USA. She is an alumnus of the Harvard Business School having done the Advance Management Program there. She was recognized by the World Economic Forum as a Global Young Leader in 2008."

Ms. Tanya Dubash holds 1,370,990 (0.42%) shares in the Company as on the date of this notice.

The details of directorships held by Ms. Tanya Dubash is given in the corporate governance section of the Annual Report of the Company for 2010-11.

The Board is of the opinion that the Company will benefit from her professional expertise and rich experience. The Board recommends the resolution to the members for their acceptance.

Ms. Tanya Dubash is concerned or interested in the resolution. Mr. Adi Godrej being the father of Ms. Tanya Dubash and Ms. Nisaba Godrej, being the sister of Ms. Tanya Dubash are also concerned or interested in the resolution.

None of the other Directors is concerned or interested in the resolution.

ITEM 7

The Board of Directors at its meeting held on May 2, 2011 appointed Ms Nisaba Godrej as an Additional Director on the Board of the Company.

Ms Nisaba Godrej holds office upto the date of the Annual General Meeting. The Company has received on May 2, 2011, a notice from a member under Section 257 of the Companies Act, 1956 to propose the candidature of Ms. Nisaba Godrej as a Director of the Company.

Profile of Ms. Nisaba Godrej

"Ms. Nisaba Godrej, aged 33 years, is the President, Human Capital and Innovation for Godrej Industries and associate companies. She is responsible for driving the Group's transformation efforts including efforts to attract younger talent and make the culture more agile and innovative. Nisaba recently instituted a design and innovation cell to work with the Groups' different business units. In particular, she has been working very closely with the Godrej Consumer Products team on their innovation strategy. Nisaba's previous assignments within the Godrej Group have included the successful turnaround of Godrej Agrovet. She also led the creation of a strategy cell and worked on defining the FMCG strategy for the Group. Nisaba oversees the Group's CSR strategy and is the point person for the operations of the Godrej Family Council. Nisaba has a B.Sc. degree from The Wharton School, University of Pennsylvania and an MBA from the Harvard Business School."

Ms. Nisaba Godrej holds 1,370,999 (0.42%) shares in the Company as on the date of this notice.

The details of directorships held by Ms. Nisaba Godrej is given in the corporate governance section of the Annual Report of the Company for 2010-11.

The Board is of the opinion that the Company will benefit from her professional expertise and rich experience. The Board recommends the resolution to the members for their acceptance.

Ms. Nisaba Godrej is concerned or interested in the resolution. Mr. Adi Godrej being the father of Ms. Nisaba Godrej and Ms. Tanya Dubash, being the sister of Ms. Nisaba Godrej are also concerned or interested in the resolution.

None of the other Directors is concerned or interested in the resolution.

ITEM 8

The Board of Directors at its meeting held on May 2, 2011 appointed Mr. Narendra Ambwani as an Additional Director on the Board of the Company.

Mr. Narendra Ambwani holds office upto the date of the Annual General Meeting. The Company has received on May 2, 2011 a notice from a member under Section 257 of the Companies Act, 1956 to propose the candidature of Mr. Narendra Ambwani as a Director of the Company.

Profile of Mr. Narendra Ambwani

'"Mr. Narendra Ambwani, aged 62 years, is a professionally trained executive coach and business advisor. He brings with him experience of over 34 years of work with renowned multi-national Johnson & Johnson. He was Managing Director in Indonesia for 5 years followed by appointment as MD in India in 1995. He completed his corporate career in April 2009. Narendra serves on boards of leading corporates in India and acts as business strategy advisor."

Mr. Narendra Ambwani holds 1000(< 0.01%) shares in the Company as on the date of this notice.

The details of directorships held by Mr. Narendra Ambwani is given in the corporate governance section of the Annual Report of the Company for 2010-11.

The Board is of the opinion that the Company will benefit from his professional expertise and rich experience. The Board recommends the resolution to the members for their acceptance.

None of the Directors except Mr. Narendra Ambwani is concerned or interested in the resolution.

ITEM 9

Pursuant to the provisions of Section 257 of the Companies Act, 1956, the Company has received on May 9, 2011 a notice dated May 3, 2011, from a shareholder viz. Mr. Shyamsunder Jaipuria proposing his candidature for appointment as a Director of the Company. Mr. Jaipuria holds 120 shares in the Company.

It may be noted that if the resolutions mentioned in items 6, 7 and 8, which have already been approved by the Board of Directors on May 2, 2011 for inclusion in the notice of annual general meeting (AGM) are approved by the shareholders at the AGM, the strength of the Board would stand at the maximum prescribed limit of 12 Directors as per Article 115 of the Articles of Association of the Company with no room for any further appointment (including the appointment proposed in resolution no. 9) unless Article 115 of the Articles of Association of the Company is amended to increase the maximum number above 12 and also approval of the Central Government is obtained for the increase.

Therefore in the event the appointment of Mr. Jaipuria as Director is approved, the Board will take necessary steps to amend Article 115 of the Articles of Association to increase the maximum strength of the Board to atleast 13 or such other number as may be deemed fit and the appointment will take effect only after the said Article 115 of the Articles of Association of the Company is amended and the Central Government approval is received for the increase in the maximum Board strength beyond 12.

None of the Directors is concerned or interested in the resolution.

By Order of the Board of Directors

P. Ganesh
Executive Vice President (Finance & Commercial) &
Company Secretary

Mumbai, June 10, 2011

Registered Office:
Pirojshanagar, Eastern Express Highway,
Vikhroli (East), Mumbai 400 079

Godrej Consumer Products Limited

Registered Office : Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai – 400 079.

ATTENDANCE SLIP

Folio No. ....

Client/DP ID No. ....

I hereby record my presence at the ELEVENTH ANNUAL GENERAL MEETING of the Company to be held at Y.B. Chavan Centre, Nariman Point, Mumbai - 400 021 on Saturday, July 23, 2011 at 3.30 p.m.

.... Name of attending Member/Proxy

.... Member's/Proxy's Signature (To be signed at the time of handing over this slip)

Notes :

1. Shareholder/Proxyholder wishing to attend the Meeting must bring the Attendance Slip to the Meeting and hand-over at the entrance duly signed.
2. Shareholder/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.

Godrej Consumer Products Limited

Registered Office : Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai – 400 079.

PROXY FORM

Folio No. ....

Client/DP ID No. ....

I/We ....

of...being a member/

members of the abovementioned Company, hereby appoint ....

or failing him.. as my/our proxy to vote for me/us on my/our behalf at the ELEVENTH ANNUAL GENERAL MEETING of the Company to be held on Saturday, July 23, 2011 at 3.30 p.m. and at any adjournment thereof. This form is to be used in favour of the resolution(s).. /against the resolution/s.. Unless otherwise instructed the proxy will act as he thinks fit.

Signed this ....day of.................................2011.

Affix Re 1/- Revenue Stamp

Signature...

Note : Proxy Forms must reach the Company's Registered Office not less than 48 hours before the Meeting.

Godrej Consumer Products Limited

Registered Office:
Pirojshanagar,
Eastern Express Highway,
Vikhroli (East), Mumbai - 400 079.
Phone: 022 - 25188010, 25188020, 25188030
Fax: 022 - 25188040
website: http:\\www.godrejcp.com

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GUWAHATI, ASSAM	KARAIKAL, TAMIL NADU	

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