

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

*Industry growth and market share
figures are based on AC Nielsen
data, unless otherwise specified*

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Directors' Report and Management Discussion & Analysis

Your Directors have pleasure in presenting their Report along with the Audited Accounts for the year ended on March 31, 2014.

1. Financial Highlights and Review of Operations

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

Figures in ₹ Crore

Financials	Consolidated		Standalone	
	FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13
Abridged Profit and Loss Statement				
Sales (Net of Excise Duty)	7582.57	6399.65	4024.74	3520.93
Other Operating Income	19.84	16.65	55.10	60.09
Total Income from Operations	7602.41	6416.30	4079.84	3581.02
Total Expenses other than Depreciation & Finance Cost	6425.32	5401.14	3326.87	2938.94
Profit from Operations before Other Income, Finance Cost & Exceptional Items & Depreciation	1177.09	1015.16	752.97	642.08
Depreciation	81.85	77.00	35.52	32.27
Profit from Operations before Other Income, Finance Cost & Exceptional Items	1095.24	938.16	717.45	609.81
Foreign Exchange Gain / (Loss)	(26.78)	(32.78)	(5.94)	(12.01)
Other Income	62.71	67.78	40.00	50.65
Profit before Finance Costs and Exceptional Items	1131.17	973.16	751.51	648.45
Finance Cost	107.37	77.45	38.52	15.49
Profit after Finance Costs but before Exceptional Items	1023.80	895.71	712.99	632.96
Exceptional Items	5.87	128.90	0.00	0.00
Profit Before Tax	1029.67	1024.61	712.99	632.96
Tax Expense	210.37	179.18	148.15	122.02
Net Profit after Tax before Minority Interest	819.30	845.43	564.84	510.94
Share of Profit in Associate Company	(0.05)	-	-	-
Minority Interest	(59.52)	(49.33)	-	-
Net Profit for the period	759.73	796.10	564.84	510.94

2. Appropriation

Your Directors recommend appropriation as under:

₹ Crore

GCPL Standalone	FY 2013-14	FY 2012-13
Surplus as at end of previous year	1010.09	769.82
Add: Net Profit for the year	564.84	510.94
Available for appropriation	1574.93	1280.76
Less: Transfer to DRR	23.53	21.25
Less: Interim Dividend	178.70	170.16
Less: Tax on distributed profits	30.37	28.13
Less: Addition on amalgamation of Godrej Hygiene Products Ltd.	15.50	-
Less: Transfer to General Reserve	56.50	51.13
Total Appropriation	304.60	270.67
Surplus Carried Forward	1270.33	1010.09

3. Dividend

For the year 2013-14, three interim dividends were declared on shares of face value ₹ 1/- each – as follows: ₹ 1/- per equity share on August 3, 2013, ₹ 1/- per equity share on November 11, 2013 and ₹ 1/- per equity share on January 31, 2014.

In addition to the above, the Board of Directors has also declared a fourth interim dividend on April 28, 2014 at the rate of ₹ 2.25/- per equity share on shares of face value ₹ 1/- each. The record date for the same has been fixed as May 7, 2014.

Your Directors recommend that the aforesaid interim dividends aggregating to ₹ 5.25/- per equity share on shares of face value ₹ 1/- each be declared as final dividend for the year ended on March 31, 2014.

4. Non-Convertible Debentures

The Unsecured Redeemable Zero Coupon Non-Convertible Debentures issued in October 2012 on private placement basis aggregating to ₹ 250 crore for a tenor of two years is outstanding as at the year-end and is due for redemption in October 2014. The said Debentures have a credit rating of [ICRA] AA (Stable).

The Unsecured Non-Convertible Debentures of ₹ 50 crore issued in April 2012 on a private placement basis was redeemed by your company in October 2013 on its maturity at the end of 18 months as per the terms of the issue.

5. Subsidiaries & Associates

During the year, your Company acquired balance 49% stake in the Nigeria business of Darling Group and additional 4.63% stake in the South Africa and Mozambique business of the Darling group through Godrej Mauritius Africa Holdings Ltd., a wholly owned subsidiary of your Company.

Your Company entered into an agreement on October 7, 2013, to acquire a 30% stake in Bhabani Blunt Hair Dressing Private limited (b:blunt), a premier hair salon company with one of the strongest consumer franchises in this space.

Pursuant to a Scheme of Amalgamation (“the Scheme”), sanctioned by a Dutch Court, vide its Order dated October 28, 2013, Godrej Indonesia Netherlands Holding B.V. (GINBV) has been merged with Godrej Consumer Holdings (Netherlands) B.V. (GCHNBV) with effect from September 30, 2013.

During the year, Godrej Hygiene Products (GHPL) has merged into your Company with effect from September 7, 2013 pursuant to a scheme of amalgamation sanctioned by the Honorable High Court of Judicature at Bombay vide its order dated August 12, 2013. The appointed date for the scheme was April 1, 2013.

The details of business of the key subsidiaries are given in the Management Discussion and Analysis section of the Directors’ Report. 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, 2014.

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 Annual Report also.

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.

6. Management Discussion and Analysis

In order to avoid duplication between the Directors Report and Management Discussion and Analysis, your Directors give below a composite summary of the various business and functions of the Company.

Overview

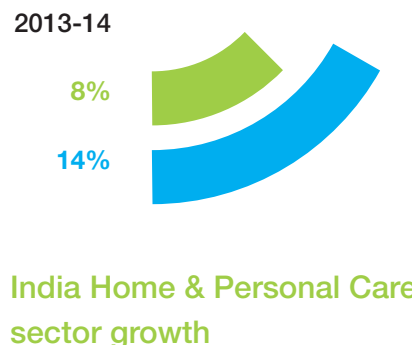
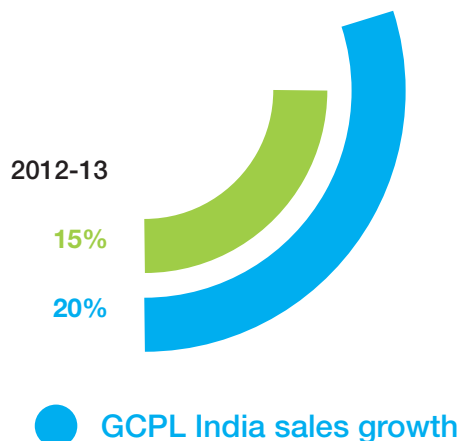
Macro Economic Environment

Over the last year, India's economic risks have been intensified by slowing economic growth, political logjams, high consumer price inflation, a depreciating currency and fluctuating equity markets. Growth rates over the last three years more than halved. Interest rate hikes translated into capital investment and growth in manufacturing and services becoming sluggish. We were however fortunate to have a good monsoon that helped agricultural output. The fast drop in the rupee too was checked by intervening measures by the RBI.

There have been some positive movements in reaching a consensus on the introduction of the Goods & Services Tax, which will create a unified market in India and make it easier to do business across the country, thereby having a significant upside to the investment climate and overall growth. This and other policy reforms will be needed to lift the economy out of the current slowdown.

FMCG Sector

Consequent to the turbulent macro economic scenario, the FMCG sector registered a marked slowdown this year. Consumer sentiment took a hit in the wake of decelerating GDP growth and high food inflation. While the pace of economic recovery remains uncertain, we are hopeful that consumer sentiment will become more positive and we will see better growth in the sector in the year ahead. The fundamentals of this sector continue to remain strong and we are confident of the growth potential of many categories, given their low penetration and consumption rates. Pro-growth initiatives by the new government will be greatly beneficial.



GCPL's Performance in FY 2013-14

Strong track record of performance

Consolidated Net Sales grew by 18% to ₹ 7,583 crore

Continue to invest strongly in our brands

Advertisement & sales promotion increased by 24%

EBITDA grew by 16% to ₹ 1,177 crore

Profit After Tax (adjusted for exceptionals) grew by 13% to ₹ 754 crore

GCPL's Performance over the last 4 years

Consolidated Net Sales

₹ 7,583 crore

FY 2013-14

₹ 2,041 crore

FY 2009 - 10

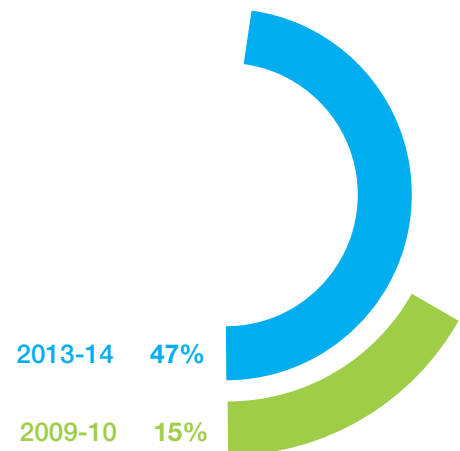
Consolidated Net Profit

₹ 760 crore

FY 2013-14

₹ 340 crore

FY 2009-10



International Sales as a percentage of Consolidated Sales