

CONSOLIDATED FINANCIALS

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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, 2012, the Consolidated Statement of Profit and Loss 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. 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 ₹ 1646.59 crore as at March 31, 2012, the Group's share of total revenues of ₹ 1956.53 crore and net cash flows amounting to ₹ 129.70 crore 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.
4. As stated in Note 2(b): Notes to Consolidated Accounts, certain subsidiaries whose financial statements reflect the Group's share of total assets of ₹ 901.97 crore as at March 31, 2012 and the Group's share of total revenues of ₹ 3.33 crore and net cash flows amounting to ₹ 6.44 crore 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.
5. Without qualifying our opinion, attention is drawn to:
 - a. Note 13: Notes to Consolidated Accounts, regarding the Scheme of Amalgamation of the erstwhile Godrej Household Products Limited with the Company approved by The Hon'ble High Court of Judicature at Bombay whereby an amount of ₹ 52.75 crore for the year ended on March 31, 2012, equivalent to the amortisation of the Goodknight and HIT Brands is directly debited to the General Reserve Account instead of debiting the same to the Statement of Profit and Loss. Had this amount been charged to the Statement of Profit and Loss, the profit for the year would have been lower by ₹ 52.75 crore and the General Reserve would have been higher by ₹ 52.75 crore.

- b. Note 40: Notes to Consolidated Accounts, regarding the Scheme of Amalgamation of the wholly owned subsidiaries of the Company viz. Naturesse Consumer Care Products Limited (NCCPL) and Essence Consumer Care Products Limited (ECCPL), with the Company approved by The Hon'ble High Court of Judicature at Bombay, whereby all the assets and liabilities of ECCPL and NCCPL have been taken over at their respective book values as on December 3, 2010. The difference between the book value of the assets and liabilities taken over amounting to ₹ 37.67 crore, after giving effect to the adjustments proposed in the Scheme, has been debited to the General Reserve in accordance with the Scheme of Amalgamation.
6. 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 issued by the Institute of Chartered Accountants of India.
7. 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, 2012;
 - (b) in the case of the Consolidated Statement of Profit and Loss, 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: April 30, 2012.

Consolidated Balance Sheet as at March 31, 2012

			(₹ Crore)	
	Note No.		Current Year	Previous Year
I. EQUITY AND LIABILITIES				
1. Shareholder's Funds				
(a) Share Capital	3	34.03		32.36
(b) Reserves and Surplus	4	<u>2781.15</u>		<u>1692.80</u>
			2815.18	1725.16
			88.23	-
2. Minority Interest				
3. Non-Current Liabilities				
(a) Long-term Borrowings	5	1528.12		1342.04
(b) Deferred Tax Liabilities	6	11.05		8.60
(d) Other Long-term Liabilities	7	7.15		9.14
(e) Long-term Provisions	8	<u>22.26</u>		<u>17.57</u>
			1568.58	1377.35
4. Current Liabilities				
(a) Short-term Borrowings	9	35.92		126.72
(b) Trade Payables	10	770.23		333.13
(c) Other Current Liabilities	11	698.09		917.32
(d) Short-term Provisions	12	<u>52.06</u>		<u>17.49</u>
			1556.30	1394.66
TOTAL			6028.29	4497.17
II. ASSETS				
1. Non-Current Assets				
(a) Fixed Assets	13			
(i) Tangible Assets		394.53		354.87
(ii) Intangible Assets		1151.85		1182.40
(iii) Capital Work-in-Progress		<u>37.58</u>		<u>8.02</u>
		1583.96		1545.29
(b) Goodwill on Consolidation		2145.41		1540.41
(c) Deferred Tax Assets (net)	14	11.56		7.20
(d) Long-term Loans and Advances	15	246.34		164.81
(e) Other Non-Current Assets	16	<u>14.16</u>		<u>2.39</u>
			4001.43	3260.10
2. Current Assets				
(a) Inventories	17	783.91		439.41
(b) Trade Receivables	18	472.53		383.99
(c) Cash and Bank Balances	19	639.87		226.91
(d) Short-term Loans and Advances	20	118.13		174.58
(e) Other Current Assets	21	<u>12.42</u>		<u>12.18</u>
			2026.86	1237.07
TOTAL			6028.29	4497.17
Notes to the Financial Statements	1 to 41			

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

As per our Report attached

Signatures to the Financial Statements and Notes

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

For and on behalf of the Board
Adi Godrej
Chairman

Darius Z. Fraser
Partner

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

A. Mahendran
Managing Director

Mumbai: April 30, 2012

Consolidated Statement of Profit and Loss for the year ended March 31, 2012

			(₹ Crore)	
	Note No.		Current Year	Previous Year
I. Revenue from Operations				
Revenue from Operations (Gross)	24	4986.61		3775.89
Less: Excise Duty		(120.45)		(82.29)
			4866.16	3693.60
II. Other Income	25		52.00	52.24
III. Total Revenue (I + II)			4918.16	3745.84
IV. Expenses				
Cost of Raw Materials including Packing Material Consumed	26	2174.67		1458.28
Purchases of Stock-in-Trade		356.11		294.12
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	27	(212.26)		(45.22)
Employee Benefits Expenses	28	391.91		284.51
Finance Costs	29	65.84		43.64
Depreciation and Amortization Expenses		64.44		49.92
Other Expenses	30	1300.33		1048.81
Total Expenses			4141.04	3134.06
V. Profit Before Exceptional Item and Tax (III - IV)			777.12	611.78
VI. Exceptional Items	31		200.17	41.14
VII. Profit Before Tax (V + VI)			977.29	652.92
VIII. Tax Expense				
(1) Current Tax		227.95		137.82
(2) Deferred Tax		(1.89)		0.39
			226.05	138.21
IX. Profit for the year Before Minority Interest (VII - VIII)			751.24	514.71
X. Minority Interest			24.52	-
XI. Profit for the Year (IX - X)			726.72	514.71
XII. Earnings per Equity Share (Face Value ₹ 1)	32			
(1) Basic (₹)			22.34	16.11
(2) Diluted (₹)			22.34	16.11
Notes to the Financial Statements	1 to 41			

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

As per our Report attached

Signatures to the Financial Statements and Notes

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

For and on behalf of the Board
Adi Godrej
Chairman

Darius Z. Fraser
Partner

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

A. Mahendran
Managing Director

Mumbai: April 30, 2012

Consolidated Cash Flow Statement for the year ended March 31, 2012

	(₹ Crore)	
	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Tax and Extraordinary Items:	777.12	611.78
Adjustments for:		
Depreciation / Amortization expensive	64.44	49.91
Unrealised Foreign Exchange (Gain) / Loss	20.50	5.28
Bad Debts Written off	1.14	0.47
Provision for Doubtful Debts / Advances	3.82	0.90
Write-Off/(Write-in) of Old Balances	(0.63)	0.56
Other Income Outstanding	11.93	8.96
Expenses on ESGS	1.80	-
Interest Expense	65.84	32.33
(Profit)/Loss on Fixed Assets Sold / Discarded	0.63	(0.43)
Interest Income	(39.77)	(26.79)
Profit on Sale of Investment	(6.16)	(1.33)
	123.56	69.89
Operating Profit Before Working Capital Changes	900.68	681.67
Effect of exchange difference on translation of assets and liabilities	(22.59)	
Adjustments for :		
Inventories	(344.50)	(252.46)
Trade Receivables	(93.65)	(306.50)
Loans and Advances	(39.96)	(322.68)
Other Current Assets	(0.56)	(0.25)
Current Liabilities and Provisions	702.79	507.17
	224.13	(374.72)
Cash Generated from / (used) in Operations	1,102.22	306.95
Adjustment for:		
Direct taxes paid	(210.05)	(141.96)
Net Cash Flow from Operating Activities Before Exceptional Items	892.17	164.99
Exceptional Items:		
- Licence Agreement Termination Compensation	200.17	40.31
- Compensation for Assignment of Rights Leasehold Land	-	0.83
	200.17	41.14
Net Cash Flow from Operating Activities After Exceptional Items	1,092.34	206.13
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) / Sale of Fixed Assets (net)	(156.51)	(1,388.03)
Cost and Expenses of Amalgamation	-	(6.14)
(Purchase) / Sale of Investments / Deposits (net)	(171.44)	62.75
Investment Expenses to be Capitalised	-	(2.31)
Loan to ESOP Trust (net)	17.04	(29.12)
Investment in Subsidiaries	(579.11)	(1,027.06)
Interest Received	39.82	20.06
Net Cash Flow from Investing Activities	(850.20)	(2,369.86)
	242.14	(2,163.73)

Consolidated Cash Flow Statement for the year ended March 31, 2012

		(₹ Crore)	
		Current Year	Previous Year
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Preferential Allotment of Equity Shares (net)	684.70		522.79
Borrowing from Banks (net)	(139.13)		1,760.49
Issue of Debentures (net of expenses)	224.18		177.74
Redemption of Debentures / Long Term Debt	(559.21)		-
Repayment of Sales Tax Deferral Loan	(0.15)		-
Cash Credits (net)	(5.71)		5.12
Interest Paid	(42.22)		(32.05)
Dividend Paid	(146.07)		(163.71)
Tax on Distributed Profits	(23.62)		(33.49)
Net Cash Flow from Financing Activities		(7.24)	2,236.89
Net Increase / (Decrease) in Cash and Cash Equivalents		234.90	73.16
CASH AND CASH EQUIVALENTS:			
AS AT THE BEGINNING			
Cash and Bank Equivalents		216.44	300.83
Acquired Pursuant to the Scheme of Amalgamation		-	157.55
AS AT THE ENDING			
Cash and Bank Equivalents		451.34	216.44
Net increase/(decrease) in cash and cash equivalents		234.90	73.16

As per our Report attached

For and on behalf of
Kalyaniwalla & Mistry
 Chartered Accountants

Daraius Z. Fraser
 Partner

Mumbai: April 30, 2012

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

Signatures to the Financial Statements and Notes

For and on behalf of the Board
Adi Godrej
 Chairman

A. Mahendran
 Managing Director

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

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 applicable Accounting Standards notified under Section 211(3c) of the Companies Act, 1956 and specified in the Companies (Accounting Standard) Rules, pronouncements of 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.

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 of the asset exceeds its recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss, if any, is recognized in the period in which the impairment takes place.

e. Intangible Assets:

The cost of acquisition of trademarks 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. Operating 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.

g. 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 recognize a decline, other than of a temporary nature. Current investments are stated at lower of cost and net realisable value.

h. Inventories

Inventories are valued at lower of cost and estimated 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

i. 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 recognised in the financial statements since this may result in the recognition of income that may never be realised.

j. Revenue Recognition

- i) Sales are recognised when goods are supplied and are recorded net of returns, trade discounts, rebates, sales taxes and excise duties.
- ii) Income from processing operations is recognised on completion of production / dispatch of the goods, as per the terms of contract.
- iii) Export incentives are accounted on accrual basis and include the estimated value of export incentives receivable under the Duty Entitlement Pass Book Scheme.
- iv) Dividend income is recognised when the right to receive the same is established.
- v) Interest income is recognised on a time proportion basis.
- vi) Insurance claims and transport and power subsidies from the Government are accounted on cash basis when received.

k. Expenditure

- i) Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.
- ii) Revenue expenditure on research and development is charged to the Statement of Profit and Loss 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.

l. 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.

m. 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 Statement of Profit and Loss.

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

- 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 Statement of Profit and Loss 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.
- v) The Government of India, Ministry of Corporate Affairs has during the year amended the Companies (Accounting Standards) Rules, 2006, in respect of Accounting Standard (AS) 11 relating to "The Effects of Changes in Foreign Exchange Rates", wherein enterprises have been given an option to accumulate exchange differences in a "Foreign Currency Monetary Item Translation Difference Account" subject to the conditions specified in the Notification. Accordingly, the Company has exercised the option to accumulate the foreign currency gain / losses in the "Foreign Currency Monetary Item Translation Difference Account".

n. Hedging

The Company uses forward exchange contracts to hedge its 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 Statement of Profit and Loss. Gains or losses on the commodity futures contracts are recorded in the Statement of Profit and Loss under Cost of Materials Consumed.

o. Employee Benefits

i) 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 Statement of Profit and Loss of the year in which the employee renders the related service.

ii) Post Employment Benefits

a) Defined Contribution Plans

Payments made to a defined contribution plan such as Provident Fund maintained with Regional Provident Fund Office and Superannuation Fund are charged as an expense in the Statement of Profit and Loss as they fall due.

Upto the previous year all provident fund contributions, whether made to the Regional Provident Fund Office or to the Provident Fund Trust administered by the Company were considered as Defined Contribution Plans.

b) Defined Benefit Plans

Gratuity Fund

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 as income or expense. Obligation is measured at the present value of estimated future cash flows using

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

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.

Provident Fund

Provident Fund Contributions other than those made to the Regional Provident Fund Office of the Government which are made to the Trust administered by the Company are considered as Defined Benefit Plans. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company.

c) Other Long Term Employee Benefits

Other Long Term Employee Benefits viz., leave encashment and long service bonus are recognised as an expense in the Statement of Profit and Loss 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 Statement of Profit and Loss.

p. 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 Statement of Profit and Loss. 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 notional bank balance accumulated till March 31, 2009, as at the beginning of the current year is being paid @ 33% every year on the reducing balance. The entire EVA award for the year has been charged to the Statement of Profit and Loss.

q. Depreciation and Amortisation

- i) Leasehold land is amortised equally over the lease period.
- ii) Leasehold Improvements are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the assets.
- iii) 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:
 - a) In case of computer hardware which is depreciated over 4 years.
 - b) SAP licenses acquired pursuant to the Scheme of the Amalgamation of the erstwhile Godrej Household Products Limited (GHPL) with the Company are amortised over a period of 4 years and Trademarks acquired are amortised equally over the best estimate of their useful life not exceeding a period of 10 years, except in the case of Goodknight and Hit brands where the brands are amortised equally over a period of 20 years.
 - c) Goodwill is amortised over a period of 5 years.
 - d) Tools, dies and moulds acquired are depreciated over a period of 3½ years.
 - e) Technical Knowhow is depreciated over a period of 10 years.
 - f) In accordance with the Court order approving the Scheme of Amalgamation of the erstwhile GHPL with the Company, 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.
- iv) Assets costing less than ₹ 5,000 are depreciated at 100% in the year of acquisition.

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

- v) 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 brand where the brand is amortised equally over a period of twenty years.
- vi) It is estimated that the impact on depreciation of the difference in expected useful lives between the holding company and subsidiaries is not material.

r. 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 subject to consideration of prudence, 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 asset / liabilities in respect of on timing differences which originate and reverse during the tax holiday period are not recognized. Deferred tax asset / liabilities in respect of timing differences that originate during the tax holiday period but reverse after the tax holiday period are recognized. 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.

s. 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 its 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, 2012.

The financial statements of following subsidiaries have been audited for the year ended March 31, 2012

- 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

- Godrej Hygiene Products Limited
- Godrej Consumer Products Holding (Mauritius) Ltd., Mauritius
- Godrej Nigeria Holdings Limited, Mauritius
- Godrej Household Products Lanka (Pvt.) Ltd.
- Godrej Household Products (Bangladesh) Pvt. Limited
- 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
- Godrej Mauritius Africa Holdings Limited
- Godrej Weave Holdings Limited
- Weave Trading Mauritius Pvt. Ltd.
- DGH Mauritius Private Limited
- Weave Business Holding Mauritius Pvt. Ltd.
- Weave IP Holdings Mauritius Pvt. Ltd.
- Subinite (Pty) Limited
- Lorna Nigeria Limited
- Weave Mozambique Limitada
- Hair Trading (Offshore) S. A. L.

The financial statements of Godrej Netherlands, B.V., Godrej Consumer Products Dutch Cooperatief U.A., Godrej Consumer Products (Netherlands) B.V., Godrej Consumer Holdings (Netherlands) B.V., Godrej Consumer Products Bangladesh Ltd., Godrej Indonesia Netherlands Holding BV, 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, 2012, have not been audited and have been consolidated on the basis of accounts certified by Management.

Accordingly, the consolidated financial statements include the results of the subsidiaries for the year ended March 31, 2012 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

- c) 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.

2. PARTICULARS OF SUBSIDIARIES

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%	100%
14.	Godrej Netherlands Argentina B.V. (100% subsidiary of Godrej Argentina Dutch Cooperatief U.A.)	Netherlands	100%	100%
15.	Laboratoria Cuenca S.A. (90% held by Godrej Netherlands Argentina Holding B.V. and 10% held by Godrej Netherlands Argentina B.V.)	Argentina	100%	100%
16.	Issue Group Uruguay S.A. (99% held by Laboratoria Cuenca S.A. and 1% held by Deciral S.A.)	Argentina	100%	100%
17.	Issue Group Brazil Limited (100 % subsidiary of Laboratoria Cuenca S. A.)	Argentina	100%	100%
18.	Deciral S.A. (100 % subsidiary of Laboratoria Cuenca S.A)	Argentina	100%	100%
19.	Consell S.A. (97.31% held by Laboratoria Cuenca S.A., 2.42% held by Godrej Netherlands Argentina B.V. and 0.27% held by Godrej Netherlands Argentina Holding B.V.)	Argentina	100%	100%
20.	Argencos S.A. (85.81% held by Godrej Netherlands Argentina B.V and 14.19% held by Panamar Producciones S.A.)	Argentina	100%	100%
21.	Panamar Producciones S.A. (90% held by Godrej Netherlands Argentina B.V. and 10% held by Godrej Netherlands Argentina Holding B.V.)	Argentina	100%	100%
22.	Godrej Hygiene Product Limited	India	100%	100%

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

Sr. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			Current Year	Previous Year
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%	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%	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. and 4% held by Godrej Consumer Products Netherlands B.V.)	Indonesia	100%	100%
30.	PT. Simba Indosnack Makmur (95% held by Godrej Consumer Holdings Netherlands B.V. and 5% held by Godrej Consumer Products Netherlands B.V.)	Indonesia	100%	100%
31.	PT. Ekamas Sarijaya (96% held by Godrej Consumer Holdings Netherlands B.V. and 4% held by Godrej Consumer Products Netherlands B.V.)	Indonesia	100%	100%
32.	PT. Sarico Indah (96% held by Godrej Consumer Holdings Netherlands B.V. and 4% held by Godrej Consumer Products Netherlands B.V.)	Indonesia	100%	100%
33.	P.T.Indomas Susemi Jaya (95% held by Godrej Consumer Holdings Netherlands B.V. and 5% held by Godrej Consumer Products Netherlands B.V.)	Indonesia	100%	100%
34.	P.T. Intrasari Raya (99% held by Godrej Consumer Holdings Netherlands B.V. and 1% held by Godrej Consumer Products Netherlands B.V.)	Indonesia	100%	100%
35.	Godrej Household Products Lanka (Private) Limited	Sri Lanka	100%	100%
36.	Godrej Household Products (Bangladesh) Private Limited	Bangladesh	100%	100%
37.	Godrej Consumer Products Bangladesh Limited	Bangladesh	100%	100%
38.	Godrej Mauritius Africa Holdings Limited	Mauritius	100%	100%
39.	Godrej Weave Holdings Limited (100% subsidiary of Godrej Mauritius Africa Holdings Limited)	Mauritius	100%	100%
40.	DGH Mauritius Private Limited (51% subsidiary of Godrej Weave Holdings Limited)	Mauritius	51%	--
41.	Weave Trading Mauritius Private Limited (51% subsidiary of Godrej Weave Holdings Limited)	Mauritius	51%	--
42.	Weave Business Holding Mauritius Private Limited (100% subsidiary of DGH Mauritius Limited)	Mauritius	51%	--
43.	Lorna Nigeria Limited (99.99% subsidiary of Weave Business Holding Mauritius Private Limited)	Nigeria	51%	--
44.	Subinite (Proprietary) Limited (100% subsidiary of Weave Business Holding Mauritius Private Limited)	South Africa	51%	--
45.	Weave Mozambique Limitada (99% subsidiary of Weave Business Holding Mauritius Private Limited)	Mozambique	51%	--
46.	Weave IP Holdings Mauritius Private Limited (100% subsidiary of Weave Business Holding Mauritius Private Limited.)	Mauritius	51%	--
47.	Hair Trading (Offshore) S. A. L. (99.80% subsidiary of Weave Trading Mauritius Private Limited)	Lebanon	51%	--

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 3: SHARE CAPITAL

	(₹ Crore)	
	Current Year	Previous Year
Authorised		
410,000,000 Equity Shares (<i>previous year 410,000,000</i>) of ₹ 1 each	41.00	41.00
10,000,000 Preference Shares (<i>previous year 10,000,000</i>) of ₹ 1 each	1.00	1.00
Issued		
340,328,585 Equity Shares (<i>previous year 323,621,268</i>) of ₹ 1 each	34.03	32.36
Subscribed and Fully Paid up		
340,297,461 Equity Shares (<i>previous year 323,590,144</i>) of ₹ 1 each fully paid up	34.03	32.36
Total	34.03	32.36

NOTES:

- a) During the year, the Company issued 16,707,317 equity shares of ₹ 1 each at a premium of ₹ 409 per equity share to Baytree Investments (Mauritius) Pte. Ltd. on preferential basis. The issue proceeds aggregating to ₹ 684.99 Crore have been utilised to retire debt and for general corporate purpose.
- b) 31,124 Right Issue Shares (i.e. difference in Issued capital and Paid up capital) are kept in abeyance due to various suits filed in courts / forums by third parties for which final order is awaited.

c) **Terms / rights attached to equity shares**

The Company has issued only one class of equity shares having a par value of ₹ 1 each. Each holder of equity shares is entitled to one vote per share.

During the year ended March 31, 2012, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 4.75 (*previous year: ₹ 4.50*).

d) **The reconciliation of number of equity shares outstanding and the amount of share capital:**

	Current Year		Previous Year	
	No. of Shares	(₹ Crore)	No. of Shares	(₹ Crore)
Shares outstanding at the beginning of the year	323,590,144	32.36	308,190,044	30.82
Add: Shares Issued during the year	16,707,317	1.67	15,400,100	1.54
Shares outstanding at the end of the year	340,297,461	34.03	323,590,144	32.36

e) **Shareholders holding more than 5% shares in the Company:**

Name of the Shareholder	Current Year		Previous Year	
	No. of Shares	% held	No. of Shares	% held
Godrej & Boyce Manufacturing Co. Ltd.	125,231,815	36.8%	127,426,815	39.4%
Godrej Industries Limited	71,989,620	21.2%	69,794,620	21.6%

f) **Aggregate no. of Equity shares during the five years preceding the date of Balance Sheet**

	No. of Shares
Allotted as fully paid up pursuant to contract without payment being received in cash	51,236,136
Shares Bought Back	1,122,484

g) **Shares Reserved for issue under options**

The Company has 94,966 (*previous year nil*) numbers of equity shares reserved for issue under Employee Stock Grant Scheme as at March 31, 2012. (*as detailed in Note 39*)

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 4: RESERVE AND SURPLUS

	(₹ Crore)	
	Current Year	Previous Year
1. CAPITAL INVESTMENT SUBSIDY RESERVE		
Balance as per last financial statements	0.15	0.15
2. CAPITAL REDEMPTION RESERVE		
Balance as per last financial statements	1.46	1.46
3. SECURITIES PREMIUM ACCOUNT		
Balance as per last financial statements	853.09	357.04
(+) Premium Received on Allotment of QIP	-	529.76
(-) Expenses on QIP	-	(8.52)
(+) Premium Received on Preferential Allotment	683.33	-
(-) Expenses on Preferential Allotment	(0.29)	-
(-) Expenses on Issue of Debentures	(0.82)	(2.13)
(-) Premium on Redemption of Debenture	(27.23)	(23.06)
Closing Balance	1508.08	853.09
4. DEBENTURE REDEMPTION RESERVE		
Balance as per last financial statements	7.38	-
(+) Transfer from General Reserve	49.75	7.38
(-) Transfer to General Reserve	(50.00)	-
Closing Balance	7.13	7.38
5. EMPLOYEE SHARE OPTIONS OUTSTANDING		
Gross Employee Compensation for Options granted during the year	3.59	-
Less: Deferred Employee Compensation Expense	(1.79)	-
Closing Balance	1.80	-
6. FOREIGN CURRENCY TRANSLATION RESERVE	(29.75)	(7.21)
	(29.75)	(7.21)
7. GENERAL RESERVE		
Balance as per last financial statements	231.35	263.81
(+) Transfer from Surplus	60.44	65.10
(-) Transfer to Debenture Redemption Reserve	(49.75)	(7.38)
(+) Transfer from Debenture Redemption Reserve	50.00	-
(-) Adjustment Pursuant to Scheme of Amalgamation of GHPL	(52.75)	(90.18)
(-) Adjustment Pursuant to Scheme of Amalgamation of Naturesse Consumer Care Products Limited and Essence Consumer Care Products Limited	(37.82)	-
Closing Balance	201.46	231.35
8. SURPLUS		
Balance as per last financial statements	606.58	293.16
(+) Net Profit for the Year	726.72	514.71
(-) Dividends - Interim	(156.63)	(163.14)
(-) Tax on Distributed Profit	(25.41)	(33.49)
(-) Transfer to General Reserve	(60.44)	(65.10)
(+) Addition on Amalgamation	-	60.44
Closing Balance	1090.82	606.58
TOTAL	2781.15	1692.80

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 5: LONG TERM BORROWINGS

	Current Year	Previous Year
(₹ Crore)		
A. Secured		
Term Loans		
from Banks (See Note (a) below)	703.79	1067.04
from Other Parties	-	-
Deferred Sales Tax Loan (See Note (b) below)	0.08	0.14
	703.87	1067.18
B. Unsecured		
Bonds / Debentures		
a) 2,250 Unsecured, Redeemable, Zero Coupon, Non-Convertible Debentures of ₹ 10 lac each	225.00	-
b) Premium on Redemption thereon (See Note (c) below)	10.24	-
	235.24	-
Term loans		
from Banks	588.28	274.86
from Other Parties	0.72	-
	824.24	274.86
TOTAL	1528.12	1342.04

NOTES:

- Secured Loans represent borrowings from various financial institutions for the acquisition of Megasari Group and Indovest Capital. The loan is secured by pledge of shares of Indovest Capital repayable quarterly at a floating rate of interest ranging from 2% to 3%.
- Deferred sales tax loan is interest free and will be paid in balance 28 monthly installments. It is secured by Bank Guarantee in favour of Sales Tax authorities.
- During the year, the Company had issued 2,250 zero-coupon, unsecured, redeemable, non-convertible debentures on private placement basis, redeemable at a premium, which will yield 10.75% p.a. at maturity. These debentures are redeemable on November 14, 2014 with a call option on November 14, 2012 with a call premium of 0.25% and November 14, 2013 without any call premium.
- The Company does not have any continuing default as on the Balance Sheet date in repayment of loans and interest.

NOTE 6: DEFERRED TAX LIABILITIES (NET)

	Current Year	Previous Year
(₹ Crore)		
1. Deferred Tax Liability		
a) Depreciation	17.15	12.73
b) Others	-	-
	17.15	12.73
2. Deferred Tax Assets		
a) Tax Disallowances	4.92	2.48
b) Provision for Doubtful Debts	1.18	1.65
c) Others	-	-
	6.10	4.13
TOTAL	11.05	8.60

NOTE 7: OTHER LONG-TERM LIABILITIES

	Current Year	Previous Year
Security Deposit Received	6.29	7.60
Others	0.86	1.54
TOTAL	7.15	9.14

NOTE 8: LONG-TERM PROVISIONS

	Current Year	Previous Year
Provision for Employee Benefits		
Leave Encashment	6.90	7.01
Gratuity	15.36	10.56
TOTAL	22.26	17.57

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 9: SHORT TERM BORROWINGS

	(₹ Crore)	
	Current Year	Previous Year
A. Secured		
Loans Repayable on Demand		
Cash Credit from Bank (<i>Refer Note (a) below</i>)	4.04	9.75
Other Loans and Advances	0.14	0.13
	4.18	9.88
B. Unsecured		
Loans Repayable on Demand		
Short Term Loan from Bank	31.69	88.61
Other Loans and Advances	0.05	28.23
	31.74	116.84
TOTAL	35.92	126.72

NOTES:

- a) Cash Credit from Bank is secured by Hypothecation of Inventories and Book debts.
- b) The Company does not have any default as on the Balance Sheet date in repayment of any loan and interest.

NOTE 10: TRADE PAYABLES

	(₹ Crore)	
	Current Year	Previous Year
Due to Micro, Small and Medium Enterprises	-	-
Others	770.23	333.13
TOTAL	770.23	333.13

NOTE:

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.

NOTE 11: OTHER CURRENT LIABILITIES

	(₹ Crore)	
	Current Year	Previous Year
1. Current Maturities of Long-Term Debt (<i>Refer Note below</i>)	312.87	531.99
2. Interest Accrued but not Due on Borrowings	26.04	2.42
3. Security Deposit Received	0.41	0.13
4. Unpaid Dividends	5.34	4.89
5. Taxes, Duties and Other Levies Payable	39.51	24.00
6. Interim Dividend Payable	59.55	48.54
7. Other Payables	254.37	305.35
TOTAL	698.09	917.32

NOTE:

Current maturities of Long term Debt in previous year include 2,000 zero-coupon, unsecured, redeemable, nonconvertible debentures having a face value of ₹ 10 lac each and borrowings from banks for acquisition of Megasari Group, Nigeria and Argentina Group. During the year, the Company had redeemed the debentures in two tranches in the month of December 2011 and January 2012 and loans in August, November, December and February.

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 12: SHORT TERM PROVISIONS

(₹ Crore)

	Current Year	Previous Year
1. Provision for Employee Benefits		
Contribution to Provident Fund and Other Funds	0.95	0.97
Gratuity	5.72	4.22
Leave Encashment	2.55	3.40
2. Others		
Provision for Taxes	33.18	1.03
Provision for Tax on Distributed Profits	9.66	7.87
TOTAL	52.06	17.49

NOTE 13: FIXED ASSETS

(₹ Crore)

ASSETS	GROSS BLOCK						DEPRECIATION / AMORTISATION						NET BLOCK	
	Opening	Additions	Disposals	Acquisitions through Business Combinations	Other Adjustments	Closing	Opening	Depreciation for the Year	On Disposals	On Acquisitions through Business Combinations	Other Adjustments	Closing	Current Year	Previous year
A. TANGIBLE ASSETS														
Freehold Land	23.75	8.17	0.10	-	(5.49)	26.53	-	-	-	-	-	-	26.53	23.75
Leasehold Land	7.94	-	-	-	(1.09)	6.85	0.53	0.07	-	(0.10)	0.50	-	6.35	7.41
Leasehold Improvements	10.90	1.46	-	-	(7.16)	5.20	4.26	0.45	-	(3.83)	0.88	-	4.32	6.64
Buildings	136.20	5.90	(1.86)	-	19.46	159.70	30.45	2.90	1.43	-	5.25	40.03	119.67	105.75
Plant and Equipments	383.50	38.44	(7.23)	2.02	11.36	428.09	206.89	36.34	(0.49)	-	(5.35)	237.39	190.70	176.62
Furniture, Fixtures and Fittings	40.18	3.70	4.80	0.05	(21.16)	27.57	23.92	2.29	5.52	-	(17.32)	14.41	13.16	16.25
Office Equipment	11.66	4.37	(8.40)	-	14.21	21.84	6.42	5.68	(3.87)	-	3.81	12.04	9.80	5.24
Vehicles	20.54	12.65	(1.27)	0.25	2.03	34.20	9.41	1.64	1.60	-	0.29	12.94	21.26	11.13
Computers	7.60	3.04	(1.01)	0.11	8.26	18.00	6.66	2.53	0.64	-	5.43	15.26	2.74	0.94
Assets under Finance Lease:														
Leased Vehicles	1.37	-	(0.16)	-	0.16	-	0.23	-	0.07	-	(0.07)	-	-	1.14
Sub-Total (A)	643.64	77.73	(15.03)	2.43	20.58	727.98	288.77	51.90	4.90	-	(11.89)	333.45	394.53	354.87
B. INTANGIBLE ASSETS														
Goodwill	12.60	-	-	-	1.12	13.72	0.22	2.69	-	-	0.69	3.60	10.12	12.37
Trademarks and Brands	1242.21	-	-	16.34	19.77	1278.32	79.00	7.62	-	-	59.14	145.76	1132.56	1163.21
Computer Software	16.00	4.30	(0.14)	-	(0.15)	20.01	9.38	2.21	0.12	-	(0.69)	11.02	8.99	6.61
Technical Knowhow	0.30	-	-	-	-	0.30	0.09	0.03	-	-	-	0.12	0.18	0.21
Sub-Total (B)	1271.11	4.30	(0.14)	16.34	20.74	1312.35	88.69	12.55	0.12	-	59.14	160.50	1151.85	1182.40
TOTAL (A + B)	1914.75	82.03	(15.17)	18.77	41.32	2040.33	377.46	64.45	5.02	-	47.25	493.95	1546.38	-
Previous Year	414.87	218.58	79.67	-	1360.97	1914.75	153.14	49.91	33.94	-	208.35	377.46	-	1537.29
C. CAPITAL WORK-IN-PROGRESS														
TOTAL													37.58	8.02
													1583.96	1545.31

NOTES:

- Trademarks and Brands amounting to ₹ 0.13 crore have been acquired pursuant to the Scheme of Amalgamation of Essence Consumer Care Products Ltd. (ECCPL) and Naturesse Consumer Care Products Ltd. (NCCPL).
- Trademarks and Brands acquired pursuant to the Scheme of the Amalgamation of the erstwhile Godrej Household Products Limited (GHPL) with the Company are amortised over a period of 20 years. The major influencing factors behind amortising these brands over a period of 20 years are that Goodknight has been in existence since the last twenty seven years and been growing at a fast pace.
- In accordance with the Scheme of Amalgamation of the erstwhile Godrej Household Products Limited with the Company which was sanctioned by the High Court of Judicature at Bombay, an amount of ₹ 52.75 crore (Previous year ₹ 52.75 cr.) for the year ended on March 31, 2012, equivalent to the amortisation of the Goodknight and HIT brands is charged to the General Reserve.

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 14: DEFERRED TAX ASSETS (NET)

	(₹ Crore)	
	Current Year	Previous Year
1. Deferred Tax Liability		
a) Depreciation	0.64	-
	0.64	-
2. Deferred Tax Assets		
a) Tax Disallowances	12.20	-
b) Others	-	7.20
	12.20	7.20
TOTAL	(11.56)	(7.20)

NOTE 15: LONG-TERM LOANS AND ADVANCES

	(₹ Crore)	
	Current Year	Previous Year
Unsecured, Considered Good		
1. Capital Advances	65.41	7.36
2. Security Deposits	21.43	15.94
3. Other Loans and Advances		
a) Amount due from ESOP Trust	87.49	104.19
b) Excise and VAT Receivables		
Unsecured, Considered Good	51.21	29.19
Doubtful	8.22	8.22
Less: Provision for Doubtful Receivables	(8.22)	(8.22)
	51.21	29.19
c) Advance Tax	14.24	-
d) Miscellaneous Loans and Advances (Refer Note below)	6.56	8.13
	246.34	164.81

NOTE:

Long-Term Loans and Advances include ₹ 1.29 crore (previous year ₹ 1.71 crore) due from a Director.

NOTE 16: OTHER NON-CURRENT ASSETS

	(₹ Crore)	
	Current Year	Previous Year
1. Foreign Currency Monetary Item Translation Difference Account	11.21	-
2. Others		
Unsecured, Considered Good	2.95	2.39
TOTAL	14.16	2.39

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 17: INVENTORIES

		(₹ Crore)	
		Current Year	Previous Year
<i>(Valued at lower of cost and net realizable value)</i>			
Raw Materials and Packing Materials	309.29		192.41
Goods-in Transit	14.80		-
		324.09	192.41
Work-in-Progress		41.17	21.38
Finished Goods		370.61	181.33
Stock-in-Trade		39.15	35.97
Stores and Spares		8.89	8.32
TOTAL		783.91	439.41

NOTE 18: TRADE RECEIVABLES

		(₹ Crore)	
		Current Year	Previous Year
Trade Receivables Outstanding for a Period Exceeding Six Months			
Secured, Considered Good		-	-
Unsecured: Considered Good		5.86	8.15
Considered Doubtful		4.52	-
		10.38	8.15
Less: Provision for Doubtful Debts		(4.52)	(6.73)
		5.86	1.42
Other Trade Receivables			
Secured, Considered Good		3.18	-
Unsecured : Considered Good		469.67	382.57
Considered Doubtful		-	-
		472.85	382.57
Less: Provision for Doubtful Debts		(6.17)	-
		466.68	382.57
TOTAL		472.53	383.99

NOTE 19: CASH AND BANK BALANCES

		(₹ Crore)	
		Current Year	Previous Year
1. Cash and Cash Equivalents			
a) Balances with Banks			
In Current Accounts	121.37		56.50
Deposits with less than 3 months maturity	259.83		146.35
		381.20	202.85
b) Cheques, Drafts on Hand		2.38	5.73
c) Cash on Hand		4.26	7.86
d) Investments in Liquid Mutual Funds		63.50	-
		451.34	216.44
2. Other Bank Balances			
a) Deposits against Bank Guarantees held against Other Commitments		7.32	5.58
b) Deposits with more than 3 months but less than 12 months maturity		175.87	-
c) For Unpaid Dividend		5.34	4.89
		188.53	10.47
TOTAL		639.87	226.91

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 20: SHORT-TERM LOANS AND ADVANCES

(₹ Crore)

		Current Year	Previous Year
Others			
a) Security Deposits		3.32	3.02
b) Excise and VAT Receivables		57.62	54.07
c) Miscellaneous Loans and Advances		-	-
Secured considered good			
Unsecured, Considered Good (<i>Refer Note below</i>)	57.19		117.49
Doubtful	0.17		0.31
Less: Provision for Doubtful Loans and Advances	(0.17)		(0.31)
		57.19	118.33
TOTAL		118.13	174.58

NOTES:

Short-Term Loans and Advances include ₹ 0.43 crore (*previous year ₹ 0.43 crore*) due from a Director.

NOTE 21: OTHER CURRENT ASSETS

(₹ Crore)

		Current Year	Previous Year
Accrued Interest		11.78	12.18
Deferred Premium on Forward Contracts		0.64	-
TOTAL		12.42	12.18

NOTE 22: CONTINGENT LIABILITIES

(₹ Crore)

		Current Year	Previous Year
a) Claims for Excise duties, taxes and other matters			
i) Excise duty demands aggregating ₹ 3.95 crore (<i>previous year ₹ 1.85 crore</i>) against which the Company has preferred appeals (net of tax).		2.67	1.23
ii) Customs Duty claims in respect of Classification		3.87	-
iii) 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 ₹ 1.18 crore (<i>previous year ₹ 1.18 crore</i>) (net of tax).		0.80	0.79
iv) Sales tax demands aggregating ₹ 28.07 crore (<i>previous year ₹ 20.80 crore</i>) against which the Company has preferred appeals (net of tax).		18.96	13.89
v) Income-tax matters			
Demand notices issued by Income-tax Authorities.		7.83	8.37
vi) Other matters - ₹ 3.00 crore (<i>previous year ₹ 3.00 crore</i>) (net of tax).		2.03	2.00
b) Guarantees			
i) Guarantees issued by banks [secured by bank deposits under lien with the bank ₹ 7.32 crore (<i>previous year ₹ 5.58 crore</i>)]		10.21	8.65
ii) Guarantees amounting to USD Nil (<i>previous year USD 95 million</i>) given by the Company towards loans provided by HSBC, Hongkong to Godrej Consumer Products Mauritius Ltd.		-	430.21
iii) Guarantee amounting to USD 297 million (<i>previous year USD 365 million</i>) given by the Company towards loan provided by banks to Godrej Consumer Products Holding (Mauritius) Ltd.		1511.15	1641.60

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 22: CONTINGENT LIABILITIES

	(₹ Crore)	
	Current Year	Previous Year
iv) Guarantee of AED 1.4 million (<i>previous year AED 1.4 million</i>) given by the Company to guarantee principal amount of credit facilities extended by HSBC Bank Middle East Ltd. to Godrej Global Mideast FZE.	1.94	1.73
v) Guarantee given by the Company to guarantee principal amount of credit facilities extended by the Royal Bank of Scotland to Godrej Hygiene Products Limited.	5.00	5.00
vi) 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.	7.56	7.56
vii) Guarantee amounting to USD 10 million (<i>previous year Nil</i>) given by the Company to HSBC, Hongkong towards swap /derivative facilities provided to Godrej Consumer Products Holding (Mauritius) Ltd.	50.88	-
viii) Guarantee amounting to USD 121 million (<i>previous year Nil</i>) given by the Company to DBS Bank, Singapore towards loan provided to Godrej Mauritius Africa Holdings Ltd for acquisition of 51% stake in Darling Group operations at South Africa, Nigeria and Mozambique	615.59	-
ix) Guarantee given by the Company to HSBC Bangladesh towards credit facilities provided by the Bank to Godrej Household Products (Bangladesh) Pvt. Ltd.	4.76	-
c) Claims against the Company not acknowledged as debt:		
i) Claims by various parties on account of unauthorized, illegal and fraudulent acts by an employee.	24.24	24.24
ii) Claims pertaining to litigations filed against the erstwhile Godrej Household Products Limited.	0.25	0.25
iii) Others	4.28	-

NOTE 23: COMMITMENTS

	(₹ Crore)	
	Current Year	Previous Year
i) Estimated amount of contracts remaining to be executed on capital account and not provided for	153.55	7.25
ii) Uncalled liability on shares and other investments partly paid	-	-
iii) Others	-	-

NOTE 24: REVENUE FROM OPERATIONS

	(₹ Crore)	
	Current Year	Previous Year
1. Sale of Products	4971.39	3758.60
2. Other Operating Revenues		
Miscellaneous Income	15.22	17.29
	4986.61	3775.89
3. Less : Excise Duty	(120.45)	(82.29)
TOTAL	4866.16	3693.60

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 25: OTHER INCOME

	(₹ Crore)	
	Current Year	Previous Year
1. Interest Income		
On Investments	1.97	8.35
On Advances and Deposits	24.99	0.96
On Right Issue Proceeds	-	1.39
On Loan to ESOP Trust	12.53	15.67
On Income-tax Refund	0.28	0.41
2. Net Gain on Sale of Investments	6.16	1.33
3. Other Non-Operating Income		
Net Gain on Foreign Currency Transactions and Translations	-	5.28
Profit on Sale of Fixed Assets	-	0.42
Claim Received	3.12	0.55
Miscellaneous Non-operating Income	2.95	17.88
TOTAL	52.00	52.24

NOTE 26: COST OF RAW MATERIALS INCLUDING PACKING MATERIAL CONSUMED

	(₹ Crore)	
	Current Year	Previous Year
Opening Inventory	192.41	78.22
Add: Purchases (Net)	2306.35	1572.47
	2498.76	1650.69
Less: Closing Inventory	(324.09)	(192.41)
Cost of Raw Materials including Packing Material Consumed	2174.67	1458.28

NOTE 27: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	(₹ Crore)	
	Current Year	Previous Year
Opening Inventory		
Finished Goods	181.32	136.03
Traded Goods	35.97	9.67
Work-in-Progress	21.38	23.22
	238.67	168.92
Add: Stock taken over on Amalgamation		
Finished Goods	-	2.21
Traded Goods	-	17.94
Work-in-Progress	-	4.39
	-	24.54
Less: Closing Inventory		
Finished Goods	370.61	181.32
Traded Goods	39.15	35.97
Work-in-Progress	41.17	21.38
	450.93	238.67
(Increase)/Decrease in Inventory	(212.26)	(45.21)

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 28: EMPLOYEE BENEFITS EXPENSES

	(₹ Crore)	
	Current Year	Previous Year
1. Salaries and Wages	365.44	262.48
2. Contribution to Provident and Other Funds	8.15	8.61
3. Expense on Employee Stock Grant Scheme (ESGS)	1.78	-
4. Staff Welfare Expenses	16.54	13.41
TOTAL	391.91	284.50

NOTE 29: FINANCE COST

	(₹ Crore)	
	Current Year	Previous Year
1. Interest Expense	52.13	27.39
2. Bill Discounting Charges	11.98	-
3. Other Borrowing costs	1.73	16.25
TOTAL	65.84	43.64

NOTE 30: OTHER EXPENSES

	(₹ Crore)	
	Current Year	Previous Year
Consumption of Stores and Spare Parts	16.38	14.20
Power and Fuel	79.96	53.39
Rent	28.59	27.99
Repairs and Maintenance		
Plant and Equipment	4.59	3.76
Buildings	2.14	2.33
Others	18.87	3.75
	25.60	9.84
Insurance	5.92	5.02
Rates and Taxes	14.06	24.26
Miscellaneous Expenses	79.26	128.06
Processing and Other Manufacturing Charges	70.00	62.03
Excise Duty Provision on Inventory	5.01	0.85
Travelling and Conveyance	43.27	31.22
Legal and Professional Charges	38.12	41.01
Donations	0.44	0.92
Sales Promotion	140.68	91.08
Advertising and Publicity	449.86	352.85
Selling and Distribution Expenses	80.50	74.14
Freight	155.96	96.08
Bank Charges	6.75	4.94
Royalty Expense	1.25	9.99
Commission	23.63	18.76
Discount	12.82	1.71
Net Loss on Sale of Fixed Assets	0.63	-
Net Loss on Foreign Currency Transactions and Translations	20.50	-
Bad Debts Written Off	1.14	0.47
TOTAL	1300.33	1048.81

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTES:

- a) Miscellaneous Expenses include the Company's share of various expenses incurred by group companies for sharing of services and use of common facilities.

NOTE 31: EXCEPTIONAL ITEMS

(₹ Crore)

	Current Year	Previous Year
License Agreement Termination Compensation	200.17	41.38
TOTAL	200.17	41.38

NOTES:

- a) 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 Agreement has been terminated effective April 3, 2011 and termination compensation of ₹ 175.14 crore has been received which is disclosed as an "Exceptional Item" in the Statement of Profit and Loss.
- b) The Brylcreem Manufacturing and Distribution license for the use of Brylcreem Brand in India to the erstwhile Godrej Household Products Ltd. and its subsidiary by Sara Lee Corporation USA, subsequently assigned to Unilever, has been terminated with effect from March 31, 2012 and termination compensation of ₹ 24.76 crore has been received which is disclosed as an "Exceptional Item" in the Statement of Profit and Loss.

NOTE 32: EARNINGS PER SHARE

	Current Year	Previous Year
Net Profit After Tax (₹ Crore)	726.72	514.71
Shares outstanding at the beginning of the year	323,590,144	308,190,044
Add: Shares Issued during the year	16,707,317	15,400,100
Shares outstanding at the end of the year	340,297,461	323,590,144
Weighted Average Number of Equity Shares		
For calculating Basic EPS	325,279,135	319,466,122
For calculating Diluted EPS	325,326,563	319,466,122
Earnings Per Share Before and After Extraordinary Items (Face value ₹ 1)		
Basic (₹)	22.34	16.11
Diluted (₹)	22.34	16.11

NOTE 33: LEASES

(₹ Crore)

	Current Year	Previous Year
Not later than one year	7.58	4.35
Later than one year and not later than five years	7.98	3.48
Later than five years	0.82	1.39
TOTAL	16.38	9.22

NOTE 34: 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

a) Forward Contracts outstanding as at March 31, 2012:

Particulars	Current Year		Previous Year	
	Avg. Rate	USD Mn.	Avg. Rate	USD Mn.
Forward Contract to Purchase (USD) [32 contracts (previous year 6 contracts)]	50.98	22.78	45.91	6.61
Forward Contract to Sell (EUR) [Nil Contracts (previous year 4 contracts)]	-	-	63.36	0.93
Forward Contract to Sell (USD) [Nil Contracts (previous year 1 contracts)]	-	-	46.61	0.05

b) The uncovered foreign exchange exposure as at March 31, 2012:

(₹ Crore)

	Currency	Current Year	Previous Year
Payable	USD	138.87	228.46
Payable	SGD	0.01	-
Payable	EUR	2.32	3.77
Payable	GBP	0.01	0.02
Payable	ZAR	-	1.31
Loan and Interest payable	USD	240.99	-
Receivables	USD	52.77	16.24
Receivables	EUR	-	11.70
Receivables	ZAR	-	1.28
Cash and cash equivalents	USD	35.91	10.61
Cash and cash equivalents	EUR	0.27	6.37
Bank Borrowings	USD	4.65	(1559.72)
Redeemable convertible preference shares	USD	-	(18.15)

NOTE 35: INCENTIVE PLAN

The amount carried forward in notional bank after distribution of PLVR for the financial year 2011-12 is ₹ 3.49 crore as on March 31, 2012 (previous year ₹ 6.67 crore). The said amount is not provided in the books of account and is payable in future, if performance so warrants.

NOTE 36: EMPLOYEE BENEFITS

a) Defined Contribution Plan

Provident Fund:

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.

Upto the previous year all provident fund contributions, whether made to the Regional Provident Fund Office or to the Provident Fund Trust administered by the Company were considered as Defined Contribution Plans.

b) Defined Benefit Plan

Gratuity:

The Company participates in the Employees' Group Gratuity-cum-Life Assurance Scheme of HDFC Standard

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

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.

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.

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

The expected return on plan assets of 8.50% 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 ₹ 4.52 crore (*previous year ₹ 5.34 crore*) has been included in Note 28 under Contribution to Provident Fund and Other Funds.

ii) Defined Benefit Plan

Gratuity cost amounting to ₹ 2.07 crore (*previous year ₹ 2.15 crore*) has been included in Note 28 under Contribution to Provident and Other Funds.

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

(₹ Crore)

	Current Year	Previous Year
i) Change in Present Value of Obligation		
Present value of the obligation at the beginning of the year	16.26	9.38
Obligation on Transfer of Employees pursuant to Scheme of Amalgamation	-	5.99
Current Service Cost	0.76	1.36
Interest Cost	0.85	1.27
Actuarial (Gain) / Loss on Obligation	1.28	0.25
Benefits Paid	(2.96)	(1.98)
Present value of the obligation at the end of the year	16.19	16.26
ii) Change in Plan Assets		
Fair value of Plan Assets at the beginning of the year	12.67	7.38
Plan Assets taken over pursuant to Scheme of Amalgamation	-	6.03
Expected return on Plan Assets	0.51	1.11
Actuarial Gain / (Loss) on Plan Assets	0.25	(0.37)
Contributions by the Employer	-	0.50
Benefits Paid	(2.96)	(1.98)
Fair value of Plan Assets at the end of the year	10.47	12.67

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

(₹ Crore)

	Current Year	Previous Year
iii) Amounts Recognised in the Balance Sheet		
Present value of Obligation at the end of the year	16.19	16.26
Fair value of Plan Assets at the end of the year	10.47	12.67
Net Obligation at the end of the year	5.72	3.59
iv) Amounts Recognised in the statement of Profit and Loss		
Current Service Cost	0.76	1.36
Interest Cost on Obligation	0.85	1.27
Expected return on Plan Assets	(0.51)	(1.11)
Net Actuarial (Gain) / Loss recognised in the year	1.02	0.63
Net Cost included in Personnel Expenses	2.14	2.16
v) Actual Return on Plan Assets	0.76	0.74
vi) Estimated contribution to be made in next financial year	1.33	1.36
vii) Major categories of Plan Assets as a % of total Plan Assets		
Insurer Managed Funds	100%	100%
viii) Actuarial Assumptions		
i) Discount Rate	8.50% P.A.	8.25% P.A.
ii) Expected Rate of Return on Plan Assets	8.50% P.A.	8.25% P.A.
iii) Salary Escalation Rate	5.00% P.A.	5.00% P.A.
iv) Employee Turnover	1.00% P.A.	1.00% 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.		
ix) Experience Adjustments (Gain)/Loss	On Plan Liabilities	On Plan Assets
April 11 - March 12	1.63	(0.25)
April 10 - March 11	0.27	0.37
April 09 - March 10	1.86	(0.68)
April 08 - March 09	0.30	0.04
April 07 - March 08	0.89	(0.12)

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 37: RELATED PARTY DISCLOSURES

A) Related Parties and their Relationship

a) Enterprise having control over reporting enterprise:

Godrej & Boyce Mfg. Co. Ltd.

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

i) Godrej Industries Limited

ii) Godrej Agrovet Limited

iii) Godrej Tyson Foods Ltd.

iv) Godrej Infotech Limited

v) Godrej Properties Limited

vi) Godrej Oil Palm Limited

vii) Natures Basket Limited

viii) Godrej Vikhroli Properties LLP

c) Enterprise over which Key Management Personnel exercise significant influence:

i) Godrej Hershey Limited

ii) Godrej Investments Private Limited

d) Key Management Personnel and Relatives:

i) Mr. Adi Godrej

Chairman

ii) Mrs. Parmeshwar Godrej

Wife of Mr. Adi Godrej

iii) Mr. A. Mahendran

Managing Director

iv) Mrs. Mythili Mahendran

Wife of Mr. A. Mahendran

v) Ms. Tanya Dubhash

Daughter of Mr. Adi Godrej

vi) Ms. Nisaba Godrej

Daughter of Mr. Adi Godrej

vii) Mr. Pirojsha Godrej

Son of Mr. Adi Godrej

viii) Mr. Nadir Godrej

Brother of Mr. Adi Godrej

ix) Mr. Burjis Godrej

Son of Mr. Nadir Godrej

x) Master Sohrab Godrej

Son of Mr. Nadir Godrej

xi) Master Hormazd Godrej

Son of Mr. Nadir Godrej

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

B) Transactions with Related Parties

(₹ Crore)

Nature of Transactions	Enterprise Having Control Over Reporting Enterprise	Enterprises Under Common Control	Enterprise Over Which Key Management Personnel Exercise Significant Influence	Relatives of Key Management Personnel	Key Management Personnel	TOTAL
1. Sale of Goods	0.35 <i>0.31</i>	10.20 <i>8.69</i>	0.04 <i>0.17</i>	-	-	10.59 <i>9.17</i>
2. Sale of Capital Asset	-	0.02	-	-	-	0.02
3. Purchase of Materials and Spares	0.51 <i>7.14</i>	22.79 <i>16.46</i>	-	-	-	23.30 <i>23.60</i>
4. Purchase of Capital Asset	2.97	-	-	-	-	2.97
5. Advance Paid	0.33	50.79	-	-	-	51.12
6. Establishment and Other Expenses Paid / (Received)	0.36 <i>0.14</i>	8.19 <i>7.63</i>	(0.39) <i>0.42</i>	-	0.03	8.19 <i>8.19</i>
7. Security Deposit Given	-	-	1.50	-	-	1.50
8. Loan Repaid	-	-	-	-	0.43	0.43
9. Interest Received on Loans	-	-	-	-	0.18	0.18
10. Dividend Remitted	57.00 <i>54.16</i>	31.75 <i>30.39</i>	-	3.70 <i>3.54</i>	0.13 <i>0.06</i>	92.58 <i>88.15</i>
11. Managerial Remuneration	-	-	-	-	13.73 <i>10.57</i>	13.73 <i>10.57</i>
12. Commission on Profits and Sitting Fees	-	-	-	0.48 <i>0.11</i>	- <i>0.03</i>	0.48 <i>0.14</i>
13. Lease Rentals Paid	-	-	-	2.85 <i>1.95</i>	-	2.85 <i>1.95</i>

Outstanding Balances as at March 31, 2012

Receivable	0.03 <i>0.80</i>	7.51 <i>2.99</i>	0.35 <i>-</i>	-	1.71 <i>2.14</i>	9.59 <i>5.94</i>
Payable	0.56 <i>0.84</i>	- <i>1.40</i>	0.14 <i>0.10</i>	-	- <i>0.01</i>	0.71 <i>2.35</i>

Note : Figures in italics denote figures for previous year

C) The Significant Related Party Transactions are as under:

	Current Year	Previous Year
Sale of Goods		
Godrej & Boyce Mfg. Co. Ltd.	0.35	0.31
Godrej Industries Ltd.	10.02	8.57
Godrej Properties Limited	-	-
Godrej Agrovat Ltd.	0.18	0.12
Godrej Tyson Foods Ltd.	-	-
Godrej Hershey Ltd.	0.04	0.17
Sale of Asset		
Godrej Industries Ltd.	0.02	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

	(₹ Crore)	
	Current Year	Previous Year
Purchase of Materials and Spares		
Godrej & Boyce Mfg. Co. Ltd.	0.51	7.14
Godrej Industries Ltd.	20.04	16.37
Godrej Oil Palm Limited	1.52	0.09
Purchase of Capital Asset		
Godrej & Boyce Mfg. Co. Ltd.	2.97	-
Advance for Capital Asset		
Godrej & Boyce Mfg. Co. Ltd.	0.33	-
Godrej Vikhroli Properties LLP	50.79	-
Establishment and Other Expenses Paid / (Received)		
Godrej & Boyce Mfg. Co. Ltd.	0.36	0.14
Godrej Industries Ltd.	8.08	5.49
Godrej Agrovet Ltd.	0.55	0.91
Godrej Infotech Ltd.	0.01	0.02
Godrej Properties Ltd.	(0.39)	1.21
Natures Basket Ltd.	(0.06)	-
Godrej Tyson Foods Ltd.	-	-
Godrej Hershey Ltd.	(0.39)	0.42
Mr. A. Mahendran	0.03	-
Security Deposit Given		
Godrej Hershey Ltd.	1.50	-
Loan Repaid		
Mr. A. Mahendran	0.43	0.43
Interest Received on Loans		
Mr. A. Mahendran	0.18	0.25
Dividend Remitted		
Godrej & Boyce Mfg. Co. Ltd.	57.00	54.16
Godrej Industries Ltd.	31.75	30.39
Mr. Adi Godrej	-	-
Mr. A. Mahendran	0.13	0.06
Ms. Parmeshwar Godrej	-	-
Ms. Tanya Dubhash	0.62	0.59
Ms. Nisaba Godrej	0.62	0.59
Mr. Pirojsha Godrej	0.62	0.59
Mr. Nadir Godrej	0.46	0.44
Mr. Burjis Godrej	0.46	0.46
Master Sohrab Godrej	0.46	0.44
Master Hormazd Godrej	0.46	0.44
Managerial Remuneration		
Mr. Adi Godrej	7.43	3.20
Mr. Hoshedar Press	-	1.84
Mr. Dalip Sehgal	-	0.76
Mr. A. Mahendran	6.30	4.77
Commission on Profits and Sitting Fees		
Mr. Nadir Godrej	0.23	0.11
Ms. Nisaba Godrej	0.12	-
Ms. Tanya Dubhash	0.12	-
Mr. A. Mahendran	-	0.03
Lease Rentals Paid		
Ms. Parmeshwar Godrej	2.46	1.59
Ms. Mythili Mahendran	0.39	0.36

Notes to the Consolidated Financial Statements for the year ended March 31, 2012

NOTE 38: SEGMENT INFORMATION

(₹ Crore)

	Within India		Outside india		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Sales revenue by geographical markets	2852.61	2252.46	2118.78	1410.13	4971.39	3662.60
Carrying amount of segment assets	4103.12	2317.55	1925.17	2281.76	6028.29	4599.31
Total cost incurred during the year to acquire assets	36.52	51.71	75.07	181.42	111.59	233.13

NOTE 39: EMPLOYEE STOCK BENEFIT PLANS

I. EMPLOYEE STOCK OPTION / PURCHASE 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 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.
- 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 recognised 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.
- 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 utilised for grant of shares to the employees under the GCPL ESPL within the maximum of 1,000,000 equity shares. Under the plan, entire 1,000,000 shares have been granted and

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vested till March 31, 2012. These shares have to be compulsorily acquired from the GCPL ESOP Trust within the exercise period of two years. 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	5,167,000	4,647,000
Options Vested	4,244,000	2,810,000
Options Exercised	2,950,075	1,001,500
Options Lapsed / Forfeited and re-granted	762,000	762,000
Options Lapsed / Forfeited to be re-granted	35,000	20,000
Total Number of Options / shares Outstanding	1,419,925	2,883,500

II. EMPLOYEE STOCK OPTION PLAN OF ERSTWHILE GODREJ HOUSEHOLD PRODUCTS LTD.

- a) 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 amounted to ₹ 70.69 crore as at beginning of the year. The Company has given a further loan of ₹ 0.50 crore during the year. The total amount of loans given together with interest thereon as at March 31, 2012 amounts to ₹ 77.43 crore. 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.
- b) The status of the above plan is as under:

	Current Year	Previous Year
Options / shares Granted	2,129,000	2,129,000
Options Vested	-	-
Options Exercised	-	-
Options Lapsed / Forfeited	6,67,000	2,05,000
Options Lapsed	-	-
Total Number of Options / shares Outstanding	1,462,000	1,924,000

III. EMPLOYEE STOCK GRANT SCHEME

- a) During the year the Company set up the **Employees Stock Grant Scheme 2011 (ESGS)** pursuant to the approval by the Shareholders at their Meeting held on March 18, 2011.
- b) The ESGS Scheme is effective from April 1, 2011, (the "Effective Date") and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the shares to be vested under Employee Stock Grant Scheme 2011 have been vested in the Eligible Employees and all restrictions on such Stock Grants awarded under the terms of ESGS Scheme, if any, have lapsed, whichever is earlier.
- c) The Scheme applies to the Eligible Employees of the Company or its Subsidiary Company. The entitlement of each employee would be decided by the Compensation Committee of the Company based on the employee's performance, level, grade, etc.
- d) The total number of Stock Grants to be awarded under the ESGS Scheme are restricted to 25,00,000 (Twenty

Five Lac) fully paid-up equity shares of the Company. Not more than 5,00,000 (Five Lac) fully paid-up equity shares or 1% of the issued equity share capital at the time of awarding the Stock Grant, whichever is lower, can be awarded to any one employee in any one year.

- e) The Stock Grants shall vest in the Eligible Employees pursuant to the ESGS Scheme in the proportion of 1/3rd at the end of each year from the date on which the Stock Grants are awarded for a period of three consecutive years subject to the condition that the Eligible Employee continues to be in employment of the Company or the Subsidiary company as the case may be.
- f) The Eligible Employee shall exercise her / his right to acquire the shares vested in her / him all at one time within 1 month from the date on which the shares vested in her / him or such other period as may be determined by the Compensation Committee;
- g) The Exercise Price of the shares has been fixed at ₹ 1 per share. The intrinsic value, being the difference between market price and exercise price is treated as Employee Compensation Expenses and charged to the Statement of Profit and Loss. The value of the options is treated as a part of employee compensation in the financial statements and is amortised over the vesting period.
- h) The Status of the above plan is as under:

	Current Year	Previous Year
Options / shares Granted	114,102	-
Options Vested	-	-
Options Exercised	-	-
Options Lapsed	19,136	-
Total Number of Options / shares Outstanding	94,966	-

Had the fair value method of accounting been used, the employee compensation cost for the year ended March 31, 2012 would have been higher by ₹ 0.67 crore (previous year ₹ 11.33 crore).

NOTE 40: SCHEME OF AMALGAMATION

- a) The Hon'ble High Court of Judicature at Bombay has vide order dated April 26, 2011, sanctioned a Scheme of Amalgamation of the wholly owned subsidiaries of the Company viz. Naturesse Consumer Care Products Limited (NCCPL) and Essence Consumer Care Products Limited (ECCPL), with Godrej Consumer Products Limited (GCPL). The Appointed Date as per the Scheme is December 3, 2010 and the Effective Date is May 18, 2011. Accordingly, the standalone results of the Company for the year ended March 31, 2012, includes the results of the erstwhile ECCPL and NCCPL for the period April 1, 2011, up to May 18, 2011.
- b) In accordance with the Scheme of Amalgamation, all the assets and liabilities of ECCPL and NCCPL have been taken over at their respective book values as on December 3, 2010. The difference between book value of assets and liabilities taken over amounting to ₹ 37.66 crore, after giving effect to the adjustments proposed in the Scheme, has been debited to General Reserve in accordance with the Scheme of Amalgamation.
- c) Since the entire issued, subscribed and paid-up share capitals of NCCPL and ECCPL were 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 NCCPL and ECCPL, and the share capitals of NCCPL and ECCPL stand cancelled.
- d) Since the aforesaid Scheme of Amalgamation, which is effective from December 3, 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.

NOTE 41: GENERAL

The Revised Schedule VI has become effective from the current year for the presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. However, it does not impact recognition & measurement principles followed for preparation of financial statements. Figures of the previous years have been regrouped / restated wherever necessary to confirm to current year's presentation.