

Consolidated Financials

Auditors' Report

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

1. We have audited the attached consolidated Balance Sheet of GODREJ CONSUMER PRODUCTS LIMITED (the Company) and its subsidiaries (collectively referred to as the "Godrej Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended annexed thereto (Consolidated Financial Statements). These Consolidated Financial Statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As stated in Note 4, Schedule 15: Notes to Consolidated Accounts, Godrej Household Products Ltd. (GHPL), an erstwhile 100% subsidiary of Godrej Consumer Products Limited (GCPL) was amalgamated on March 31, 2011, with GCPL with effect from April 1, 2010, in accordance with a Scheme of Amalgamation sanctioned by the Hon'ble High Court of Judicature at Bombay. These financial statements include the financial statements of the erstwhile GHPL for the year ended March 31, 2011, which have not been audited by us and have been audited by another auditor whose report has been furnished to us. Our opinion on the financial statements, to the extent they have been derived from the financial statements of the erstwhile GHPL, is based solely on the report of the other auditor.
4. We did not audit the financial statements of certain subsidiaries included in the Consolidated Financial Statement whose financial statements reflect the Group's share of total assets of Rs. 163642.16 lac as at March 31, 2011, the Group's share of total revenues of Rs. 125970.49 lac and net cash flows amounting to Rs. 1550.89 lac for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.
5. As stated in Note 2(b), Schedule 15: Notes to Consolidated Accounts, certain subsidiaries whose financial statements reflect the Group's share of total assets of Rs. 104580.77 lac as at March 31, 2011 and the Group's share of total revenues of Rs. 3289.19 lac and net cash flows amounting to Rs.1304.36 lac for the year ended on that date have not been audited and have been considered in the Consolidated Financial Statements based solely on the unaudited separate financial statements certified by Management.

6. Without qualifying our opinion, attention is drawn to Note 4, Schedule 15: Notes to Consolidated Accounts, regarding the Scheme of Amalgamation approved by The Hon'ble High Court of Judicature at Bombay whereby the assets and liabilities of the erstwhile Godrej Household Products Limited have been taken over and recorded at their fair values as on April 1, 2010, as determined by the Board of Directors of the Company. In accordance with the Scheme of Amalgamation, an amount of Rs. 3776.83 lac on account of fair valuation of loans and advances, an amount of Rs. 5275.00 lac on account of brand amortization and an amount of Rs. 614.42 lac on account of costs and expenses of amalgamation aggregating to Rs. 9666.25 lac has been charged to General Reserve instead of charging the same to the Profit and Loss Account. Had this amount been charged to the Profit and Loss Account, the profit for the year would have been lower by Rs. 9666.25 lac and the General Reserve would have been higher by Rs. 9666.25 lac.
7. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements and Accounting Standard (AS) 27 – Financial Reporting of Interest in Joint Venture issued by the Institute of Chartered Accountants of India.
8. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the management's certification of the unaudited financial statements, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Godrej Consumer Products Limited and its subsidiaries as at March 31, 2011;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated profit for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

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

Daraius Z. Fraser
Partner
M. No.: 42454

Mumbai: May 2, 2011.

Consolidated Balance Sheet as at March 31, 2011

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

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

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

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

For and on behalf of the Board
Adi Godrej
Chairman

Darius Z. Fraser
Partner

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

A. Mahendran
Managing Director

Mumbai: May 2, 2011.

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

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

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

As per our Report attached

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

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

For and on behalf of the Board
Adi Godrej
Chairman

Darius Z. Fraser
Partner

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

A. Mahendran
Managing Director

Mumbai: May 2, 2011.

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

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

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

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

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Darius Z. Fraser
Partner

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

For and on behalf of the Board
Adi Godrej
Chairman

A. Mahendran
Managing Director

Mumbai: May 2, 2011.

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

	₹ in Lacs	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 1: SHARE CAPITAL			
1. Authorised:			
410,000,000 Equity shares (previous year 410,000,000 equity shares) of ₹ 1/- each.		4100.00	4100.00
10,000,000 Preference shares (previous year 10,000,000 preference shares) of ₹ 1/- each.		100.00	100.00
2. Issued:			
323,621,268 Equity shares (previous year 308,221,168 equity shares) of ₹ 1/- each fully paid up.		3236.21	3082.21
3. Subscribed and Paid Up:			
323,590,144 Equity shares (previous year 308,190,044 equity shares) of ₹ 1/- each fully paid up.		3235.90	3081.90
Total		3235.90	3081.90
Note:			
Of the above, 27,70,79,512 equity shares of ₹ 1 each have been issued pursuant to Schemes of Arrangements for a consideration other than cash.			
SCHEDULE 2: RESERVES AND SURPLUS			
1. Capital Investment Subsidy Reserve			
Balance as per last Balance Sheet		15.00	15.00
2. Capital Redemption Reserve			
As per last Balance Sheet		145.94	145.94
3. Securities Premium Account			
As per last Balance Sheet	35703.58		35703.58
Add: Premium Received on Allotment of QIP	52976.34		-
Less: Expenses on QIP	(852.50)		-
Less: Expenses on Issue of Debenture and Premium on Redemption of Debenture	(2519.37)		-
		85308.06	35703.58
4. Debenture Redemption Reserve			
Transfer from General Reserve		738.43	-
5. Foreign Currency Translation Reserve		(720.34)	(189.95)
6. General Reserve			
As per last Balance Sheet:	26380.55		5443.30
Add: Transfer from Profit and Loss Account	6509.94		3129.80
Less: Transfer to Debenture Redemption Reserve	(738.43)		-
Less: Adjustments Pursuant to Amalgamation	(9018.45)		18455.25
Less: Share in Jointly Controlled Entity	-		(647.80)
		23133.61	26380.55
7. Profit and Loss Account			
Balance as per Profit and Loss Account	54993.87	-	29695.72
Share in Pre-acquisition Profits of Subsidiaries	5665.63		-
Less: Share in Jointly Controlled Entity	-		(4574.37)
		60659.51	25121.36
8. Share in Jointly Controlled Entity			
		-	5210.54
Total		169280.22	92387.02

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

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

SCHEDULE 6: FIXED ASSETS

(₹ in Lac)

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

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

SCHEDULE 7: INVESTMENTS

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

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 8: CURRENT ASSETS, LOANS AND ADVANCES			
1. Inventories			
(At lower of cost and net realisable value)			
a) Raw Materials	19241.45		7946.37
b) Stores and Spares	832.41		404.06
c) Work-in-Progress	2138.43		2322.14
d) Finished Goods - Manufactured	18132.65		10849.97
- Trading	3597.79		966.70
e) Share In Jointly Controlled Entity	-		3954.09
		43942.74	26443.33
2. Sundry Debtors			
(Unsecured - Considered good, unless otherwise stated)			
a) Debts outstanding for a period exceeding six months (Including doubtful debts ₹ 673.29 lacs; - Previous Year ₹ 111.19 lacs)	814.68		121.83

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

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

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

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 9: CURRENT LIABILITIES AND PROVISIONS			
1. Current Liabilities			
a) Sundry Creditors			
- Dues of Micro and Small Enterprises	-		688.19
- Others	54994.27		13014.78
b) Advances and Deposits	1386.95		846.50
c) Unclaimed Dividends	490.05		433.16
d) Other Liabilities	22727.38		24692.04
e) Interim Dividend Payable	4853.85		3852.38
f) Interest Accrued but not Due on Loans	28.37		-
g) Share in Jointly Controlled Entity	-		9734.77
	<hr/>	84480.87	<hr/> 53261.82
2. Provisions			
a) For Taxation (Net of Advance Payment of Taxes)	103.42		515.57
b) For Tax on Distributed Profits	787.42		654.71
c) For Leave Encashment	1357.97		633.37
d) Share In Jointly Controlled Entity	-		215.07
	<hr/>	2248.80	<hr/> 2018.72
Total		86729.67	55280.54
*The figure of Unclaimed Dividend reflects the position as at March 31, 2011. During the year, the Company has transferred an amount of ₹ 31.16 lac (previous year ₹ 41.54 lac); to the Investor Education and Protection Fund in accordance with the provisions of section 205C of the Companies Act, 1956.			
SCHEDULE 10: OTHER INCOME			
1. Interest Income (Gross)			
a) On Investments	834.55		168.21
b) On Advances and Deposits	1225.32		165.35
c) On Rights Issue Proceeds	138.65		2005.92
d) On ESOP Trust Loan	438.71		363.75
(Tax Deducted at Source ₹ 110.46 lac; previous year ₹ 408.19 lac)			
e) On Income Tax Refund	41.28		0.99
	<hr/>	2678.51	<hr/> 2704.22
2. Gain on Exchange Difference (Net)		527.91	94.05
3. Profit/(Loss) on Sale of Assets (Net)		42.76	(50.94)
4. Profit on Sale of Investments (Net)		133.11	207.29
5. Claims Received		55.32	74.65
6. Miscellaneous Income		3542.80	905.43
7. Share in Jointly Controlled Entity		-	495.23
Total		6980.41	4429.93
SCHEDULE 11: MATERIALS CONSUMED AND PURCHASE OF GOODS			
1. Raw Materials Consumed			
Opening Inventory	7822.12		5480.87
Add: Purchases (Net)	163208.06		64424.81
	<hr/>		<hr/> 69905.67
Less: Closing Inventory	19241.45		7946.37
Raw material consumed during the year		151788.73	61959.30
2. Purchase of Goods for Resale		27615.00	15380.98
3. Share in Jointly Controlled Entity		-	21335.14
Total		179403.72	98675.42

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

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

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

	₹ in Lac	Current Year ₹ in Lac	Previous Year ₹ in Lac
SCHEDULE 14: INVENTORY CHANGE			
1. Opening Inventory			
a) Finished Goods	10849.97		6798.87
b) Traded Goods	966.70		2063.59
c) Work-in-Progress	2322.14		1697.69
d) Share in Jointly Controlled Entity	2754.11		211.10
		16892.92	10771.25
2. On Acquisition of Subsidiary/JV During the Year			
a) Finished Goods	221.13		2076.73
b) Traded Goods	1794.56		-
c) Work-in-Progress	439.01		-
		2454.69	2076.73
3. Less: Closing Inventory			
a) Finished Goods	18132.65		10849.97
b) Traded Goods	3597.79		966.70
c) Work-in-Progress	2138.43		2322.14
d) Share in Jointly Controlled Entity	-		2754.11
		23868.87	16892.92
4. (Increase)/Decrease in Inventory		(4521.25)	(4044.95)
SCHEDULE 15: EXCEPTIONAL ITEMS (NET OF TAX)			
1. Licence Agreement Termination Compensation		4031.00	-
Less: Tax Thereon		(803.38)	-
2. Compensation for Assignment of Rights on Leasehold Land		83.00	-
Total		3310.62	-
SCHEDULE 16: NOTES TO CONSOLIDATED ACCOUNTS			
1. SIGNIFICANT ACCOUNTING POLICIES			
a) Accounting Convention:			
The financial statements are prepared under the historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.			
b) Use of Estimates:			
The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.			
c) Fixed Assets:			
Fixed Assets are stated at cost of acquisition or construction, less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned assets.			

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

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

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

d) **Asset Impairment:**

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

e) **Intangible Assets:**

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

f) **Investments:**

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

g) **Inventories:**

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

h) **Provisions and Contingent Liabilities:**

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

No Provision is recognized for –

- A. Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- B. Any present obligation that arises from past events but is not recognised because -
 - a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - b) A reliable estimate of the amount of obligation cannot be made.

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

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

i) **Revenue Recognition:**

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

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

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

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

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

Interest income is recognised on a time proportion basis.

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

j) Borrowing Costs:

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

k) Foreign Currency Transactions:

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

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

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

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

l) Research and Development Expenditure:

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

m) Employee Benefits:

Short-term Employee benefits:

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

Post Employment Benefits:

Defined Contribution Plans:

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

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

Defined Benefit Plans:

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

Other Long Term Employee Benefits:

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

n) Incentive Plans:

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

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

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

o) Depreciation:

Leasehold land is amortised equally over the lease period.

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

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

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

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

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

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

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

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

p) Taxes on Income:

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

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

q) Hedging:

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

r) Segment Reporting

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

2. PRINCIPLES OF CONSOLIDATION

- a) The consolidated financial statements relate to Godrej Consumer Products Limited, the Holding Company, its wholly owned subsidiaries and 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, 2011.

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

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

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

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

- c) Accordingly, the consolidated financial statements include the results of the subsidiaries for the year ended March 31, 2011 and their assets and liabilities as on the Balance Sheet date and in the case of the joint venture, to the extent of its interest, for the year and its share in the assets and liabilities as on the Balance Sheet date.
- d) In the consolidated financial statements, 'Goodwill' represents the excess of the cost to the Company of its investment in the subsidiaries and/or joint ventures over its share of equity, at the respective dates on which the investments are made. Alternatively, where the share of equity as on the date of investment is in excess of cost of investment, it is recognised as 'Capital Reserve' in the consolidated financial statements.

3. PARTICULARS OF SUBSIDIARIES

- a) The subsidiary companies/entities considered in the consolidated financial statements are:

Sr. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			Current Year	Previous Year
1.	Godrej Netherlands B.V.	Netherlands	100%	100%
2.	Godrej Consumer Products (UK) Limited (100% subsidiary of Godrej Netherlands B.V.)	UK	100%	100%
3.	Keyline Brands Limited (100% subsidiary of Godrej Consumer Products (UK) Limited)	UK	100%	100%
4.	Inecto Manufacturing Limited (100% subsidiary of Keyline Brands Limited)	UK	100%	100%
5.	Rapidol (Proprietary) Limited	South Africa	100%	100%
6.	Godrej Global Mid East FZE	UAE	100%	100%
7.	Godrej Consumer Products Mauritius Limited	Mauritius	100%	100%
8.	Godrej Kinky Holdings Limited (100% subsidiary of Godrej Consumer Products Mauritius Limited)	Mauritius	100%	100%
9.	Kinky Group (Proprietary) Limited (100% subsidiary of Godrej Kinky Holdings Limited)	South Africa	100%	100%
10.	Godrej Nigeria Holdings Limited (100% subsidiary of Godrej Consumer Products Mauritius Limited)	Mauritius	100%	100%
11.	Godrej Nigeria Limited (99.99% held by Godrej Nigeria Holdings Limited, 0.01% held by Godrej Consumer Products Mauritius Limited.)	Nigeria	100%	100%
12.	Godrej Argentina Dutch Cooperatief U.A. (100% subsidiary of Godrej Consumer Products Mauritius Limited)	Netherlands	100%	100%
13.	Godrej Netherlands Argentina Holding B.V. (100% subsidiary of Godrej Argentina Dutch Cooperatief U.A.)	Netherlands	100%	--
14.	Godrej Netherlands Argentina B.V. (100% subsidiary of Godrej Argentina Dutch Cooperatief U.A.)	Netherlands	100%	--
15.	Laboratoria Cuenca S.A. (90% held by Godrej Netherlands Argentina B.V. and 10% held by Godrej Netherlands Argentina Holding B.V.)	Argentina	100%	--
16.	Issue Group Uruguay S.A. (100% subsidiary of Laboratoria Cuenca S.A.)	Argentina	100%	--
17.	Deciral S.A. (100% subsidiary of Laboratoria Cuenca S.A.)	Argentina	100%	--
18.	Issue Group Brazil Limited (100% subsidiary of Laboratoria Cuenca S.A.)	Argentina	100%	--
19.	Consell S.A. (74% held by Laboratoria Cuenca S.A., 23.4% held by Godrej Netherlands Argentina B.V. and 2.6% held by Godrej Netherlands Argentina Holding B.V.)	Argentina	100%	--

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

Sr. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			Current Year	Previous Year
20.	Argencos S.A. <i>(64.86% held by Godrej Netherlands Argentina B.V., 35.14% held by Panamar Produccioness Srl)</i>	Argentina	100%	--
21.	Panamar Produccioness Srl <i>(90% held by Godrej Netherlands Argentina B.V., 10% held by Godrej Netherlands Argentina Holding B.V.)</i>	Argentina	100%	--
22.	Godrej Hygiene Product Limited	India	100%	100%
23.	Godrej Consumer Products Holding (Mauritius) Limited	Mauritius	100%	100%
24.	Indovest Capital Limited <i>(100% subsidiary of Godrej Consumer Products Holding (Mauritius) Limited)</i>	Malaysia	100%	--
25.	Godrej Consumer Products Dutch Cooperatief U.A., <i>(99.99% held by Godrej Consumer Products Holding (Mauritius) Limited, 0.01% held by Godrej Consumer Products Mauritius Limited)</i>	Netherlands	100%	100%
26.	Godrej Indonesia Netherlands Holding B.V. <i>(100% subsidiary of Godrej Consumer Products Dutch Cooperatief U.A.)</i>	Netherlands	100%	--
27.	Godrej Consumer Products (Netherlands) B.V. <i>(100% subsidiary of Godrej Consumer Products Dutch Cooperatief U.A.)</i>	Netherlands	100%	100%
28.	Godrej Consumer Holdings (Netherlands) B.V. <i>(100% subsidiary of Godrej Consumer Products Dutch Cooperatief U.A.)</i>	Netherlands	100%	100%
29.	PT Megasari Makmur <i>(96% held by Godrej Consumer Holdings (Netherlands) B.V., 4% held by Godrej Consumer Products (Netherlands) B.V.)</i>	Indonesia	100%	--
30.	PT Simba Indosnack Makmur <i>(95% held by Godrej Consumer Holdings (Netherlands) B.V., 5% held by Godrej Consumer Products (Netherlands) B.V.)</i>	Indonesia	100%	--
31.	PT Ekamas Sarijaya <i>(96% held by Godrej Consumer Holdings (Netherlands) B.V., 4% held by Godrej Consumer Products (Netherlands) B.V.)</i>	Indonesia	100%	--
32.	PT Sarico Indah <i>(96% held by Godrej Consumer Holdings (Netherlands) B.V., 4% held by Godrej Consumer Products (Netherlands) B.V.)</i>	Indonesia	100%	--
33.	PT Indomas Susemi Jaya <i>(95% held by Godrej Consumer Holdings (Netherlands) B.V., 5% held by Godrej Consumer Products (Netherlands) B.V.)</i>	Indonesia	100%	--
34.	PT Intrasari Raya <i>(99% held by Godrej Consumer Holdings (Netherlands) B.V., 1% held by Godrej Consumer Products (Netherlands) B.V.)</i>	Indonesia	100%	--
35.	Godrej Household Products (Lanka) Private Limited	Sri Lanka	100%	--
36.	Godrej Household Products (Bangladesh) Private Limited	Bangladesh	100%	--
37.	Godrej Consumer Products Bangladesh Limited	Bangladesh	100%	--
38.	Essence Consumer Care Products Private Limited	India	100%	--
39.	Naturesse Consumer Care Products Private Limited	India	100%	--
40.	Godrej Mauritius Africa Holdings Limited	Mauritius	100%	--
41.	Godrej Weave Holdings Limited <i>(100% subsidiary of Godrej Mauritius Africa Holdings Limited)</i>	Mauritius	100%	--

4. SCHEME OF AMALGAMATION

- a) A Scheme of Amalgamation ("the Scheme") for the amalgamation of Godrej Household Products Ltd. (GHPL) (a 100% subsidiary of Godrej Consumer Products Ltd. (GCPL) called "the Transferor Company", with Godrej Consumer Products Limited (the Transferee Company), with effect from April 1, 2010, ("the Appointed Date") was sanctioned by the Hon'ble High Court of Judicature at Bombay ("the Court"), vide its Order dated February 28, 2011 and certified copies of the Order of the Court sanctioning the Scheme were filed with the Registrar of Companies, Maharashtra on March 31, 2011 (the "Effective Date"). Accordingly, the standalone results of the Company for the year ended March 31, 2011, include the results of the erstwhile GHPL for the financial year ended March 31, 2011.

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

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

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

- d) In arriving at the fair value of the net assets of GHPL taken over by the Company:
- i) Loans and Advances have been reduced by ₹ 3776.83 lac on account of:
- a) Restatement of loans given by the erstwhile GHPL to the GHPL ESOP Trust for acquiring shares of Godrej Industries Limited (GIL) granted under an ESOP Scheme to the employees of GHPL. The loans have been restated at the market value of the underlying GIL shares as on April 1, 2010, resulting in a reduction of Loans and Advances by ₹ 2955.14 lac and
- b) Reduction in the excise duty refund receivable by GHPL by ₹ 821.69 lac on account of uncertainty of recoverability.
- ii) Trademarks have increased by ₹ 105500.00 lac on account of fair valuation of the Goodknight and Hit brands of the erstwhile GHPL as on April 1, 2010. Amortisation of these brands for the year amounting to ₹ 5275.00 lac has been charged directly to General Reserves as per the Scheme.
- e) Costs and expenses of amalgamation amounting to ₹ 614.42 lac have been directly debited to General Reserves.
- f) Consequently, the following amounts have been adjusted in General Reserve as under:

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

- g) At the end of each financial year an amount equivalent to ₹ 5275.00 lac being the amortization of brands (recorded pursuant to the amalgamation), is to be directly debited to General Reserves.
- h) Since the entire issued, subscribed and paid-up share capital of GHPL was held by the Company, upon the Scheme of Amalgamation becoming effective, no shares of the Company have been allotted in lieu or exchange of its holding in GHPL and the share capital of GHPL stands cancelled.

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

- i) Had the Scheme not prescribed the above accounting treatment, the balance in Goodwill would have been higher by ₹ 105500.00 lac Trademarks would have been lower by ₹ 105500.00 lac, expenses and provisions would have been higher by ₹ 4391.25 lac Depreciation would have been higher by ₹ 5275.00 lac General Reserve would have been higher by ₹ 9666.25 lac and profit for the year would have been lower by ₹ 9666.25 lac.
- j) Since the aforesaid Scheme of amalgamation of GHPL with the Company, which is effective from April 1, 2010, has been given effect to in these accounts, the figures for the current year to that extent are not comparable with those of the previous year.
- k) Fair valuation of Trademarks - Goodknight & HIT, ESOP Loan and Excise Receivable has been done to reflect the true and fair value of these assets. Since the amortisation of trademark is on account of fair valuation, hence it has been charged to General Reserve. Since the amalgamation expenses are not incurred in the normal course of business and incurred only on account of amalgamation, hence charged to General Reserve.

5. CONTINGENT LIABILITIES

	Current Year ₹ in Lac	Previous Year ₹ in Lac
a) Claims for excise duties, taxes and other matters:		
i) Excise duty demands aggregating ₹ 185.56 lac (previous year ₹ 93.08 lac) against which the Company has preferred appeals (net of tax).	123.25	61.44
ii) Excise duty claims in respect of non-payment of education cess for the period January 2005 to March 2008 at the Guwahati Factory amounting to ₹ 118.27 lac (Previous Year ₹ 118.27 lac) (net of tax).	78.98	78.06
iii) Special Value Addition Rate application for excise purpose at Guwahati claimed at a rate higher than the normal rate as per new notification is yet to be granted. The excess special value addition claimed over and above the normal rate amounting to ₹ Nil (previous year ₹ 830.86 lac) has been accounted as recoverable and the same is contingent on the higher rate being granted (net of tax).	-	548.45
iv) Sales tax demands aggregating ₹ 2079.93 lac (Previous Year ₹ 168.59 lac) against which the Company has preferred appeals (net of tax).	1389.02	111.29
v) Income-tax matters: Demand notices issued by Income-tax Authorities.	837.44	2162.96
vi) Other matters - ₹ 300.05 lac (Previous Year ₹ 6.62 lac) (net of tax).	200.38	4.37
b) Guarantees issued by banks (secured by bank deposits under lien with the bank ₹ 106.95 lac (Previous Year – ₹ 106.95 lac)	865.02	262.74
c) Guarantees amounting to \$95 million given by the Company towards loans provided by HSBC to Godrej Consumer Products Mauritius Ltd.	43021.13	-
d) Guarantee amounting to \$ 365 million given by the Company towards loan provided by Banks to Godrej Consumer Products Holding (Mauritius) Ltd.	164159.57	-
e) Guarantee of AED 1.4 million (previous year AED 1.4 million) given by the Company to guarantee principal amount of credit facilities extended by HSBC Bank Middle East Ltd. to Godrej Global Mideast FZE – a wholly owned subsidiary of the Company.	172.59	171.69

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

	Current Year ₹ in Lac	Previous Year ₹ in Lac
f) Guarantee given by the Company to guarantee principal amount of credit facilities extended by the Royal Bank of Scotland to Godrej Hygiene Products Limited – a wholly owned subsidiary of the Company.	500.00	300.00
g) Guarantees of 3 million GBP (Previous Year GBP 3 million) given by the Company for securing loan availed by Godrej Netherlands B.V., a wholly owned subsidiary of the Company.	-	2036.05
h) Guarantee given by the Company to guarantee principal amount of credit facilities extended by Citibank SriLanka and Citibank Bangladesh to Godrej Household Products (Lanka) Private Limited and Godrej Household Products (Bangladesh) Private Limited respectively - wholly owned subsidiaries of the Company.	756.36	-
i) Claims against the Company not acknowledged as debt:		
Claims by various parties on account of unauthorised, illegal and fraudulent acts by an employee.	2424.19	2424.19
Claims pertaining to litigations filed against the erstwhile Godrej Household Products Limited.	25.02	-
j) Share in Jointly Controlled Entity		
Guarantees, claims by various employees, distributors, transporters, etc. and Demands raised by statutory authorities.	-	1126.76

6. CAPITAL COMMITMENTS

Estimated value of contracts remaining to be executed on capital account to the extent not provided for ₹ 725.47 lac (Previous Year ₹ 42.57 lac). Net of advances amounting to ₹ 670.61 lac (Previous Year ₹ 28.52 lac)

In respect of share in Jointly Controlled entity, estimated amounts of contracts (net of capital advances) remaining to be executed on capital account to the extent not provided for ₹ Nil (Previous Year ₹ 28.16 lac).

7. SHARE CAPITAL

During the year, the Company issued 15,400,100 equity shares of face value ₹ 1 each at a premium of ₹ 344 per equity share to Qualified Institutional Buyers. The pricing was equal to the floor price of ₹ 345 per equity share calculated in accordance with SEBI guidelines. The issue proceeds aggregating to ₹ 53130.34 lac has been utilized to retire debt and for general corporate purpose.

8. SECURED LOANS

a) The Sales Tax Deferment Loan is secured by:

(i) Malanpur location:

- a) a first charge by way of equitable mortgage of the immovable properties at Malanpur factory, and
- b) hypothecation of movable assets at Malanpur factory, save and except, book debts and subject to charges already created by the Company in favour of the banks for working capital facilities.

(ii) Baddi Location:

Bank guarantee in favour of the sales tax authorities.

- b) Bank cash credit, working capital demand loans and guarantees issued by banks are secured by hypothecation of stocks and book debts of the Company.
- c) Bank borrowings of Godrej Global Mid East FZE are secured by assignment of insurance policies covering inventory, assets and corporate guarantee from parent company.
- d) Bank borrowings of Keyline Brands Limited are secured by a charge on the fixed and current assets of the Company and also by pledge of shares of subsidiary companies.

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

- e) Godrej Consumer Products Mauritius Limited entered into a facility agreement with The Hong Kong and Shanghai Banking Corporation Limited for the acquisition of Issue and Argencos. The Company has pledged all the shares it owned in Godrej Argentina Dutch Cooperatief U.A.
- f) The Company has also entered into a facility agreement with HSBC Bank (Mauritius) Limited for the acquisition of Tura brand and investment in Godrej Nigeria Holdings Limited. The Company has pledged all its shares it owned in Godrej Nigeria Holdings Limited.
- g) Godrej Consumer Product Holding (Mauritius) Limited has entered into a facility agreement with various banks for the acquisition of Megasari group and Indovest Capital. The Company has pledged all the shares of Indovest Capital and shares of the Megasari Group.

9. UNSECURED LOANS

- a) During the year, the Company had issued 11,000 and redeemed 9,000 zero coupon, unsecured, redeemable, non-convertible debentures on private placement basis. The debentures redeemed were at a premium of ₹ 2013.01 lac at maturity.
- b) Unsecured Loans include 2,000 zero coupon, unsecured, redeemable, non-convertible debentures having a face value of ₹ 10 lac each, aggregating to ₹ 20000.00 lac, issued on a Private Placement basis, redeemable in two tranches at a premium, which will yield 10.50% p.a. at maturity. Debentures amounting to ₹ 4500.00 lac are redeemable in December 2011 and the balance, amounting to ₹ 15500.00 lac is redeemable in January 2012.

10. FIXED ASSETS

The Goodnight, HIT, Kinky and Tura brands are being amortised over a period of twenty years. The major influencing factors behind amortising over a period of twenty years are that Kinky brand has been in existence since last forty years. Kinky is the No.2 player in the category. Similarly Goodnight has been in existence since last twenty seven years and been growing at a fast pace. Goodnight has grown by 29% and HIT by 35% during the period under review. Tura is a strong Nigerian brand with more than twenty years of presence in the personal care category.

11. INVESTMENTS

- a) During the year the Company completed the acquisition of PT. Megasari Makmur Group in Indonesia with effect from May 17, 2010 and also incorporated Godrej Indonesia Netherlands Holding BV, Netherlands with effect from May 7, 2010 under Godrej Consumer Products Dutch Cooperatief U.A, Netherlands.
- b) During the year, the Company completed the acquisition of the balance 51% stake in Godrej Sara Lee Ltd. (subsequently renamed as Godrej Household Products Ltd). Consequently, Godrej Household Products Ltd. became a wholly owned subsidiary of Godrej Consumer Products Limited (GCPL) with effect from May 28, 2010. Subsequently, pursuant to a Scheme of Amalgamation sanctioned by the Hon'ble High Court of Judicature at Bombay, Godrej Household Products Ltd. was amalgamated with Godrej Consumer Products Ltd. on March 31, 2011 (the "Effective Date") with effect from April 1, 2010, ("the Appointed Date").

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

- c) During the year, the Company acquired a 100% stake in Laboratoria Cuenca, Consell SA, Issue Uruguay and Issue Brazil (collectively referred to as 'Issue Group') with effect from June 1, 2010 and acquired a 100% stake in Argencos, a mid-sized Argentine hair care company and Panamar Produccioness Srl, with effect from July 8, 2010, through its newly incorporated subsidiaries Godrej Netherlands Argentina Holding B.V., Netherlands and Godrej Netherlands Argentina B.V., Netherlands which were incorporated under Godrej Argentina Dutch Cooperatief UA, Netherlands.
- d) The Company completed the acquisition of the worldwide rights of Tura from the Tura Group, Nigeria with effect from June 16, 2010.

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

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

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

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

12. LOANS AND ADVANCES

The Company has granted a loan amounting to ₹ 5223.56 lac (previous year ₹ 4430.84 lac) (being the maximum amount of loan outstanding during the year) to The Godrej Consumer Products Limited ESOP Trust, a trust set up for administering the Employee Stock Option Plan of the Company set for the employees/ Directors of the Company/ and or the Companies subsidiaries. Out of the above loans, loans aggregating ₹ 2923.56 lac for ESOP is repayable at the end of five years from the date of the loan agreement viz. Five years from March 21, 2008. The repayment of the loan by the trust is dependant on the exercise of options by the employees and/or the market price of the underlying equity shares of the unexercised options at the end of the exercise period.

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

Under the Scheme of Amalgamation the Company has obtained a new employee stock option scheme ‘Godrej Sara Lee Limited Employees Stock Option Plan’ to eligible employees of the merged Company on terms and conditions as specified in the Scheme. The equity shares of ‘Godrej Industries Limited’ are the underlying equity shares for the stock option scheme. In order to execute the Scheme, an independent Trust has been created with ILFS Trust Company Limited and the erstwhile Godrej Household Products Limited had given an interest bearing loan, which together with interest amounted to ₹ 5940.00 lac to the Trust to execute the scheme. Based on Market conditions the same has been fair valued at ₹ 2984.86 lac shown under the head “Loans and Advances”. The impaired amount of ₹ 2955.14 lac has been adjusted to General Reserve.

13. RIGHTS ISSUE PROCEEDS

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

14. LEASES

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

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

(₹ in Lac)

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

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

- b) The Group has also acquired assets under non cancellable operating leases. The liability for minimum lease payment is secured by hypothecation of the assets acquired under the lease. The future minimum lease payments outstanding as on March 31, 2011, in respect of assets leased are as under:

(₹ in Lac)

Maturity Profile	Total Future Minimum Lease Payments Outstanding as on March 31, 2010	Unmatured Finance Charges	Present Value of Future Minimum Lease Payments
Not later than one year	434.58 (115.67)	- (-)	434.58 (115.67)
Later than one year and not later than five years	347.73 (11.23)	- (-)	347.73 (11.23)
Later than five years	139.48 (138.59)	- (-)	139.48 (138.59)
Total	921.80 (265.49)	- (-)	921.80 (265.49)

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

- c) The details of operating lease in respect of its share in Jointly Controlled Entity is as follows:

(₹ in Lac)

Maturity Profile	Total Future Minimum Lease Payments Outstanding as on March 31, 2010	Unmatured Finance Charges	Present Value of Future Minimum Lease Payments
Not later than one year	- (50.08)	- (-)	- (50.08)
Later than one year and not later than five years	- (37.22)	- (-)	- (37.22)
Later than five years	- -	- (-)	- -
Total	- (87.30)	- (-)	- (87.30)

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

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

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

15. HEDGING CONTRACTS

The Company uses forward exchange contracts to hedge its foreign exchange exposure relating to the underlying transactions and firm commitment in accordance with its forex policy as determined by a Forex Committee. The Company does not use foreign exchange forward contracts or commodity futures contracts for trading or speculation purposes. As at March 31, 2011, the Group had 6 (previous year 18) outstanding forward exchange contracts to purchase foreign currency aggregating, to US Dollars 66.10 lac (previous year US Dollars 113.35 lac) at an average rate of ₹ 45.91 per US Dollar (previous year ₹ 46.44 per US Dollar) and Euro Nil (previous year Euro 6.86 lac) at an average rate of ₹ Nil (previous year ₹ 60.19 per Euro). Pursuant to the Scheme of Amalgamation, the Company obtained 3 outstanding forward exchange contracts to sell foreign currency aggregating to US Dollars 0.50 lac at an average rate of ₹ 45.28 per US Dollar and Euro 9.25 lac at an average rate of ₹ 63.84 per Euro have been added to the Company. The uncovered foreign exchange exposure as at March 31, 2011, is as under:

(₹ in Lac)

	Currency Exposure	Current Year	Previous Year
Payable	USD	22846.13	105.84
Payable	EURO	376.88	-
Payable	GBP	2.27	-
Payable	ZAR	130.55	10.52
Receivable	USD	1623.71	7.94
Receivable	EURO	1170.24	-
Other Income Receivable	ZAR	128.13	31.17
Loan and Interest Receivable	GBP	-	5.02
Advance Against Investments	USD	-	0.06
Cash and cash equivalents	USD	1060.97	-
Cash and cash equivalents	EURO	636.56	-
Cash and cash equivalents	ZAR	0.06	-
Bank Borrowings	USD	(155971.96)	-
Redeemable convertible preference shares	USD	(1815.05)	(1822.40)

16. PROFIT AND LOSS ACCOUNT

- Exchange differences (net) recognised in the Profit and Loss Account for the year amounted to a gain of ₹ 527.91 lac (previous year ₹ 94.05 lac). The premium in respect of forward exchange contracts to be recognised in subsequent accounting periods is ₹ 35.16 lac (previous year ₹ 38.26 lac)
- Research and Development Expenditure of revenue nature charged to the Profit and Loss Account amounts to ₹ 793.96 lac (previous Year ₹ 715.66 lac).

17. EXCEPTIONAL ITEM

- Pursuant to Ambipur Manufacturing and Distribution License Termination and Amendment Agreement dated May 28, 2010, entered into between Kiwi European Holdings B.V., Saralee Household & Body Care International B.V. and Godrej Household Products Limited (formerly known as Godrej Sara Lee Limited), the erstwhile Godrej Household Products Ltd. received termination compensation of Euro 70.00 lac (equivalent to ₹ 4030.99 lac) disclosed as an "Exceptional Item" in the Profit and Loss Account.
- Pursuant to the 'Kiwi Manufacturing and Distribution License – Confirmation and Amendment Agreement dated May 28, 2010, entered into between Kiwi European Holdings B.V., Saralee Household & Body Care International B.V. and Godrej Household Products Limited (formerly known as Godrej Sara Lee Limited), and further pursuant to the letters dated February 9, 2011 and March 24, 2011, the 'Kiwi Manufacturing and Distribution License Agreement' has been terminated effective April 3, 2011 and termination compensation of ₹ 17492.26 lac has been received subsequent to the year end.

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

18. EMPLOYEE STOCK OPTION PLAN

- a) The shareholders of the Company have approved the setting up of the Godrej Consumer Products Ltd. Employee Stock Option Plan (GCPL ESOP) for the benefit of its eligible employees where by the Company can grant 45,00,000 Stock Options convertible into 45,00,000 equity shares of the nominal value ₹ 1 each to the eligible employees / Directors of the Company and of the Company's subsidiaries.
- b) The ESOP Scheme is administered by an independent ESOP Trust created with IL&FS Trust Company Limited which acquires by subscription / purchase or otherwise, the Company's shares equivalent to the number of Options proposed to be granted by the participating companies, as approved by the Compensation Committee.
- c) The ESOPS authorized for issue are as under:
- 2,000,000 Options in the Extra-ordinary General Meeting on March 14, 2007.
 - 2,500,000 Options in the Extra-ordinary General Meeting on April 28, 2008.
- d) The Options granted shall vest in the eligible employees within such period as may be prescribed by the Compensation Committee, which period shall not be less than one year and may extend up to three years from the date of grant of the Option. Vesting may occur in tranches subject to the terms and conditions of vesting. The Option is exercisable within two years after vesting.
- e) All unvested Options shall vest in the employees on the date of retirement or at an earlier date as may be decided by the Compensation Committee, subject to the requirement of minimum vesting period and all vested Options should be exercised by the Option Grantee immediately on retirement, but in no event later than six months from the date of such Options Grantee's retirement.
- f) The price at which the Option Grantee would convert Options granted into GCPL Shares (i.e. the exercise price) shall be the market price prevailing on the day prior to the day of grant plus interest at such rate not being less than the bank rate then prevailing compoundable on an annual basis for the period commencing from the date of granting of the Option and ending on the date of intimating exercise of the Option to the Company.
- g) The employee share based payment plans have been accounted based on the intrinsic value method and no compensation expense has been recognized since the market price of the underlying share at the grant date is the same / less than the exercise price of the option, the intrinsic value therefore is Nil.
Had the fair value method of accounting been used, the employee compensation cost would have been higher by ₹ 1132.64 lac (previous year ₹ 442.75 lac).
- h) The Board of Directors in its meeting held on January 22, 2011, had approved an Employee Stock Purchase Plan (GCPL ESPL) which is administered by the GCPL ESOP Trust. Under the plan, the Company provides loans to the GCPL ESOP Trust at an interest rate which is not less than the bank rate, to enable the Trust to acquire up to 1,000,000 shares of the Company from the secondary market. The HR and Compensation Committee had resolved that the surplus shares held by the GCPL ESOP Trust at any point of time for grant of Options under GCPL ESOP be utilized for grant of shares to the employees under the GCPL ESPL within the maximum of 1,000,000 equity shares. Under the plan, 980,000 shares have been granted till March 31, 2011.
The shares granted shall vest on March 30, 2012. Thereafter, within the exercise period of two years, these shares have to be compulsorily acquired from the GCPL ESOP Trust. The exercise price shall be the market price on the day prior to the date of grant plus interest at a rate not less than the bank rate till the date of exercise.
- i) The status of the above plans are as under:

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

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

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

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

19. INCENTIVE PLANS

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

20. PROVISION FOR CONTINGENCIES

(₹ in Lac)

Particulars	Current Year	Previous Year
Provision as on April 1, 2010	11.35	-
Additional Provision made	420.98	-
Provision Amount Utilised / Reversed	-	-
Provision as on March 31, 2011	534.48	-

Note:

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

21. EARNINGS PER SHARE

(₹ in Lac)

	Current Year	Previous Year
a) Net Profit After Tax	51470.95	33958.60
b) Number of Equity Shares:		
As at the commencement of the year	308,190,044	256,953,908
Issued during the year	15,400,100	51,236,136
As at the end of the year	323,590,144	308,190,044
Weighted Average Number of Equity Shares during the year:		
Basic	319,466,620	299,627,293
Diluted	319,466,620	299,627,293
c) Earning per Equity Share of ₹ 1/- each		
Before Extraordinary Items:		
Basic and Diluted	16.11	11.33
Including Extraordinary Items:		
Basic and Diluted	16.11	11.33

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

22. EMPLOYEE BENEFITS

a) DEFINED CONTRIBUTION PLAN

Provident Fund:

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

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

b) Defined Benefit Plan

Gratuity:

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

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

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

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

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

	Gratuity	
	Current Year ₹ in Lac	Previous Year ₹ in Lac
i) Change in Present Value of Obligation		
Present value of the obligation at the beginning of the year	1231.49	743.67
Acquisition of 49% Share in Godrej Sara Lee Ltd. (Now merged with GCPL)	598.73	197.31
Liability on transfer of employees from group companies	-	4.03
Current Service Cost	136.24	78.63
Past Service Cost (Vested Benefit)	-	52.70
Interest Cost	126.61	74.43
Actuarial (Gain)/Loss on Obligation	24.52	168.66
Benefits Paid	(198.35)	(87.96)
Present value of the obligation at the end of the year	1919.24	1231.49

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

	Gratuity	
	Current Year ₹ in Lac	Previous Year ₹ in Lac
ii) Change in Plan Assets		
Fair value of Plan Assets at the beginning of the year	1033.82	748.01
Acquisition of 49% Share in Godrej Sara Lee Ltd. (Now merged with GCPL)	603.34	199.38
Expected return on Plan Assets	110.67	79.94
Actuarial Gain/(Loss) on Plan Assets	(36.80)	34.66
Contributions by the Employer	50.00	59.78
Benefits Paid	(198.35)	(87.96)
Fair value of Plan Assets at the end of the year	1562.68	1033.82
iii) Amounts Recognised in the Balance Sheet:		
Present value of Obligation at the end of the year	1919.24	1231.49
Fair value of Plan Assets at the end of the year	1562.68	1033.82
Net Obligation at the end of the year	356.56	197.67
iv) Amounts Recognised in the statement of Profit and Loss:		
Current Service Cost	136.24	78.63
Interest Cost on Obligation	126.61	74.43
Expected return on Plan Assets	(110.67)	(79.94)
Net Actuarial (Gain)/Loss recognised in the year	63.45	134.00
Past Service Cost	-	52.70
Net Cost Included in Personnel Expenses	215.63	259.83
v) Actual Return on Plan Assets	73.87	114.60
vi) Estimated contribution to be made in next financial year	136.03	143.46
vii) Major categories of Plan Assets as a % of total Plan Assets		
i) Insurer Managed Funds	100%	100%
viii) Actuarial Assumptions		
i) Discount Rate	8.25% P.A.	7.75% to 8.25% P.A.
ii) Expected Rate of Return on Plan Assets	8.25% P.A.	8% to 8.25% P.A.
iii) Salary Escalation Rate	5% P.A.	5% to 7% P.A.
iv) Employee Turnover	1% P.A.	1% to 2% P.A.
v) Mortality		

L.I.C (1994-96) Ultimate

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note: The Employee Benefit details furnished above pertain only to the Indian subsidiaries/joint ventures of the Company. The disclosure of the above details not being mandatory in the respective countries of the foreign subsidiaries, have not been furnished.

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

23. RELATED PARTY DISCLOSURES

A) Related Parties and their Relationship

a) Enterprise having control over reporting enterprise:

i) Godrej & Boyce Mfg. Co. Ltd.

b) Joint Ventures:

i) Godrej Household Products Ltd. (Formerly Godrej Sara Lee Limited)
(Joint Venture from June 1, 2009 up to May 27, 2010. Became a subsidiary of the Company on May 28, 2010 and subsequently was pursuant to the Scheme of Amalgamation with effect from April 1, 2010)

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

i) Godrej Industries Limited
ii) Godrej Agrovet Limited
iii) Godrej Hershey Limited
iv) Godrej Infotech Limited
v) Godrej Properties Limited
vi) Godrej International Limited
vii) Wadala Commodities Ltd.
viii) Godrej Oil Palm Limited
ix) Natures Basket Limited

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

i) Godrej Investments Private Limited

e) Key Management Personnel and Relatives:

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

B) Transactions with Related Parties

(₹ in Lac)

Particulars	Enterprise having control over Reporting Enterprise	Enterprise Under Common Control	Joint Venture Company	Enterprise over which Key Management Personnel Exercise Significant Influence	Relatives of Key Management Personnel	Key Management Personnel	Total
Sale of Goods	30.91 19.88	897.03 617.91	- 115.16	- -	- -	- -	927.94 753.35
Purchase of Materials, Spares and Capital Equipment	715.43 76.11	1645.79 1178.37	- -	- -	- -	- -	2361.22 1254.49
Establishment and Other Expenses Paid/(Received)	15.66 10.64	806.92 695.84	- 36.14	- -	- -	- -	822.58 742.62
Loan Given	- -	- 405.00	- -	- -	- -	- -	- 405.00

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

Particulars	Enterprise having control over Reporting Enterprise	Enterprise Under Common Control	Joint Venture Company	Enterprise over which Key Management Personnel Exercise Significant Influence	Relatives of Key Management Personnel	Key Management Personnel	Total
Loan Repaid	-	-	-	-	-	42.86	42.86
	-	<i>405.00</i>	-	-	-	-	<i>405.00</i>
Interest Received on Loan	-	-	-	-	-	24.97	24.97
	-	<i>6.12</i>	-	-	-	-	<i>6.12</i>
Issue of Equity Shares pursuant to scheme of arrangement	-	-	-	-	-	-	-
	<i>302.97</i>	<i>209.39</i>	-	-	-	-	<i>512.36</i>
Dividend Remitted	5415.64	3039.40	-	-	353.61	6.47	8815.12
	<i>4976.79</i>	<i>2238.36</i>	-	-	<i>470.66</i>	<i>0.46</i>	<i>7686.27</i>
Dividend Received	-	-	-	-	-	-	-
	-	-	<i>1001.07</i>	-	-	-	<i>1001.07</i>
Managerial Remuneration	-	-	-	-	-	1056.80	1056.80
	-	-	-	-	-	<i>1512.58</i>	<i>1512.58</i>
Lease Rentals paid	-	-	-	-	195.44	-	195.44
	-	-	-	-	<i>129.07</i>	-	<i>129.07</i>
Outstanding Balances as at year end	12.33	247.32	-	-	-	-	259.62
Receivable	<i>0.69</i>	<i>45.10</i>	<i>9.20</i>	-	-	-	<i>54.99</i>
Payable	84.35	149.78	-	-	-	1.26	235.39
	<i>0.56</i>	<i>42.12</i>	<i>18.70</i>	-	-	-	<i>61.38</i>

Note: Figures in italics denote figures for previous year.

C) The Significant Related Party Transactions are as under :

	Name of Party	Current Year (₹ in lac)	Previous Year (₹ in lac)
Sale of Goods	Godrej & Boyce Mfg. Co. Ltd.	30.91	19.88
	Godrej Industries Ltd.	866.09	575.92
	Godrej Agrovet Ltd.	13.70	21.93
	Godrej Hershey Ltd.	17.24	20.07
	Godrej Household Products Limited (now merged with GCPL)	-	155.56
	Purchase of Materials, Spares and Capital Equipment	Godrej & Boyce Mfg. Co. Ltd.	715.43
Godrej Industries Ltd.		1636.96	1131.68
Godrej Oil Palm Limited		8.83	-
Godrej Hershey Ltd.		-	46.70
Establishment and Other Expenses Paid/(Received)	Godrej & Boyce Mfg. Co. Ltd.	15.66	10.64
	Godrej Industries Ltd.	549.59	696.42
	Godrej Hershey Ltd.	42.39	(23.43)
	Godrej Agrovet Ltd.	91.83	21.50
	Godrej Infotech Limited	2.22	1.35
	Godrej Properties Limited	120.79	-
	Natures Basket Limited	0.10	-
Godrej Household Products Limited (now merged with GCPL)	-	36.14	

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

	Name of Party	Current Year (₹ in lac)	Previous Year (₹ in lac)
Loan Given	Godrej Industries Ltd.	-	405.00
Loan Repaid	Godrej Industries Ltd. A. Mahendran	- 42.86	405.00 -
Interest Received on Loan	Godrej Industries Ltd. A. Mahendran	- 24.97	6.12 -
Issue of Equity Shares Pursuant to Scheme of Amalgamation	Godrej & Boyce Mfg. Co. Ltd. Godrej Industries Ltd.	- -	302.97 209.39
Dividend Remitted	Godrej & Boyce Mfg. Co. Ltd. Godrej Industries Ltd. Mr. Adi Godrej Mr. Hoshedar Press Mr. A. Mahendran Ms. Parmeshwar Godrej Mrs. Tanya Dubhash Ms. Nisa Godrej Mr. Pirojsha Godrej Mr. Nadir Godrej Ms. Rati Godrej Mr. Hormazd Godrej	5415.64 3039.40 - - 6.47 - 58.93 58.93 58.93 89.37 43.72 43.72	4976.79 2238.36 - 0.45 14.80 74.56 74.56 74.56 139.60 46.29 46.29
Managerial Remuneration	Mr. Adi B. Godrej Mr. Hoshedar K. Press Mr. Dalip Sehgal Mr. A. Mahendran	319.63 184.38 76.02 476.77	564.84 500.17 447.57 -
Lease Rentals Paid	Ms. Parmeshwar A. Godrej Ms. Mythili Mahendran	159.44 36.00	129.07 -

24. SEGMENTAL INFORMATION

(₹ in Lac)

	Within India		Outside India		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Sales revenue by geographical markets	225246.33	205427.36	141013.42	40989.18	366259.75	246416.54
Carrying amount of segment assets	231754.57	116066.64	228176.20	38561.83	459930.77	154628.47
Total cost incurred during the year to acquire assets	5170.79	7242.65	18142.15	382.33	23312.94	7624.98

25. JOINT VENTURE

Sales includes ₹ Nil (Previous Year ₹ 40884.90 lac) net of Excise Duty ₹ Nil (Previous Year ₹ 1411.80 lac), being share in sales of jointly controlled entity. Figures for the previous year pertain to Godrej Sara Lee Ltd., (now merged with Godrej Consumer Products Limited)

26. GENERAL

- Other information required by Schedule VI to the Companies Act, 1956, has been given only to the extent applicable.
- Figures for the previous year have been regrouped/restated wherever necessary to conform to current year's presentation.