

A graphic for section 9, featuring a dark grey circle with a white number '9' inside. A white arrow points from the right side of the circle towards the text 'FINANCIALS', which is written in a bold, white, sans-serif font.

9 **FINANCIALS**

Independent Auditors' Report

TO THE MEMBERS OF GODREJ CONSUMER PRODUCTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **GODREJ CONSUMER PRODUCTS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profits of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to the Note 13 to the Financial Statements for the year ended March 31, 2013, regarding the Scheme of Amalgamation of the erstwhile Godrej Household Products Limited with the Company approved by The Hon'ble High Court of Judicature at Bombay whereby an amount of ₹ 52.75 crore for the year ended on March 31, 2013, equivalent to the amortisation of the Goodknight and Hit Brands is directly debited to the General Reserve Account instead of debiting the same to the Statement of Profit and Loss. Had this amount been charged to the Statement of Profit and Loss, the profit for the year ended on March 31, 2013, would have been lower by ₹ 52.75 crore and the General Reserve would have been higher by ₹ 52.75 crore.

Our opinion is not qualified in respect of this matter.

Independent Auditors' Report

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants
Firm Regn. No.: 104607W

DARAIUS Z. FRASER

Partner
M. No.: 42454

Mumbai: April 30, 2013.

Annexure to the Independent Auditors' Report

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we further report that:

1. Fixed Assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies reported on such verification are not material and have been properly dealt with in the books of account.
- c) In our opinion, there have been no significant disposals of fixed assets during the year which affect the going concern assumption.

2. Inventory:

- a) The Management has conducted physical verification of inventory (excluding stocks lying with third parties) at reasonable intervals. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on verification between the physical stocks and the book records.

3. Loans and Advances:

- a) The Company has granted unsecured loan to a company listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 7.18 crore and the closing balance amounted to ₹ Nil.
- b) In our opinion, the rate of interest and other terms and conditions on which the unsecured loan had been granted to the company listed in the register maintained under section 301 of the Companies Act, 1956, are not prima facie prejudicial to the interest of the Company.
- c) The Company to whom the Company had granted the loan has repaid the principal amount as well as the interest as stipulated.
- d) There is no overdue amount of loans granted to companies / parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.

5. Transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956:

- a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 500,000 in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.

Annexure to the Independent Auditors' Report

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

Name of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending	
Central Excise Act, 1944	Rate differences on account of soap scrap	6,154,000	2000-04	CESTAT	
	Duty on one to one correlation in terms of excisable material purchased and cleared final product with reference to the said material wherein the benefit under notification No. 32 of 99, availed	1,912,132 3,651,495	2002-04 2000-03	Supreme Court of India Supreme Court of India	
	Foreign Payment Service Tax not paid on Royalty	27,167,930	2004-08	Commissioner of Central Excise (Appeals)	
	Input Service tax Distribution Credit availed	1,609,987	2006-08	Commissioner of Central Excise (Appeals)	
	Advertisement Service - Credit Availed As Input	1,418,981	2008-09	Commissioner of Central Excise (Appeals)	
	Excise duty in dispute	1,755,920 86,115	2009-10 2002-03	Commissioner of Central Excise (Appeals)	
	Availment of Cenvat Credit on goods received against EMOX	64,146,884	2007-08 2008-09	CESTAT	
	Cenvat Credit availed on GTA	2,475,925	2006-08	Tribunal	
	Others		100,000	1996-99	Assistant Commissioner
			333,526	2006-07	CESTAT
		976,000	2007-08	CESTAT	
		236,000	2007-09	CESTAT	
		28,000	2007-09	CESTAT	
		212,528	2007-08	Sales Tax Authority	
		141,191	2008-09	CESTAT	
	221,133	2004-05	Commissioner of Central Excise (Appeals)		

Annexure to the Independent Auditors' Report

Name of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956 and VAT Acts of various states	Interest on sales tax dues.	1,207,000	2001-02	Joint Commissioner (A)
	Sales Tax Dues	1,757,925	2006-07	Assistant Commissioner (A)
	Sales Tax Dues	10,641,000	2004-05	Joint Commissioner (A)
	Sales Tax Dues on account of Classification Head	39,157,279	2006-07 2007-08 2008-09	Jaipur High Court
	Sales Tax Dues on account of Classification Head	6,340,450	2003-04 2004-05 2005-06	Supreme Court
	Sales Tax Dues	6,600,000	2005-06	Deputy Commissioner (Appeals) (West Bengal)
	Sales Tax Dues on account of Classification Head	6,000,940	2000-01	Bihar Tribunal
	Sales Tax Dues on account of Classification Head	25,809,827	2010-11	Andhra Pradesh High Court
	Sales Tax Dues on account of Classification Head	22,449,405	2009-10	Andhra Pradesh High Court
	Sales Tax Dues on account of Classification Head	16,838,252	2007-08	Joint Commissioner (A)
	Sales Tax Dues	11,693,000	2006-07	Joint Commissioner (A)
	Sales Tax Dues on account of Classification Head	16,580,938	2005-06 2006-07 2007-08 2008-09	Andhra Pradesh High Court
	Sales Tax Dues on account of Classification Head	9,044,088	2005-06 2006-07 2007-08 2008-09	Andhra Pradesh High Court
	Sales Tax Dues on account of Classification Head	9,009,696	2001-02	Bihar Tribunal
	Sales Tax Dues	6,935,724	2002-03 2003-04 2004-05	Joint Commissioner (A)
	Sales Tax Dues on account of Classification Head	3,607,688	2002-03	Bihar Tribunal
	Non Submission of Form F	1,268,683	2004-05	Uttar Pradesh Tribunal
	Sales Tax Dues	2,287,249	2005-08 2003-04	Joint Commissioner (A)
	Sales Tax Dues	958,784	2005-06 2006-07	Deputy Commissioner (A)
	Sales Tax Dues	1,567,028	2004-05 2005-06 2006-07	Deputy Commissioner (A)
	Sales Tax Dues	1,465,192	2005-06	Joint Commissioner (A)
	Non Submission of Form F & C	2,414,881	2009-10	Deputy Commissioner
	Non Submission of Form C	1,439,494	2008-09	Deputy Commissioner
	Sales Tax Dues	3,073,427	2009-10	Joint Commissioner (A)
	Others	18,674,981	2002-13	Joint Commissioner (A), Uttar Pradesh Tribunal, Deputy Commissioner (A), Madhya Pradesh High Court, Delhi Tribunal, Additional Commissioner of West Bengal, West Bengal Tribunal, Checkpost of Delhi and Zirakpur

Annexure to the Independent Auditors' Report

Name of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Appeal against order of regular assessment u/s 143(3) of the Act.	348,000	Assessment Year 2003-04	Income-tax Appellate Tribunal
	Appeal against order of regular assessment u/s 143(3) of the Act.	32,271,365	Assessment Year 2006-07	Income-tax Appellate Tribunal
	Demand based on the order of regular assessment u/s 143(3) of the Act.	8,101,490	Assessment Year 2009-10	CIT (A)
	Income-tax in dispute pertaining to erstwhile Godrej Household Products Limited.	26,762,680	Assessment Year 2006-07	Income-tax Appellate Tribunal
		10,621,809	Assessment Year 2007-08	Income-tax Appellate Tribunal

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

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants
Firm Regn. No.: 104607W

DARAIUS Z. FRASER

Partner
M. No.: 42454

Mumbai: April 30, 2013.

Balance Sheet as at March 31, 2013

	Note No.	Current Year	Previous Year
₹ Crore			
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital	3	34.03	34.03
(b) Reserves and Surplus	4	2727.07	2489.89
		2761.10	2523.92
2. Non-Current Liabilities			
(a) Long-term Borrowings	5	260.22	235.32
(b) Deferred Tax Liabilities (Net)	6	4.59	10.86
(c) Other Long-term Liabilities	7	4.42	6.29
(d) Long-term Provisions	8	4.90	6.90
		274.13	259.37
3. Current Liabilities			
(a) Short-term Borrowings	9	0.60	2.19
(b) Trade Payables	10	666.53	531.01
(c) Other Current Liabilities	11	358.49	243.95
(d) Short-term Provisions	12	27.53	18.88
		1053.15	796.03
TOTAL		4088.38	3579.32
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets	13		
(i) Tangible Assets		225.69	215.61
(ii) Intangible Assets		920.14	965.80
(iii) Capital Work-in-Progress		121.10	12.19
		1266.93	1193.60
(b) Non-Current Investments	14	1450.05	1193.46
(c) Long-term Loans and Advances	15	167.50	238.67
		2884.48	2625.73
2. Current Assets			
(a) Inventories	16	536.37	433.04
(b) Trade Receivables	17	122.13	94.27
(c) Cash and Bank Balances	18	460.55	369.63
(d) Short-term Loans and Advances	19	82.05	53.07
(e) Other Current Assets	20	2.80	3.58
		1203.90	953.59
TOTAL		4088.38	3579.32
Notes to the Financial Statements	1 to 45		

The Notes referred to above form an integral part of the Financial Statements

As per our Report attached

Signatures to the Financial Statements and Notes

For and on behalf of

Kalyaniwalla & Mistry

Chartered Accountants

For and on behalf of the Board

Adi Godrej

Chairman

Darius Z. Fraser

Partner

P. Ganesh

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

A. Mahendran

Managing Director

Mumbai: April 30, 2013

Statement of Profit and Loss for the year ended March 31, 2013

	Note No.	Current Year	Previous Year
₹ Crore			
I Revenue from Operations			
Revenue from Operations (Gross)	23	3789.13	3100.53
Less : Excise Duty		(208.11)	(120.45)
		3581.02	2980.08
II Other Income	24	50.65	63.05
III Total Revenue (I + II)		3631.67	3043.13
IV Expenses			
Cost of Raw Materials including Packing Material Consumed	25	1517.01	1327.06
Purchases of Stock-in-Trade		296.45	235.72
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	26	(116.91)	(86.74)
Employee Benefits Expenses	27	165.56	156.74
Finance Costs	28	15.49	13.39
Depreciation and Amortization Expenses		32.27	25.83
Other Expenses	29	1088.84	793.02
Total Expenses		2998.71	2465.02
V Profit Before Exceptional Items and Tax (III-IV)		632.96	578.11
VI Exceptional Items	30	-	180.95
VII Profit Before Tax (V+VI)		632.96	759.06
VIII Tax Expense			
(1) Current Tax		128.28	152.34
(2) Deferred Tax		(6.26)	2.33
		122.02	154.67
IX Profit for the Year (VII-VIII)		510.94	604.39
X Earnings per Equity Share (Face Value ₹ 1)	31		
(1) Basic (₹)		15.01	18.58
(2) Diluted (₹)		15.01	18.58
Notes to the Financial Statements	1 to 45		

The Notes referred to above form an integral part of the Financial Statements

As per our Report attached

Signatures to the Financial Statements and Notes

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

For and on behalf of the Board
Adi Godrej
Chairman

Darius Z. Fraser
Partner

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

A. Mahendran
Managing Director

Mumbai: April 30, 2013

Cash Flow Statement for the year ended March 31, 2013

	Current Year	Previous Year
₹ Crore		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Exceptional Items and Tax	632.96	578.11
Adjustment for:		
Non-Cash Items		
Depreciation and Amortization Expenses	32.27	25.83
Unrealised Foreign Exchange (Gain) / Loss	(6.22)	5.89
Bad Debts Written off	0.21	0.98
Provision / (Write-back) for Doubtful Debts / Advances	5.05	(1.11)
Provision for Non Moving Inventory	3.32	2.95
Write in of Old Balances	(1.77)	(0.63)
Other Income Outstanding	1.24	11.93
Expenses on ESGS	2.12	1.39
Interest Expense	15.49	13.39
(Profit) / Loss on Sale of Fixed Assets (Net)	2.21	0.92
Interest Income	(26.64)	(33.45)
Dividend Income	(13.41)	(19.38)
	13.87	8.71
Operating Cash Flows Before Working Capital Changes	646.83	586.82
Adjustments for:		
Inventories	(106.65)	(129.63)
Trade Receivables	(27.48)	6.77
Loans and Advances	0.29	(80.80)
Other Assets	0.62	(0.29)
Liabilities and Provisions	197.55	276.25
	64.33	72.30
Cash Generated from Operations	711.16	659.12
Adjustment for:		
Direct Taxes Paid	(131.18)	(152.43)
Net Cash Flow from Operating Activities Before Exceptional Items	579.98	506.69
Exceptional Items - Termination Compensation	-	180.95
Net Cash Flow from Operating Activities	579.98	687.64
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(160.92)	(36.53)
Sale of Fixed Assets	0.36	0.80
Investments in Subsidiaries	(255.90)	(870.51)
Dividend Received	13.41	19.38
Loan Repayment by ESOP Trust (Net)	18.08	17.05
Investments in Fixed Deposits (Net)	79.16	(166.74)
Interest Received	45.91	30.94
Investment Expenses to be Capitalised	0.72	(0.78)
Net Cash Flow from Investing Activities	(259.18)	(1006.39)

Cash Flow Statement for the year ended March 31, 2013

	Current Year	₹ Crore Previous Year
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Preferential Allotment of Equity Shares (Net)	-	684.71
Proceeds from Allotment of Equity Shares under ESGs*	0.00	-
Issue of Debentures (Net of Expenses)	299.28	224.18
Redemption of Debentures including Premium Paid	(249.89)	(219.93)
Repayment of Bank Borrowings	-	(59.50)
Repayment of Sales Tax Deferral Loan	(0.07)	(0.15)
Cash Credits (Net)	(1.59)	(7.56)
Interest Paid	(11.01)	(13.60)
Dividend Paid	(161.67)	(145.62)
Dividend Tax Paid	(26.22)	(23.62)
Net Cash Flow from Financing Activities	(151.17)	438.91
Net Increase / (Decrease) in Cash and Cash Equivalents	169.63	120.16
Cash and Cash Equivalents:		
As at the beginning	191.97	70.15
Acquired pursuant to the Scheme of Amalgamation	-	1.66
As at the ending	361.60	191.97
Net Increase/(Decrease) in Cash and Cash Equivalents	169.63	120.16

*amount less than ₹ 0.01 crore.

As per our Report attached

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Daraius Z. Fraser
Partner

Mumbai: April 30, 2013

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

Signatures to the Cash Flow Statement

For and on behalf of the Board
Adi Godrej
Chairman

A. Mahendran
Managing Director

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 1 : COMPANY OVERVIEW

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

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Convention

The financial statements are prepared under the historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India, the applicable Accounting Standards notified under Section 211(3c) of the Companies Act, 1956 and specified in the Companies (Accounting Standard) Rules, pronouncements of the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b. Use of Estimates

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

c. Fixed Assets

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

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

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

d. Asset Impairment

Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value of the Asset exceeds its recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss, if any, is recognized in the period in which the impairment takes place.

e. Operating Leases

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

f. Investments

Investments are classified into current and long term investments. Long term investments are carried at cost. Cost of acquisition includes all costs directly incurred on the acquisition of the investment. Provision for diminution, if any, in the value of long term investments is made to recognize 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 estimated net realizable 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

Notes to the Financial Statements for the year ended March 31, 2013

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 recognized because -
 - a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - b) A reliable estimate of the amount of obligation cannot be made.

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

Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be 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.
- 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, Duty Drawback, Focus Product Scheme and Focus Market 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. Expenditure

- Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.
- Revenue expenditure on research and development is charged to the Statement of Profit and Loss of the year in which it is incurred. Capital expenditure incurred during the year on research and development is shown as addition to fixed assets.

k. 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.

Notes to the Financial Statements for the year ended March 31, 2013

I. Foreign Currency Transactions

- i) Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency remaining unsettled at the period end are translated at the period end exchange rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions are recognised in the Statement of Profit and Loss.
- ii) Forward exchange contracts, remaining unsettled at the period end, backed by underlying assets or liabilities are also translated at period end exchange rates. Premium or discount on forward foreign exchange contracts is amortised over the period of the contract and recognised as income or expense for the period. Realised gain or losses on cancellation of forward exchange contracts are recognised in the Statement of Profit and Loss of the period in which they are cancelled.
- iii) Non Monetary foreign currency items like investments in foreign subsidiaries are carried at cost and expressed in Indian currency at the rate of exchange prevailing at the time of making the original investment.
- iv) Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the year in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term asset or liability, by recognising as income or expense in each such periods.

m. 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 recognized in the Statement of Profit and Loss. Gains or losses on the commodity futures contracts are recorded in the Statement of Profit and Loss under Cost of Materials Consumed.

n. Employee Benefits

i) Short-term Employee benefits

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

ii) Post Employment Benefits

a) Defined Contribution Plans

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

b) Defined Benefit Plans

Gratuity Fund

The 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 recognized 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 as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined

Notes to the Financial Statements for the year ended March 31, 2013

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

Provident Fund

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

c) Other Long Term Employee Benefits

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

o. 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 the Statement of Profit and Loss. The notional bank was held at risk and charged to EVA of future years and was payable at that time, if future performance so warranted. The notional bank balance accumulated till March 31, 2009, as at the beginning of the current year is being paid @ 33% every year on reducing balance. The entire EVA award for the year has been charged to the Statement of Profit and Loss.

p. Depreciation and Amortisation

- i) Leasehold land is amortised equally over the lease period.
- ii) Leasehold Improvements are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the assets.
- iii) Depreciation is provided, pro rata to the period of use, under the Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956, except:
 - a) In case of computer hardware which is depreciated over 4 years.
 - b) SAP licenses acquired pursuant to the Scheme of the Amalgamation of the erstwhile Godrej Household Products Limited (GHPL) with the Company are amortised over a period of 4 years and Trademarks acquired are amortised equally over the best estimate of their useful life not exceeding a period of 10 years, except in the case of Goodknight and Hit brands where the brands are amortised equally over a period of 20 years.
 - c) The Cost of SAP licenses incurred for subsidiaries are being recovered from respective subsidiaries.
 - d) Goodwill is amortised over a period of 5 years.
 - e) Tools, dies and moulds acquired are depreciated over a period of 9 years and 3½ years respectively.
 - f) Technical Knowhow is depreciated over a period of 10 years.
 - g) In accordance with the Court order approving the Scheme of Amalgamation of the erstwhile GHPL with the Company, an amount equivalent to the amortisation of the Goodknight and Hit brands at the end of each financial year is directly debited to the balance in the General Reserve Account.

Notes to the Financial Statements for the year ended March 31, 2013

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

q. Taxes on Income

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

Deferred tax subject to consideration of prudence, is recognised on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets / liabilities in respect of timing differences which originate and reverse during the tax holiday period are not recognized. Deferred tax assets / liabilities in respect of timing differences that originate during the tax holiday period but reverse after the tax holiday period are recognized. Deferred tax assets on unabsorbed tax losses and tax depreciation are recognised only when there is a virtual certainty of their realisation and on other items when there is reasonable certainty of realisation. The tax effect is calculated on the accumulated timing differences at the year end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

r. Segment Reporting

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

NOTE 3 : SHARE CAPITAL

	₹ Crore	
	Current Year	Previous Year
Authorised		
410,000,000 Equity Shares (<i>previous year 410,000,000</i>) of ₹ 1 each	41.00	41.00
10,000,000 Preference Shares (<i>previous year 10,000,000</i>) of ₹ 1 each	1.00	1.00
Issued		
340,358,049 Equity Shares (<i>previous year 340,328,585</i>) of ₹ 1 each	34.04	34.03
Subscribed and Fully Paid-up		
340,326,925 Equity Shares (<i>previous year 340,297,461</i>) of ₹ 1 each fully paid up	34.03	34.03
TOTAL	34.03	34.03

NOTES:

- a) During the year, the Company has issued 29,464 equity shares (*previous year Nil*) under the Employee Stock Grant Scheme.
- b) 31,124 Right Issue Shares (*previous year 31,124 equity shares*) are kept in abeyance due to various suits filed in courts / forums by third parties for which final order is awaited.
- c) **Terms / rights attached to equity shares**

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

Notes to the Financial Statements for the year ended March 31, 2013

During the year ended March 31, 2013 the amount of per share dividend recognized as distribution to equity shareholders was ₹ 5.00 (previous year: ₹ 4.75).

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

	Current Year		Previous Year	
	No. of Shares	₹ Crore	No. of Shares	₹ Crore
Shares outstanding at the beginning of the year	340,297,461	34.03	323,590,144	32.36
Add: Shares Issued during the year*	29,464	0.00	16,707,317	1.67
Shares outstanding at the end of the year	340,326,925	34.03	340,297,461	34.03

*amount less than ₹ 0.01 crore.

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

Name of the Shareholder	Current Year		Previous Year	
	No. of Shares	% held	No. of Shares	% held
Godrej & Boyce Manufacturing Co. Ltd.	123,561,815	36.31%	125,231,815	36.80%
Godrej Industries Limited	73,659,620	21.64%	71,989,620	21.15%

f) Shares Reserved for issue under options

The Company has 126,193 (previous year 94,966) equity shares reserved for issue under Employee Stock Grant Scheme as at March 31, 2013. (As detailed in Note 44)

g) Aggregate no. of Equity shares during the five years immediately preceding the date of Balance Sheet:

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

h) There are no calls unpaid on equity shares.

i) No equity shares have been forfeited.

NOTE 4 : RESERVES AND SURPLUS

	₹ Crore	
	Current Year	Previous Year
1. CAPITAL INVESTMENT SUBSIDY RESERVE		
Balance as per last financial statements	0.15	0.15
2. CAPITAL REDEMPTION RESERVE		
Balance as per last financial statements	1.46	1.46
3. SECURITIES PREMIUM ACCOUNT		
Balance as per last financial statements	1508.08	853.09
(+) Premium Received on Allotment of Shares	1.11	-
(+) Premium Received on Preferential Allotment	-	683.33
(-) Expenses on Preferential Allotment	-	(0.29)
(-) Expenses on Issue of Debentures	(0.72)	(0.82)
(-) Premium on Redemption of Debentures	(24.82)	(27.23)
Closing Balance	1483.65	1508.08

Notes to the Financial Statements for the year ended March 31, 2013

	₹ Crore	
	Current Year	Previous Year
4. DEBENTURE REDEMPTION RESERVE		
Balance as per last financial statements	7.13	7.38
(+) Transfer from General Reserve	-	49.75
(+) Transfer from Surplus	21.25	-
(-) Transfer to General Reserve	(7.13)	(50.00)
Closing Balance	21.25	7.13
5. EMPLOYEE SHARE OPTIONS OUTSTANDING		
Gross Employee Compensation for Options granted	6.08	3.59
(-) Deferred Employee Compensation Expense	(2.58)	(1.79)
Closing Balance	3.50	1.80
6. GENERAL RESERVE		
Balance as per last financial statements	201.46	231.35
(+) Transfer from Surplus	51.13	60.44
(-) Transfer to Debenture Redemption Reserve	-	(49.75)
(+) Transfer from Debenture Redemption Reserve	7.13	50.00
(-) Trademark and Brands amortisation Pursuant to Scheme of Amalgamation of GHPL (Refer Note 2(p)(iii)(g))	(52.75)	(52.75)
(-) Adjustment Pursuant to Scheme of Amalgamation of Naturesse Consumer Care Products Limited and Essence Consumer Care Products Limited	-	(37.83)
Closing Balance	206.97	201.46
7. SURPLUS		
Balance as per last financial statements	769.82	407.91
(+) Net Profit for the Year	510.94	604.39
(-) Dividends - Interim	(170.16)	(156.63)
(-) Tax on Distributed Profit	(28.13)	(25.41)
(-) Transfer to General Reserve	(51.13)	(60.44)
(-) Transfer to Debenture Redemption Reserve	(21.25)	-
Closing Balance	1010.09	769.82
TOTAL	2727.07	2489.89

NOTE 5 : LONG-TERM BORROWINGS

	₹ Crore	
	Current Year	Previous Year
A. Secured		
Deferred Sales Tax Loan (See Note (a) below)	0.05	0.08
B. Unsecured		
Debentures		
a) 2,500 Unsecured, Redeemable, Zero Coupon, Non-Convertible Debentures of ₹ 10 lac each	250.00	-
b) 2,250 Unsecured, Redeemable, Zero Coupon, Non-Convertible Debentures of ₹ 10 lac each	-	225.00
c) Premium on Redemption of Debentures (See Note (b) and (c) below)	10.17	10.24
	260.17	235.24
TOTAL	260.22	235.32

Notes to the Financial Statements for the year ended March 31, 2013

Notes:

- a) Deferred sales tax loan is interest free and will be paid in balance 15 monthly installments. It is secured by Bank Guarantee in favour of Sales Tax authorities.
- b) During the year, the Company has redeemed 2,250 zero-coupon, unsecured, redeemable, non-convertible debentures on November 14, 2012, at a call option premium of 0.25%.
- c) During the year, the Company has issued 2,500 zero-coupon, unsecured, redeemable, non-convertible debentures on private placement basis, redeemable at a premium, which will yield 9.40% p.a. at maturity. These debentures are redeemable on October 25, 2014, with call option on October 25, 2013, at a call option premium of 0.50%.
- d) The Company does not have any continuing default as on the Balance Sheet date in the repayment of loans and interest.

NOTE 6 : DEFERRED TAX LIABILITIES (NET)

	₹ Crore	
	Current Year	Previous Year
1. Deferred Tax Liability		
a) Depreciation	18.31	16.96
2. Deferred Tax Assets		
a) Tax Disallowances	(12.60)	(4.92)
b) Provision for Doubtful Debts and Advances	(1.12)	(1.18)
	(13.72)	(6.10)
TOTAL	4.59	10.86

NOTE 7 : OTHER LONG-TERM LIABILITIES

	₹ Crore	
	Current Year	Previous Year
Security Deposit Received	4.42	6.29
TOTAL	4.42	6.29

NOTE 8 : LONG-TERM PROVISIONS

	₹ Crore	
	Current Year	Previous Year
Provision for Employee Benefits		
Leave Encashment	4.90	6.90
TOTAL	4.90	6.90

NOTE 9 : SHORT-TERM BORROWINGS

	₹ Crore	
	Current Year	Previous Year
Secured		
Loans Repayable on Demand		
Cash Credit from Bank (Refer Note (a) below)	0.60	2.19
TOTAL	0.60	2.19

Notes:

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

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 10 : TRADE PAYABLES

	₹ Crore	
	Current Year	Previous Year
Due to Micro, Small and Medium Enterprises	-	-
Others	666.53	531.01
TOTAL	666.53	531.01

Note:

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

NOTE 11 : OTHER CURRENT LIABILITIES

	₹ Crore	
	Current Year	Previous Year
1. Current Maturities of Long Term Debt (<i>Refer Note below</i>)	50.03	0.07
2. Interest Accrued but not Due on Borrowings	4.55	0.07
3. Security Deposit Received	0.44	0.41
4. Unpaid Dividends	5.76	5.34
5. Taxes, Duties and Other Levies Payable	35.31	30.90
6. Interim Dividend Payable	68.07	59.55
7. Other Payables	194.33	147.61
TOTAL	358.49	243.95

Note:

Current maturities of Long term Debt in current year include 500, 9.80% unsecured, redeemable, non-convertible debentures having a face value of ₹ 10 lac each. These debentures are redeemable at par on October 28, 2013.

NOTE 12 : SHORT-TERM PROVISIONS

	₹ Crore	
	Current Year	Previous Year
1. Provision for Employee Benefits		
Contribution to Provident and Other Funds	1.08	0.95
Gratuity	11.65	5.72
Leave Encashment	3.23	2.55
2. Others		
Provision for Tax on Distributed Profits	11.57	9.66
TOTAL	27.53	18.88

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 13 : FIXED ASSETS

₹ Crore

ASSETS	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	Opening	Additions	Disposals	Acquisitions through Business Combinations	Closing	Opening	Depreciation for the Year	On Disposals	Other Adjustments/Impairment	Closing	Current Year	Previous Year
A. TANGIBLE ASSET												
Freehold Land	0.51	-	-		0.51	-	-	-	-	-	0.51	0.51
Leasehold Land	6.85	-	-		6.85	0.50	0.07	-	-	0.57	6.28	6.35
Leasehold Improvements	3.60	0.68	-		4.28	0.60	0.45	-	-	1.05	3.23	3.00
Buildings	76.07	1.45	-		77.52	20.35	2.19	-	-	22.54	54.98	55.72
Plant and Equipments	273.96	31.63	(3.83)		301.76	143.59	21.13	(3.53)	1.50	162.69	139.07	130.37
Furniture, Fixtures and Fittings	7.61	0.26	(0.07)		7.80	3.10	0.46	(0.04)	-	3.52	4.28	4.51
Office Equipment	8.09	0.40	(0.09)		8.40	3.67	0.38	(0.06)	-	3.99	4.41	4.42
Vehicles	9.96	2.26	(0.86)		11.36	1.49	1.34	(0.15)	-	2.68	8.68	8.47
Computers	10.99	3.45	(0.32)		14.12	8.73	1.46	(0.32)	-	9.87	4.25	2.26
(A)	397.64	40.13	(5.17)	-	432.60	182.03	27.48	(4.10)	1.50	206.91	225.69	215.61
B. INTANGIBLE ASSETS												
Goodwill	12.60	-	-		12.60	2.70	2.47	-	-	5.17	7.43	9.90
Trademarks and Brands	1055.13	-	-		1055.13	105.50	0.02	-	52.75	158.27	896.86	949.63
Computer Software	16.66	9.54	-		26.20	10.57	2.15	-	-	12.72	13.48	6.09
Technical Knowhow	0.30	2.34	-		2.64	0.12	0.15	-	-	0.27	2.37	0.18
(B)	1084.69	11.88	-	-	1096.57	118.89	4.79	-	52.75	176.43	920.14	965.80
(A+B)	1482.33	52.01	(5.17)	-	1529.17	300.92	32.27	(4.10)	54.25	383.34	1145.83	
Previous Year	1461.06	31.88	(10.74)	0.13	1482.33	231.35	25.83	(9.01)	52.75	300.92		1181.41
C. CAPITAL WORK-IN-PROGRESS											121.10	12.19
TOTAL											1266.93	1193.60

Notes:

- Trademarks and Brands acquired pursuant to the Scheme of the Amalgamation of the erstwhile Godrej Household Products Limited (GHPL) with the Company are amortised over a period of 20 years. The major influencing factors behind amortising these brands over a period of 20 years are that Goodknight and HIT brands have been in existence since the last two decades and been growing at a fast pace.
- In accordance with the Scheme of Amalgamation of the erstwhile Godrej Household Products Limited with the Company which was sanctioned by the High Court of Judicature at Bombay, an amount of ₹ 52.75 crore for the year (*previous year ₹ 52.75 crore*), equivalent to the amortisation of the Goodknight and HIT Brands is charged directly to the General Reserve.
- During the year, the Company has capitalised borrowing costs amounting to ₹ 4.55 crore (*previous year Nil*).

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 14 : NON-CURRENT INVESTMENTS

₹ Crore

	Face Value	Numbers		Amounts	
		Current Year	Previous Year	Current Year	Previous Year
Trade Investments (At Cost)					
1. Investments in Equity Instruments of Subsidiary Companies					
<i>Unquoted, fully paid up:</i>					
Godrej Netherlands B.V.	EUR 100	1,000	1,000	76.41	49.19
Godrej South Africa (Pty) Ltd. (previously Rapidol (Pty) Ltd.)	ZAR 1	18,050,000	18,050,000	12.67	12.67
Godrej Global Mid East FZE	USD 250,000	5	5	5.74	5.74
Godrej Hygiene Products Ltd.	₹ 10	2,600,000	2,600,000	20.87	20.87
Godrej Consumer Products Mauritius Ltd.	USD 1	34,385,006	13	547.88	547.82
Godrej Consumer Products Holding (Mauritius) Ltd.	USD 1	12,000,007	7	597.63	438.81
Godrej Household Products (Bangladesh) Pvt. Ltd.	BDT 10	16,970,481	16,970,481	11.01	11.01
Godrej Household Products Lanka (Pvt.) Ltd.	LKR 10	21,501,045	21,501,045	27.10	27.10
Godrej Consumer Products (Bangladesh) Ltd.	BDT 10	1	1	0.04	0.04
Godrej Mauritius Africa Holdings Ltd.	USD 1	5	3	133.82	64.83
Godrej East Africa Holdings Ltd.	USD 1	2	-	1.50	-
				1434.67	1178.08
2. Investments in Preference Shares of Subsidiary Companies					
<i>Unquoted, fully paid up:</i>					
Godrej Consumer Products Mauritius Ltd.	USD 1	4,000,000	4,000,000	18.22	18.22
TOTAL				1452.89	1196.30
Less: Provision for Diminution in the Value of Investments				(2.84)	(2.84)
TOTAL				1450.05	1193.46
Aggregate Amount of Quoted Investments				-	-
Aggregate Amount of Unquoted Investments				1452.89	1196.30

Notes:

- During the year, the Company has completed the acquisition of 60% stake in Cosmetica Nacional, a leading hair colorant and cosmetics Company in Chile, through its subsidiary Godrej Netherlands B.V.
- During the year, the Company has completed the acquisition of 51% stake in Darling Group operations in Kenya through its subsidiary Godrej East Africa Holdings Ltd. The Darling Group is a market leader in hair extension products in the African continent.
- During the year, the Company has been allotted 34,384,993 bonus shares in Godrej Consumer Products Mauritius Ltd. and 12,000,000 bonus shares in Godrej Consumer Products Holding (Mauritius) Ltd.

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 15 : LONG TERM LOANS AND ADVANCES

	Current Year	Previous Year
₹ Crore		
Unsecured, Considered Good, <i>Unless Otherwise Stated</i>		
1. Capital Advances	2.55	65.41
2. Security Deposits	20.98	19.51
3. Other Loans and Advances		
a) Amount due from ESOP Trust	50.30	87.49
b) Excise and VAT Receivables		
Considered Good	77.15	51.21
Considered Doubtful	11.26	8.22
Less: Provision for Doubtful Receivables	(11.26)	(8.22)
	77.15	51.21
c) Advance Tax (<i>Net of Provisions</i>)	15.21	12.32
d) Miscellaneous Loans and Advances (<i>Refer Note below</i>)	1.31	2.73
TOTAL	167.50	238.67

Note:

Long Term Loans and Advances include ₹ 0.53 crore (*previous year ₹ 1.29 crore*) due from a Director.

NOTE 16 : INVENTORIES

	Current Year	Previous Year
₹ Crore		
<i>(Valued at lower of cost and net realizable value)</i>		
Raw Materials	156.03	162.97
Goods-in Transit	-	6.57
	156.03	169.54
Work-in-Progress	28.36	35.51
Finished Goods	293.98	186.98
Stock-in-Trade	52.29	35.23
Stores and Spares	5.71	5.78
TOTAL	536.37	433.04

NOTE 17 : TRADE RECEIVABLES

	Current Year	Previous Year
₹ Crore		
Trade Receivables Outstanding for a Period Exceeding Six Months		
Unsecured: Considered Good	6.87	3.58
Considered Doubtful	2.87	3.46
	9.74	7.04
Less: Provision for Doubtful Debts	(2.87)	(3.46)
	6.87	3.58
Other Trade Receivables		
Secured: Considered Good	3.64	3.18
Unsecured: Considered Good	111.62	87.51
	115.26	90.69
TOTAL	122.13	94.27

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 18 : CASH AND BANK BALANCES

	₹ Crore	
	Current Year	Previous Year
1. Cash and Cash Equivalents		
a) Balances with Banks		
On Current Accounts	75.97	26.01
Deposits with less than 3 months maturity	<u>165.00</u>	<u>100.00</u>
	240.97	126.01
b) Cheques, Drafts on Hand	0.35	2.18
c) Cash on Hand	0.28	0.28
d) Investments in Liquid Mutual Funds	<u>120.00</u>	<u>63.50</u>
	361.60	191.97
2. Other Bank Balances		
a) Deposits against Bank Guarantees	8.16	7.32
b) Deposits with more than 3 months but less than 12 months maturity	85.00	165.00
c) For Unpaid Dividend	<u>5.79</u>	<u>5.34</u>
	98.95	177.66
TOTAL	460.55	369.63

NOTE 19 : SHORT TERM LOANS AND ADVANCES

	₹ Crore	
	Current Year	Previous Year
Unsecured, Considered Good, Unless Otherwise Stated		
Other Loans and Advances		
a) Security Deposits	2.48	3.18
b) Excise and VAT Receivables	52.73	31.43
c) Miscellaneous Loans and Advances		
Considered Good (Refer Note (a) below)	26.84	18.46
Considered Doubtful	0.58	0.17
Less: Provision for Doubtful Loans and Advances	<u>(0.58)</u>	<u>(0.17)</u>
	26.84	18.46
TOTAL	82.05	53.07

Notes:

- a) Short Term Loans and Advances include ₹ 0.26 crore (previous year ₹ 0.43 crore) due from a Director.
b) Loans and Advances include loans to subsidiaries as under :

	₹ Crore	
	Current Year	Previous Year
Godrej Netherlands B.V.		
Accrued Interest Due thereon	-	-
Maximum Balance during the Year	7.18	-

NOTE 20 : OTHER CURRENT ASSETS

	₹ Crore	
	Current Year	Previous Year
Accrued Interest	2.78	2.94
Deferred Premium on Forward Contracts	0.02	0.64
TOTAL	2.80	3.58

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 21 : CONTINGENT LIABILITIES

	Current Year	Previous Year
	₹ Crore	
a) Claims for Excise Duties, Taxes and other Matters		
i) Excise duty demands aggregating ₹ 11.26 crore (<i>previous year ₹ 3.95 crore</i>) against which the Company has preferred appeals (net of tax).	7.61	2.67
ii) Customs Duty claims in respect of Classification	-	3.87
iii) Excise duty claims in respect of non-payment of education cess for the period January 2005 to March 2008 at the Guwahati Factory amounting to Nil (<i>previous year ₹ 1.18 crore</i>) (net of tax).	-	0.80
iv) Sales tax demands aggregating ₹ 22.68 crore (<i>previous year ₹ 28.07 crore</i>) against which the Company has preferred appeals (net of tax).	15.32	18.96
v) Income-tax matters Demand notices issued by Income-tax Authorities.	7.81	7.83
vi) Other matters : ₹ 3.00 crore (<i>previous year ₹ 3.00 crore</i>) (net of tax).	2.03	2.03
b) Guarantees		
i) Guarantees issued by banks [secured by bank deposits under lien with the bank ₹ 8.16 crore (<i>previous year ₹ 7.32 crore</i>)]	10.25	10.21
ii) Guarantee amounting to USD 222 million (<i>previous year USD 297 million</i>) given by the Company against loan provided by banks to Godrej Consumer Products Holding (Mauritius) Ltd.	1203.99	1511.15
iii) Guarantee of AED 1.4 million (<i>previous year AED 1.4 million</i>) given by the Company to guarantee principal amount of credit facilities extended by HSBC Bank Middle East Ltd. to Godrej Global Mid East FZE.	2.07	1.94
iv) Guarantee given by the Company to guarantee principal amount of credit facilities extended by the Royal Bank of Scotland to Godrej Hygiene Products Limited.	5.00	5.00
v) Guarantee given by the Company to guarantee principal amount of credit facilities extended by Citibank Sri Lanka and Citibank Bangladesh to Godrej Household Products (Lanka) Private Limited and Godrej Household Products (Bangladesh) Private Limited respectively.	7.56	7.56
vi) Guarantee amounting to USD 10 million (<i>previous year USD 10 million</i>) given by the Company to HSBC, Hongkong towards swap/derivative facilities provided to Godrej Consumer Products Holding (Mauritius) Ltd.	54.29	50.88
vii) Guarantee amounting to USD 121 million (<i>previous year USD 121 million</i>) given by the Company to DBS Bank, Singapore against loan provided to Godrej Mauritius Africa Holdings Ltd.	656.85	615.59
viii) Guarantee amounting to BDT 245 million (<i>previous year BDT 75 million</i>) given by the Company to HSBC Bangladesh towards credit facilities provided by the Bank to Godrej Household Products (Bangladesh) Pvt. Ltd.	17.13	4.76
ix) Guarantee amounting to GBP 30 million (<i>previous year Nil</i>) given by the Company to HSBC, Hongkong against loan provided to Godrej Netherlands BV	246.68	-
x) Guarantee amounting to USD 84 million (<i>previous year Nil</i>) given by the Company to HSBC, Hongkong & SCB Mauritius Limited against loan provided to Godrej East Africa Holdings Limited	455.99	-
xi) Guarantee amounting to USD 5 million (<i>previous year Nil</i>) given by the Company to HSBC, Hongkong towards swap/derivative facilities provided to Godrej Netherlands BV	27.14	-

Notes to the Financial Statements for the year ended March 31, 2013

	Current Year	Previous Year
xii) Guarantee amounting to GBP 9.9 million (<i>previous year Nil</i>) given by the Company to HSBC, Hongkong against loan provided to Godrej Netherlands BV	81.41	-
c) Claims against the company not acknowledged as debt		
i) Claims by various parties on account of unauthorized, illegal and fraudulent acts by an employee.	24.24	24.24
ii) Claims pertaining to litigations filed against the erstwhile Godrej Household Products Limited.	0.98	0.25

NOTE 22 : COMMITMENTS

Estimated value of contracts remaining to be executed on capital account to the extent not provided for: ₹ 35.19 crore (*previous year ₹ 139.29 crore*), net of advances amounting to ₹ 30.34 crore (*previous year ₹ 86.65 crore*).

NOTE 23 : REVENUE FROM OPERATIONS

	Current Year	Previous Year
1. Sale of Products	3729.04	3053.98
2. Other Operating Revenues		
a) Royalty & Technical Fees	48.42	39.05
b) Miscellaneous Income	11.67	7.50
	3789.13	3100.53
3. Less : Excise Duty	(208.11)	(120.45)
TOTAL	3581.02	2980.08

NOTE 24 : OTHER INCOME

	Current Year	Previous Year
1. Interest Income		
On Advances and Deposits	21.24	20.64
On Loan to ESOP Trust	5.40	12.53
On Income-tax Refund	-	0.28
2. Dividend Income		
From Subsidiaries	13.41	19.38
3. Net Gain on Sale of Investments	8.15	6.16
4. Other Non-Operating Income		
Claim Received	1.88	3.12
Miscellaneous Non-operating Income	0.57	0.94
TOTAL	50.65	63.05

NOTE 25 : COST OF RAW MATERIALS INCLUDING PACKING MATERIAL CONSUMED

	Current Year	Previous Year
Opening Inventory	169.54	131.08
Add : Purchases (Net)	1503.50	1365.52
	1673.04	1496.60
Less: Closing Inventory	(156.03)	(169.54)
Cost of Raw Materials including Packing Material Consumed	1517.01	1327.06

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 26 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	₹ Crore	
	Current Year	Previous Year
Opening Inventory		
Finished Goods	186.98	118.56
Stock-in-Trade	35.23	32.76
Work-in-Progress	35.51	19.66
	257.72	170.98
Less: Closing Inventory		
Finished Goods	293.98	186.98
Stock-in-Trade	52.29	35.23
Work-in-Progress	28.36	35.51
	374.63	257.72
(Increase) / Decrease in Inventories	(116.91)	(86.74)

NOTE 27 : EMPLOYEE BENEFITS EXPENSES

	₹ Crore	
	Current Year	Previous Year
1. Salaries and Wages	147.24	144.17
2. Contribution to Provident and Other Funds	12.20	7.90
3. Expense on Employee Stock Grant Scheme (ESGS)	2.12	1.39
4. Staff Welfare Expenses	4.00	3.28
TOTAL	165.56	156.74

NOTE 28 : FINANCE COSTS

	₹ Crore	
	Current Year	Previous Year
1. Interest Expense	1.72	1.41
2. Bill Discounting Charges	13.77	11.98
TOTAL	15.49	13.39

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 29 : OTHER EXPENSES

	Current Year	Previous Year
		₹ Crore
Consumption of Stores and Spare Parts	10.53	8.58
Power and Fuel	82.98	67.34
Rent	11.37	11.62
Repairs and Maintenance		
Plant and Equipment	3.02	2.66
Buildings	0.78	0.89
Others	16.92	14.98
	20.72	18.53
Insurance	4.45	2.55
Rates and Taxes	3.42	2.56
Miscellaneous Expenses	24.54	18.30
Processing and Other Manufacturing Charges	85.35	67.59
Excise Duty Provision on Inventory	8.36	5.01
Travelling and Conveyance	24.59	22.21
Auditors' Remuneration		
As Statutory Auditor	1.06	0.99
As Cost Auditor	0.03	0.07
For Taxation Matters	0.29	0.25
For Company Law Matters	0.01	0.01
For Management Services	0.03	0.03
For Other Services	0.07	0.15
Reimbursement of Expenses	0.05	0.01
Service Tax	0.19	0.17
	1.73	1.68
Legal and Professional Charges	11.92	15.30
Donations	0.65	0.44
Advertising, Publicity and Sales Promotion	577.38	377.39
Selling and Distribution Expenses	59.27	45.62
Freight	140.68	106.25
Bank Charges	2.43	3.57
Royalty Expense	0.04	1.25
Commission	1.99	1.28
Net Loss on Sale of Fixed Assets	2.21	0.92
Net Loss on Foreign Currency Transactions and Translations	12.01	15.16
Bad Debts Written Off	0.21	0.98
Provision for Doubtful Debts / Advances	2.01	(1.11)
TOTAL	1088.84	793.02

Note:

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

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 30 : EXCEPTIONAL ITEMS

	₹ Crore	
	Current Year	Previous Year
License Agreement Termination Compensation	-	180.95
TOTAL	-	180.95

NOTE 31 : EARNINGS PER SHARE

	Current Year	Previous Year
Net Profit After Tax (₹ Crore)	510.94	604.39
Number of Shares outstanding at the beginning of the year	340,297,461	323,590,144
Add : Shares Issued during the year	29,464	16,707,317
Number of Shares outstanding at the end of the year	340,326,925	340,297,461
Weighted Average Number of Equity Shares		
For calculating Basic EPS	340,318,803	325,279,135
For calculating Diluted EPS	340,396,437	325,326,563
Earnings Per Share Before and After Extraordinary Items (Face Value ₹ 1)		
Basic (₹)	15.01	18.58
Diluted (₹)	15.01	18.58

NOTE 32 : IMPORTED / INDIGENOUS CONSUMPTION

	Current Year		Previous Year	
	Amounts	%	Amounts	%
Raw Materials Consumed				
Imported	314.50	20.7%	311.22	23.5%
Indigenous	1202.51	79.3%	1015.84	76.5%
	1517.01	100.0%	1327.06	100.0%
Component, Stores and Spare Consumed				
Imported	0.02	0.2%	-	0.0%
Indigenous	10.51	99.8%	8.58	100.0%
TOTAL	10.53	100.0%	8.58	100.0%

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 33 : CONSUMPTION OF RAW MATERIAL AND PURCHASE OF STOCK-IN-TRADE

	₹ Crore	
	Current Year	Previous Year
1. Raw Material Consumed		
a) Oils and Fats	539.72	480.62
b) Chemicals, Colours, Perfumes and Catalysts	344.32	286.15
c) Packing Material	339.09	287.06
d) Others	293.88	273.23
	1517.01	1327.06
2. Stock-in-Trade Purchased		
a) Hair Colour and Other Toiletries	27.30	17.88
b) Repellents	168.69	142.82
c) Others	100.46	75.02
	296.45	235.72
TOTAL	1813.46	1562.78

NOTE 34 : SALES (NET OF EXCISE DUTY)

	₹ Crore	
	Current Year	Previous Year
Personal Wash	1260.68	1015.62
Hair Care	378.71	332.00
Home Care	1628.13	1373.76
Others	253.41	212.15
TOTAL	3520.93	2933.53

NOTE 35 : VALUE OF IMPORTS ON CIF BASIS

	₹ Crore	
	Current Year	Previous Year
Raw Materials	287.07	278.99
Spares Parts and Components	0.10	0.03
Capital Goods	0.34	1.21
TOTAL	287.51	280.23

NOTE 36 : EXPENDITURE IN FOREIGN CURRENCY

	₹ Crore	
	Current Year	Previous Year
Royalty, Know-how and Technical Fees	-	0.96
Professional and Consultation Fees	2.16	1.92
Other Matters	0.83	1.30
TOTAL	2.99	4.18

NOTE 37 : EARNINGS IN FOREIGN EXCHANGE

	₹ Crore	
	Current Year	Previous Year
Export of Goods on FOB Basis	141.83	147.77
Royalty, Know-how and Technical Fees	48.42	39.05
Interest and Dividends	13.41	19.38
License Agreement Termination Compensation	-	165.95
Others	1.79	-
TOTAL	205.45	372.15

Notes to the Financial Statements for the year ended March 31, 2013

NOTE 38 : DIVIDEND REMITTED IN FOREIGN CURRENCY

	Current Year	Previous Year
4th Interim Dividend for the year ended March 31, 2012, to 283 non-resident shareholders on 77,740 shares @ ₹ 1.75 per share	0.01	
1st Interim Dividend for the year ended March 31, 2013, paid to 270 non-resident shareholders on 80,680 shares @ ₹ 1 per share	0.01	
2nd Interim Dividend for the year ended March 31, 2013, to 291 non-resident shareholders on 80,260 shares @ ₹ 1 per share	0.01	
3rd Interim Dividend for the year ended March 31, 2013, to 290 non-resident shareholders on 80,260 shares @ ₹ 1 per share	0.01	
4th Interim Dividend for the year ended March 31, 2011, to 269 non-resident shareholders on 75,112 shares @ ₹ 1.50 per share		0.01
1st Interim Dividend for the year ended March 31, 2012, paid to 270 non-resident shareholders on 75,952 shares @ ₹ 1 per share		0.01
2nd Interim Dividend for the year ended March 31, 2012, to 269 non-resident shareholders on 75,652 shares @ ₹ 1 per share		0.01
3rd Interim Dividend for the year ended March 31, 2012, to 268 non-resident shareholders on 72,532 shares @ ₹ 1 per share		0.01
TOTAL	0.04	0.04

NOTE 39 : RELATED PARTY DISCLOSURES

A) Related Parties and their Relationship

a) Enterprise having control over reporting enterprise:

Godrej & Boyce Mfg. Co. Ltd.

b) Subsidiaries:

- i) Godrej Household Products Lanka (Private) Limited
- ii) Godrej Household Products (Bangladesh) Private Limited
- iii) Godrej Consumer Products Bangladesh Limited
- iv) Godrej South Africa (Proprietary) Limited (*Earlier Rapidol (Proprietary) Limited*)
- v) Godrej Global Mid East FZE
- vi) Godrej Hygiene Products Limited
- vii) Godrej Consumer Products Nepal Pvt. Ltd.
- viii) Godrej Netherlands B.V.
 - Godrej Consumer Products (UK) Limited
 - Keyline Brands Limited
 - Inecto Manufacturing Limited
 - Godrej Consumer Investments (Chile) Spa
 - Godrej Holdings (Chile) Limitada
 - Cosmetica Nacional
 - Plasticos Nacional
- ix) Godrej Consumer Products Mauritius Limited
 - Godrej Kinky Holdings Limited
 - Kinky Group (Proprietary) Limited
 - Godrej Nigeria Holdings Limited (*Merged with Godrej Consumer Products Mauritius Limited w.e.f. April 1, 2012*)
 - Godrej Nigeria Limited
 - Godrej Argentina Dutch Cooperatief U.A
 - Godrej Netherlands Argentina Holding B.V.
 - Godrej Netherlands Argentina B.V.
 - Laboratoria Cuenca S.A

Notes to the Financial Statements for the year ended March 31, 2013

- Deciral S.A
- Issue Group Uruguay S.A
- Issue Group Brazil Limited
- Consell S.A
- Argencos S.A
- Panamar Producciones S.A
- x) Godrej Consumer Products Holding (Mauritius) Limited
 - Indovest Capital Limited
 - Godrej Consumer Products Dutch Cooperatief U.A.
 - Godrej Indonesia Netherlands Holding B.V.
 - Godrej Consumer Products (Netherlands) B.V.
 - Godrej Consumer Holdings (Netherlands) B.V.
 - PT Simba Indosnack Makmur (*upto March 21, 2013*)
 - PT Indomas Susemi Jaya
 - PT Intrasari Raya
 - PT Megasari Makmur
 - PT Ekamas Sarijaya
 - PT Sarico Indah
- xi) Godrej Mauritius Africa Holdings Limited
 - Godrej Weave Holdings Limited
 - DGH Mauritius Pvt. Ltd.
 - Weave Business Holding Mauritius Pvt. Ltd.
 - Subinite Pty Ltd.
 - Lorna Nigeria Ltd.
 - Weave IP Holding Mauritius Pvt. Ltd.
 - Weave Mozambique Limitada
 - Weave Trading Mauritius Pvt. Ltd.
 - Hair Trading (Offshore) S.A.L.
- xii) Godrej East Africa Holdings Limited (*w.e.f. July 20, 2012*)
 - DGH Phase Two Mauritius Pvt. Ltd.
 - Style Industries Limited
- xiii) Godrej Tanzania Holdings Ltd. (*w.e.f. November 30, 2012*)
 - DGH Tanzania Ltd.
 - Sigma Hair Ind Limited

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

- i) Godrej Industries Limited
- ii) Godrej Agrovet Limited
- iii) Godrej Tyson Foods Ltd.
- iv) Godrej Infotech Limited
- v) Godrej Properties Limited
- vi) Godrej Oil Palm Limited (*upto April 27, 2012*)
- vii) Natures Basket Limited
- viii) Godrej Vikhroli Properties LLP

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

- i) Godrej Hershey Limited (*upto September 27, 2012*)
- ii) Godrej Investments Private Limited
- iii) Great Lakes Institute of Management

Notes to the Financial Statements for the year ended March 31, 2013

e) Key Management Personnel and Relatives:

i) Mr. Adi Godrej	Chairman
ii) Ms. Parmeshwar Godrej	Wife of Mr. Adi Godrej
iii) Mr. A. Mahendran	Managing Director
iv) Ms. Mythili Mahendran	Wife of Mr. A Mahendran
v) Ms. Tanya Dubhash	Daughter of Mr. Adi Godrej
vi) Ms. Nisaba Godrej	Daughter of Mr. Adi Godrej
vii) Mr. Pirojsha Godrej	Son of Mr. Adi Godrej
viii) Mr. Nadir Godrej	Brother of Mr. Adi Godrej
ix) Mr. Burjis Godrej	Son of Mr. Nadir Godrej
x) Mr. Sohrab Godrej	Son of Mr. Nadir Godrej
xi) Master Hormazd Godrej	Son of Mr. Nadir Godrej

B) Transactions with Related Parties

₹ Crore

	Enterprise Having Control Over Reporting Enterprise	Enterprises Under Common Control	Subsidiary Companies	Enterprise Over Which Key Management Personnel Exercise Significant Influence	Relatives of Key Management Personnel	Key Management Personnel	TOTAL
1. Sale of Goods	0.51 <i>0.35</i>	16.00 <i>10.20</i>	32.24 <i>25.58</i>	- <i>0.04</i>	-	-	48.75 <i>36.17</i>
2. Sale of Capital Asset	-	- <i>0.02</i>	-	-	-	-	- <i>0.02</i>
3. Purchase of Materials and Spares	3.06 <i>0.38</i>	29.97 <i>21.53</i>	15.94 <i>15.19</i>	-	-	-	48.97 <i>37.10</i>
4. Purchase of Capital Asset	1.07 <i>2.97</i>	103.15 -	-	-	-	-	104.22 <i>2.97</i>
5. Advance Paid	0.09 <i>0.33</i>	- <i>50.79</i>	-	-	-	-	0.09 <i>51.12</i>
6. Royalty and Technical Fees Received	-	-	47.63 <i>38.65</i>	-	-	-	47.63 <i>38.65</i>
7. Establishment and Other Expenses Paid / (Received)	1.56 <i>0.36</i>	12.57 <i>8.19</i>	(1.67) <i>0.05</i>	(0.03) <i>(0.39)</i>	-	0.10 <i>0.03</i>	12.53 <i>8.24</i>
8. Investments Made	-	-	256.59 <i>870.93</i>	-	-	-	256.59 <i>870.93</i>
9. Guarantees Given / (Cancelled)	-	-	843.02 <i>642.05</i>	-	-	-	843.02 <i>642.05</i>
10. Security Deposit Given / (Repaid)	-	-	-	(1.50) <i>1.50</i>	-	-	(1.50) <i>1.50</i>
11. Repayment of Loan Given	-	-	-	-	-	0.92 <i>0.43</i>	0.92 <i>0.43</i>
12. Interest Received on Loans	-	-	0.03 -	-	-	0.10 <i>0.18</i>	0.13 <i>0.18</i>
13. Dividend Received	-	-	13.41 <i>19.38</i>	-	-	-	13.41 <i>19.38</i>
14. Dividend Paid	59.15 <i>57.00</i>	34.53 <i>31.75</i>	-	-	3.83 <i>3.70</i>	0.05 <i>0.13</i>	97.56 <i>92.58</i>
15. Managerial Remuneration	-	-	-	-	-	12.38 <i>13.73</i>	12.38 <i>13.73</i>
16. Commission on Profits and Sitting Fees	-	-	-	-	0.40 <i>0.38</i>	-	0.40 <i>0.38</i>
17. Lease Rentals Paid	-	-	-	-	2.88 <i>2.85</i>	-	2.88 <i>2.85</i>
Outstanding Balances as at March 31, 2013							
Receivable	0.12 <i>0.03</i>	1.51 <i>7.51</i>	28.55 <i>14.37</i>	0.17 <i>0.35</i>	-	0.79 <i>1.71</i>	31.14 <i>23.97</i>
Payable	- <i>0.56</i>	2.81 -	0.33 -	- <i>0.14</i>	-	-	3.14 <i>0.70</i>
Guarantees Outstanding	-	-	2758.11 <i>2196.87</i>	-	-	-	2758.11 <i>2196.87</i>

Note: Figures in Italics denote figures for previous year.

Notes to the Financial Statements for the year ended March 31, 2013

C) The Significant Related Party Transactions are as under :

	Current Year	Previous Year
		₹ Crore
Sale of Goods		
Godrej & Boyce Mfg. Co. Ltd.	0.51	0.35
Godrej Industries Limited	15.76	10.02
Godrej Properties Limited	0.03	0.00
Godrej Agrovvet Limited	0.21	0.18
Godrej Tyson Foods Ltd.*	0.00	0.00
Godrej Hershey Ltd.	-	0.04
Godrej Global Mid East FZE	5.55	4.00
Godrej Hygiene Products Ltd.*	-	0.00
Godrej South Africa (Proprietary) Limited	9.09	6.97
Godrej Nigeria Limited	2.86	-
Godrej Household Products Lanka (Private) Limited	10.62	11.34
Godrej Household Products (Bangladesh) Private Limited	3.84	3.26
Laboratoria Cuenca S.A	0.28	-
Sale of Capital Asset		
Godrej Industries Ltd.	-	0.02
Purchase of Materials and Spares		
Godrej & Boyce Mfg. Co. Ltd.	3.06	0.38
Godrej Industries Limited	28.77	20.01
Godrej Oil Palm Limited	0.03	1.52
Godrej Agrovvet Limited	1.17	-
Godrej Global Mid East FZE	-	0.18
Keyline Brands Limited*	0.00	0.01
Godrej Household Products Lanka (Private) Limited	0.02	0.01
Godrej Hygiene Products Limited	15.42	14.98
PT Indomas Susemi Jaya	0.50	-
Purchase of Capital Asset		
Godrej & Boyce Mfg. Co. Ltd.	1.07	2.97
Godrej Industries Limited*	0.00	-
Godrej Vikhroli Properties LLP	103.15	-
Advance Paid		
Godrej & Boyce Mfg. Co. Ltd.	0.09	0.33
Godrej Vikhroli Properties LLP	-	50.79
Royalty and Technical Fees Received		
Godrej South Africa (Proprietary) Limited	10.62	9.49
Godrej Household Products Lanka (Private) Ltd.	0.26	0.24
Godrej Household Products (Bangladesh) Private Ltd.	0.23	1.50
PT Indomas Susemi Jaya	1.00	0.83
PT Ekamas Sarijaya	-	0.46
PT Simba Indosnack Makmur	3.58	2.74
PT Megasari Makmur	31.94	23.38
Establishment and Other Expenses Paid / (Received)		
Godrej & Boyce Mfg. Co. Ltd.	1.56	0.36
Godrej Industries Limited	12.71	8.08
Godrej Agrovvet Limited	0.56	0.55

Notes to the Financial Statements for the year ended March 31, 2013

	Current Year	₹ Crore Previous Year
Godrej Infotech Ltd.	-	0.01
Godrej Properties Limited	(0.51)	(0.39)
Natures Basket Limited	(0.08)	(0.06)
Godrej Tyson Foods Ltd.*	(0.11)	(0.00)
Great Lakes Institute of Management	0.01	-
Godrej Hershey Limited	(0.04)	(0.39)
Godrej Household Products Lanka (Private) Ltd.	0.08	0.05
Godrej Household Products (Bangladesh) Private Ltd.*	-	(0.00)
Laboratoria Cuenca S.A	(1.79)	-
Godrej Hygiene Products Limited	0.04	-
Mr. Adi Godrej	0.06	-
Mr. A. Mahendran	0.04	0.03
Investments Made		
Godrej Consumer Products Mauritius Ltd.	0.06	382.81
Godrej Netherlands B.V.	27.22	0.06
Godrej Household Products (Bangladesh) Pvt. Ltd.	-	4.43
Godrej Mauritius Africa Holdings Limited	68.99	64.83
Godrej Consumer Products Holding (Mauritius) Ltd.	158.82	418.80
Godrej East Africa Holdings Limited	1.50	-
Guarantees Given / (Cancelled)		
Godrej Consumer Products Holding (Mauritius) Ltd.	-	44.70
Godrej Household Products (Bangladesh) Pvt. Ltd.	11.97	4.76
Godrej Mauritius Africa Holdings Limited	-	592.60
Godrej East Africa Holdings Limited	461.96	-
Godrej Netherlands B.V.	369.09	-
Security Deposit Given / (Repaid)		
Godrej Hershey Ltd.	(1.50)	1.50
Repayment of Loan Given		
Mr. A. Mahendran	0.92	0.43
Interest Received on Loans		
Mr. A. Mahendran	0.10	0.18
Godrej Netherlands B.V.	0.03	-
Dividend Received		
Godrej Household Products Lanka (Private) Limited	1.00	19.38
Godrej South Africa (Proprietary) Limited	12.41	-
Dividend Paid		
Godrej & Boyce Mfg. Co. Ltd.	59.15	57.00
Godrej Industries Limited	34.53	31.75
Mr. Adi Godrej*	0.00	0.00
Mr. A. Mahendran	0.05	0.13
Ms. Parmeshwar Godrej*	0.00	0.00
Ms. Tanya Dubhash	0.64	0.62
Ms. Nisaba Godrej	0.64	0.62
Mr. Pirojsha Godrej	0.64	0.62
Mr. Nadir Godrej	0.44	0.46
Mr. Burjis Godrej	0.49	0.46
Mr. Sohrab Godrej	0.49	0.46
Master Hormazd Godrej	0.49	0.46

Notes to the Financial Statements for the year ended March 31, 2013

	₹ Crore	
	Current Year	Previous Year
Managerial Remuneration		
Mr. Adi Godrej	6.79	7.43
Mr. A. Mahendran	5.59	6.30
Commission on Profits and Sitting Fees		
Mr. Nadir Godrej	0.13	0.13
Ms. Nisaba Godrej	0.13	0.12
Ms. Tanya Dubhash	0.14	0.12
Lease Rentals Paid		
Ms. Parmeshwar Godrej	2.46	2.46
Ms. Mythili Mahendran	0.42	0.39

* amount less than ₹ 0.01 crore.

NOTE 40 : LEASES

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

The future minimum lease payments outstanding under non-cancellable operating leases are as follows:

	₹ Crore	
	Current Year	Previous Year
Not later than one year	1.23	1.15
Later than one year and not later than five years	1.09	1.37
Later than five years	-	-
TOTAL	2.32	2.52

NOTE 41 : 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 its Forex Committee. The Company does not use foreign exchange forward contracts or commodity futures contracts for trading or speculation purposes.

a) Forward Contracts outstanding as at March 31, 2013:

	Current Year		Previous Year	
	Avg. Rate	USD Mn	Avg. Rate	USD Mn
Forward Contract to Purchase (USD) [1 contract (previous year 32 contracts)]	58.85	0.83	50.98	22.78

Notes to the Financial Statements for the year ended March 31, 2013

b) The uncovered foreign exchange exposure as at March 31, 2013:

	Currency	Current Year	Previous Year
Payables	USD	131.23	67.61
Payables	EUR	2.89	2.30
Payables	GBP	-	0.01
Payables	SGD	0.02	-
Receivables	GBP	0.02	-
Receivables	USD	33.59	27.42
Receivables	EUR	15.83	16.58
EEFC	USD	45.36	3.40
EEFC	EUR	6.10	0.12

NOTE 42 : INCENTIVE PLAN

The amount carried forward in notional bank after distribution of PLVR for the financial year 2012-13 is ₹ 1.68 crore as on March 31, 2013 (*previous year ₹ 3.49 crore*). The said amount is not provided for in the books of account and is payable in future, if performance so warrants.

NOTE 43 : EMPLOYEE BENEFITS

a) DEFINED CONTRIBUTION PLAN

Provident Fund:

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

b) DEFINED BENEFIT PLAN

Gratuity:

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

The gratuity scheme of the erstwhile Godrej Household Products Ltd., which was obtained pursuant to the Scheme of Amalgamation, is funded through a Unit Linked Gratuity Plus Scheme with Life Insurance Corporation of India ('LIC') and HDFC Standard Life Insurance Company Limited.

The liability for the Defined Benefit Plan is provided on the basis of a valuation, using the Projected Unit Credit Method, as at the Balance Sheet date, carried out by an independent actuary.

Provident Fund:

The Company manages the Provident Fund plan through a Provident Fund Trust for its employees which is permitted under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and is actuarially valued. 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.

Notes to the Financial Statements for the year ended March 31, 2013

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

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

d) Amounts Recognised as Expense:

i) Defined Contribution Plan

Employer's Contribution to Provident Fund amounting to ₹ 5.21 crore (*previous year ₹ 4.52 crore*) has been included in Note 27 under Contribution to Provident and Other Funds.

ii) Defined Benefit Plan

Gratuity cost amounting to ₹ 5.92 crore (*previous year ₹ 2.14 crore*) has been included in Note 27 under Contribution to Provident and Other Funds.

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

	₹ Crore	
	Current Year	Previous Year
i. Change in Present Value of Obligation		
Present value of the obligation at the beginning of the year	16.20	16.27
Current Service Cost	1.30	0.76
Interest Cost	1.37	0.85
Actuarial (Gain) / Loss on Obligation	4.21	1.28
Benefits Paid	(2.58)	(2.96)
Present value of the obligation at the end of the year	20.50	16.20
ii. Change in Plan Assets		
Fair value of Plan Assets at the beginning of the year	10.47	12.67
Expected return on Plan Assets	0.89	0.51
Actuarial Gain / (Loss) on Plan Assets	0.07	0.25
Benefits Paid	(2.58)	(2.96)
Fair value of Plan Assets at the end of the year	8.85	10.47
iii. Amounts Recognised in the Balance Sheet:		
Present value of Obligation at the end of the year	20.50	16.20
Fair value of Plan Assets at the end of the year	8.85	10.47
Net Obligation at the end of the year	11.65	5.73
iv. Amounts Recognised in the Statement of Profit and Loss:		
Current Service Cost	1.30	0.76
Interest Cost on Obligation	1.37	0.85
Expected return on Plan Assets	(0.89)	(0.51)
Net Actuarial (Gain) / Loss recognised in the year	4.14	1.04
Net Cost Included in Personnel Expenses	5.92	2.14
v. Actual Return on Plan Assets	0.96	0.76
vi. Estimated contribution to be made in next financial year	3.83	1.33
vii. Major categories of Plan Assets as a % of total Plan Assets		
Insurer Managed Funds	100%	100%

Notes to the Financial Statements for the year ended March 31, 2013

	₹ Crore	
	Current Year	Previous Year
viii. Actuarial Assumptions		
i) Discount Rate	8.25% P.A.	8.50% P.A.
ii) Expected Rate of Return on Plan Assets	8.25% P.A.	8.50% P.A.
iii) Salary Escalation Rate	5.00% P.A.	5.00% P.A.
iv) Employee Turnover	1.00% P.A.	1.00% P.A.
v) Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	L.I.C. (1994-96) Ultimate
<p>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.</p>		
ix. Experience Adjustments (Gain) / Loss:	On Plan Liabilities	On Plan Assets
	2012-13	2012-13
	2011-12	2011-12
	2010-11	2010-11
	2009-10	2009-10
	2008-09	2008-09
	2.80	(0.07)
	1.63	(0.25)
	0.27	0.37
	1.86	(0.68)
	0.30	0.04

NOTE 44 : EMPLOYEE STOCK BENEFIT PLANS

I. EMPLOYEE STOCK OPTION / PURCHASE PLAN

- a) The shareholders of the Company have approved the setting up of the Godrej Consumer Products Ltd. Employee Stock Option Plan (GCPL ESOP) for the benefit of its eligible employees whereby the Company can grant 4,500,000 Stock Options convertible into 4,500,000 equity shares of the nominal value ₹ 1 each to the eligible employees / Directors of the Company and of the Company's subsidiaries.
- b) The ESOP Scheme is administered by an independent ESOP Trust created with IL&FS Trust Company Limited which acquires by subscription / purchase or otherwise, the Company's shares equivalent to the number of Options proposed to be granted by the participating companies, as approved by the Compensation Committee.
- c) The ESOPs authorised for issue are as under:
 - i) 2,000,000 Options in the Extra-ordinary General Meeting on March 14, 2007.
 - ii) 2,500,000 Options in the Extra-ordinary General Meeting on April 28, 2008.
- d) The Options granted shall vest in the eligible employees within such period as may be prescribed by the Compensation Committee, which period shall not be less than one year and may extend up to three years from the date of grant of the Option. Vesting may occur in tranches subject to the terms and conditions of vesting. The Option is exercisable within two years after vesting.
- e) All unvested Options shall vest in the employees on the date of retirement or at an earlier date as may be decided by the Compensation Committee, subject to the requirement of minimum vesting period and all vested Options should be exercised by the Option Grantee immediately on retirement, but in no event later than six months from the date of such Option 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.

Notes to the Financial Statements for the year ended March 31, 2013

- g) The employee share based payment plans have been accounted based on the intrinsic value method and no compensation expense has been recognised since the market price of the underlying share at the grant date is the same/less than the exercise price of the option, the intrinsic value therefore is *Nil*.
- h) The Board of Directors at 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, entire 1,000,000 shares have been granted and vested till March 31, 2013. These shares have to be compulsorily acquired from the GCPL ESOP Trust within the exercise period of two years. The exercise price shall be the market price on the day prior to the date of grant plus interest at a rate not less than the bank rate till the date of exercise.
- i) The status of the above plans (since inception) are as under:

	As at March 31, 2013	As at March 31, 2012
Options Granted	4,667,000	4,667,000
Options Vested	3,870,000	3,744,000
Options Exercised	2,745,950	2,450,075
Options Lapsed / Forfeited and re-granted	762,000	762,000
Options Lapsed / Forfeited, pending sale	-	35,000
Options Lapsed / Forfeited and sold	85,000	-
Total Number of Options Outstanding	1,074,050	1,419,925

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

- a) Under the Scheme of Amalgamation, the Company has obtained the 'Godrej Sara Lee Limited Employees Stock Option Plan' set up for eligible employees of the erstwhile Godrej Household Products Limited. The equity shares of Godrej Industries Limited (GIL) are the underlying equity shares for the stock option plan. The ESOP Scheme is administered by an independent ESOP Trust created with IL&FS Trust Company Limited. The independent ESOP Trust has purchased shares of GIL from the market against which the options have been granted. The purchases have been financed by loans from the erstwhile Godrej Household Products Limited, which together with interest amounted to ₹ 77.43 crore as at beginning of the year. The ESOP Trust has made a net repayment of the loan and interest amounting to ₹ 26.43 crore during the year. The total amount of loans given together with interest thereon as at March 31, 2013 amounts to ₹ 51.00 crore. The repayment of the loans granted to the ESOP Trust and interest thereon is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period.
- b) The status of the above plan (since inception) is as under:

	As at March 31, 2013	As at March 31, 2012
Options Granted	2,129,000	2,129,000
Options Vested	-	-
Options Exercised	-	-
Options Lapsed / Forfeited, pending sale	55,000	667,000
Options Lapsed / Forfeited and sold	954,000	-
Total Number of Options Outstanding	1,120,000	1,462,000

Notes to the Financial Statements for the year ended March 31, 2013

III. EMPLOYEE STOCK GRANT SCHEME

- a) The Company set up the Employees Stock Grant Scheme 2011 (ESGS) pursuant to the approval by the Shareholders on March 18, 2011.
- b) The ESGS Scheme is effective from April 1, 2011, (the "Effective Date") and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the shares to be vested under Employee Stock Grant Scheme 2011 have been vested in the Eligible Employees and all restrictions on such Stock Grants awarded under the terms of ESGS Scheme, if any, have lapsed, whichever is earlier.
- c) The Scheme applies to the Eligible Employees of the Company or its Subsidiaries. The entitlement of each employee will be decided by the Compensation Committee based on the employee's performance, level, grade, etc.
- d) The total number of Stock Grants to be awarded under the ESGS Scheme are restricted to 2,500,000 (Twenty Five Lac) fully paid up equity shares of the Company. Not more than 500,000 (Five Lac) fully paid up equity shares or 1% of the issued equity share capital at the time of awarding the Stock Grant, whichever is lower, can be awarded to any one employee in any one year.
- e) The Stock Grants shall vest in the Eligible Employees pursuant to the ESGS Scheme in the proportion of 1/3rd at the end of each year or as may be decided by the Compensation Committee from the date on which the Stock Grants are awarded for a period of three consecutive years subject to the condition that the Eligible Employee continues to be in employment of the Company or the Subsidiary Company as the case may be.
- f) The Eligible Employee shall exercise her / his right to acquire the shares vested in her / him all at one time within 1 month from the date on which the shares vested in her / him or such other period as may be determined by the Compensation Committee.
- g) The Exercise Price of the shares has been fixed at ₹ 1 per share. The intrinsic value, being the difference between market price and exercise price is treated as employee compensation cost and charged to the Statement of Profit and Loss. The value of the options is treated as a part of employee compensation in the financial statements and is amortised over the vesting period.
- h) The Status of the above plan (since inception) is as under:

	As at March 31, 2013	As at March 31, 2012
Options Granted	184,361	114,102
Options Vested	29,464	-
Options Exercised	29,464	-
Options Lapsed / Forfeited	28,704	19,136
Total Number of Options Outstanding	126,193	94,966

- IV. Pursuant to SEBI notification dated January 17, 2013, no further securities of the Company will be purchased from the open market.
- V. Had the fair value method of accounting been used, the employee compensation cost for the year ended March 31, 2013 would have been lower by ₹ 1.13 crore (*previous year higher by ₹ 0.67 crore*).

NOTE 45 : GENERAL

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

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