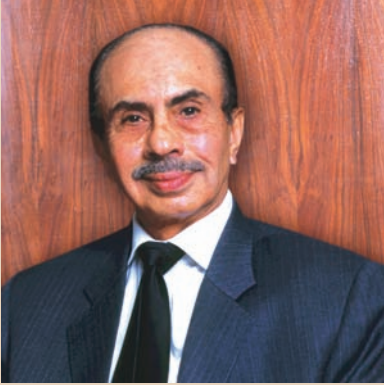


Chairman's Statement



Dear Shareholders,

The economy enjoyed robust growth this year. The year marked a new landmark in your Company's young but rich life. While continuing to deliver impressive revenue growth and profitability in the domestic markets, the year saw the commencement of Godrej Consumer Products building a global presence in the international FMCG market.

The Macro environment

The corporate landscape is undergoing several large and swift changes. Indian companies across sectors have begun to aggressively pursue growth both within the country as well as overseas while concurrently endeavoring to manage costs more efficiently. This has been enabled to a great extent by some consistent and growth oriented government policies. In fact one of the biggest triggers of the Indian entrepreneurship story has been the move to a simplified indirect tax system. The introduction of Value Added Tax (VAT) is a case in point. It has introduced greater simplicity and transparency in the system as well as enhanced revenue generation. Further indirect tax reforms such as the introduction of a comprehensive goods and services tax will add considerably to the growth of your Company and the Indian economy.

Government spend on education has also increased considerably. This is a step in the right direction as in my opinion our country does not face a problem of unemployment but of 'unemployability' and a strong education system will address this issue.

Infrastructure however is a bottleneck that needs to be addressed on a war footing as it can bring even the best growth story to a slow down. Amongst others there is clear need for better roads, improved energy supplies, commercial spaces and improved facilities at ports and airports.

I believe reforms, if well implemented, would further drive GDP growth as well as result in higher disposable incomes and improved standards of living for the consumer.

The FMCG Sector

Increasing disposable incomes have resulted in enhanced consumer spend and enabled strong growth for the sector. While consumers continue to exercise discretion in their purchase approach they are today ready to pay a little extra for quality.

Significantly, the growth in demand and consumption has been across both the rural and urban segments. This gives us reason to believe that this growth will continue strongly.

I have heard many queries on the influence of organized

retail on the sector. While it is beginning to play an increasingly important role, it is presently estimated at around 5% of total FMCG offtake. However it is growing at a much faster pace as compared to general retailing and we are well prepared to leverage this opportunity as its salience increases.

I also continue to hear apprehensions of the possible impact of a bad monsoon on the FMCG sector. As I have said before, the correlation is today far less mainly because of the agricultural sector's relatively smaller contribution to GDP as well as the increasing proportion of 'non crop' activity like animal husbandry and horticulture. Moreover unlike a decade ago today, the size of the 'Rabi' crop which is irrigation dependent is almost double the size of the monsoon dependent 'Kharif crop'.

Today, for any FMCG player, the name of the game is to offer relevant products, supported by strong branding, advertising and promotion and to enhance distribution reach and efficiencies.

Your Company's performance

Your Company continues to be amongst the fastest growing players in the FMCG sector. It is today the second largest toilet soap player in the Country and has also strengthened its dominance in the hair colour category. This business growth has been facilitated by several supply chain enhancements and the introduction of new variants.

The highlight of the year was the acquisition of Keyline Brands, one of the UK's admired FMCG companies engaged in the manufacturing, marketing, sales, and distribution of cosmetics and toiletries. This acquisition represents the commencement of our building of a global

presence in the international FMCG market. Keyline Brands is a consistent profit making Company with a portfolio of many great brands that have tremendous potential to grow in Europe, West Asia and the South Asian region. The acquisition will add strongly to GCPL's consolidated topline as well as bottomline. It will also enable GCPL to enhance its skills in marketing and management of modern trade channels.

Onward

Your Company has performed commendably since inception and now possesses the scale, size and capacity to do even better going forward.

We will continue to introduce new exciting consumer centric products and variants that deliver value for money to the consumer. Acquisitions, both in India and overseas, of profitable businesses and strong brands that have a synergy with our core competencies will continue to be one of our key strategies in strengthening our competitive position, driving profitability and enhancing stakeholder value growth.

I look forward to the future with confidence and optimism. I strongly feel that your Company's best years are ahead of us.

I thank all our stakeholders for their cooperation and look forward to their continued support in our exciting journey onwards and upwards!

Yours sincerely,

Adi Godrej

Chairman and Managing Director