



towards a stronger
tomorrow

Godrej

Godrej Consumer Products Limited

Vision

"We are dedicated to

Deliver Superior Stakeholder Value

by providing solutions to existing and emerging consumer needs in the

Household and Personal Care business.

We will achieve this through

Enduring Trust and Relentless Innovation

delivered with

Passion and Entrepreneurial Spirit."

towards a stronger tomorrow

Robust growth performance and a promising future

The Financial Year 2003-04 was a year of robust performance for Godrej Consumer Products Limited (GCPL) driven by a sustained stakeholder centric approach. 'Value for money' innovations across our product categories received a healthy response at both the distributor and the consumer levels. A stimulating work environment supplemented by structured performance enhancing programmes further grew the passion, initiative and creativity of our people and encouraged them to perform to the best of their abilities. Our relationship with our business partners also strengthened as a result of increased IT connectivity. A sound EVA focus delivered continuously improving operating efficiencies and decision making that improved shareholder value.

The year has also seen your Company build a strong platform for the future. Our manufacturing plants at Baddi in Himachal Pradesh and Guwahati in Assam enjoy excise and income tax benefits. A substantial part of these savings will be invested into developing new product variants and offerings and improving topline growth. Our well-equipped in-house R&D centre with proficient scientists will be the backbone of these initiatives. Being a cash rich company, GCPL is consistently on the lookout for both organic and inorganic growth opportunities that are EVA positive in the medium to long-term to further strengthen its competitive position. All these factors combined with encouraging economic indicators and expectations of a good monsoon lay the ground for an even brighter future.

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Our Promises



Deliver Superior Stakeholder Value

All our stakeholders are at the core of all our activities. It is our continuous endeavour to deliver superior stakeholder value to all those who fall within our circle of interaction be they shareholders, consumers, employees, associates, the environment or the society at large. We believe that generating higher mutual value for all our stakeholders through performance, progress and profitability, will reinforce our success and drive us towards a stronger tomorrow.

Enduring Trust

We place trust on a high pedestal. Our actions therefore reflect the trust vested in us. And it is this trust that governs all the spheres of our operation. Be it when delivering high quality products to consumers, when offering growth-inducing work environment to our employees or when registering consistent profitability for our shareholders. We believe that transparency and work ethics will inspire greater success in us and lead us towards a stronger tomorrow.

Relentless Innovation

A changing consumer profile requires an ever-evolving product portfolio. Our finger is firmly on the pulse of the market. We have developed deep consumer understanding and business insight. And have applied it to creating solutions across functions such as manufacturing, marketing, finance, etc. We believe that by constantly reinventing ourselves and applying new ideas to our business, we will be better equipped to navigate the challenges of a stronger tomorrow.

Passion

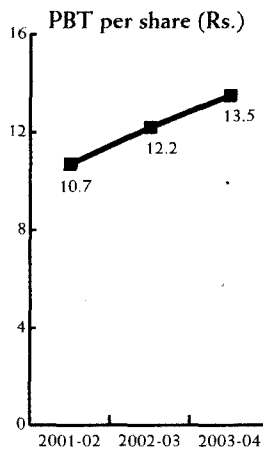
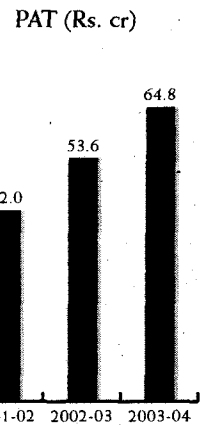
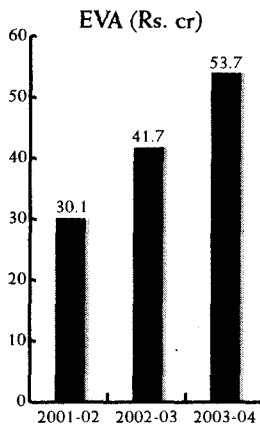
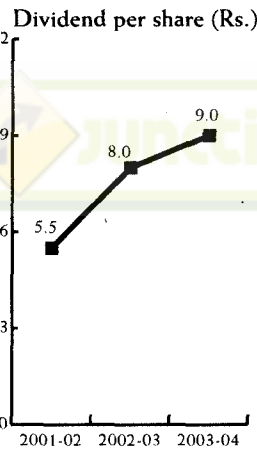
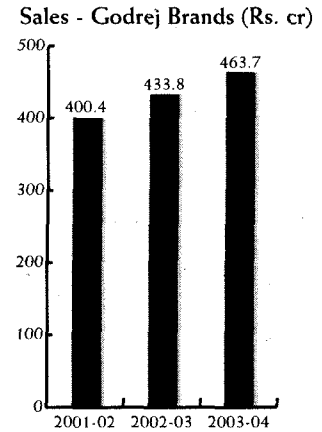
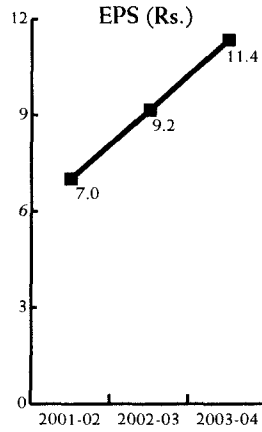
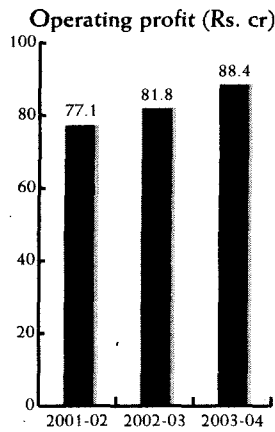
We invest in our people. It is this talent pool that drives our Company. Individual strengths and energies are integrated and channelled to achieve the common corporate goal. It is the strong belief in the Company that in turn kindles the passion to excel in each and every individual working here. We believe that if we can sustain this intensity of conviction and sincerity to the Company's purpose, we will create a stronger tomorrow.

Entrepreneurial Spirit

Our quest is always on - to strengthen our present business, to look out for greater opportunities and to translate potential into reality. Our business acumen has translated into expanding in the domestic market on the one hand and exploring overseas opportunities on the other. Today, we have a presence across various market segments as well as across geographies. We believe that our strength and spirit will be our competitive edge for a stronger tomorrow.



Performance Highlights



Highlights FY 2003-04

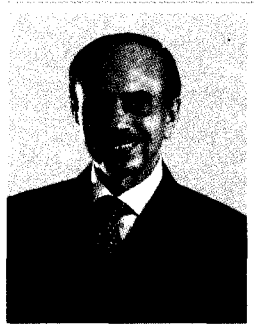
Robust financial and operating performance in FY2003-04 :

- GCPL Brand sales increased 7% from Rs. 434 crore to Rs. 464 crore.
- Net Profit After Tax up by 21% to Rs. 65 crore translating to an EPS of Rs. 11.35.
- Enhanced stakeholder value: Economic Value Added (EVA) up 29% to Rs. 54 crore.
- Dividend per share : 225% on face value of Rs. 4.
- Continuing high Return on Capital Employed (RoCE) and Return on Net Worth (RoNW) at 107% and 153% respectively.
- Consumer centric 'value for money' innovations across business segments.
- Godrej No. 1 continues to be the largest selling Grade 1 soap (by volume) in the country.
- Major product launches across business categories during the year:
 - ◆ Cinthol Deo Soap
 - ◆ Godrej Renew Cream Hair Colour
 - ◆ Godrej Herbal Powder Hair Dye
 - ◆ Cinthol Hand Sanitiser
 - ◆ Godrej Shave Gel
 - ◆ Godrej Snuggly baby diapers
- Efficient operations enhance operating margins.
- Expertise in oil procurement ensures control on input prices of key raw material.
- Soap factory at Baddi in Himachal Pradesh commissioned in a record time of less than 6 months.

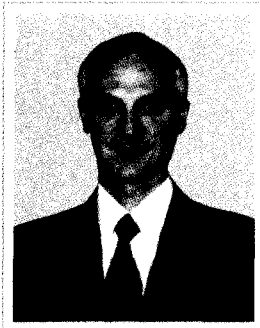
Recognitions

- Cinthol recognised by Superbrands Council (UK) to be a Superbrand; also featured amongst Brand Equity's Most Trusted Brands of 2003.
- Judged by the 'Great Place to Work Institute' as the best Indian Company to work in.
- Malanpur Factory received the Qimpro Certificate of Merit in recognition of being 'Proficient and accepted by industry as being a superior operation'; also won the National Safety Council of India's award in recognition of the development and implementation of effective safety systems and procedures.

Board of Directors



Adi Godrej



Jamshyd Godrej



Nadir Godrej



Bala Balachandran



Rama Bijapurkar



Bharat Doshi



Anupam Puri

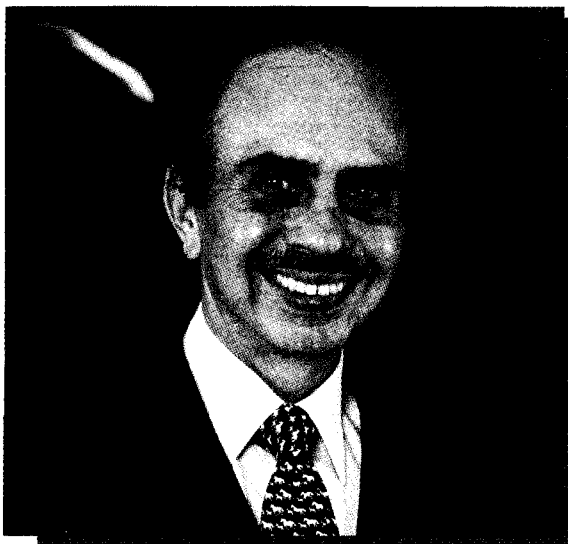


Hoshedar Press

Company Secretary : Sunil Sapre
Auditors : Kalyaniwalla & Mistry
Registrars & : Computech Sharecap Ltd.
Transfer Agents

Bankers : Central Bank of India
State Bank of India
Citibank N. A.
HDFC Bank Limited
The Hongkong & Shanghai
Banking Corporation Limited

Chairman's Statement



Dear Shareholders,

The ability to innovate and be different is valuable at all times. It is one of the key attributes that enable a company to perform and chart its growth path in all environments.

The just concluded financial year was a year of better than anticipated growth for the Indian economy, on the back of a good monsoon and strong performances by the agricultural and services sectors. The FMCG sector on the other hand appears to have enjoyed comparatively less success. I, however have always believed that while the performance of the economy and the sector may have some influence on performance, the best-positioned entities are those that negotiate challenges while simultaneously demonstrating the fleet footedness and flexibility to identify and appreciate the needs of their consumers thereby delivering value. This is exactly what Godrej Consumer Products has endeavoured to do over the just concluded financial year.

An unwavering approach with a strong focus on creating value for all stakeholders has been the cornerstone of our performance. Let me briefly share with you some developments which are the reasons why I believe your Company is today at an inflexion point - ready to demonstrate even stronger performance and deliver on its promises going forward.

Innovating and delivering affordable value to the consumer

As you know, your Company believes in consistently delivering value to its consumers at an affordable price. "Godrej No. 1" continues to be the largest selling Grade 1 soap (by volume) in the country. The brand has consistently demonstrated impressive growth, which we are confident it will maintain. In the hair colour category too, the introduction of Godrej Renew, a cream based hair colour, enabled us to further expand the market by covering yet another price point.

Combating a demanding external environment

The Toilet Soaps category is highly sensitive to the movement in the prices of vegetable oil. The second half of the financial year saw prices of this raw material touch extremely high levels. During these quarters, your Company's oil procurement expertise came to the fore – we succeeded in controlling input prices while at no stage compromising on quality. This has strengthened our confidence in our ability to control input costs, going forward.

Exploring inorganic growth opportunities

Exploring organic and inorganic growth opportunities is as you know a key component of your Company's growth strategy. In May 2003 GCPL entered the promising Baby Products category, with the acquisition of the "Snuggly" brand. In time we propose to extend



our presence in the category with new introductions that will add to the present product range.

Creating an invigorating work environment

Godrej Consumer Products is highly performance driven but always eager to learn. The results of your Company's focused and well developed HR Policy was visible in it being recognised by the 'Great Place to Work Institute' as the best Indian Company to work in.

Numerous well-structured HR initiatives that include reverse mentoring, succession planning and coaching have not only contributed to a highly conducive working environment but also enabled identification of future leaders and some stimulating ideas.

Ensuring the highest levels of transparency

Your Company is committed to proactively and consistently ensuring the highest degree of

transparency to ensure clear and accurate perspectives with regard to the Company's strategies and developments. ICRA, post surveillance, upgraded the ratings for the Corporate Governance practices of your Company from CGR2 to CGR2+ and the rating for Stakeholders Value Creation and Governance practices from SVG2 to SVG2+ on a rating scale of 1 to 6 where 1 is the highest rating. The + sign indicates a relatively higher standing within the category indicated by the rating. Further, in an effort to enhance clarity of communication, the GCPL website now has a section that responds to frequently asked queries from various audiences.

Our product profile and growth strategy to a great extent insulates us from sectoral changes. In 'Personal care', being leaders, GCPL will continue to drive changes and expand the segment. In Toilet soaps there is significant opportunity to grow - we have achieved superior to sector growth since inception. Your Company, I believe is well positioned to continue to deliver growth and value.

Yours sincerely,

Adi Godrej

Chairman and Managing Director