

The world saw markets crashing,
stocks tumbling and economies reeling.

We saw opportunity.



Godrej

Creating Opportunity In Adversity
Annual Report 2008-09

GODREJ CONSUMER PRODUCTS LTD.



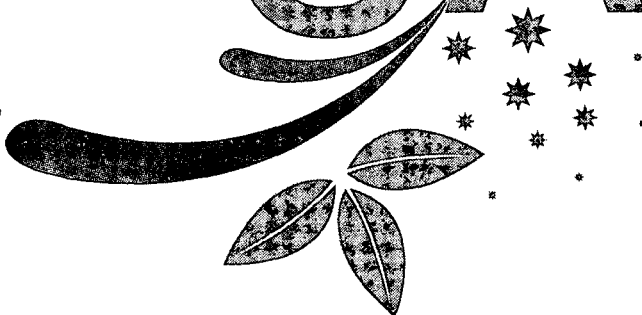
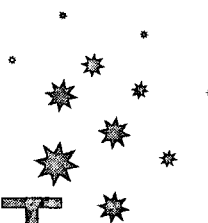
Contents

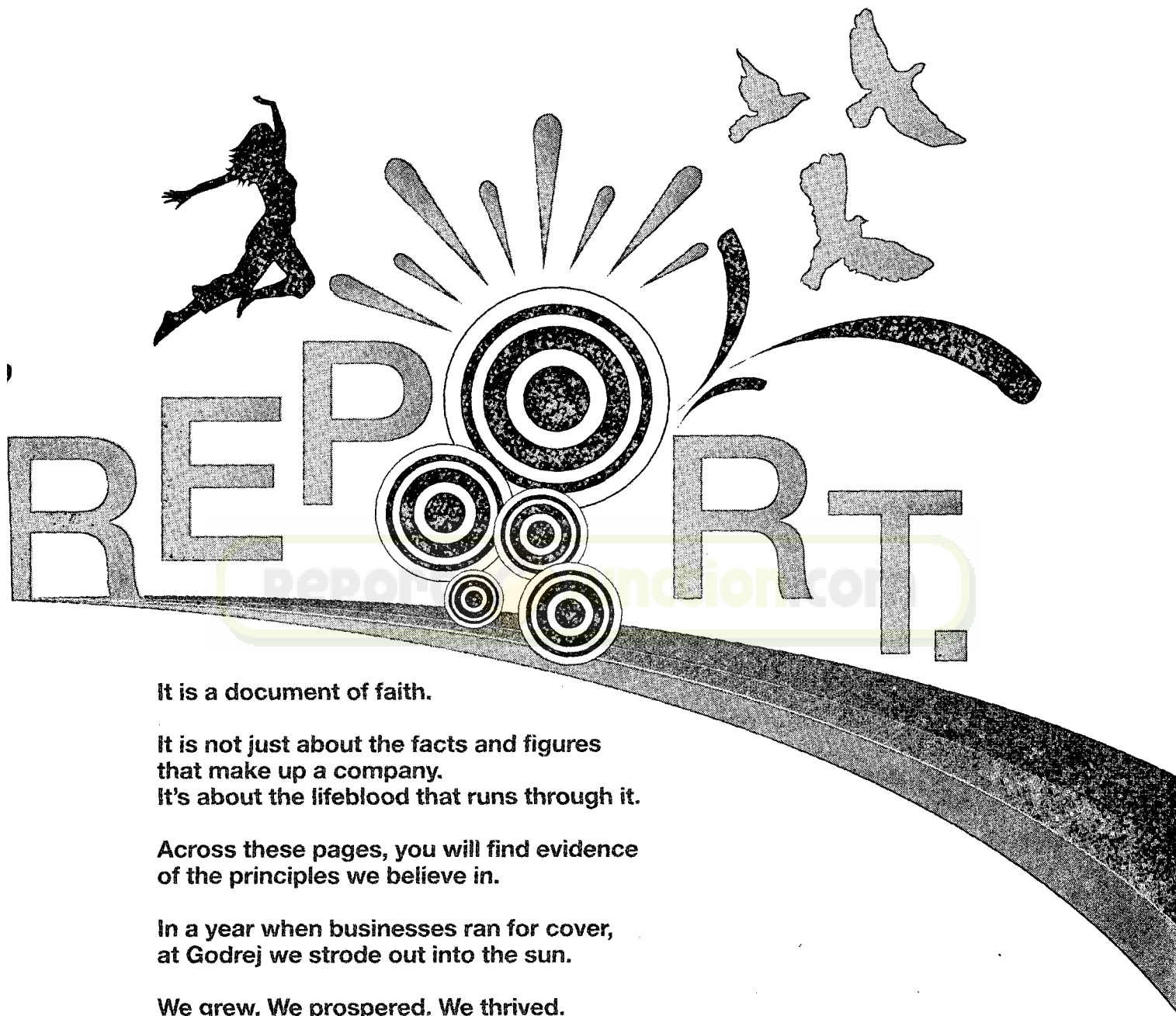
06	Performance Highlights
08	Board of Directors
09	Chairman's Statement
11	Vice Chairman's Statement
14	Management Discussion and Analysis
30	Report on Corporate Governance
50	Economic Value Added
53	Director's Report and Annexures
65	Financials
66	Auditor's Report and Annexure
101	Consolidated Financials
126	Statement pursuant to Section 212
127	Notice and Explanatory Statement



THIS IS NOT JUST

AN ANNUAL





It is a document of faith.

**It is not just about the facts and figures
that make up a company.
It's about the lifeblood that runs through it.**

**Across these pages, you will find evidence
of the principles we believe in.**

**In a year when businesses ran for cover,
at Godrej we strode out into the sun.**

We grew. We prospered. We thrived.

**Because we believe that adversity
is just another word for opportunity.**

**And times are never tough
unless we allow them to be.**

**This is brighter living.
This is Godrej.**

Vision

"We are dedicated to
Deliver Superior Stakeholder Value
by providing solutions to existing
and emerging consumer needs in the
Household & Personal Care Business.
We will achieve this through
Enduring Trust and Relentless Innovation
delivered with **Passion and Entrepreneurial Spirit.**"

The demography of the Indian economy has changed dramatically over the past few decades and with continuous income growth the tastes and demands of consumers have evolved in line with its new profile.

At Godrej Consumer Products Limited (GCPL) we have been meticulous in our approach to the market place, attempting to successfully cater to every consumer at different price points. Concurrently we have focused on strengthening our business proposition and creating increased value to all our stakeholders.

This approach has been of great value in the past year. A challenging economic environment has shifted focus to maximising efficiencies and consolidating operations. We have focused on top line growth in order to build on our foundation and strengthen our position in all our incumbent sectors.

With continuing innovation, reworking of existing products and acquisitions both domestic and international, we are investing heavily in our brands. We are continually improving our market positions, improving our distribution reach and are working towards becoming a truly competitive FMCG player.

Our Promises

Deliver Superior Stakeholder Value

All our endeavours are focused towards delivering superior stakeholder value. This has enabled us to sustain our strong profit growth, the fruits of which are shared through superior returns to our shareholders, consumers, employees and associates.

Enduring Trust

We have a total commitment to transparency. Our stakeholders have incessantly maintained enduring trust in us and we seek to strengthen and build upon it continually. In doing this we ensure that we always maintain the highest levels of corporate governance and deliver safe, reliable and value for money product offerings.

Relentless Innovation

In line with our relentless innovation thrust, we are infrastructurally well-equipped with a full-fledged research and development centre to identify new products and variants. We are innovative in all areas of operations including marketing and manufacturing.

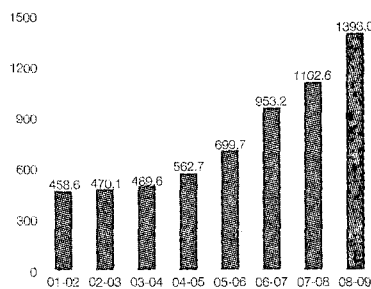
Passion

Our robust business performance is predominantly due to our passion for excellence. A motivating work environment and well-structured development programs have enabled us to attract and retain the best talent and expertise.

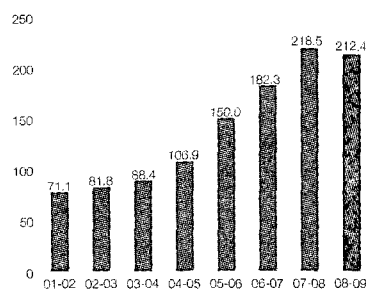
Entrepreneurial Spirit

Our entrepreneurial spirit has helped us adapt and capitalize on the changing paradigms. This spirit has allowed us to establish ourselves as a “Business Superbrand”. The acquisition of Keyline Brands Ltd., Rapidol (Pty.) Ltd., Godrej Global MidEast FZE and Kinky Group (Pty.) Ltd., a step towards our presence overseas is an example of our entrepreneurial spirit.

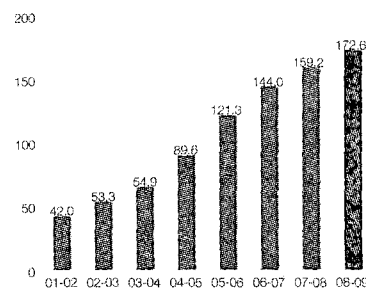
Performance Highlights



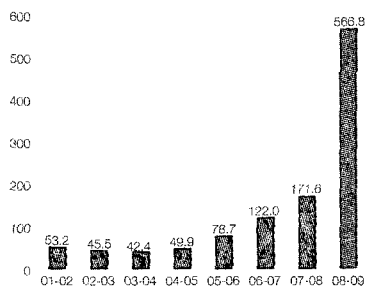
Net Sales (Rs. cr.)



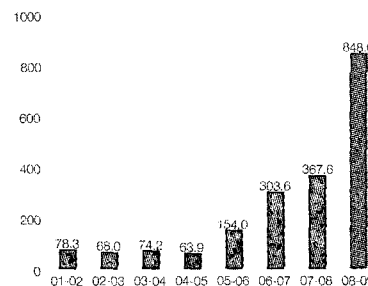
Operating Profit (Rs. cr.)



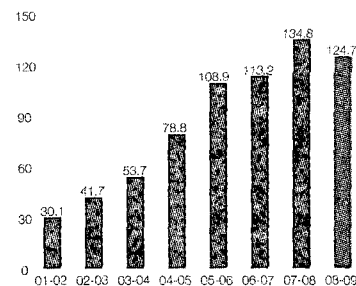
Net Profit (Rs. cr.)



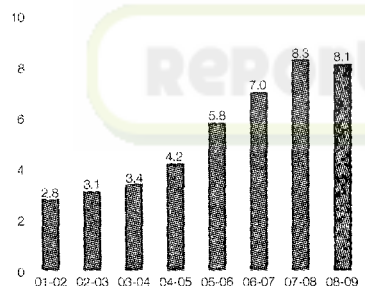
Networth (Rs. cr.)



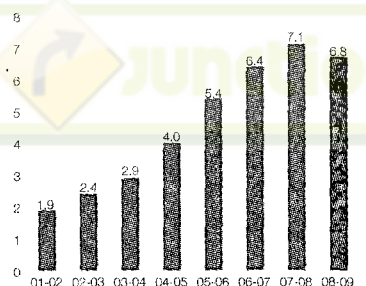
Capital Employed (Rs. cr.)



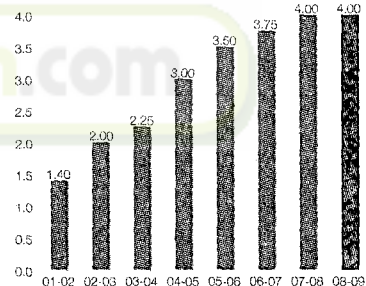
EVA (Rs. cr.)



PBT Per Share (Rs.)

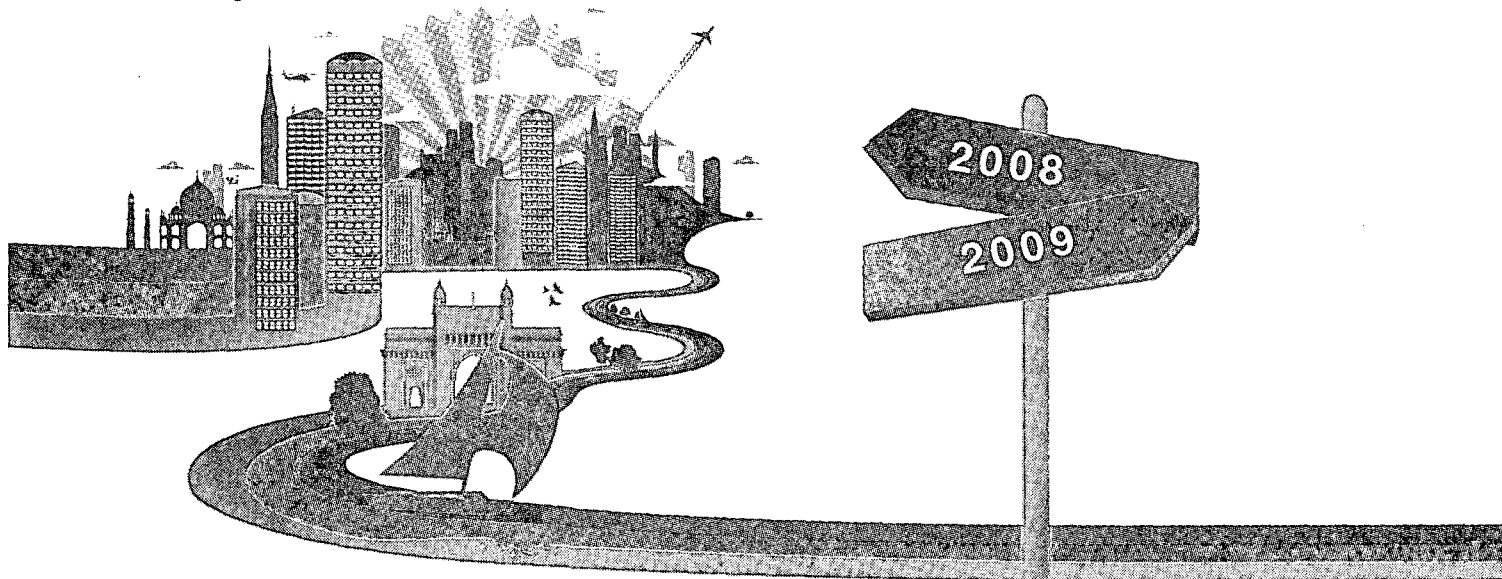


EPS (Rs.)



Dividend Per Share (Rs.)

Note : Figures from FY 05-06 onwards are on a Consolidated business.



The Year that was

Unrelenting Growth

- FY 2008-09 consolidated sales revenue (net of excise) improve by 26% from Rs.1,102.6 crore to Rs.1,393.0 crore.
- Consolidated Net Profit increases by 8% from Rs. 159.2 crore to Rs. 172.6 crore.
- Consolidated EPS at Rs. 6.8.
- Consolidated Profit before Depreciation, Interest and Tax (PBDIT) at Rs. 212.4 crore.

All Round Business Strength

- Your Company is the second largest toilet soap manufacturer in India.
- GCPL's Toilet Soap market share at 9.6%.
- Soaps demonstrated 25% growth on a Consolidated basis.
- Hair colours demonstrated 10% growth on a Consolidated basis.
- Toiletries improve by 41% on Consolidated basis.

Innovations to further improve performance

- Your Company's flagship brand 'Cinthol' was relaunched in a new range of soaps, talc and deo sprays. Cinthol Regular and Fresh soaps were also launched in attractive new packaging.
- Your Company introduced the Godrej No. 1 soap in 'Strawberry and Walnut' variant.
- Your Company launched 'Cinthol Fresh Aqua' - India's first 2-in-1 freshness skin hydration soap.
- Your Company introduced the Cinthol Soap in 'Musk' variant.
- Fairglow re-launched in 3 new fragrances – Floral Essence, Rose Wonder & Lily Sensation.
- Godrej Expert Powder Hair Colour launched in 4 shades - Burgundy, Gentle Black, Natural Brown & Dark Brown.
- Ezee Bright & Soft Liquid Detergent launched with Colour Guard Technology for non woolen clothes.

- Commercial Production started at New Chemical Plant in Malanpur.
- GCPL to acquire 100% stake in Godrej SCA Hygiene Ltd. with effect from April 2009.
- Godrej SCA Hygiene Ltd. will continue to own and distribute the profitable "Snuggly" brand.

Expanding Global Presence

- On April 1, 2008 GCPL completed the acquisition of 100% stake in Kinky Group (Proprietary) Limited, South Africa.

Improved Shareholder Value

- GCPL completed a buyback program under which it bought back 1,122,484 equity shares at an overall amount of Rs. 14.9 crore.
- Consolidated Economic Value Added (EVA) at Rs. 124.7 crore.
- Dividend Rs. 4 per share (400% on a face value of Re.1 per share)
- Return on Capital Employed (ROCE) and Return on Net Worth (RONW) at 23% and 30% respectively on a consolidated basis.

Recognitions

- GCPL has been ranked 6th in the "Best Companies to Work for in India" survey done by Mercer Consulting and Business Today.
- GCPL ranked 9th in "The Great Place to Work survey" of 2008.
- GCPL ranked as one of the 25th in "Best Employers in Asia" in the Wall Street Journal Asia – Hewitt Best Employers in Asia 2009 study.
- GCPL ranked as the 11th "Best Employer in India" in the Outlook Business – Hewitt Best Employers in India 2009 study.
- GCPL's Malanpur factory received 25 awards at the National Convention of Quality Circles – 2008.
- GCPL's Malanpur factory has received the First Prize for the case study presented in the 10th National Suggestion Summit, organized by the Indian National Suggestion Scheme Association in New Delhi.

Board of Directors

- | | | | |
|-------------------|------------------|------------------|----------------------|
| 1 Rama Bijapurkar | 4 Nadir Godrej | 7 Jamshyd Godrej | 10 Dr. Omkar Goswami |
| 2 D. Shivakumar | 5 Hoshedar Press | 8 Aman Mehta | 11 Dalip Sehgal |
| 3 Bharat Doshi | 6 Adi Godrej | 9 A. Mahendran | 12 Bala Balachandran |



Company Secretary : P. Ganesh

Auditors : Kalyaniwalla & Mistry

Registrars : Computech Sharecap Ltd.

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