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June 11, 2010

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Street,
Mumbai 400 023.

The National Stock Exchange of India Ltd
Exchange Plaza, 4th Floor,
Bandra-Kurla Complex, Mumbai 400 050

Dear Sirs,

We enclose herewith for your information, a transcript of the conference call held by the Management team of the Company with financial analyst on June 7, 2010 on acquisitions.

For Godrej Consumer Products Ltd



K Suryanarayan
Associate Vice President (Finance)

Encl: as above



Regd. Office: Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai 400 079

**Godrej Consumer Products Limited
Conference Call Transcript
12.00 noon, Monday, June 7, 2010**

Moderator: Ladies and gentlemen good afternoon and welcome to the Godrej Consumer Products Limited conference call. As a reminder for the duration of this conference all participants' lines will be in the listen only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchtone phone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Ms. Khushnum Pestonji from Citigate Dewe Rogerson.

Khushnum Pestonji: Thankyou Melissa. Good afternoon and welcome to this call. We have with us on this call Mr. Adi Godrej, Chairman of the Godrej group, Mr. Mahendran, Director – FMCG Portfolio Cell and other senior officials from the Godrej group. Before we begin I would like to state that some of the statements made in today's discussions may be forward-looking in nature and may involve risks and uncertainties. I would now like to hand over the call to Mr. Godrej.

Adi Godrej: Thank you and good afternoon. I welcome you to this conference call to discuss our 3 x 3 globalization strategy in the context of the recent acquisition of the balance 51% stake in Godrej Sara Lee which has been renamed as Godrej Household Products Limited as well as our two recent acquisitions in Argentina of the Issue group and Argencos. Joining me today are Mr. A. Mahendran, Director FMCG Portfolio Cell, Nisa Godrej, President – Human Capital and Innovation, Vivek Gambhir, Chief Strategy Officer, P. Ganesh, Executive Vice President – Finance and Commercial and Company Secretary and Omar Momin, Vice President – Strategy and M&A.

Let me first take this opportunity to congratulate Mahendran who will be taking over as Managing Director of GCPL with effect from 1st July 2010. We believe that bringing GCPL and GHPL under a common leader is an important step to leverage the great strengths of the two companies and to extract synergy. We are excited that Mahendran, a seasoned leader will be steering both the companies. Mahendran, as many of you know, has been associated with the Godrej group for over 16 years. He has been the Managing Director of Godrej Sara Lee since its inception and has been guiding all of our M&A activities as the Director of the FMCG Portfolio Cell. He is a member of the GCPL board. He is a seasoned entrepreneur and a strong leader with a tremendous record of value creation. We look forward to his taking the company to even greater heights in the future. I also wish Dalip Sehgal all the best. Dalip will be departing on June 30th, 2010 to pursue opportunities outside the group. Dalip has done an excellent job managing GCPL over the last 12 to 14 months. Under his leadership GCPL has delivered strong financial performance.

Our recent acquisitions are important steps towards realizing our vision of transforming GCPL into a leading emerging market FMCG company. Over the last few years we have been following a very disciplined and focused globalization approach which we call our 3 x 3 strategy, presence in three continents, Asia, Africa and South America through three core categories, home care, personal wash and hair care. Our 3 x 3 strategy starts with the premise that the primary focus of growth will continue to be the domestic India market. India will represent 60% to 70% of our revenues and profits. At the same time we believe that there are tremendous growth opportunities available in attractive emerging markets. These emerging markets have characteristics and consumer demographics similar to India. With significant middle and bottom of the pyramid population, we believe that we can very effectively leverage GCPL's fundamental value proposition of superior quality, affordable products and our understanding of consumers to these

markets. We will also add tremendous value to these acquisitions through the rigor of the Godrej processes, operational discipline, technology, manufacturing and sourcing strengths. We have a robust approach to identifying acquisitions in these emerging markets and have put a systematic process in place to manage our international assets.

We acquire companies that are strong local brands and are run by seasoned management teams that have demonstrated good results track record. We spend a lot of time in HR and culture assessment as part of the diligence before making an acquisition. The strength of the local management team is one of our most critical criteria when we assess targets. And once we acquire a company we adopt a value-based partnering approach. We ensure that local autonomy is maintained with support provided by the centre in value added areas. We retain as much of the existing management as possible but we empower local management with clear and intangible goals and revise incentives to drive greater alignment. We also seek critical positions and talent in areas such as HR, finance and operations from the Godrej group in joint agreement with the local team. And then we invested a lot of time in migrating some of the core operational processes that we excel in as a company to the local company and create a robust mechanism for cross-pollination and sharing.

Our international team also has dedicated support for HR, finance and supply chain to ensure that we provide full support to our subsidiaries. Also a significant portion of the goals of our key management team members, such as heads of marketing, category heads etc. are tied to the success of our international business and this ensures the right alignment across the company. The results of the acquisitions made over the last few years shows the systematic way in which we manage and integrate our acquisitions have worked very well. For all the acquisitions that we have made you will find that the revenue and profit trajectory has significantly improved once these companies have come under the fold of the Godrej group. And we feel very confident that we can create the same path of accelerated value creation with our recent acquisitions. I want to summarize the highlights of our three recent acquisitions announced in the last few weeks.

On May 28th, 2010 we announced an agreement to take over the balance 51% stake in Godrej Sara Lee, now renamed as Godrej Household Products Limited or GHPL for short. GHPL has a strong portfolio of household care products and this acquisition will enable us to considerably strengthen our brand portfolio, expand our distribution network and leverage several operational and supply chain synergies. Through GHPL we are able to offer a larger range of world-class products to the Indian and global consumer through marquee brands such as Goodknight and Hit. The purchase consideration for the transaction is Euro 185 million representing a 15 times multiple on financial year 2009-2010 earnings.

In May 2010 we entered the Latin American market with the acquisition of the Issue group. The Issue group has an excellent portfolio of hair care products and offers us a platform to reach the expansive Latin American market through its presence in several Latin American countries including Brazil. Most recently we have entered into an agreement to acquire a hundred percent stake in Argencos, a mid-sized Argentinean hair company. Argencos is one of the largest players in the kit format in hair colors with a market share of 17% in the format. It is also the number one hairspray company with its brand Roby having the immense brand equity in Argentina. The Issue group and Argencos provide us with the perfect platform for establishing a strong hair colors presence in Latin America. Hair color is a fast-growing category in this region.

Argentina is in one of the highest per capita spends on hair colors globally and is a leading brand guard of hair creams and innovations. We will have leading market positions in many countries in South America including a presence in Brazil. The companies possess a complimentary portfolio of products straddling the mass and mid premium segments. We also hope to use the strengths of the offerings from these two companies in our own innovation funnel to create a sizable business in hair colors in Brazil. Learning's from these markets will also help strengthen our technology and product development funnel in India. The combined sale of our two Argentinean acquisitions is over US\$45 million. The equity value for both transactions together is approximately US\$43 million. All these transactions we are confident will be significantly EPS

accretive for GCPL. The transactions have been funded through a mixture of low-cost offshore debt and equity. Our long-term debt to equity ratio is targeted at 1:1 ratio.

Some of you have raised concerns about our bandwidth to manage all of our acquisitions. This is something that we have been thinking about a lot over the last couple of years. These acquisitions have not happened overnight but have been the result of months, if not years, of careful planning and discussions and so over this time we have been systematically building the bench strength to handle these acquisitions. Our earlier acquisitions have also enabled us to learn how to best manage our international assets and so we have been able to put in place best in class processes for capturing synergies and driving each of the assets to their full potential. Also, as I mentioned earlier, our approach is to identify acquisitions with strong local teams run by capable local CEOs and then supplement the team with talent from the Godrej Group in areas such as HR, finance and operations. This helps ensure a win-win partnership. And we find that empowering the local team, creating the right incentives and then providing the right level of value-added support can dramatically improve the trajectory of the companies we acquire. At the same time we have recognized that the scale of our international operations has increased significantly. Therefore, we now have dedicated support for HR, finance and supply chain for our international operations. A significant portion of the goals of all our management team members are tied to the success of the international business. We are also creating robust risk management processes to make sure that we are on top on any potential risks and can address them proactively.

Let me spend some time providing details on the integration approach for these acquisitions and some of the synergies we are working towards. In Indonesia we are deploying very strong talent for Megasari. Naveen Gupta who has had considerable experience in managing international business operations for Godrej Sara Lee and who has spearheaded the diligence for the acquisition has moved to Indonesia to be the COO and will work closely with the current management team. In addition, we have sent two seasoned finance and operations professionals from India to join the Megasari team. Similarly in Argentina we will have the local management team continue to lead the business while we support them in operations, finance and HR through talent from India. To assist us with Argentina we have also brought on board someone who has experience working in Argentina and was a senior consultant at Bain and Company, a leading global management consultancy. For both Indonesia and Argentina we have already teams in place to work on specific opportunities and portfolio optimization, gross margin improvement, and financial restructuring. These initiatives will be run as projects facilitated by the right talent across the India and international teams. We are also evaluating the potential to take our hair color products to Indonesia, our household insecticides products to Africa and Latin America, for bringing paper tissue products from Indonesia to India and leveraging hair technology from Argentina for the Indian market. So the opportunities for cross border sharing and synergies are tremendous. We feel very confident that we have the right mechanisms in place to manage these acquisitions and to ensure that we can capture synergies and continue to accelerate value creation from all of our assets.

In summary GCPL is today a company with significantly enhanced scale and competitive position. This offers us considerable benefits in accelerating the pace of innovation in the portfolio and leveraging branding, state of the art research and development, marketing and distribution capabilities. We have in our portfolio some leading international and domestic brands and now have a presence in all our continents of choice. And through this increased scale we can offer tremendous growth and development opportunities for our employees. We have a strong and capable management team in place that is taking forward integration and devising future business strategies. And we believe there is tremendous value to be derived from our 3 x 3 strategy. I once again thank you for joining me on this conference call, we will now be happy to answer any questions that you may have.

Moderator: The first question is from the line of Abneesh Roy from Edelweiss Capital.

Abneesh Roy: My question is when do these acquisitions really stop because I believe in a recent interview you said that there are other acquisitions which are also being planned, so some color on that?

Adi Godrej: Clearly we have been planning some of these acquisitions for a couple of years, its coincidence that they have come together at the same time. Clearly we will keep on looking for very strategic acquisitions but I do not expect the pace of acquisitions to continue as it has in the recent past. I doubt if we have too many acquisitions over the next couple of years because we will be quite busy with digesting these acquisitions.

Abneesh Roy: In terms of synergy, you said that paper tissue can be brought from Indonesia to India and hair color can be brought from Argentina to India. So wanted to understand first the hair color, will this be in the premium segment and can you share the timelines for this?

Adi Godrej: Now the Argentinean company Issue which is bigger of the two we have acquired, is a specialist in crème hair color in sachets. Most crème hair colors all over the world are sold in bottles; they have very good technology and successfully penetrated the South American market with crème hair colors in sachets. This is a technology we could look at for India. Similarly we can take our powder hair color technology; we are the largest manufacturers of powdered hair color in the world. We can take our powdered hair color technology to Latin America as we have successfully taken to Africa, so there will be to-and-fro technological and product exchanges between the continents.

Abneesh Roy: Currently, how big is the crème market in India and where are we placed?

Adi Godrej: I think there is about 30% to 35% share of the total hair color market in India around 30% I would say is crème colorants. We, of course, are present in crème colors, we do not have crème colors in sachet in India and I think our share of the crème colorants market is about 20%.

Abneesh Roy: And sachets are permanently there in India in terms of crème?

Adi Godrej: There is no crème colorant in sachets in India currently.

Abneesh Roy: And how has powder really worked when you have taken it to other markets? You said you have taken it to Africa but how has it worked, because that will be a completely new kind of technology for them?

Adi Godrej: No it's not new technology there are powder hair colorants being sold. We have been selling some powder hair colorants in Africa but now that we have a very strong African brand in Inecto, our expansion of powder hair colors into Africa has been very strong and our Japanese competitors have also been in Africa in powder hair colorants for quite sometime.

Abneesh Roy: Can you also share for paper tissues which you plan to bring to India?

Adi Godrej: We are already in the wet tissues market, we have products in India we have products in the UK but the Indonesian company we have acquired has a very strong market in wet tissues, very successful and we think there is a lot of learning to get these sort of products and marketing platforms into India.

Abneesh Roy: How big will the market in India be?

Adi Godrej: India, the wet tissue market currently is quite small, it's a nascent market but the way this company has succeeded in Indonesia indicates that as per capita income rises in India we could make a great success of this category in India.

Abneesh Roy: And could you talk about sourcing benefits. How will it pan out because now you are there in so many geographies although in some countries the size may not be that big.

Adi Godrej: There are a lot of synergies in sourcing. For example, after we took over Rapidol in South Africa, we were able to source the main colorant raw material, Para Phenylene Diamine from our Indian suppliers which saved them a lot. Similarly, we can have common sourcing across the globe in household insecticides and even hair colorant businesses. We see tremendous potential in sourcing benefits.

Abneesh Roy: I will come back if I have more questions.

Moderator: The next question is from the line of Vivek Maheshwari from CLSA.

Vivek Maheshwari: My first question is on the Sara Lee or GHPL, do you plan to merge this entity with GCPL in future?

Adi Godrej: Currently there are no plans for merger but clearly it is an option we will keep open.

Vivek Maheshwari: In GHPL you have mentioned in one of the slides that 78% of the revenues are from household insecticides. How big would the coil segment over there and what is your view on that market?

Adi Godrej: More than 78% of the revenues are for household insecticides, you might have seen the chart which also shows some international business. Now the international business is also a fair amount is in household insecticides. So overall the household insecticides part of the revenue picture is around 85%.

Vivek Maheshwari: What would the breakup be in terms of coils and electricals over there?

Adi Godrej: I think it has been given in our presentation but in our case we are stronger in electricals and in aerosols than coil. Our share of the coil market is I think around 30% whereas our share of electricals and aerosols is much higher. We are leaders in electricals and aerosols.

A. Mahendran: Let me tell you about the saliency of sales coil in our portfolio is about 50%.

Vivek Maheshwari: Sorry its 30% you are saying.

A. Mahendran: That's the market share and our sale saliency in Godrej Household Products of coil is about 50%.

Vivek Maheshwari: And what is your view on the coil market; in the last three years as you have highlighted in your presentation the growth CAGR been around 13%. Do you anticipate a further growth or will the category grow from up trading that is already taking place in electricals and aerosols?

A. Mahendran: Now as far as coil is concerned, the CAGR I am expecting more than what we have done in the last few years. The reason is that we are seriously looking at how do we take the coil business to the rural India. So whatever the consumption is happening in the urban India it is being served to my mind and there is a huge opportunities in rural India for coil.

Vivek Maheshwari: Second is on Tura although you have mentioned that the acquisition is yet to be complete but what would be Tura sales because you have mentioned that Tura sales are in the range of around \$10 million or so. Is that the number because the presentation says the Tura brand has achieved a growth of 62% across FY07 to FY09, .so is it referring only to the brand or to the company as a whole?

Adi Godrej: No because we have not taken over the company we have a confidentiality agreement, we will not be able to give you the sales figures for Tura, but we should be able to take over the company in about a week or 10 days time. It will provide us a very strong platform for taking our other products from India and South Africa into the West African market primarily Nigeria. As you might know Nigeria is the largest country by population in Africa, it has a population of about 150 million, so it will be a very strong platform to extend our very successful hair care products from Southern Africa into Western Africa.

Vivek Maheshwari: The number that you have mentioned in your presentation of roughly \$10 million, that need not be the company turnover right?

Adi Godrej: I do not recollect what you are referring to.

Vivek Maheshwari: Its on slide #35, the Tura brand has achieved a growth of 62% which is what you have mentioned, at Nigerian currency 1,635 million.

Adi Godrej: That was last year, yes.

Vivek Maheshwari: Is that the company sales?

Adi Godrej: Yes.

Vivek Maheshwari: As of 31st March, 2010 and what would be the gross consolidated debt and gross consolidated cash or maybe the net cash at the consolidated level, I already have stand-alone number.

P. Ganesh: The numbers which have been given in the presentation, they are on a consolidated basis.

Vivek Maheshwari: You mean the Quarter 4?

P. Ganesh: We have shared that the debt is in the range of about 350 million that's on a consolidated basis and as far as the plans to raise equity, that is in the range of about 120 million which has been in the interim financed by bridge loan, so that's the net consolidated position.

Vivek Maheshwari: Would the cash level be significant?

Adi Godrej: We had a cash level, at the end of last year, between the two companies about 300 to 400 crore

P. Ganesh: Which is being utilized in the acquisitions. What we have given out is the net debt at consolidated levels.

Vivek Maheshwari: So you are saying that the \$350 million is the net debt at the consolidated level right now?

P. Ganesh: That's right.

Moderator: The next question is from the line of Hozefa Topiwalla from Morgan Stanley.

Hozefa Topiwalla: Out of the market that you identified, the two big markets that you have not really ventured into so far is China and Brazil, can you highlight on what your thought process there is? The second question is that you mentioned in your presentation that all these four acquisitions are going to be significantly accretive for GCPL in FY11. Can you give more details on that? The third question is on currency hedging, is there any thought process in that? And the

fourth is a small question on what would be the weighted average tax rate for GCPL in fiscal 2011?

Adi Godrej: Yes, I agree that China and Brazil do not form a major part of these acquisitions and China not at all. In Brazil we have through the acquisition of Issue acquired a sales business in Brazil with a branch office in Brazil. That can be leveraged for further expansion into Brazil. This is small currently but the opportunity is to take the Argentinean sachet hair colors into Brazil and the Indian powder colors into Brazil remains strong. This can be done organically. We have looked at the possibilities in China we have unfortunately not been able to conclude any acquisition in China but over the next few years with the right opportunities coming along we would certainly look at both China and Brazil strongly. In terms of accretiveness, we expect our best estimate today is an accretiveness of about 60 crore with these international acquisitions to our bottom line after taking the cost of acquisition into account. Most of that will come from the Indonesian acquisition. There will be additional accretiveness from the 51% acquisition of the Godrej Sara Lee shares, which of course as I mentioned earlier, we have renamed Godrej Household Products Limited. We have financed a lot of the international acquisitions through offshore dollar denominated debt. Currently we are not proposing to hedge this coverage because we generally expect that the currencies in which we operate, particularly the Indonesian Rupiah, is likely to appreciate over this period of time with regards to the dollar. But of course, if at any stage we need to hedge it we could do it. The amounts involved are not difficult you can hedge it in a matter of a few minutes, but as of now we have a committee that looks into the potential of hedging and it has decided that it is best for the company to keep this open. As far as the tax rate goes, we are on MAT taxation in India, in both Godrej Consumer Products and Godrej Household Products. The international tax rates vary from around 20% to 30% odd, it varies from country to country. So the average tax rate in our international operations will be to the extent of around 20% to 25% and that will increase our tax rate a little beyond 20% for the consolidated results.

Hozefa Topiwalla: The Company has of course transformed itself dramatically over the last 12 months and the disclosure also has been changing. How do you propose to disclose quarterly results going forward so that analysts and investors can appreciate the performance of the company better?

Adi Godrej: We will have to apply our minds to the detailed performance. The next it will come up is in our results ended June 30th in July. We will have to draw a balance between information to investors and analysts and safeguarding against competitive information that could work against the company's interests. But I'm sure we will be able to find the right balance and provide sufficient information for investors and analysts.

Moderator: The next question is from the line of Chern-Yeh Kwok from Aberdeen Asset Management.

Chern-Yeh Kwok: Can you give us an update on the progress of our fund raising for these acquisitions. And you mentioned earlier that you have done years of capital planning, discussions etc., so could give us more color on what you have done over the years in terms of preparing your team to operate on such broad geographies?

Adi Godrej: Yes, the first one on fund raising. The international acquisitions have all been financed by offshore debt raised in US dollars. The Sara Lee 51% acquisition has been currently financed by some debt raised in India and the balance through a bridge loan against the equity that we plan to raise before the end of this month through the QIP route. So that is the funding pattern for the acquisitions. As far as preparations for these acquisitions, ever since we formed an FMCG cell we have been preparing ourselves for these acquisitions both in terms of manpower and in terms of other strategic inputs. I will request Vivek Gambhir who is our Chief Strategy Officer, to explain how we did a project originally with Bain advising us on our growth opportunities and then how we have implemented them.

Vivek Gambhir: What we did a few years ago was actually to a project called Project Leap Frog where we developed a five-year roadmap for the business, in terms of both what the business could look like along with the capabilities required for future success. Coming out of the project we formed something which we called the FMCG portfolio cell under the direction of Mr. Mahendran and the portfolio cell focused on three broad areas. The first area was around figuring out opportunities for collaboration and cross sharing between all our FMCG companies both domestically and internationally. The second big thrust of the portfolio cell was the focus on talent development. So we actually made talent development a lot more focused on developing the bench strength of the future. So we tried to figure out what our future needs would be, in what geographies, and began training people to start playing those kind of stretch roles. And the third thrust of the portfolio cell was on M&A where we essentially figured an M&A play book, a dedicated M&A team and what we are seeing now, really over the last few months has been a couple of years of culmination of what's been a very rigorous process to both identify targets and complete these deals.

Moderator: The next question is from the line of Aniruddha Joshi from Anand Rathi Securities.

Aniruddha Joshi: What is our roughly payback period that we look at when we acquire any company?

Adi Godrej: Well, we do not have a fixed payback period in mind but clearly we look at an early payback in analyzing all the opportunities. We look at two factors, one, it should be considerably accretive from year one and secondly it should be EVA positive to our performance. Payback generally we find that we have been able to get a payback within five years in all our acquisitions we have done up to now and we fully expect to do so in the future acquisitions. But payback also depends very considerably on what we are able to add strategically to the acquisition, which is very difficult to predict from day one. We can tell part of the strategic benefits that will accrue with the acquisition but many of them come along after we have taken over the company, within say a year to 18 months of our takeover.

Aniruddha Joshi: We look for around 5 years, that is what we have observed over previous acquisitions?

Adi Godrej: That would be our broad guideline but that does not mean that if something very strategic happens in our estimate to payback in six years, we would say no.

Aniruddha Joshi: What will the management be for the new businesses, will there be separate CEO's for all acquisitions. Will there be a CEO, CFO, marketing officer etc in each country, will there be a head reporting to you? How will the current management manage the business sitting in India? How is the structure, if you can roughly elaborate?

Adi Godrej: In all the countries we retained the present staff management, they will continue. And then we have a person in-charge in India, that person reports to the Managing Director.

Aniruddha Joshi: Will there be a separate CEOs, etc., over there?

Adi Godrej: Yes, of course.

Vivek Gambhir: Each country would have its CEOs and its own management team. So each country will have a marketing officer, a head of HR, a CFO, so the entire country structure is self sufficient. What we try and do is, supplement the existing management team with some people from India, particularly in the areas of HR and finance and supply chain, to start transferring some of our processes. But this local team is fully empowered to deliver on the objectives that we set for the individual business.

Aniruddha Joshi: Over the next 2 to 3 years what would be our top three priorities in the companies where we have acquired, where will we be going for market expansion or market share expansion or we would like to look at early payback, that's profitability. So what would be our key objectives over there?

Adi Godrej: No, that will be a strategic evaluation in each case. It clearly cannot be said that in every geography we will have the same strategy. In some geographies the strategy could be to expand size, because the geography provides a lot of opportunities, for example in Nigeria, we will have a small share of the market, the country is large so there is great opportunity by taking our other products from other geographies there. In other countries we may concentrate on expanding the local business. In some countries we will look to export to neighboring countries. So the strategy would vary from geography to geography.

Vivek Gambhir: And each country has a very rigorous strategy and a plan that is being put in place which lifts all of these priorities over the next three years.

Aniruddha Joshi: Lastly, will the branding be done under Godrej umbrella or let us say Hit of Megasari will be re-branded as Godrej Hit or it will continue to be just plain Hit?

Adi Godrej: It is unlikely that we will be taking any Indian suffixes into those territories that could be done in over a longer term. Initially we will leverage the local brands very strongly but we could introduce Indian brands or South African brands in some of the African territories under the sales and distribution and marketing network that we acquire, specially in West Africa.

Moderator: The next question is from the line of Amnish Aggarwal from Motilal Oswal Securities Limited.

Amnish Aggarwal: My first question is regarding the tax rate. As you said that the Indian businesses, that is both Godrej Consumer as well as Godrej Sara Lee, they are under MAT as of now, so till what time the two businesses will remain under MAT particularly from the Godrej Sara Lee's angle. And secondly in Godrej Sara Lee how much cash are we having?

Adi Godrej: Our businesses will continue under MAT for quite some time. We expect Godrej Household Products that was erstwhile Godrej Sara Lee to continue longer under MAT than Godrej Consumer Products. However, we have also the opportunities to take MAT credits at suitable points of time. So I expect the tax rate for the consolidated results to remain around the 20% point for quite some time. However, this can vary depending on the circumstances. But we will have a low tax bite especially when MAT credit comes into account it could go even below 20%.

Amnish Aggarwal: And secondly how much cash do we have in Godrej Household Products?

Adi Godrej: We had a fair amount of cash which we have already declared as dividends which Godrej Consumer Products has received. So that is being used for the acquisition financing. I think it was around a 100 crore at the time of buying the 51% shareholding.

Amnish Aggarwal: Finally in the same company now with brands like your Ambi Pur and Brylcreem, although not a very significant part of the total top-line of Godrej Household Products, what could be your long-term strategy not with regards to these brands, but these categories. Because maybe 2-3 years down the line, or whenever the global acquirer of these brands wants them back from Godrej and with Megasari now on your side and they are having products of similar kind over there. So are you having any definitive strategy to have these kinds of products under your own brands before anything happens on that front?

Adi Godrej: Because of the non-comparative clauses we cannot decide on any strategy at this present point of time, but in the back of our minds we are very clear that once these brands are

withdrawn from us we would like to continue in those categories. But we cannot evolve any formal strategies whilst we are running those brands in India.

Moderator: The next question is from the line of Pritesh Chheda from Emkay Global.

Pritesh Chheda: First question, on all these 4-5 acquisitions that we have done, could you tell us the effective date of consolidation with us from a financial perspective, that is Tura, Megasari, Godrej Sara Lee 51%, Issue and Argencos?

Adi Godrej: Yes. Godrej Sara Lee 100% will be consolidated from June onwards. Megasari, the Indonesian acquisition, will be consolidated from middle of May onwards. Issue, the larger Argentinean acquisition, will be consolidated June onwards, the Nigerian acquisition will be consolidated sometime from middle of June onwards and the smaller Argentinean acquisition should be consolidated sometime from June or early July onwards.

Pritesh Chheda: Some clarifications. The \$350 million debt that we gave at the end of March 2010, it includes the payout on account of?

Adi Godrej: We did have the debt at the end of March 2010. In March 2010 we had cash on our books.

P. Ganesh: We had a net cash of about 300 crore as of March; this is the current position after factoring the acquisitions.

Pritesh Chheda: Okay, this is the current position as on date that of the debt we have in the books?

P. Ganesh: That's right.

Pritesh Chheda: And this is the net debt?

P. Ganesh: That's right.

Pritesh Chheda: And this includes the payout on account of Godrej Sara Lee as well?

P. Ganesh: Yes, because this is at a consolidated level.

Pritesh Chheda: Could tell us the acquisition price for Megasari and Tura?

Adi Godrej: No, because of confidentiality agreements we are not able to give you the actual price we have paid.

Pritesh Chheda: Okay and what is the blended interest cost as on date?

P. Ganesh: The interest spread is at between 150 to 175 basis points above LIBOR.

Pritesh Chheda: Okay that's for the entire debt, the blended cost?

P. Ganesh: Yes, all the offshore debt. Local debt is currently bridged which is in INR terms and as and when the equity comes in which should be quite soon sometime in this month, it will get replaced. So the INR debt would be for only a very short period of time.

Moderator: The next question is from the line of Pankaj Tibrewal from Kotak Mutual Fund.

Pankaj Tibrewal: One question on a strategic point, you have told us about the three prolonged strategy, Africa, Asia and Latin America. You have great presence in Africa and India which covers most of the 2 billion population. One of the concerns of the investor is why not build on your strengths here because surely the growth opportunity is not getting exhausted in some time in years to come. And why spread ourselves too thin and take that additional risk of other Latin American countries when the growth opportunity and all the MNCs are targeting India and we seem to be having a contra strategy there. Can you illustrate your thought process on that point?

Adi Godrej: Very clearly we will concentrate our efforts on the Indian market, the African markets, there is no doubt about it, I don't think we will leave any stone unturned to grow in these markets. But that does not mean that we cannot look at opportunities in other markets. For example, Indonesia to our mind gives us an entry into the fourth largest country in the world which is fast growing. This acquisition gives us the per capita sales in Indonesia which is around the same level as our per capita sales in India. The Latin American market is extremely attractive for us for the hair color category because there is tremendous innovation going on in Latin America. Latin America is a very high per capita consumption area for hair colors. Brazil is the third-largest producer and marketer of hair colors in the world, only after the United States and Japan and it's the largest hair color market in the world, in the developing world and lastly our inorganic opportunities in India are very limited. There is not much in play in India. We throw up a lot of cash which can be utilized to increase the earnings per share of our shareholders through inorganic opportunities, unfortunately India there is not much in play.

Vivek Gambhir: If I could just add two more points, if you look at the relative quantum of the revenues of Argentina it's still about \$45 million or so, represents about 7% or 8% of our total revenue so again it's a small portion. And second as Mr. Godrej was saying in his opening remarks, our operating philosophy tends to be that these acquisitions are run by very strong local management teams and that's one of our most important criteria when we evaluate any acquisition. And therefore from a bandwidth point of view, from the bandwidth of the Indian team, these acquisitions do not require the kind of bandwidth one would imagine to run successfully.

Pankaj Tibrewal: My only point from an investor's side was that, both the locations where you are strongly present, Africa and India, is offering you an enormous kind of opportunity which is not going to be exhausted for a long time, so why add risk and spread yourself thin? I agree the bandwidth would be limited but a reasonable amount of time of you and Mr. Godrej is going into these acquisitions, rather than leveraging your existing strengths which are Africa and India and which are offering growth opportunities.

Adi Godrej: No but that argument could have been applied when we made our first acquisition in Africa. And that has led to strengths in Africa which we can now leverage. Hopefully in a few years' time we will have strengths in Latin America which we can leverage. And I don't think we are spreading ourselves too thin, either financially or from a managerial point of view. We are preparing ourselves for being able to successfully manage these acquisitions.

A. Mahendran: Plus this LATAM what you are talking about is something called the learning curve. The learning curve, the earlier we start it is better. Now if you're talking about after five years exhausting ourselves in Asia as well as Africa as you rightly said, by that time it will be too late. And there is something called country learning and the country environment and this entering into the country, to my mind it gives a lot of learning in that period.

Pankaj Tibrewal: Do you plan to enter any new categories as shampoos, hair oils, skincare, and oral care? Mr. Godrej just mentioned inorganically there hardly seems to be any opportunities there. So will it be more of an organic growth in these new categories, if you can illustrate your India strategy for us please?

Adi Godrej: It is unlikely that we will organically enter into well-established categories unless we have some extraordinary technology or very specialized niche products. It is best to enter very established categories through acquisitions. But we have entered and we will continue to enter

nascent categories which may be small in India today but are likely to become large in time to come. For example, we have entered the hand sanitizer market, I talked about Wet Wipes which we have already entered in a small way but where we can leverage the technology we have through some of our acquisitions, I think this will provide strong opportunities.

Pankaj Tibrewal: Any deadlines, in a couple of years, which categories you would enter into, any thought process on that?

Adi Godrej: We have a lot of thought processes but for competitive reasons I cannot talk about them until we actually do them.

Pankaj Tibrewal: And my last question is on your hair dye business. In India it seems to be quite polarized, there is a high end and there is a low end, but there is no mid-end. Do you want to bridge that gap because Renew, if you look at currently, doesn't offer any proposition; it is 20-25% discount to Garnier and not very well accepted. Any thought process on that and the Argen acquisition is this a move in that regards?

Adi Godrej: It is a good point you have made. Through the learning's from our acquisitions and through our market research and R&D work in India, this is a question we are addressing and we hope to come up with some solutions in the near future.

Pankaj Tibrewal: But not the Argentinean acquisition it is not addressed on this opportunity.

Adi Godrej: Of course it could.

Moderator: The next question is from the line of Himani Singh from Elara Capital.

Himani Singh: I have two questions, one is since we have acquired companies in Africa in the past, what is your learning and understanding, the time period that the current acquisitions can take to stabilize and get in sync with GCPLs whole philosophy. Since we will get some sourcing benefits and there will be additional cost, what is our outlook on margins for one year, two year hit?

Adi Godrej: We have found that our acquisitions have in all cases almost stabilized from the very beginning. Sometimes we do face some problems which have nothing to do with the acquisition but the industry-based problems when you take over, but that is rare. And we are able to improve operating margins quite systematically and well because of sourcing advantages, business processes that we are able to transfer from India and marketing initiatives that we are able to initiate or act to from India. But we empower our local teams to do so, we put them on incentives which are quite significant and that helps them move forward very rapidly. So generally our experience has been slick movement forward from the day we acquire the company.

Himani Singh: And since we are still very focused in India with top-line and profits going to come to India and during your presentation you or Mr. Mahendran said that we would be looking at focusing on the rural part of the country for coils and other businesses. What is our strategy to go ahead with the distribution and the sales network in India? Are we doing something to get an advantage over there where we can expand our market share and sales?

Adi Godrej: That is a different question from the purpose of this conference call but generally yes, we are putting a lot of weight to improving our rural distribution and improving our rural servicing.

Himani Singh: In the Brazil market since it is our largest producer and consumer of hair color which are the top players in the Brazil market?

Adi Godrej: Well international players are quite strong in the Brazilian market, L'Oreal is quite strong there. There are some local players also who are strong.

Moderator: The next question is from the line of Manoj Menon from Kotak.

Manoj Menon: A couple of questions on GCPL and Godrej Household Products, could you help us understand in terms of the geographies in which both these companies are strong in. Are there any thought processes to leverage both the distributions put together? One on that in terms of the push angle, and secondly in terms of are there any significant savings and overheads in terms of when both these entities will start to work together?

Adi Godrej: Yes I think that is a very good question. There are huge synergistic benefits ahead of us. One is of course, yes, there could be cost savings as we try and integrate these entities. Secondly, we will be able to leverage each other's strengths for much faster growth especially since we will have significant size and scale now from the two companies operating together. I think we will be the second largest player in the personal and household care field in India after Hindustan Unilever. And you are right, there are geographical strengths. For example, Godrej Sara Lee is, Godrej Household Products now, is very strong in the South. Godrej Consumer Products happens to be very strong in the North. So they are complimentary beneficial characteristics. Also our hair color business and to a certain extent our soap business is extremely well-penetrated in the rural areas. Godrej Household Products Ltd. is less penetrated in the rural areas. It could be leveraged. So overall there could be a lot of cross complimentary synergistic benefits available.

Manoj Menon: Is there something which you are looking at, as we speak, something where the ball rolling or is it something really a medium-term thing?

Adi Godrej: We have already got the ball rolling and our internal teams together with an external consultant are already working strongly at it.

Manoj Menon: Secondly in the 3 x 3 strategy which the company has recently articulated, where does Keyline come in?

Adi Godrej: Keyline was our first acquisition. It has in fact helped us actually leverage the South African acquisition because the Inecto brand was owned by Keyline in Britain and through that acquisition we were able to meet the owners of the South African business who had earlier sold the brand in Britain to Keyline then we were able to conclude the Rapidol acquisition. So that was the beginning of the journey and clearly further acquisitions in the developed world are not a focused area.

Manoj Menon: Okay which would mean that this is effectively non-core, is that a right word to use?

Adi Godrej: I would not like to use the word non-core, but clearly as I said, we are focused on the developing worlds.

Manoj Menon: On the two Indian businesses, specifically on the soaps part of the business, after a stellar fiscal 2010, what is your outlook in terms of both the top line as well as the margins in terms of covers and in terms of where do we stand. More importantly, on the margins given, the slightly different attitude from the market leader?

Adi Godrej: Well it's too early in the year to tell and we feel that the food inflation has affected consumption of FMCG products from the urban-poor to a certain extent. So top line growth may be less in 2011 than in 2010 for the FMCG sector because also volume growth perhaps in 2011 might be equal to a slightly higher than value growth. So there would be some effect on margins

overall for the year as a whole. But in our case the growth we will get from the synergies through the acquisitions should help us grow very well this year too.

Manoj Menon: In terms of the coils business the general understanding is that the trade margins are very high and to that extent let us say the PBIT margin for that business is very low, when I say very low it is like hardly 2% or 3% or if not zero. Is that the right understanding for the coils business particularly in India?

Adi Godrej: No, that is not correct, it is very profitable for us. It is not as profitable as electricals and aerosols but still it is quite profitable. It is a growth.

Manoj Menon: Double digit?

Adi Godrej: Yes, certainly double-digit margin. But I would like to just add one point on your question on Keyline, a couple of points. Keyline also enabled us to get good technology from that company into India, for example, are hand sanitizer launch. And when Keyline was acquired modern trade was first making itself strongly felt in India. So whilst our multinational competitors had the benefit of their experiences in modern trade globally, we were able to get our experience in modern trade with Keyline strongly transferred to India so that today our Indian FMCG companies have a higher share in modern trade than we have across the traditional trade.

A. Mahendran: Just to add, the coil margin you were talking about. The message you would have got is from the competition but there are one or two competitive players who do a high-value discounting in this area. And as far as we are concerned our brand strength is phenomenal, the Goodknight brand. So our margins are fairly decent as far as coil is concerned when compared to the competition.

Moderator: The next question is from the line of Nikhil Vora from IDFC.

Nikhil Vora: On the acquisition game plan that we have on the strategy, is the acquisition dependent on just the geography or it's also dependent on the capability to integrate the same into the Indian operation?

Adi Godrej: Definitely, not every acquisition in the geographies we are looking at would be attractive. So the due diligence on the target not only from the financial and marketing point of view but the human resource due diligence, ability to integrate would be extremely important. We do say no to acquisitions where we feel HR due diligence is not to our satisfaction.

A. Mahendran: What we call culture compatibility.

Nikhil Vora: I am presuming that the key trigger point for acquisition would be more because of the growth in that particular geography itself or you think it has to be integral to the Indian operation for that acquisition to go through assuming economic viability?

Adi Godrej: To add value to the acquisition, whether it is through the human resource issue or cultural integration as Mahendran mentioned, or any other factors are very important factors in our decision to go ahead with a potential acquisition.

Vivek Gambhir: The other important point is that typically we also pay a very close look to relative market share of those brands in those countries and we have certain thresholds in mind in terms of what is a minimum share to denote how strong the local brand is because we call these local jewels, but it is very important for us to acquire very strong brands in local countries run by very seasoned management teams, those are the most important criteria.

Nikhil Vora: On these acquisitions itself, what makes us feel more comfortable about the ability to outgrow beyond their historic growth rate that they have done assuming that the management

team on a broader level still remains the same. So what has really helped them grow both on the top line as also on the margin profile?

Adi Godrej: We do not necessarily expect that they will outperform the past growth rate. For example, in Indonesia we have had a stellar record on past growth rate. We will be happy if it continues to grow at that rate. In certain cases we have plans to get it to grow much faster, which we feel is eminently possible, so it depends from the particular company to the other. In the past our experience shows that the growth rate in say 2 to 3 years after acquisition has been much faster than 2 to 3 years before acquisition. But some of them have grown so well in the past that we will be quite happy if they continue to grow at that rate in the future.

Nikhil Vora: And ideally this growth has been propelled by increased distribution reach in those markets or what would be the factor?

Adi Godrej: Sometimes the new product launches, sometimes the distribution increases, sometimes with just great management of the company, so there are different reasons in different geographies.

Nikhil Vora: Just to understand this acquisition business or game plan better, would you ideally want to do acquisitions in, to populate within those countries all you would much rather be comfortable with doing just one acquisition in a country and then trying to get other products into those markets and spreading yourself within the geography itself?

Adi Godrej: No, we actively look at other acquisitions in the same country because then we can bring in a lot of integration benefits in those countries. So clearly yes, we would look at it. For example, in South Africa we made two acquisitions and although they are in different categories in hair care we have been able to gain substantial advantages through integration.

Moderator: The next question is from the line of Percy Panthaki from HSBC.

Percy Panthaki: My first question is on working capital requirements for your international businesses we understand that the domestic business runs on a zero or even negative working capital. Would the same hold true even in the international businesses and also can you throw some light on the return on equities that these businesses would generate?

Adi Godrej: I doubt if international acquisitions could work on negative working capital because the difference is their proportion of modern trade to total is much higher than in India, so negative working capital to our mind is not feasible.

Percy Panthaki: Okay and the return ratio?

Adi Godrej: Well, return ratio varies from company-to-company as I mentioned, they will all be highly accretive by the return on equity, depends on what you consider as equity, will vary from acquisition-to-acquisition.

Percy Panthaki: Can you give me an average for your international companies?

Adi Godrej: No I am afraid I cannot.

Percy Panthaki: My second question is on the hedging policy, you have said that as of now you will keep it open. How does the total impact works out in terms of, one is, impact on the MTM of the loan and the second is the impact in terms of the translation of the P&L items, that is sales and costs and so on. So are these two to some extent offsetting or do they cause a double whammy on either side?

P. Ganesh: As far as the consolidation of results is concerned that is something which is going to get mark-to-market depending upon how the exchange rate moves. As far as the debt is concerned, this is offshore debt so it will not have any impact on the P&L per se.

Percy Panthaki: But if the exchange rate as on date of period closing is different from the exchange rate as of the drawdown then would you not mark-to-market that liability?

P. Ganesh: This gets consolidated at the balance sheet level so if you look at the P&L the loans will not get mark-to-market.

Percy Panthaki: Yes but the difference in the liability, where will that difference be?

P. Ganesh: It will sit in the balance sheet.

Percy Panthaki: Lastly, will it be possible for you Mr. Godrej, to throw any kind of light on the circumstances surrounding Mr. Dalip Seghal's departure?

Adi Godrej: He has resigned from the company to pursue other opportunities outside the group and clearly because of the group having purchased 100% shareholding in Godrej Household Products Limited, he also could have realized that there is no room at the top for two CEOs.

Moderator: Ladies and gentlemen due to time constraints that was the last question. I would now like to hand the floor back to the management of Godrej Consumer Products Limited for closing comments.

Adi Godrej: Thank you. I would like to thank all of you for sparing the time to join this conference call. I hope we have been able to answer your questions about the recent acquisitions. We see a very strong year ahead for Godrej Consumer Products and in 2011-2012 we see tremendous benefits from the integration of Godrej Household Products Limited with the operations of Godrej Consumer Products Limited and expect our strong performance strength to continue into that year too. Thank you very much.

Moderator: Thank you gentlemen on the management team; ladies and gentlemen on behalf of Godrej Consumer Products Limited that concludes this conference call, thank you for joining us and you may now disconnect your lines.