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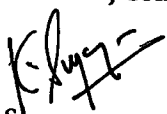
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Exchange Plaza, 4th Floor,
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Dear Sirs,

We enclose herewith for your information, a transcript of the conference call held by the Management team of the Company with financial analyst on January 24, 2011, post the announcement of Q3 results for 2010-11.

For Godrej Consumer Products Ltd


K Suryanarayan
Associate Vice President (Finance)

Encl: as above

Godrej



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

**Godrej Consumer Products Limited
9M & Q3FY11 Conference Call Transcript
2.00 p.m., Monday, January 24, 2011**

Moderator: Ladies and gentlemen good afternoon and welcome to the Q3 FY'11 earnings conference call of Godrej Consumer Products Limited hosted by Antique Stock Broking. As a reminder, for the duration of this conference all participant's lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need any assistance during this conference, please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Abhijeet Kundu of Antique Stock Broking.

Abhijeet Kundu: On behalf of Antique Stock Broking Limited, I welcome you all to the third quarter earnings concall of Godrej Consumer Products Limited. To discuss the results, we have with us Mr. Adi Godrej, Chairman, Mr. Mahendran, Managing Director, Mr. Vivek Gambhir, Chief Strategy Officer and Mr. Ganesh, who is the Executive Vice President (Finance & Commercial) and Company Secretary. Now I would hand over the floor to Mr. Godrej for initial remarks followed by the Q&A session.

Adi Godrej: Thank you Abhijeet and good afternoon everyone. I welcome all of you to the Godrej Consumer Products Limited conference call for the third quarter of financial year 2011. Joining me today on this conference call are Mr. Mahendran, Managing Director, Ms. Nisa Godrej, President, Human Capital & Innovation, Vivek Gambhir, Chief Strategy Officer, and P. Ganesh Executive Vice President – Finance & Commercial and Company Secretary. We will begin with a brief overview of the financials following which I shall discuss developments in our domestic and international businesses.

For the quarter ended December 31, 2010, our consolidated net sales stood at Rs.980 crore and PAT were Rs.119 crore. Earnings per share non-annualized stood at Rs.3.67 for the quarter. The Board of Directors had declared an interim dividend of 100%, which translates to Rs.1 per share. Both our domestic and international businesses have performed well. Our domestic net sales increased by 48% to Rs.645 crore. EBITDA improved 57% to Rs.138 crore translating to

an EBITDA margin of 21%. PBT was higher by 44% at Rs.132 crore and PAT increased by 39% Rs.105 crore.

Our home care business delivered another quarter of robust growth. We realized 24% sales growth in business compared to the same period last year with the base of 100% of GHPL business. Here too we are reaping the benefits of aggressive marketing and promotional initiatives. We continue to be extremely positive of the opportunities for this business. Our market share in household insecticides expanded to 37% in Q3 FY'11 from 33.9% in Q3 FY'10. The Hit and Goodknight brands continue to enjoy strong market share positions. Our soaps business grew by 6% for the quarter and we continue to be the second largest toilet soap player in the country with a market share of 10% for Q3 FY'11. We continue to believe as we had indicated during our previous conference call that the growth of our soaps business in the second half of the year is likely to be significantly better than the first half. A combination of an improving macro environment and success of our new launches and re-launches over the last few quarters along with further intensification of our marketing and promotion focus has contributed to this strong growth momentum.

The hair colourant business continues to do well and grew by 9% during the quarter. Market share for the quarter was at 29.4%. We enjoy market leadership position in India and 20 other countries with our comprehensive portfolio of products which encompasses crèmes, powders and liquid hair colors. We registered strong growth of 9% in our liquid detergents business during the quarter. Our toiletries sales also registered strong growth of 17% during the quarter. The range of Godrej Protekt products consisting of hand sanitizers and hand wash and wipes which was launched last year continues to perform well. Cinthol Deodorants and talcum powder and Snuggly diapers continue to grow well. In December 2010, in line with our commitment to India being a key contributor of both revenues and profits, we acquired the Genteel and Swastik brands through the acquisition of our 100% state in Naturesse Consumer Care Products Limited and Essence Consumer Care Products Limited from Muskan Projects Private Limited. Genteel is the second largest brand after our brand Ezee in the fast growing liquid detergent category. Swastik shikakai, a nature fresh hair and body soap enriched with aritha, amla and shikakai and Swastik neem, a soap that deep cleanses and protects skin are niche brands in the toilet soaps market. The acquisition of these brands strengthens GCPL's position in the growing Indian personal and household care segment. It will also enable significant revenue and cost synergies.

I will now discuss the performance of our international operations, which accounted for 34% of our consolidated turnover during the quarter. We reported revenues of Rs.337 crore in expansion of 296% in rupee terms compared to the third quarter last year. The numbers are not comparable as Q3 FY 2010 numbers do not include the results of Tura, Megasari, Issue, and Argencos all of which were acquired earlier this year. We incurred one time an exceptional expense of Rs.6 crore in our international business during the quarter. Our Asian and SAARC ex-India operations, which include Indonesia and the Middle East, have done well during the quarter. Megasari is the market leader for air care and wipes in the Indonesian market and is the second largest player in the household insecticide in that market. Megasari sales for the quarter were Rs.185 crore and the EBITDA was Rs.27 crore. Middle East GGME added Rs.4 crore to revenues.

Our African operations, which comprise of Rapidol, Kinky and Tura made steady progress during the quarter and reported revenues of Rs.53 crore and EBITDA of Rs.5 crore. EBITDA includes one-time stock write off Rs.3 crore during the quarter. Our One Africa strategy continues to make steady progress. Our Latin American operations comprising of the business of the Issue Group and Argencos reported sales of Rs 63 crore and an EBITDA of Rs 6 crore. We see a sustained performance from these companies and we are studying ways in which we can unlock synergies from the combined operations. The integration process is well under way and ahead of plans. We are also looking at growing this business rapidly through One Latin America. We also have plans to cross sell our products in different geographies and will be doing so in a phased manner. We are pleased with our progress and performance during the quarter and we are seeing a gradual unfolding of our 3x3 strategy which envisaged the presence in three Continents Asia, Africa and South America through three core categories homecare, personal wash, and hair care. We have augmented our presence in all three geographies and categorizes in the year thus far.

We have continued to strive to enhance shareholder values and drive growth. I now conclude my opening remarks and open the floor for questions.

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

Abneesh Roy: My first question is on the soaps business. We have seen sales growth coming back after a decline for a few quarters. My question is on the industry front, how much growth are we seeing on the volume and value and till now how much price increase or weightage decrease we have taken and how do you see the margins going forward if the current raw material scenario continues?

Adi Godrej: Soap business in our case has turned around, we have grown this quarter we had mentioned earlier the second half will be much better than the first half. We expect a much higher growth in Q4 in our soaps business. Raw material prices are high, they are now stabilizing. We have a reasonable cover. We have taken further price increases in early January and we expect our margins will not be as good as in the previous year where our margins were exceptionally high because of very low raw material cost, but they will be more in line with the margins of the year before last.

Abneesh Roy: Industry volume and value growth in Q3?

Adi Godrej: Industry growth is single-digit, around 6%.

Abneesh Roy: My next question is on the hair colour business. I could not understand the numbers because just 9% YoY growth, in Q2 we had a 20% yoy growth. So have the volumes been flat or it is due to any seasonality in this ?

Adi Godrej: No, I think the hair colour growth figures should be looked in the context that we had a price increase in the previous quarter and whenever you have a price increase primary sales growth is usually slow in the quarter following. The reason being that the trade whether it is distributors or wholesalers are trying to sell off their lower price purchased products first and then only they want to take the higher price stock into their fold. So typically this is very common and we expect very strong growth in Q4 of this year.. Overall we expect hair colour to continue to do well. Our market shares are more or less maintained and we have major new plans in hair color, which will be unveiled in the January- March and April- June quarters.

Abneesh Roy: My last question is on Megasari, in Indian household insecticides business, we have seen 6% QoQ growth, while in Megasari we have seen slightly low at 2%. So wanted to understand if things are different in terms of the insecticide business in India versus Indonesia and where do you see Q4 especially for the domestic business, because in India winter has been very harsh in that context?

Adi Godrej: Household insecticides have done very well both in India and Indonesia. In India, the growth was 24% in this quarter gone by. In Indonesia it was 27%. So, growth has been very good in both countries and our Indonesian business is growing very well both on the topline and bottomline front,. The Indonesian economy also is progressing very well.

Abneesh Roy: Why has the margin slipped in Indonesian business?

Adi Godrej: No, margins have not slipped. It depends on how you look at it. I think you have to understand that Indonesian company pays a technical know-how fee to Godrej Consumer Products. So, if you look at everything into account the EBITDA margin was 19% in Indonesia..

Abneesh Roy: But in Q2, if am correct it was 21% right?

Adi Godrej: Yes there would be a variation from quarter-to-quarter depending on product mix, for example our margins in air fresheners, etc., are higher, so it depends on product mix.

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

Pritesh Chheda: First on the cost pressure side, barring soaps as a product portfolio any other product or segment or market where we are facing cost pressure and what kind of strategy do we have in place?

Adi Godrej: I think besides soap there is no major cost pressure. Of course sometimes like for example petroleum prices affecting fuel and freight, but these are marginal incidents.

Pritesh Chheda: On the price increases front what kind of price increase have we taken and in which portfolio?

Adi Godrej: I think in soap we have taken a 3% to 5% price increase and hair color we took a price increase about four months earlier that was around 10% and except for soap we do not see too many prices increases.

Pritesh Chheda: Your comment on margins; margins should be similar to say not the previous year but the year before that; my guess is that pertains to the soap segment margin, and not the company specific margins?

Adi Godrej: Yes, I was talking of soaps.

Pritesh Chheda: On the overall international business side since the geographies are many and the businesses have increased if you could share with us from a three years perspective in order to remove the quarter anomalies what should be the growth or what is a target growth that GCPL is looking at in these three geographies and if you could segregate also in terms of the margin outlook in these geographies.

Adi Godrej: We would not like to make any forward-looking statements, but I have mentioned that we expect on a CAGR basis 15% to 20% organic growth, by organic we mean growth over all our businesses in India and outside acquired in the previous year. In addition on a CAGR basis, we expect a 10% point inorganic growth. So overall we expect the company over a period of time to demonstrate a 25% to 30% growth, going forward.

Pritesh Chheda: Now on the Godrej Household Care and Godrej Consumer if you could draw some light on the synergies and the steps taken in order to harness those synergies and the timelines for enjoying those synergies?

A Mahendran: As regards the synergies on this integration of both these companies, we are looking at two types of synergies; one is synergy on cost, the other one is a synergy on value. Our focus is going to be value synergy improvement rather than the cost synergy and of course whatever the cost synergies are preplanned and are being implemented and effective kicking in of the cost synergies will come from next year and some small synergies will come and creep in for this quarter, but on the value synergies are quite high in the next three years by virtue of this integration. The value synergies are going to be substantial Now on the value synergy just to give you some example, it will come primarily because of the distribution merger between these two companies, the companies had good amount of penetration in the urban India as well as to some extent in rural India, so the merger would lead us to a creation of value in all the three categories in the next three years. Primarily our distributor force and sales force put together our strength is more or less doubled when compared to the previous year. So, that is what we call value synergy and this would enable us to bring about good focus on the existing category, penetration as well as per capita throughput in terms of retail outlet across the country as well, it will also enable us to look at a couple of new categories can we go into it or not, so all put together we are looking at quite aggressively on the value synergy improvement.

Pritesh Chheda: On the soap's side what is the overall cost increase or indexes increase that the company is seeing and what kind of corresponding price increase cover have we taken. We have 3% to 5% increase, but if you could tell us the cost increase?

A Mahendran: As far as the cost increase is concerned on the soaps as everybody knows that the raw material input prices have gone up. I would say that it has gone up approximately 50% of the input cost, but the input cost as a percentage to the net sales is not big, so overall the impact on the sales would be roughly about 5% and that is where it is being made up by price increase, which we are doing now.

Adi Godrej: But you must remember that we are talking of cost increase over a normal base. Last year we had a very low raw material cost, so margins were exceptionally high for the industry as a whole. Year before last was normal margins. This year also we will have normal margins, but not the exceptionally high margins we enjoyed in the last financial year.

Pritesh Chheda: On the debt side what is the outstanding debt? Have we repaid anything and have we taken an FX cover now?

P Ganesh: On the debt side overseas debt it is about \$350 million and on the India books the rupee debt is about 250 crore and given that the medium term outlook both for the Indian Rupee as well as the Indonesian Rupiah, which will be the major sources of revenue since the outlook is positive it makes sense to keep the loans unhedged which is the current position, but of course we have a special forex committee specifically formed to monitor this on an ongoing basis and the committee is very much monitoring the outlook.

Pritesh Chheda: What would be the average cost of this whole debt?

P Ganesh: The overseas debt is in the range of LIBOR plus 150 to 175 basis points.

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

Aniruddha Joshi: I just wanted to know what is your current revenue breakup for the quarter in terms of major segments like soaps, personal care, hair colour and the other segments.

Adi Godrej: It is in our update posted on the website.

Aniruddha Joshi: With raw material prices increasing almost across various countries overall where do you see the company's stable margin over the next one year?

Adi Godrej: I think overall our margins will remain stable if you take all our categories into account, soap might have lower margin than last year, but some of the other categories have higher margins, our hair colour business has higher margins, so we do not expect overall margins to be negatively affected and just to answer your first question 44% of the sales was household products, 21% was soaps, and 18% was hair colour.

Moderator: Our next question is from the line of Ajay Thakur from Alchemy Shares & Stock Brokers.

Ajay Thakur: I have two questions. One is related to the soaps market share. Just wanted to understand that this quarter we have slightly lost market share, but overall what has the trend been in the soaps market share is concerned?

Adi Godrej: We have marginally lost share, very marginally, and that is because we see ITC being particularly aggressive investing a lot of cigarette profits into personal care. Hindustan Lever also, we have not seen their results, but they have marginally improved their shares after having lost share for many years, so we think this is a temporary phenomenon. In the last financial year, we had done exceedingly well. We expect to now improve our soaps growth and market share very considerably in this calendar year starting from the January-March quarter. Partly because of the base effect and partly because of the various steps we have taken in our soaps portfolio.

Ajay Thakur: Secondly I just wanted to understand broadly what has been driving our market share improvement in the mosquito repellent segment? Any particular segment that we have been doing well, like coils or may be the aerosols where we are getting good shares?

A Mahendran: You are absolutely right. the category is growing at around 16%% and we are growing at 35% as far as sales are concerned, but the reason why we are growing is because we have done a lot of investments in advertising promotion primarily behind a good amount of innovation in this category. You know that we are the market leader for the last 20-25 years; we have created this category in India so naturally the leadership is there and primarily focusing on innovation. We have started a good amount of work on distribution throughout the country,. The last point is you know that malaria and dengue incidents are quite high in the last one year we are foreseeing, so that is why the consumption has also increased from that.

Ajay Thakur: Lastly what is the palm oil outlook for the next three to six months? Is it likely to soften?

Adi Godrej: Palm oil prices whether they will soften or not will depend on international global weather situation as you probably know there is a major La Nina phenomenon all across the world which has affected agriculture output, it has led to severe floods in Australia, etc., we think the prices are peaked, but in agricultural commodities it is very difficult to be definitive, but we do not see much further increase and we are well covered until about May or so, after that we expect prices to start coming down, but again as I mentioned one cannot be definitive.

Moderator: Our next question is from the line of Aditya Srinath from Quantum AMC.

Aditya Srinath: I just had a question on the distribution side in India. What are the long-term challenges or opportunities you see there in terms of driving penetration, competition what Hindustan Unilever, ITC and everybody is doing? In a 15%-20% growth compounded target, what kind of investments do you need on the distribution side in India specifically?

Adi Godrej: Very strong investments into distribution especially expanding rural distribution, but more importantly what we are going to do over the next two years is leveraging the strengths of one company for the benefit of the other. So for example, Godrej Household Products is very strong in South India, Godrej Consumer Products is very strong in North India, Godrej Consumer Products is very strong in rural areas, Godrej Household Products in the entire household insecticide industry is not that strong, Godrej Household Products is very strong with the chemist channel, because of the nature of the products, Godrej Consumer Product is less strong. So the leveraging of each other's strengths will add very considerably to sales growth. Mr. Mahendran will add to that.

A Mahendran: As far as your question about the investment and distribution upgrade, we are going in a big way leveraging our SAP implementation and technology, the IT is going to be a big help to us. It certainly is going to be a big competitive advantage to us implementing that, that is going on online type of distribution set up across distributors and apart from that this online IT is going to help the company in the terms of getting into in a big way of replenishments. When we do a sale, we only replenish the stock, so that thereby we don't increase the stock level at the distributor point. Overall investment is going to be on that as far as the IT infrastructure is concerned. Also we are looking at how we can penetrate our distribution well in the rural India. So there we are looking at doing a big amount of training throughout the rural field force and the sales force. So at Godrej Consumer Products we are going to go in a big way of creating a rural employee ability there as a separate initiative of that.

Aditya Srinath: Especially on the rural side if you take your distribution per se, I understand Hindustan Unilever has done a lot of work on the IT side with handled devices and so on and we are seeing existing kirana stores converted to modern trade, have been 2X revenue increase in the same store. Are you seeing such kind of traction there? If we talk about rural what is the opportunity? Is it going to be per capita driven consumption or it is going to be broader base, if you can touch on these two points it will be helpful.

Adi Godrej: Rural India is doing extremely well as you know the agricultural crop situation is good. NREGA has raised income, so we feel there is tremendous purchasing power in

discretionary income in rural India, which we will try and leverage through increased direct distribution in rural India. Mr. Mahendran will add to that.

A Mahendran: Your point about the per capita consumption is quite poor across FMCG sectors when you look at the rural per capita, so that is one area we are looking at how we can. But certainly on the numeric side again it is quite on a lower side so there is going to be a high potential on the numerical increase in terms of reach at rural India and of course, per capita consumption will go up.

Aditya Srinath: This is your long-term strategy and we understand many of the sectors are facing logistical issues, transporting goods or getting goods, getting raw materials, if this is the roadmap that you have for the next two three years, any constraints that you see in the logistical side to address those market opportunities and therefore you may have to do something significantly extra more than what the physical infrastructure available there?

A Mahendran: Not really. On the logistic side we have developed a model to circumvent that kind of cost push our logistics. So we have this model of going for sub-stockist methodology. That is across rural India we are appointing sub-stocker serviced by the stockist in the main town. So to that extent the logistics cost are subsequently subsidized..

Moderator: Our next question is from the line of Anshul Mishra from ING Investment.

Anshul Mishra: My question was regarding the home care segment. If you can please help me with what is the breakup between coil, aerosol and electric for this particular segment and how is the market share moved for coil and aerosol in last three quarters, if you can please provide some data?

Adi Godrej: Our share has risen in every sub category. Overall our share has risen; we are very strong in aerosols, mats. We are now a very strong number #2 in liquid vaporizers to All Out and in coils also we are leaders but we are slightly above Reckitt Benckiser. On the subcategory coil is about 50% and liquid vaporizer would be roughly about 20% and then the next one is the aerosol is about 10% to 12% and mat is about 4% to 5% mat. That is the broad division of the four sub segments.

Anshul Mishra: Right. On the coils also if you have the market share readily with you for last three quarters, if you can please help me with that?

Adi Godrej: We do not have it readily with us. We will forward that to you.

Moderator: Our next question is from the line of Varun Lohchab from Religare Capital Markets.

Varun Lohchab: I had couple of questions on the international business. First on Megasari, if you could just throw some light on how is the competitive position in Indonesian market and do you foresee any decline in margins over there and over the next couple of years and second was on the African business, this quarter included Tura but it seems that the numbers out there have been slightly kind of muted, so any particular reason for that and how do you see the outlook for that?

A Mahendran: On Megasari the competitive scenario was slightly heated up in the last quarter, but that is down, but not much of intense competition there, in the household insecticides and we are into the air care market there, again not much of that, so to answer your question nothing to worry about and as far as Africa is concerned the Tura business is being completely reconstructed because the purpose of acquiring Tura is an entry strategy for Nigerian market. So its fairly a small investment there, but our plans are to move in our household insecticides and hair color in these territories like Nigeria is a very good market, so Tura will get completely restructured.

Varun Lohchab: But how are Rapidol and Kinky doing like on?

Adi Godrej: Gross margin is little low, because the South African economy has grown only by about 2.5% during the quarter and this was the post World Cup phase, during the World Cup of course South Africa had done very well and we had also done extremely well, but we expect over this calendar year things to improve, we continue to do well in terms of market share, but growth has been a little low in South Africa.

Varun Lohchab: On Megasari, just coming back, no concern on margins? Do you think this 18% or 19% is sustainable?

Adi Godrej: Yes, no concerns.

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

Amnish Aggarwal: . My first question is regarding the household care business in India as well as in Indonesia. I would like to get some view on the seasonality in the business as also the seasonality in the margins?

A Mahendran: As far as the household insecticide seasonality is concerned, it has got some amount of linkages to the monsoon and the winter. The monsoon should be good, winter should be normal and of course the summer, but over a period of time what we are finding is that there is some amount of normalization happening in this category with reference to seasonality. The reason being that the consumption is now moving towards completely a habit formation, so when we started this category 20 years back there was no habit formations so the volatility of seasonality was fairly impacted, but not these days, we do not see much of impact but on extreme climate like when there is summer April, May, June, if it hits 45 degrees centigrade etc., to that extent a small portion of the year we do have an impact of this.

Adi Godrej: Indonesia does not have much seasonality. South India has less seasonality, North India has considerable seasonality, but overall as Mr. Mahendran mentioned the variations because of seasonality are reducing.

Amnish Aggarwal: Do the margins also fluctuate on quarter-on-quarter basis?

Adi Godrej: Not much except that in months where sales are low for any particular reasons whether seasonality or otherwise then overheads might be a little higher.

Amnish Aggarwal: Because if we look at Megasari, Megasari previous quarter we were at 20.5% now we are at 19%, so there is 150 bps of margin erosion there.

Adi Godrej: Product mix affects margins much more than seasonality.

Amnish Aggarwal: Okay, so it is predominantly determined.

Adi Godrej: It is also a question of how much you have invested in a particular quarter onto advertisement. When you are launching new products, when you are extending new variants then you have to spend more on advertising.

Amnish Aggarwal: Has there been any improvement in the debtor's position as well as Megasari is concerned?

P Ganesh: Yes, we are looking at some opportunities on the working capital front, but what we need to really bear in mind is that the salience of modern trade is significant in that geography and modern trade operates on credit. So to that extent, the situation is different from India where we are on cash and carry and since we get credit on our imports we are actually on a very small or sometimes negative working capital.

Amnish Aggarwal: My second question is that we have been disclosing some royalty payment, which GCPL is getting from Megasari, are we getting any such payment from the other overseas businesses in Latin America, Rapidol, Keyline etc?

P Ganesh: We are getting royalty income from Megasari and from South Africa.

Amnish Aggarwal: So South Africa, how much is the proportion?

P Ganesh: We get the technical fee of 5% only on Africa; we get a technical fee of 5% and other 5% by way of royalty. In the case of Megasari, the brands are actually not in India books, so what we get actually is technical fee and business support fee.

Amnish Aggarwal: Whereas in Africa, we are getting a total of 5%.

Adi Godrej: 5% for technical and business support only from Rapidol, because the brand belongs to the India books.

P Ganesh: The Rapidol brand is on India books so we also get a royalty.

Amnish Aggarwal: How much is that, 5 plus 5?

Adi Godrej: Yes.

Amnish Aggarwal: Finally tax rate for the first three quarters has been roaming around 19%-20% range, so do you see possibility of it sustaining at these levels what would be your guidance for tax rate for the full year?

P Ganesh: This would be more or less a sustainable rate.

Amnish Aggarwal: So around 20% and for the next year?

P Ganesh: The domestic operations I think will continue to be on MAT so will continue to be on the 20% range.

Amnish Aggarwal: For consolidated number also we should look at around 20% and ahead?

P Ganesh: Consolidated numbers would be in the range of 22% to 23%.

Adi Godrej: If the budget reduces the MAT rate as many industry associations have demanded, then it could be lower.

Amnish Aggarwal: So for consolidated 20% in the current year and 22% in the next year is my understanding right?

P Ganesh: Yes.

Moderator: Our next question is from the line of Tushar Shah from Max New York Life.

Tushar Shah: First question is regarding your statement that you are covered for raw materials till the month of May and June, so what are the kinds of contracts or hedges that you enter in for the raw materials?

Adi Godrej: We buy physical contracts we do not do hedging for forward delivery. For example, we would contract to buy for March shipment or April shipment, which arise about a month later into it.

Tushar Shah: What proportion of our raw materials would be hedged till that time?

Adi Godrej: As I said we are covered for all our raw material requirements until around the April or early May.

Tushar Shah: In case there is a decline in certain raw material prices, so we will be hit by the contracts?

Adi Godrej: No, our contract price is also considerably lower than the replacement cost.

Tushar Shah: My next question was on your international operations; Is there a long-term margin guidance that you will be able to give?

Adi Godrej: We would not like to give a guidance, but we expect overall margins to continue reasonably well, the margins can be affected for example when a major new product is launched and you have to spend more on advertisement, more important margin to look at is margin before advertising expenditure that is pretty much stable.

Tushar Shah: Like in the case of Megasari you had a 19% EBITDA, but the actual EBITDA comes to around 14.7% because of the royalty pay out, so what would be EBITDA, which should ideally be looked at for consolidated operations?

Tushar Shah: You have a royalty pay out which happens from Megasari to Godrej Consumer, but then that pay out is coming in the same company?

Adi Godrej: No that pay out comes in the standalone results, but in the consolidated that is included. In the consolidated the EBITDA margins remain, so if the EBITDA margin is 20%, it is reflected in consolidated.

P Ganesh: Therefore the right way to look at the EBITDA margin of the Megasari business is to look at a gross level, which would be 19% for this quarter.

Tushar Shah: One last question on your debt levels as you said you have \$350 million international debt the cost of which is LIBOR plus 150-175 bps on the local debt you have a Rs 250 crore debt, which I think has been refinanced, so what is the cost of that debt?

P Ganesh: See currently the cost is about 8%, but the refinanced cost is expected to be in the range of 9.5%-10%.

Tushar Shah: That debt is primarily for what reason?

P Ganesh: That was primarily incurred on the local front, if you recollect on the acquisition of 51% stake in Godrej Sara Lee which is now a 100% subsidiary that was financed by cash in the book, partly by QIP and partly by short-term bridge finance.

Tushar Shah: But at that time for the bridge loan we had done a QIP and then the bridge loan was repaid?

Adi Godrej: We have done a QIP, we have repaid fair amount of the bridge loan, but some loan continues.

Tushar Shah: Repayment schedule of that local loan would be?

P Ganesh: When we generate a huge amount of cash, it makes sense for us to have some amount of debt in the book, which will get repaid over the next few months.

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

Vivek Maheshwari: My first question is on soaps you have mentioned 4% to 5% kind of a price increase, that is the weighted average price increase right?

Adi Godrej: That is right. Different brands have different levels of pricing.

Vivek Maheshwari: Broadly how much would be the price increase that you would have taken in Godrej #1 portfolio?

Adi Godrej: Around the same, 4% to 5%.

Vivek Maheshwari: 4% to 5%, secondly you have mentioned that you have a covers till say April or beginning May. If palm oil prices remain where these are now do we need to take a price increase for that just to maintain margins?

Adi Godrej: Yes, we may need to because the cover is at a higher price than our earlier consumption levels and whilst lower than the replacement cost, it is much higher than the previous year's price.

Vivek Maheshwari: Right so we will need to take up prices right? And how easy or how difficult is it to take up prices in the context of high competitive intensity as you mentioned from ITC and HUL right now in soaps?

Adi Godrej: That depends on how competitors behave, so it is difficult to tell from time-to-time and I am sure they will say the same thing about us.

Vivek Maheshwari: Thirdly on Megasari EBITDA did I hear correctly the growth is 27% YoY?

Adi Godrej: That is right.

Vivek Maheshwari: Lastly on A&Ps our consolidated A&Ps are around 10.8% compared to 9.1% for the domestic soap plus hair colour business, so is that balance 171 bps basically from household insecticide domestic and Megasari, is that the main delta?

Adi Godrej: LATAM also, higher advertising levels.

Vivek Maheshwari: How much would be broadly the A&P for household portfolio in India right now? Would you have that number?

Adi Godrej: Around 10% to 11%.

Vivek Maheshwari: But that category in general is not very competitive, so you would be spending more on new innovation that you are doing right?

Adi Godrej: Yes, new innovations and because we are spending and we are the leaders, our market share has increased, so it has paid us very strongly, so whilst we have increased advertising expenditure we have increased profits also very considerably.

Vivek Maheshwari: All right.

Moderator: Our next question is from the line of Vikash Rungta from Reliance Mutual fund.

Vikash Rungta: Can you kindly let us know your consolidated debt on your books as on December 10?

P Ganesh: The consolidated debt is \$350 billion on offshore books and Rs.250 crore in local books.

Vikash Rungta: How does the debt maturity profile looks like?

P Ganesh: It is spread over a five-year tenure.

Vikash Rungta: That is the offshore book, and about the domestic?

P Ganesh: Domestic is a mix of short term and one-year debt.

Vikash Rungta: I just wanted to understand your debt gearing policy as of now, what is the philosophy on debt gearing?

P Ganesh: The way we look at debt gearing is that our comfort zone is 1:1. Currently we are at that level close to about 1.1.

Vikash Rungta: Okay, so going forward you would like to bring it down to 1:1?

P Ganesh: In the next few months, it will automatically come to 1:1 with cash generation.

Vikash Rungta: We say 1:1 is overall debt to equity not long-term debt equity?

P Ganesh: No, overall debt to equity.

Moderator: Our next question is from the line of Sumit Duseja from SPA Securities.

Sumit Duseja: I just have one question on the logistic side. I want to understand your logistics are inbound and outbound logistics are being outsourced, or is it in-house?

Adi Godrej: We are not outsourcing logistics. We manage it ourselves.

Sumit Duseja: But to expand distribution reach and to reduce cost, don't you think it would be viable to outsource that to third party logistic service providers?

Adi Godrej: Not in FMCG, we do not think so. We do outsource in our durables business, some of our durable business, not in FMCG.

Moderator: Our next question is from the line of Megh Manseta who is an individual Investor..

Megh Manseta: My question relates to our international operations. If you could take us simply region by region, which are the areas where we are currently happy with the sales growth and margin levels and which are the areas where we are looking forward to a significant improvement in the coming years?

Megh Manseta: International operation, which are the regions that we are, which are the set of businesses that we are happy with the current sales growth?

Adi Godrej: We are very happy with our Indonesian business. That is the largest acquisition that probably is performing the best. We are happy with our Latam entry and the potential in Latam, we are exporting a lot from our Argentinean businesses to other parts of South America and even to other parts of Latin America not in South America and we feel that can grow. Our Nigeria business has to be leveraged better we expect to grow that out very soon and South Africa unfortunately is the developing country where growth has not picked up as well as in other developing countries and now we expect that to also do well in 2011. So hopefully our South African businesses, which have grown, very well in the past will again start growing well.

Megh Manseta: Any comments on the UK business?

Adi Godrej: UK business, we have already derived very good returns from over the past. We expect it to continue to do reasonably well. It is not going to be an exceptionally strong performance.

Abhijeet Kundu: I just had one question; what are the reasons for the higher other expenditure during the quarter, advertisement and sales promotional expenses have gone up, what have been the reason for the higher other expenditure?

P Ganesh: The primary reason is actually sales promotion, which goes under other expenditure, what you see as A&P is advertisement and publicity.

Moderator: Our next question is from the line of Abneesh Roy from Edelweiss.

Abneesh Roy: One is, when do we expect the replacement for Ambi Pur and second one is, you have been saying that South Africa economy is under some pain, so is it for the entire continent or is it limited largely to South Africa?

Adi Godrej: South Africa is growing slower; other parts of Africa are growing better. I think Africa continent GDP's growth is around 5%, South Africa's growth has been around about 2.5 % in the last six months.

Abneesh Roy: And Ambi Pur?

Adi Godrej: Ambi Pur,,it was a Sara Lee brand licensed to Godrej Sara Lee and at the time we bought the 51% share holding from Sara Lee Corporation they withdrew the license because they sold the business to Proctor & Gamble and we were compensated for the value of the Ambi Pur brand in India.

A Mahendran: We are likely to launch somewhere in the first quarter or second quarter we will enter the market.

Abneesh Roy: Regarding Kiwi we are not going to get anymore, that has been taken by the other company, Johnson?

A Mahendran: Kiwi the sale has been done.

Adi Godrej: We are allowed to market, manufacture market Kiwi in India until the license is withdrawn when the deal is finalized with SC Johnson, it will continue to be handled by us, as and when it is transferred to SC Johnson, we will be paid for the value of the brand in India.

Abneesh Roy: So that will take a few quarters at least?

Adi Godrej: Could, we do not know, it depends, but it would not be very soon.

Abneesh Roy: Lastly coming back to HI business again in India, harsh winter has sewed into Q4 also, but till now how have we seen the numbers in the HI business in January?

A Mahendran: So far it is good as far as their traction is good. So the harsh winter what you are saying has not affected the HI business yet.

Moderator: As there are no further questions, I would like to hand this over to Mr. Abhijeet Kundu for closing comments.

Abhijeet Kundu: I would like to thank the management of GCPL for their time and would request Mr. Adi Godrej to give us concluding remarks.

Adi Godrej: Thank you for hosting the call. We are very pleased with our third quarter results. We have been able to successfully take our 3 x 3 strategy forward in the third quarter. We expect to do even better in Q4 and end the financial year on a high note and we expect further growth both organic and inorganic as I had mentioned earlier over the next financial year. So thank you very much for joining us.

Moderator: On behalf of Antique Stock Broking that concludes this conference call. Thank you all for joining us. You may now disconnect your lines.