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May 17, 2010

The Bombay Stock Exchange Limited
Corporate Relations Department
1st Floor, Rotunda Bldg., P.J. Towers, Dalal Street,
Mumbai 400 023.

Scrip Code : 532424
Attn. : Mr. Bhushan Mokashi
DCS – CRD

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

Dear Sir / Madam,

We enclose herewith for your information, a transcript of the proceedings of the Analyst and Investor meet held on May 7, 2010.

For Godrej Consumer Products Ltd

S. Srinivasan

S. Srinivasan
Dy. Company Secretary

Encl: as above

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Godrej

CONSUMER PRODUCTS LIMITED

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

Analyst and Investor Meet

4.00 p.m. IST, 7 May 2010

Gavin Desa: Welcome to Godrej Consumer Products Analyst and investor meet. We have with us Mr. Adi Godrej, Chairman of the Godrej Group; Mr. Dalip Sehgal, Managing Director; and Mr. P Ganesh, the CFO and Company Secretary. We also have with us members of the senior management team who are seated in the front row, and I now request Mr. Adi Godrej to take the presentation forward.

Adi Godrej: Good afternoon everyone. Thank you for joining us today, I will give an overall background of the company's progress and Dalip will take you through the operating results and marketing positioning and then Ganesh will take you through the financials. A short overview of the economy, very buoyant on economy, industries weathered the global prices quite well as all of you saw and then considerable recovery during the second half of the last financial year. There is strong growth in manufacturing sector, capital flows have become strong, and foreign exchange reserves are rising. FMCG has been a key contributor even at the lowest growth periods of the Indian economy during the global crisis; FMCG continued to grow reasonably well. Mckinsey has done some forward looking studies which shows strong growth in the FMCG sector. I feel that the implementation of the goods and services tax will add tremendously to FMCG growth. As you know, many economic think tanks predicted 1.5% to 2% improvement in GDP growth other things being equal upon the implementation of the goods and services tax. It will be a win-win situation. Where the total tax on consumer products will go down, demand will go up, production should rise, government revenues should rise and tax evasion especially the excise evasion is likely to become much much lower that will lead to better government revenues and better fiscal balance.

FDI inflows have been rising and further liberalization is expected in several sectors that should also help the economy very considerably and Mckinsey has specially brought out how the bottom of the pyramid consumer segment in rural India is expected to see an awakening. We already see considerable increase in discretionary income in rural India which is creating a strong rural growth for the FMCG sector and our company has also benefited very considerably.

We have embarked on a strategy for growth in developing markets. We have had acquisitions in South Africa in the past; recently we have announced major acquisition in Indonesia and an acquisition in Nigeria. These are two large countries; both the countries rank among the top 10 by population in the world,

Indonesia is the 4th biggest by population in the world, and Nigeria ranks number eight. The company in Indonesia is called Megasari and the company in Nigeria is called Tura.

We have enunciated a three by three strategy for our international operations in the three continents of the developing world, Africa, Latin America and Asia, and in three categories personal wash, hair care, and home care; in the targeting emerging markets with demographic profiles and behavior which are similar to India's. We are very excited by our Indonesian acquisition which we should implement any day now in the next week or so. It is a large company in Indonesia, the sales turnover is about the equivalent of 550 crore. After taking the cost of interest into account, we expect it will be accretive to our P&L in this financial year by about 50 crore. This is without taking any synergistic benefits into account. I am sure after we take over the company we could look to some further synergistic benefits because the businesses are very similar to the one we have in India household insecticides, hair care, and hand wipes. It has very strong brands in Indonesia and with this acquisition; the per capita sales of GCPL in Indonesia will be about the same as in India. So it is a large acquisition.

Tura is an acquisition in Nigeria, it is mainly in the soap business some toiletries and cosmetics. The acquisition will allow us a very strong platform into Western Africa and Nigeria itself is a large market. We will be able to take our hair portfolio from South Africa into Nigeria and we could take some of our portfolios from India into Nigeria and hopefully we can create growth in Nigeria. Of course, Tura is a relatively smaller company than the Indonesian acquisition, but the opportunity to grow in Nigeria is immense, we see this as a very strategic acquisition and it will also be accretive.

During the last financial year, we completed the acquisition of the 49% stake the Godrej Group owned in Godrej Sara Lee by Godrej Consumer Products. This was done by issuing fresh shares approximately 20% of the then existing shares, were issued in lieu of the 49% stake in Godrej Sara Lee. This has turned out to be highly accretive for Godrej Consumer Products. Godrej Sara Lee is a market leader in household insecticide, hair care, hair cream with leading brands and the consolidated numbers for the period 1st June to March 2010 were 409 crore in the top line and 64 crore PAT. This is the 49% portion of Godrej Sara Lee that was consolidated with Godrej Consumer Products for the 10 month period. Godrej Sara Lee continues to do exceedingly well this year and we expect very strong growth this year. Now, I will ask Dalip to go forward.

Dalip Sehgal: Thank you Mr. Godrej, Good afternoon and welcome to all of you. It seems a little eerie to be in this room I do not know how many of have you been here after those tragic moments of the year before but this is actually one of the first few functions which has been held here. In a way it is symbolic isn't it; that life carries on and here we are in this room.

What I would like to do over the next 20 odd minutes is take you through what has happened in the business last year, what has been our strategy as far as the Indian business is concerned, then look at the international operations and see what we have done and more importantly what we need to do and then Ganesh will take us through the financials perspective.

GCPL Standalone Performance Snapshot is an important chart, if you just focus on it for a second. This gives us our performance across our key categories last year. What is our share, what is our relative position in the market, what has been the market growth and what has been GCPL's growth? If you look at the first column which is really the market share number, in soaps we had a share of 10.3 in terms of value, these are all values shares, hair colors we are close to 34 and in liquid detergents we were about 76.5, which gave us a number two position in soaps and number one position in hair colors and a number one position liquid detergents.

More importantly if we look at how the category growths have gone last year and how GCPL has grown and this is a full year picture, soaps grew at about 8 odd percent, the category, this is per Neilsen in terms of value, GCPL portfolio of personal wash, soaps grew at 17. 4%, hair color the category grew a little less than 14% averaged out for the year and our business grew at about 19. Liquid detergents had a great year; Ezee, great performance 24% growth, almost twice that of the market. Interestingly, other smaller categories like deodorants, talcum powders etc. also grew extremely well and the total toiletries portfolio as we call it grew at 34%; giving us a total branded business growth of about 19%. Why is this important? I think there are always questions in terms of what the market growths are and how the categories growths have gone. So this gives you in a sense snap shop view of what have been the performances across the different categories.

Looking at what has been our strategy last year, I think the first and the most important bit really was in terms of focusing our entire effort behind three core brands / categories .No 1, Cinthol and hair colors and I will take you through what we done on each one of them. The second part was in terms of building for the future; it is the theme of what we are saying today "building for the future". How do we get some key processes to move ahead, one consumer centricity: for an FMCG Company, the heart of the business is consumers and brands**,** how do we get better connected to them. Number two, rural is a great opportunity: we will be talking about it and clearly with our portfolio, rural is a very very integral part of our growth strategy and I will tell you a bit about what is happening there. Cost Management: again a very important and key focus areas especially when things are going well, I think it is important to look at what more can we do in terms of supply chain efficiencies, fixed costs etc and I think a fair bit has been done this year. And finally looking at our international businesses and how would we maximize potential in each one of them. So this was really the three prong strategy; focus on core brands, transform key processes/ Business processes and maximize potential in the international businesses.

Let us start with our biggest category which is soaps; it is a category of 8,500 crore. Our market share is at 10.3% and volume share at 12.3%. We continue to be the second largest player and we have strengthened our position there. We now have market leadership in the North. As far as commodity prices are concerned while over the course of FY10, I think they have gone up quarter on quarter but compared to FY09 they are still lower and we have increased our brand spends quite substantially anywhere between 50% and 60% increase in our brand spends . Looking first at our largest brand which is No 1, our strategy really has been around four key pillars increasing awareness, improving the imagery of the brands, new product development, this brand has grown every time there has been an innovation around the brand and increasing our distribution reach.

Let see on each one of them, the key initiatives that have happened. The first and the most important bit is that while over period of time No 1 has been seen it's a large brand, the largest one in our portfolio, but its been seen more as a price warrior, as a price brand and I think over the period of time we need to make sure that consumers see more value than just price in it. And we are building it on the national platform. Two variant launches last year Lime and Aloe Vera and moisturizing soap and just a couple of weeks ago we have actually re-launched the entire brand and these are the new packs, new shape, and new packaging and new advertising which will start soon. Expansion in rural India, I think one of the key growth drivers for soaps this year has been much focused efforts on the small packs, both the Rs. 5 and the Rs. 10 price points. On Cinthol there are two parts to the brand one, it is a very strong brand in Tamil Nadu which is the red pack that you see there, the original Cinthol, and we are building it on a stronger platform of skin protection. And in the rest of the markets outside of Tamil Nadu, most of it is really the Deo and the Fresh part and what we are trying to do there, is building Cinthol on the freshness platform. In Deo Sprays, we see a big opportunity like I said the growth has been pretty good last year. The key initiatives on the brand, in Tamil Nadu for example, if you saw the brand a year ago, you would have seen just one SKU which was the 100 gm priced at Rs. 23. One of the key problems was accessibility of the brand so we launched two new price points at Rs. 6 and Rs. 15 and we have now extended the equity of the brand to talcum powders as well, which are the red packs that you will see on the top of this screen. For the rest of the country we innovated around the Deo Spray business, we have done a big activation program with IPL called buy and win and we have just launched the Lime fresh Talc as well. Here again, small packs continue to be a key growth driver. Interesting chart, these are the market shares for soaps over the last 4 quarters and for the full year so if you look at Q1 FY10, we were at 9.8 versus 9.1 in the previous year. So roughly every quarter, we have gained about 100 basis points and for the year as a whole we have gained about 100 points. What is interesting is that quarter 4 which is the last quarter, we actually gained 110 basis points which is one of the best gains that we have had during the last year. In every single quarter we have actually managed to gain about a 100 basis points.

More importantly what has happened to competition, where are we vis-à-vis the competition, I think that is an important chart as well. If you look at quarter 4 which is the first part of the chart, this gives you the

quarter four numbers with all the key competitors, like I said we gained about 110 basis points, HUL lost about 360, Wipro gained about 50, Reckitt about 70, Nirma lost some and ITC gained about 130. So if you add up these six players in the market that is 80% of the market. If you look at other side of the chart on the right hand side, you will see the full year picture which is quite similar which is that, there have been loses at HUL's end and there have been gains in the rest of the market. But what is more important is that, in quarter 4 as well, the growth in share has been consistently high and it is a competitive market, there is not getting away from it and we will see more action in the market as we go forward.

Coming to hair colors, the other core category in the business that we have, we are familiar with these brands. A quick look at how the business has grown last year compared to over the last 4-5 years, how it is done, like I said, market growth was 14 and we have grown at 19 and if you look at the last 4-5 years this is the first time actually that we have grown significantly ahead of market growth, and what is also more important is that at 19 it has been our best growth in the last 5 years. If you look at hair colors what has been our strategy for growth. It is basically driving category penetration, this category still has less than 30% penetration and there is a huge potential to grow the category as a whole and that is the role that you see Expert, playing. Expert is our largest brand it is a quarter of the market in terms of value share and significantly higher in terms of number of heads colored. The second key platform that we are building is the Naturals platform, with Nupur as our brand again a very significant growth on Nupur last year and continues to do well. One of the things that I think we have not been very successful at, is establishing a very strong position in the top end of the market, we will probably speak a bit about that as we go forward. And a new initiative which is building salon distribution, not at the top end and not in the top 8 metros but really going into middle India and building a strong distribution system for salons. Taking each one of them, and where we are, if you look at Expert I think one of the key issues with Expert in the past has been the fact that it has been seen as a black hair dye. What we have attempted to do over course of the last year or so are to actually launch a set of hair colors which today do not account for a very large portion but have helped in building the image around the brand. We have also redone the entire communication package around it and the consumer scores post the advertising is looking good. I think what is heartening for us is the fact that as we exited from FY10, Expert shares actually towards the end of the year went up. On Nupur, small packs have grown extremely well; again the Rs. 5 Rs. 10 price points have grown at 65% the brand as a whole has done well. As far as new Renew is concerned which is our entry at the top end, I must tell you, no we have not been extremely successful here, we have launched two new colors but the brand still does well only some parts of the country and our focus really has been to lead it through activation in those areas. Continuing with the theme of 'building for the future'; I think one of the key platforms for growth in the future will be the whole health wellness and hygiene area. We launched Protekt late last year in terms of 3 product category sanitizers, hand wash and wipes. And all three of them are now in the market in the top 30-40 cities. In the future, we see this as a big platform for the growth, not just the categories that we are in but possible extension in other categories as well.

We spoke about cost management we have had a team led by Dr. Sinha who has looked at the entire area of supply chain costs, fixed costs etc and I am happy to report that the team has done extremely well in terms of identifying 42 projects, working on them diligently and this has led to savings of about 280 odd million rupees this year alone. Going forward, this will again be a key feature of how we are looking at the business processes.

Rural distribution is a very important part of our growth strategy, 30% growth last year in rural sales, significant improvement about 40-50% increase in number of sub stockist and significant increase about 60% in the number of villages that we cover. Overall, if you look at it our reach last year in rural has improved anywhere around 40% to 50% in terms of small towns and villages. Rural now as we measure it to our own sales, is about a quarter of our sales, but more importantly if you look at the right hand side of the chart, accounts for 45% of growth and I think that is a significant number; 25% of sales, 45% of growth. Going forward, this will continue to be a key growth driver for the business. Our shares in rural have improved hair color shares have moved up from a little under 41 to a little over 42 and we have had about 130 basis points improvement in shares of soaps as well.

I spoke about salon channel; I think there is a huge potential out there in this entire channel, I am told about there are about half a million barber shops in this country and I am not surprised; if you have one billion people you would probably need half a million barbers and salons. So we have done our first bit which is to go to the first 40,000-50,000 salons and we are now in the process of getting into a stage where we can visit them regularly and more importantly build brands through this channel because it is not just about selling into them more importantly building the equity for hair colors.

On the international side, Mr Godrej spoke about this, I think all our business has done well this year. Overall if you look at the international business, it grew at 21% last year despite the fact that the economy worldwide didn't do so well. The African businesses did extremely well, Rapidol which is the hair color business in South Africa grew upwards of 40% as did Kinky which is the hair extension business, a key step forward which is to integrate the entire operation into One Africa- One Godrej plan has been implemented and we now have just one management structure for South Africa and that will then continue into the rest of Africa as well; we will speak about that later.

Our UK business grew at 9% top line, 40% bottom line helped in a very large measure due to the H1N1 swine flu scare. Cuticura which is our lead brand there in hand hygiene gels grew at 83% and became volume leader in the UK market. What is significant is not just the 83% of growth, what is significant is the fact that Cuticura for the first time has actually become market leader in terms of volume and we see that as an exciting prospect for taking the brand in to other categories as well. We spoke about this; Bio Oil and P-20 have also done well, Rapidol as you know, Inecto is the brand and it is the market leader, has a very high 90% plus kind of a share of ethnic hair colors. The African Company also launched Renew and that

has done extremely well and this is a new entry for Caucasian hair so while we had a very very strong business for ethnic hair colors for the first time we actually tried an entry into the Caucasian hair colors as well. Kinky hair extension business is a huge business in Africa some estimate,is that it is probably close to $2 billion, but it is in need of a very large market for hair extension and children, girls start using it at the age of 3 and 4, potentially you have consumer who would be using a product for about 50-60 years so it is a huge market. The brand has done well 40% increase in revenue but I think it is just a beginning there is much more opportunity in this entire business. Traditionally when we bought the business in early 2008 we used to sell it through our own stores while we have now added some more stores but what is more important is that we have also taken it into retail. GGME which is the Middle East operation again has done well again has 45% growth in revenues, so clearly if you look at this strategy for what we wish to do in the international business as far as Keyline the UK is concerned we need focus on building Cuticura brand equity into other categories apart from hand hygiene gels. In Africa, strengthened the One-Africa operations so that we have one integrated business and as part of this, what we are trying to do is to build a hub and spoke model with four hubs in West, East, Central and South Africa. The west part as you know, Tura-Nigeria would be the key hub and would service Western Africa. We are placing someone in Kenya and we hope to have a presence in Central as well. So, the whole idea is to have four hubs and cover the whole of Africa through these four hubs. And what interesting is the fact that we now have three very strong African ethnic brands and that is what is distinct from the multinational competition anywhere in emerging markets. If you look at the Inecto, it is a hair color brand for ethnic Africans if you look at Kinky it is an ethnic brand for African and now we have Tura which is again an African brand, I think that is what we have with us is a very nice portfolio of brands which we can use in other countries as well.

The exports business, did extremely well in our last year as we can see from the graph, it is still not very large, it is about a 32 odd crore business, we export to 31 countries, but the fact is that the business has grown extremely well last year, more than 55%.

Coming to the other parts of the organization, I think as we expand and as we grow not just in India but internationally, I think people would be a key resource requirement and I think we have Sumit and his team, who heads HR. We have actually done a fair bit in terms of building a very strong team for international operations. We have also strengthened the team for the domestic operations as well, training, learning have been the focus area this year.

In terms of recognitions I think we have had a fair share of recognitions, we were ranked 15 in India's best companies to work for survey conducted by 'Great Places to work'. We were ranked one of the best 25 employers not just in India but in Asia by the Wall Street Journal. The Malanpur unit got the Manufacturer of the Year Award. I am very happy to say, Ganesh, our CFO, was actually awarded the Best CFO Award in the mid-size category by Business Today, Yes Bank so a fair share of recognitions and awards last year for GCPL.

And finally just to end, as you know Godrej does a fair bit of CSR but this is specific to what GCPL would have done last year, which is each of our unit has tried to work with the community in which they operate to improve lives there. With that let me hand you over to Ganesh

P Ganesh: Thank you Dalip. I will now take you through the financial performance of GCPL as well as a performance snap shot on how we have done over the last few years.

As you can see standalone domestic operations of GCPL did very well, both in terms of top line as well as bottom line. While the top line grew by 17%, at PBT level the growth was an impressive 61%. PAT growth was slightly lower on account of an increase in the minimum alternate tax; GCPL as you would be aware is on minimum alternate tax and that results in a PAT growth of 54%.

Looking at consolidated operations, net sales growth was 47% while at PBT level the profits actually doubled. Of course for the period June to March, we have the 49% share of Godrej Sara Lee results which have contributed 400 odd crore on the top line and about 64 crore on the bottom line.

Therefore now if you look at the yearly performance, over the years, practically right from the inception of Godrej Consumer Products as a separate entity, we have consistently grown both in terms of top line as well as maintaining a healthy a gross margin, In 2002 from a 450 crore level top line, we are now surpassed 2,000 crore as we have entered 2010.

Looking at the earnings performance, profits have again grown consistently infact Profit before Tax has grown 8 times over the last 8 years. And therefore if you were look at the financial performance ratios, we have maintained a healthy EBITDA margins throughout at above 19 to 20% except for the year 2009 that on the back of very high oil prices, the EBITDA margin lower. For the current year we have bounced back to very good EBITDA margins. The return on capital and return on net worth as a company grows, gets into acquisition mode has a higher capital base would naturally come down, but on the back of higher profits in FY10 that is again comeback to a healthy level, Therefore from a shareholders perspective we can see that the dividend for share has consistently improved year after year and for the year ended March 2010, we have had 4.25 per share dividend which translates to 425%. Interestingly if you look at the next chart, while the dividend per share has considerably gone up, you would notice that the payout ratio has actually dropped especially in the current year ended March 2010; it also reflection of the high profitability which GCPL has been able to maintain and the profit growth which it has achieved consistently. With these happy words I would hand over the stage back to Mr. Godrej to take you forward.

Adi Godrej:: We will be very happy to take any suggestions or answer any questions any of you may have.

Q: My first question is on soaps, the two big players basically Levers is very aggressive on adspends, similarly ITC although currently is also getting very aggressive in terms of promotion. Normally we achieve expansion in bps every year, currently what is your comfort level in FY11 in bps expansion in market share.

Dalip Sehgal: Soaps is a competitive market like I said and we have a plan in place**.**

Q: In terms of hair color I believe there the comfort level will be higher.

Dalip Sehgal: Yes.

Q: Could you tell us in terms of margins for the domestic business in the light of competitive intensity pricing power slightly getting affected in terms of media inflation and raw material cost also, although the crude has corrected from peak levels Y-o-Y still crude is much higher from the base levels, so in terms of domestic margins if you can give us some colour.

Dalip Sehgal: I think rather than forecast what the margins would be what I would say is that if you look at Q4 which is good indicator of how we exited last year, where oil the prices were roughly around the level today or may be in fact in some cases slightly higher, I think we have managed to maintain our margins. Yes in soaps I think there is a pricing issue because of competition but overall as we go forward, I think that will also get corrected.

Adi Godrej: Just like to add something; one of the developments during the last few months has been that we are procuring a lot of our soap raw materials domestically because crude palm oil is allowed to be imported duty free, so large refineries such as Wilmar and Cargill have set up in India and we are able to procure our requirements of Palm Stearin and Palm Fatty Acid Distillate domestically at a price which is much more competitive than the duty paid imports of these products. So that has also helped, also the rupee appreciation to the dollar has helped and if you look at palm oil prices today, they are approximately the same as what they were in dollar terms 12 months ago. So, it is a reasonably benign raw material situation, but of course in the last year our margins were helped by the fact that we had purchases of palm oil at even lower prices than what they were one year ago and what they are today, so there was a dip in between at which stage we did cover a fair amount of raw material. So, I would say the raw material situation is reasonably benign nowhere nearly as difficult as it was in 08-09, that was the difficulty of the raw material products.

Q: And volume growth in soaps last year was really fantastic, in the last 2-3 months because of food inflation the entire industry has been impacted. In the light of food inflation coming up slightly and good monsoons, do you think that in the next 2-3 quarter we can go back to the industry growth seen in FY10?

Dalip Sehgal: I think the industry growth in the second half of the year was a little lower, but like you said I think prospects of monsoon are pretty good, the crop which is coming in again seems to be excellent. Food inflation is dipping so I think as we go forward into the year; we should be able to see better growths.

Hozefa Topiwalla: Can you discuss your Q4 performance, particularly with respect to soap revenue growth and revenue decline and the international business profitability in the fourth quarter. My second question is on the Indonesian acquisition, you mentioned there was only 50 crore PAT accretion after paying out the interest cost; what was the underlying earnings growth that you are assuming for Megasari for fiscal 2011?

Dalip Sehgal: As far as Q4 growth is concerned, you are aware of the fact that market growth was lower that is one, on account of various factors, a) the fact that we had a base impact as well because same quarter last year it was a pretty high quarter in terms of growth so that is one. The second thing is you saw the shares, I think we are still ahead of market growth and that is helping, the other critical thing and I think if you look at the Nielsen data which we look at quite frequently the STR's in soap actually went up in quarter 3 and quarter 4. Traditionally, the soap business has an STR for about 30 days which is trade carries 30 days of stock. It went up to almost 38 days in quarter 3 and beginning of quarter 4 and towards March, there has actually been a decline so it is coming back to the old level about 32-33 days and probably will come down to 30 in this quarter. So there is some amount of trade down stocking as well that is the first question. The second one was on international business margins. Ganesh, you want to add something?

P. Ganesh: On international operations, Keyline had a good growth of about 6 to 7% on top line and profit growth was in the range of about 25%. The African businesses also did well with Rapidol growing upwards of about 50% and similarly Kinky also had a good growth of about 30%, so all international business are continued to do well across the year.

Adi Godrej: The Megasari accounts would be consolidated between 10 and 11 months this year. On that basis we expect at least an accretiveness of 50 crore to the bottom line. The business grew on the top line at 20% during the last year and 35% on the bottom line. And in the first four months of this year it has been growing at about similar levels. So that is the assumption we have taken in the growth rates and based on that the accretiveness should be about at least 50 crore during this financial year. That's the assumption.

Aashish Upganlawar: Sir wanted to understand you have given some idea on how the products have been growing in the international front, but some more clarity on how the international businesses seem to be growing where the pace of growth seems robust. So how is it going to grow going ahead especially, could you break it up into the South Africa and Keyline, because top line growth has been lower in the Q4 for Keyline so could we get a perspective on that?

Dalip Sehgal: As far as Keyline is concerned you are absolutely right. I think like I shared with you, a large part of the growth last year did actually come from growth in Cuticura Hand Hygiene Gel and after this scare on H1N1 went down post winter, I think growth dropped a bit. So that's one. The other is that the Sterling is much weaker. It's at Rs. 67-68 versus where it was last year, so when we convert it in Rupees, so in Sterling we will still do well but there would be a bit of a loss in conversion depending upon how Sterling moves. As far as South Africa is concerned I would say look at Africa as a whole. I think we have a pretty aggressive plan for growth this year as well, both for hair colors as well as for the hair extensions as we go and roll out our One- Africa plan. And with Tura in the bag I think we have a pretty strong presence and footprint in West Africa as well.

Aashish Upganlawar: Could you put some ballpark numbers on how it's going to look for the South African operations because the numbers as of now are pretty big, the growth numbers?

Dalip Sehgal: No I would say we would continue to grow well.

Aashish Upganlawar: Secondly on the synergies that you see in terms of products that you can bring into India and from India to your overseas operations, any perspective on that?

Dalip Sehgal: Like I said those three brands are very ethnic African brands, clearly out of that Kinky at some point of time could have relevance in India. Interestingly the world over, actually in the west now, if you go to the U.K. or any of the European countries, there is a huge trend towards use to artificial hair for either wigs or extensions, so it's a fashion trend that seems to be catching up and I think it will come to India sooner or later. So that could be one possible area. As far as our own brands are concerned, I personally do think that there is a potential to look at some of our brands for the African continent.

Ashish Upganlawar: Anything from Megasari and Tura that suits the Indian markets?

Adi Godrej: Does not look like to right now because Megasari is in products where Godrej Sara Lee already is in. So our brands here of GoodKnight, Hit, are very strong, so it is unlikely. Coincidentally the brand in Indonesia is also Hit so that will give us some scale for the Hit brand globally. But it does not look like we will be able to bring any Megasari product, there could be, but once we start managing the company, many ideas come to the fore. But very clearly we could take some of our Indian businesses into Indonesia especially hair color. There is a strong possibility of taking it and we would like to study the possibilities.

Ashish Upganlawar: You have done quite a few acquisitions, one that remains in your entire strategy of acquisitions is Latin America and probably one product category is remaining, so is that market also being looked at for acquisitions?

Adi Godrej: Yes, we are looking at it and if we get suitable opportunities we would like to make acquisitions in Latin America, but from a category point of view we have made acquisitions in all three categories. In Indonesia it has been household care, in Nigeria it has been soap, and in South Africa it was hair, including hair color, so all the three categories have been covered. Among the geographies we have covered two of the three and you are right, we are yet to cover the third. So clearly our intention is if we get suitable acquisitions; but clearly we will weigh all opportunities of acquisitions very strongly from both the strategic and accretiveness point of view. We will not make acquisitions merely for the sake of getting to our strategy. The strategy is to get us into a very strong strategic and accretiveness position.

Q (Deutsche Equities): You have mentioned about expanding your balance sheet yesterday and that was an NCD plus an equity dilution. Typically in the past seven years you have actually never raised money without having some acquisition or some target in mind. Do we assume that the insecticide business of Sara Lee or any other acquisition has already been finalized and this money raising is going to fund that; or can we look at it as a building up of a war chest?

Adi Godrej: Two clarifications, we are not about to build a war chest. We will raise funds as and when required. We have both board and shareholder permission to rise upto 3,000 crore. We currently have about 300 crore on our balance sheet, or thereabouts. So we will use the cash first then we can raise considerable loans keeping our debt equity ration within 1:1. If we have to raise even further funds then the balance would be raised by half debt and half equity. But it will depend on what we need, based on acquisitions. So clearly we are not likely to raise funds in anticipation of acquisitions, we have the capability of raising funds at short notice if we need funds a little before we are able to raise equity, we could even take up short period bridge loan. So that's under control. So we do not expect to keep much cash on our balance.

Q: What are the chances that, that will come through in the next 6 months?

Adi Godrej: No I cannot comment on that. Things are under negotiation. It's very difficult to tell. As you know once they are negotiated they tend to be signed very rapidly after that and the first thing we have to do once it is signed is to inform the stock exchanges.

Percy Panthaki: A couple of questions on the international front and then I will move to domestic. Firstly, on international can you give us any idea on the size of Tura in term of its sales and some idea on its EBITDA margins? And secondly on Megasari, do you plan to take it out of Indonesia as well in the future?

Adi Godrej: Well unfortunately because of confidentiality reasons until we are able to consummate it, we cannot mention but Tura is a relatively small acquisition compared to Megasari. On Megasari most of its sales are in Indonesia, currently it has very small sales outside of Indonesia. After we take,it over we will

see whether there are opportunities for further export to the neighbouring ASEAN countries because ASEAN as you know is a free trade zone so you could export to other ASEAN countries without any import duties into this. So we will have to study this. Currently the business is mainly in Indonesia. The business outside of Indonesia is relatively small.

Percy Panthaki: On domestic, firstly I understand the reasons behind why the soaps was more or less flattish in Q4, that is the high base affect and stuff like that, but a hair color also was more or less flattish, if I am not mistaken and the reasons are not really clear as to why this has happened in Q4?

Adi Godrej: Before Dalip Sehgal answers that question, I would like to point out that one of the big reasons was the base affect. In the previous quarter we had a 27% growth. It was an exceptional growth based on both price increases as well as very strong demand there. Then the base affect hit us in this quarter to a certain extent and where we had high growths in 2009-2010 we had relatively low growths in 2008-2009. Dalip Sehgal you may want to add something.

Dalip Sehgal: Yes, I think there is some amount of base affect on both the categories, so if you go back to Q4 or FY09 our top line growth was upwards of 28% and our profit growth was upwards of 50%. So it was a very very strong quarter. As far as hair color is concerned, I think looking at the March shares its been one of our best months so competitively I think we are okay. But in India the supply chain in the distribution system is pretty complex and very elongated and I think at various points in time we do see ups and downs.

Percy Panthaki: My last question is on the domestic business overall. You have two large categories, which are soaps and hair colours. When you draw out your three year plan, do you plan to enter into any other category of sizable in nature maybe like shampoos or stuff like that?

Dalip Sehgal: I think we keep looking at opportunities and more than just the physical category, meaning shampoos or whatever, I think there are consumer need platforms that are emerging, Health & Hygiene being one of them. I think going forward that is something that we are building for the future. Now what categories can come into that we will have work out as we go forward. So there is obviously focus on what we currently have and believe me the potential for growth in both the categories is still large. We are looking at adjacencies, so if you look at deodorant, talcum powders I think those have also growth quite well. Similarly liquid detergents have a potential as well. So it's a question of looking at both, what we have today and building something for the future. What specific categories would those be, obviously one will have to evaluate them.

Percy Panthaki: You just said you will look at health & hygiene as one major platform.

Dalip Sehgal: That is right.

Percy Panthaki: Can you throw more light on it as to how organizationally you perceive this platform and very broad brush what opportunities, I am not asking you to point out which categories you are going to enter, but some sort of thought process which goes on at the organizational level?

Dalip Sehgal: I think if you look at personal care percy there are two broad platforms. One is beauty and the other is health and people have categories across brands cut it differently. So if you look at our current portfolio we have a very strong beauty brand in No 1 and we are strengthening that. If you look at Cinthol, it's on a freshness platform, so it's on the border line of what you would call health, deodarancy and freshness, but there is a huge segment and if you look at all the brands in that segment which is Health & Hygiene, all those brands have done extremely well over the last three years. So just pick up Nielsen, look at it across categories and you can see a trend across personal care and that's about functionality and that is about Health & Hygiene, not just in India but elsewhere as well. So what we need to do is balance our portfolio going forward. Like I said we have a pretty strong presence in beauty, how do we build a stronger presence in health, so that's really the internal construct we are thinking right now. And like you said what categories etc., we will have to see as we go forward.

Percy Panthaki: Ok sir thanks, all the best.

Naveen Trivedi : I want to know the thought process in acquiring these global companies as most of the FMCG companies are focusing on domestic market, largely focusing on rural segment. Our idea is as we have acquired five companies during last 4-5 years; largely focus is on outside India markets so what was the thought process of acquiring these companies. It has already pressurized our ROCE return issues, so want to know the logic.

Adi Godrej: Yes, we are very focused on the domestic markets. If you look at our domestic growth rate I think it's one of the highest in the FMCG sector. So we are extremely focused on the domestic market. We produce a lot of cash. We can deploy that cash very successfully for improving the earnings per share for our shareholders. We would look at inorganic growth first with opportunities in India, but there is not much in play for inorganic growth in India. The next opportunity is in the developing world which is very accretive. All our acquisitions have been extremely accretive, our earnings per share have increased because of the acquisitions, strategically they have been extremely useful. They are creating large value for shareholders. Now you asked about ROCE, yes, if we raise capital. We used to have ROCE in the triple digit, but if you want to maintain triple digit ROCEs we will lose a lot of opportunities. If we can earn money which is considerably higher than the cost of capital, it's good for the company. So to stick to a high ROCE would be a very bad policy. We run our company on the basis of EVA (Economic Value Added). If we see a strong opportunity to improve our EVA it adds tremendously to shareholder value created. There is a direct co-relation between EVA improvements and shareholder value creation. And we have we have demonstrated it by improving the EVA's we have created shareholder value. If you look

at our Earnings per Share they have improved dramatically. So try and stick to high ROCE to my mind would make poor financial sense.

Naveen Trivedi : I guess whenever we are investing in something we should focus largely on the return ratios?

Adi Godrej: I am willing to have a debated discussion with you on that offline.

Naveen Trivedi: My second question is the sustainability of the margins. Do you think that whatever margins at consolidated levels that we are doing are sustainable for coming years after Magasari?

Adi Godrej: Yes, if you look at the last few years our margins have varied from year-to-year, sometimes based on the commodity situation but by and large our margins have been around 20% and last year also the margin, I think in the year 2006, the margin was a little higher. So it depends on the commodity situation year-by-year, but this is a level of margin we think we can maintain. Also coincidentally we have a similar margin in Godrej Sara Lee and in the large acquisition in Indonesia. So that's about the margin level we think the consolidated numbers of the company can maintain.

Shirish Pardeshi: Reading from the charts which were being presented, we saw the category growth in soaps 8% and we have seen our growth is 17.5 and we have gained the incremental share of percentage point. Is it a thumb rule that if from now onwards if we have to grow another 1% we have to grow double the category? That's the first question. And if we have to say yes, does that mean that we will have an incremental pressure in terms of A&P spends because I now see that Levers is promoting Pears soap in the summers, so does that mean competitive pressure from ITC and from the other larger players. which will push us to spend more?

Adi Godrej: First of all arithmetically if the soap category is also 2% and we double it to 4% we won't add a percentage point a year. But I think what it means is we need to grow at approximately 10% points higher than the category growth to be able to add because we need to add about 10% to our share which is about 10 today. So that arithmetically can be calculated.

Dalip Sehgal: Also depends on, my own sense is that, even that one share point that Nielsen showed last year is probably underreported so if we grow at 17 market will grow at 8 but I don't think yes most specifically yes that is absolutely right and even if the market was at 3 we grow at 6 that's not going to lead to a 1% increase in market share. Shirish your second question was what?

Shirish Pardeshi: Second question is that you just mentioned that the STRs went up to 38 days. We have seen that there are a lot of big promotions.

Dalip Sehgal: Yes A&P spends

Shirish Pardeshi: STRs has gone up, what does it indicate?

Dalip Sehgal: What it indicates is increasing pressure in the market which is that if everybody is being trade promoting, consumer promoting heavily, four new brands, five new brands have come in all that will add to pressure in the retailer shelf. Remember that the Indian retailer is by and large unorganized and he sees the promos etc., he will buy. Couple of months down the road when he does not see too much of off take he will start figuring out what to do with it. So that's how it works. So he does not have a mechanism saying I have got 30 days. It is Nielsen which is measuring it but the trader would at the end of the day maybe it will take him a couple of months to realize that it's a slow moving stock and he will then start cutting down on his purchase. So that's the way he would do it. Your question was about A&P spends in the competitive market? As you saw this year we have increased our spends by about 50-60% over all and A&P including trade promotions is about 14% of sales. My sense is that it is roughly be at this level.

Shirish Pardeshi: So you mean to say it would continue at that level?

Dalip Sehgal: I think so yes.

Shirish Pardeshi: Okay. Lastly you have spoken about One Africa goal. When do we see the result of One Africa and what does it mean to us, is it that we will see the accelerated revenue growth and margin expansion or from the point of broad based distribution.

Dalip Sehgal: I think we are beginning to see that as well, even if you look at results in the second half of the year, I think they have been pretty good in Africa. But remember one thing in any geography if you are going to see a new category and a new brand it will take a bit of time. So One Africa is operational. We have one CEO now in South Africa, we have one management committee we used to have two and the entire thing is being driven as one. Let me give you one example of what the advantages could be. For example Modern Trade in South Africa is very large, Rapidol has a very strong relationship with Modern Trade in South Africa, Kinky did not and the reason for that was very simple because they used to sell only through their own outlets. Today the same modern trade sales head goes and sells both the categories, so he uses his relationships etc. to get the products listed and so on and so forth. So I think the synergies etc. are pretty big and robust as we go forward and I am sure we will see benefits.

Yasmin: My question mainly pertains to this change in management's appetite for acquisitions and why this rush for acquiring so many large companies in a very short duration. Don't you think it would have been a better strategy to wait and watch one after another? My second question pertains to impact what GST would have on your company as and when it comes, could you kind of quantify that?

Adi Godrej: I think when any suitable acquisitions come around it will be very difficult to do it one by one because then by the time we wait for the second one it might have been absorbed by somebody else. So I think

when there are opportunities we need to take them. Fortunately we are in a position to both provide the financial resources and the human resources for managing say two acquisitions at the same time. We typically retain the management in the country in which we acquire the business and add somewhere between one and four managers from India, so it's not a very major resource crunch that we face when we are acquiring a new company. And fortunately we have built ourselves into a strong financial position that we are able to handle more than one at a time. So I think it will be very viable. Maybe then for a couple of years there are no suitable opportunities then we may not acquire. For example, it's been two years since we acquired the Kinky business and we announced the Tura acquisition, immediately after that we were able to announce the Megasari acquisition. So these acquisitions tend to be studied for months on end, sometimes the seller is rather reluctant seller then he becomes a more willing seller. We may decide to study the company and the country in greater details before we make up our minds, so it does take a while.

Yasmin: hat would be the impact of GST?

Adi Godrej: I think it will be extremely positive on our company. I mentioned earlier that once the goods and services tax is establish we expect the average tax rate on consumer products to fall by about 5% points because everything would be subsumed including octroi, entry taxes etc., into the goods and services tax. That will certainly lead to higher consumption which in turn will lead to higher production, higher GDP growth and government revenues will rise. So the fiscal will be tremendously benefited by the GST implementation. So generally it will add tremendously to growth, but specifically for our company we do face competition from small players especially in our hair color business to a certain extent in the soap business and other businesses where the business model of some of the small players might be they evasion taxes. Now under GST that becomes extremely difficult because we evade tax at the manufacturing level. You will get caught at the distributor level or the wholesaler level or the retailer level. So unequal competition, unfair competition will be eliminated. I think our company will benefit. The organized sector will benefit. So I see once the GST is implemented it will be strongly beneficial to the economy which of course should benefit our company but specifically it should benefit our company because some of the unfair competition we face today would get by and large eliminated.

Yasmin: Continuing on GST, can you give some sense on what will happen to the backward area benefits?

Adi Godrej: I think they will be subsumed in the sense that they will continue, now how it is going to be in fact the draft documents provide for that, how exactly it will be implemented has to be seen. But the idea is that the present benefits will continue.

Dalip Sehgal: Another big benefit of GST is the fact that today all our supply chains, actually are artificially organized and architectured. You have to have one C&FA in every single state. So every company has 32-35 C&FAs.

Adi Godrej: Another benefit, I think that is estimated to 1-2% of sales for most companies.

Dalip Sehgal: That's right, so you will save enormously on logistics cost as well because it's all artificial in terms of boundaries and so on and so forth.

Q: My question is regarding the toilet soap business. Looking at the trends which are prevailing, particularly in the 4th Quarter of the last financial year, what is your outlook on the volume growth in particular about the toilet soap industry and what strategies GCPL is adopting to outgrow the industry.

Dalip Sehgal: I think as far as the industry is concerned, I think growth should pick up primarily because of the fact that as food inflation comes down and the rural economy will get a boost with a good crop coming in, the monsoon supposedly good as well, so that should help. So overall I think the growth will pick up. Now whether it will pick up this quarter or the next we will have to just wait and see. As far as we are concerned I think we are going ahead with the strategy that I outlined which is increased penetration in rural, grow aggressively on small packs, and build equity on both our key brands which is Cinthol and No 1.

Q: My next question is regarding the African business where in both Kinky and Rapidol have grown by more than 40%. I would like to know what exactly has led to this kind of growth and what is the probability of you sustaining these kinds of numbers in the future?

Dalip Sehgal: As far as the growth is concerned Kinky for example, one of the key reasons for growth has been expansion of the footprint of the brand. Like I said we used to sell only through our own stores, now we are selling through retail as well. Starting to export to other countries as well, so that has helped in the growth. We have also structurally done a bit of a change which is that we are focusing on higher margin wigs and products in our own stores, and leaving the lower margin, lower unit price products for retail, that helps the top line to grow faster. As far as Rapidol is concerned, I think again it's been a combination of a) the fact that our exports have been better, within the country I think the distribution has improved and the introduction of Renew has helped growth as well.

Adi Godrej: I think I might add one other point that the Rand has appreciated to the Rupee so the actual Rupee numbers are higher than than the Rand numbers. Just as in the U.K. it's the other way round because the Sterling has depreciated to the Rupee.

Dalip Sehgal: I think we had out of about 40 I think about teens digit would be forex. So balance would be underlying.

Q: In your export graph which you had shown there was a very sharp growth in exports so is it attributed to our sending products from India to some of the geographies in Africa and elsewhere?

Dalip Sehgal: This is exports, these are all Indian exports. So we have focused on neighboring countries like Sri Lanka, Bangladesh, Nepal where we had very good growths.

Adi Godrej: This also includes the additional exports to Africa, you are right. For example Rapidol has no powder colour technology, its only crème color. But we export in the Inecto brand from India powder colours and also in the Godrej brand to some countries but where Inecto is very strong it is in the Inecto brand. So that is also helped but of course to many other countries where we don't have local businesses. So it has been geography footprint and more categories in like I said 31 countries is what we export to and again potentially these are all big market. Bangladesh is a huge market.

Q: We don't have any number as of now of Tura acquisitions but I would like to know whether it will be EPS accretive like your other acquisition in the very first year?

Adi Godrej: Yes it will be EPS accretive in the first year itself.

Abneesh Roy: One is that in hair color after many years we have broken the trend of market share erosion and part of that answer would be distribution focus, innovation and also hair colour in different shades. In the presentation you said currently hair colour as a percentage of Expert Brand is currently small. Could you tell us in the next three to four year timeframe where do you see the shade percentage wise?

Dalip Sehgal: A good question. For the category as whole black is 85% because fortunately or unfortunately we are born with black hair. But as you go forward I think in the urban markets there is a trend especially among women to colour their hair other than black. As of today, the category composition is 80%-85% black and rest of it would be colours. But as you go forward especially in urban markets that percentage could be increased.

Abneesh Roy: Can you share numbers for your brand because for the industry it would be higher.

Dalip Sehgal: It is still below 10%.

Abneesh Roy: My second question is on Megasari acquisition price, you said in FY11, 10 to 11 months consolidation will happen, out of which I think almost 1.5 months are over. I think we are very close to the actual acquisition consummating. On the street we keep hearing different acquisition prices, could you give us the number in terms of acquisition price?

Adi Godrej: We have a confidentiality clause with the seller. Unfortunately you must understand the sellers are very sensitive about this kind of information from various points of view. So we have a

confidentiality agreement so unfortunately we cannot give out. That is why I gave you the approximate number or I would say a minimum number on the accretiveness of the acquisition.

Abneesh Roy: Can you share that post consolidation?

Adi Godrej: I don't think we will ever, because it is confidentiality to be preserved so I don't think we will be able to share but once we consolidated the numbers people will be able to calculate backwards.

P Ganesh: I would just like to add that when our balance sheet comes out at the end of the next year may be some of you may be able to work it out.

Abhijeet Kundu: I have a question on your soaps portfolio. Especially the expansion of market share we have seen in soaps, has there been any contribution coming from Cinthol one, and second is in the Health & Hygiene platform that you plan to expand going ahead, how important would be Cinthol as a brand?

Dalip Sehgal: First to answer your question the share on Cinthol has also moved up so it is both No 1 and Cinthol.

Adi Godrej: The Cinthol growth has been higher than No 1 growth.

Dalip Sehgal: The franchise as a whole has grown upwards of 25%. So growth has been there. As far as Cinthol's role in Health & Hygiene is concerned I think it is a very focused brand on freshness and deodarancy and we must retain that position. We must not in any way take it into an area which is more germ kill, etc., I think that should be left to protekt.

Abhijeet Kundu: Eventually in South the basic Cinthol product has been identified with hygiene and healthcare

Dalip Sehgal: That is right. It is not Health & Hygiene, it is more skin care and if you look at the new advertising that we have in Tamil Nadu it is all buildings the skin care credentials. So it is seen as good for skin.

Aniruddha Joshi: When can we see the operational merger of Godrej Consumer and Godrej Sara Lee. My second question is on the policy for goodwill write-off after so many acquisitions?

Adi Godrej: To answer your first question I don't know. To answer your second question there is no need to write-off goodwill if you are buying the shares of a company internationally there is no requirement for goodwill write-off because your shares go into your balance sheet. It is only when you merge businesses

or you buy a brand does the goodwill write-off require but end of the new IFRS rules, no goodwill write-off will be required only impairment will have to be looked at so if you have a brand there is no brand write-off or goodwill write-off required, but if there is any impairment on the goodwill or the brand then that will have to be provided for.

Arjun Khanna: A bit belated congratulations on good set of numbers. My question is more towards your GSL. Can you give us some colour in terms of its breakup especially in the mosquito coil business, in terms of revenues and growth in profits?

Adi Godrej: It is roughly 85% of its revenues comes from household insecticides. And roughly 15% comes from other categories. The other categories are licensed brands of Sara Lee where we have license we pay a royalty to Sara Lee Corporation. The household insecticide brand are owned by the joint venture, originally in the joint venture before Sara Lee came as a partner. So approximately it is 85-50.

Arjun Khanna: In the sense that Ambi Pur has gone to Procter & Gamble and Brylcreem and Kiwi with Unilever, I understand we have 25 months of exclusivity of these brands in India have there been any negotiations in terms of transfer to these brands to these companies?

Adi Godrej: No I think even the international business has not yet been taken over by either of the companies. They are going through the various EEC procedures which are quite long. Sometimes we think India is bureaucratic but there is a lot of bureaucracy in other countries. So whilst the deal has been announced a long time ago it has not yet been taken over by the new buyers. It is still being run by Sara Lee Corporation. As and when it is done then we will have to face the issue.

Arjun Khanna: So if I understand correctly we have a three year exclusivity even post the transfer so that has not yet started till date

Adi Godrej: It is a complicated arrangement. I don't think I can explain it across the table but as and when the licensing of the brand ends for whatever reason there are various clauses then the value of the brand in India as measured by a formula is to be provided to the company. So even when it ends it will be something like a forced sell, not a discontinuance of something.

Arjun Khanna: So, have we been investing in these brands?

Adi Godrej: Yes.

Arjun Khanna: The next question was in terms of Snuggy we had a joint venture we have taken over 100% you did mention a kind of foray into the Health & Hygiene path, where do you intend to take this brand or is it for sale or any other updates on the same?

Adi Godrej: The joint venture has been closed. We have bought over the shares of the joint venture partner. Snuggy stays in the company as a subsidiary. Snuggy is a part of that 100% subsidiary now and Snuggy is strong in a couple of states in India which we continue. But I would say the paper products would not be a very core sector for us. So if there are opportunities we will take a look either for growth or whatever so I would not say it is a very core sector for us as of now. But it has just taken place; we have to study best how we can take this further.

Arjun Khanna: Lastly if you could just throw some color on the growth of the premium segment of the hair colour market. We haven't been present in that and there has been lot of talk of us launching a new brand or strengthening our portfolio in that segment if you could throw some light on that.

Dalip Sehgal: I think the top-end of the market over the years has actually grown faster than the recent market. But if you look at the last couple of quarters, the growth in powders as well has been very strong. Going forward like you said the intent is to have a presence in that segment, a strong presence whether it is a new brand or not that I won't comment on.