

FINANCIALS

Independent Auditors' Report

TO THE MEMBERS OF GODREJ CONSUMER PRODUCTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **GODREJ CONSUMER PRODUCTS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013, of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profits of the Company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note 13(b) to the Financial Statements for the year ended March 31, 2014, regarding the Scheme of Amalgamation of the erstwhile Godrej Household Products Limited with the Company approved by The Hon'ble High Court of Judicature at Bombay, whereby an amount of ₹ 52.75 crore for the year ended March 31, 2014, equivalent to the amortisation of the Goodknight and Hit Brands is directly debited to the General Reserve Account instead of debiting the same to the Statement of Profit and Loss. Had this amount been charged to the Statement of Profit and Loss, the profit for the year ended March 31, 2014, would have been lower by ₹ 52.75 crore and the General Reserve would have been higher by ₹ 52.75 crore.

Our opinion is not qualified in respect of this matter.

Independent Auditors' Report

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with the General Circular 15/2013 dated September 13, 2013, of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e) On the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

Firm Regn. No.: 104607W

ROSHNI MARFATIA
PARTNER

M. No.: 106548

Mumbai: April 28, 2014.

Annexure to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirements' of our report of even date:

1. Fixed Assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies reported on such verification are not material and have been properly dealt with in the books of account.
- c) In our opinion, there have been no significant disposals of fixed assets during the year which affect the going concern assumption.

2. Inventory:

- a) The Management has conducted physical verification of inventory (excluding stocks lying with third parties) at reasonable intervals. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on verification between the physical stocks and the book records.

3. Loans and Advances:

The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.

5. Transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956:

- a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 500,000 in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A, 58AA, or any other relevant provisions of the Companies Act, 1956 and the rules framed there under. No order has been passed by the Company Law Board, or National Company Law Tribunal, or Reserve Bank of India, or any Court, or any other Tribunal.

7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

8. We have broadly reviewed the books of account and records maintained by the Company in respect of manufacture of products covered under the Rules made by the Central Government for maintenance of cost records, under section 209(l)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and

Annexure to the Independent Auditors' Report

records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. Statutory Dues

- a) According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues, including dues pertaining to Investor Education and Protection Fund, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and any other statutory dues with the appropriate authorities. We have been informed that there are no undisputed dues which have remained outstanding as at the end of the financial year, for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty or cess outstanding on account of any dispute, other than the following:

Name of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Rate differences on account of soap scrap.	6,154,000	2000-04	CESTAT
Central Excise Act, 1944	Duty on one to one correlation in terms of excisable material purchased and cleared final product with reference to the said material wherein the benefit under notification No. 32 of 99, availed	1,912,132 3,651,495	2002-04 2000-03	Supreme Court of India Supreme Court of India
	Valuation of Soap Noodles for stock supplied by Malanpur factory to Himachal Pradesh factories	155,393,836	2007-08 to 2010 - 11	Appellate Tribunal
	Valuation of mosquito repellent refills to EMOX by GCPL	55,307,174	2008 - 12	CESTAT
	Foreign Payment Service Tax not paid on Royalty.	27,167,930	2004-08	Commissioner of Central Excise (Appeals)
	Input Service tax Distribution Credit availed	1,609,987	2006-08	Commissioner of Central Excise (Appeals)
	Advertisement Service - Credit Availed As Input	1,418,981	2008-09	Commissioner of Central Excise (Appeals)
	Excise duty in dispute	1,755,920 86,115	2009-10 2002-03	Commissioner of Central Excise (Appeals)
	Availment of Cenvat Credit on goods received against EMOX.	64,146,884	2007 - 2008	CESTAT
	Cenvat Credit availed on GTA	2,475,925	2006-08	Tribunal
	CENVAT credit on input services availed based on the invoices issued by suppliers to the branches prior to registration.	543,416	2007-08 to 2011 - 12	Commissioner of Central Excise (Appeals)
Central Excise Act, 1944	Allegations of non-manufacturing of shoe polish brush	6,174,082	2007- 12	Commissioner of Central Excise (Appeals)
	Others	100,000	1996-99	Assistant Commissioner
		333,526	2006-07	CESTAT
		976,000	2007-08	CESTAT
		236,000	2007-09	CESTAT
		28,000	2007-09	CESTAT
		212,528	2007-08	Sales Tax Authority
		141,191	2008-09	CESTAT
		221,133	2004	Commissioner of Central Excise (Appeals)
		877,690	2006-07	CESTAT

Annexure to the Independent Auditors' Report

Name of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending	
Central Sales Tax Act, 1956 and VAT Acts of various states	Interest on sales tax dues.	1,207,000	2001-02	Chennai High Court	
	Sales Tax Dues	1,757,925	2006-07	Joint Commissioner (A)	
	Sales Tax Dues	10,641,000	2004-05	Appellate Revision Board	
	Sales Tax Dues on account of Classification Head	39,157,279	2006-07 2007-08 2008-09	Jaipur High Court	
	Sales Tax Dues on account of Classification Head	6,340,450	2003-04 2004-05 2005-06	Supreme Court	
	Sales Tax Dues	6,600,000	2005-06	Appellate Revision Board	
	Sales Tax Dues on account of Classification Head	4,947,927	2000-01	Bihar Tribunal	
Central Sales Tax Act, 1956 and VAT Acts of various states	Sales Tax Dues on account of Classification Head	1,026,013	2000-01	Assessing Authority	
	Sales Tax Dues on account of Classification Head	25,809,827	2010-11	Andhra Pradesh High Court	
	Sales Tax Dues on account of Classification Head	22,449,405	2009-10	Andhra Pradesh High Court	
	Sales Tax Dues on account of Classification Head	16,838,252	2007-08	Allahabad High Court	
	Sales Tax Dues	11,693,000	2006-07	Deputy Commissioner	
	Sales Tax Dues on account of Classification Head	16,580,938	2005-06 2006-07 2007-08 2008-09	Andhra Pradesh High Court	
	Sales Tax Dues on account of Classification Head	9,044,088	2005-06 2006-07 2007-08 2008-09	Andhra Pradesh High Court	
	Sales Tax Dues on account of Classification Head	7,171,983	2001-02	Bihar Tribunal	
	Sales Tax Dues on account of Classification Head	1,837,713	2001-02	Assessing Authority	
	Sales Tax Dues	6,935,724	2002-03 2003-04 2004-05	Assessing Authority	
	Sales Tax Dues on account of Classification Head	3,607,688	2002-03	Bihar Tribunal	
	Non Submission of Form F	1,268,683	2004-05	Uttar Pradesh Tribunal	
	Sales Tax Dues	1,000,585	2005-2008 2003-04	Orissa Tribunal	
	Sales Tax Dues	1,286,664	2003-04	Deputy Commissioner (A)	
	Central Sales Tax Act, 1956 and VAT Acts of various states	Sales Tax Dues	1,567,028	2004-05 2005-06 2006-07	Deputy Commissioner (A)
		Sales Tax Dues	1,465,192	2005-06	Joint Commissioner (A)
Sales Tax Dues		958,784	2005-06 2006-07	Deputy Commissioner (A)	
Sales Tax Dues		3,073,427	2009-10	Assessing Authority	
Sales Tax Dues		228,973,669	2010-12	Orissa Tribunal	
Sales Tax Dues		86,380,815	2010-12	Orissa Tribunal	
Sales Tax Dues on account of Classification Head		27,155,975	2012-14	Gujarat Tribunal	
Sales Tax Dues		63,651,140	2011-13	Andhra Pradesh High Court	
Others		18,736,205	2002-2014	Uttar Pradesh Tribunal, Deputy Commissioner (A), Commissioner of Commercial Taxes, Addt Commissioner (A), Jammu Tribunal, Assessing Authority, Madhya Pradesh High Court, Joint Commissioner (A), Delhi Tribunal, West Bengal Tribunal, Addl. Commissioner (A), Mohali.	

Annexure to the Independent Auditors' Report

Name of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Appeal against order of regular assessment u/s 143(3) of the Act.	348,000	Assessment Year 2003-04	Income - tax Appellate Tribunal
	Demand based on the order of regular assessment u/s 143(3) of the Act.	8,101,490	Assessment Year 2009-10	Income - tax Appellate Tribunal
Income-tax Act, 1961	Income-tax in dispute pertaining to erstwhile Godrej Household Products Limited.	3,266,327	Assessment Year 2005-06	CIT (Appeal)
		4,658	Assessment Year 2006-07	Income - tax Appellate Tribunal
		2,534,092	Assessment Year 2007-08	Income - tax Appellate Tribunal
		109,478,059	Assessment Year 2009-10	Income - tax Appellate Tribunal

10. The Company does not have accumulated losses as at the end of the financial year, nor has it incurred cash losses in the current financial year, or in the immediately preceding financial year.
11. According to the information and explanations given to us and based on the documents and records produced before us, there has been no default in repayment of dues to banks or debenture holders. There are no dues to financial institutions.
12. According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
14. The Company does not deal or trade in shares, securities, debentures and other investments.
15. According to the information and explanations given to us and the records examined by us, the terms and conditions of guarantees given by the Company for loans taken by its subsidiaries from banks are not prima facie prejudicial to the interest of the Company.
16. According to the information and explanations given to us and the records examined by us, on an overall basis, the Company has not availed of any term loan.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Cash Flow Statement and other records examined by us, the Company has used funds raised on short term basis for long term investment to the extent of ₹ 118.64 crore. This is primarily on account of funds available from trade credit being applied towards non-current assets as the Company operates on negative working capital.
18. The Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed by us, to the best of our knowledge and belief and according to the information and explanations given to us by the Management, no fraud on, or by the company, has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
 Firm Regn. No.: 104607W

ROSHNI MARFATIA
PARTNER
 M. No.: 106548

Mumbai: April 28, 2014.

Balance Sheet as at March 31, 2014

₹ Crore

	Note No.	Current Year	Previous Year
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital	3	34.04	34.03
(b) Reserves and Surplus	4	2990.32	2727.07
		3024.36	2761.10
2. Non-Current Liabilities			
(a) Long-term Borrowings	5	-	260.22
(b) Deferred Tax Liabilities (Net)	6	1.64	4.59
(c) Other Long-term Liabilities	7	3.79	4.42
(d) Long-term Provisions	8	4.24	4.90
		9.67	274.13
3. Current Liabilities			
(a) Short-term Borrowings	9	0.88	0.60
(b) Trade Payables	10	797.63	666.53
(c) Other Current Liabilities	11	623.27	359.57
(d) Short-term Provisions	12	30.24	26.45
		1452.02	1053.15
TOTAL		4486.05	4088.38
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets	13		
(i) Tangible Assets		237.24	225.69
(ii) Intangible Assets		867.85	920.14
(iii) Capital Work-in-Progress		147.99	121.10
		1253.08	1266.93
(b) Non-Current Investments	14	2064.99	1450.05
(c) Long-term Loans and Advances	15	117.84	167.50
(d) Other Non-Current Assets	16	1.44	-
2. Current Assets			
(a) Current Investments	17	102.00	120.00
(b) Inventories	18	493.57	536.37
(c) Trade Receivables	19	139.26	122.13
(d) Cash and Bank Balances	20	205.26	340.55
(e) Short-term Loans and Advances	21	107.63	82.05
(f) Other Current Assets	22	0.98	2.80
		1048.70	1203.90
TOTAL		4486.05	4088.38
Notes to the Financial Statements	1 to 46		

The Notes referred to above form an integral part of the Financial Statements

As per our Report attached

Signatures to the Financial Statements and Notes

For and on behalf of

Kalyaniwalla & Mistry

Chartered Accountants

Firm Regn No. 104607W

For and on behalf of the Board

Adi Godrej

Chairman

Roshni Marfatia

Partner

M. No. 106548

Mumbai: April 28, 2014

P. Ganesh

Executive Vice-President

(Finance & Commercial)

and Company Secretary

Vivek Gambhir

Managing Director

Statement of Profit and Loss for the year ended March 31, 2014

₹ Crore

	Note No.	Current Year	Previous Year
I Revenue from Operations			
Revenue from Operations (Gross)	25	4300.37	3789.13
Less : Excise Duty		(220.53)	(208.11)
		4079.84	3581.02
II Other Income	26	40.00	50.65
III Total Revenue (I + II)		4119.84	3631.67
IV Expenses			
Cost of Raw Materials including Packing Material Consumed	27	1635.22	1587.49
Purchases of Stock-in-Trade		242.48	296.45
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	28	62.09	(116.91)
Employee Benefits Expenses	29	200.41	165.56
Finance Costs	30	38.52	15.49
Depreciation and Amortization Expenses		35.52	32.27
Other Expenses	31	1192.61	1018.36
Total Expenses		3406.85	2998.71
V Profit Before Tax (III-IV)		712.99	632.96
VI Tax Expense			
(1) Current Tax		151.10	128.28
(2) Deferred Tax		(2.95)	(6.26)
		148.15	122.02
VII Profit for the Year (V-VI)		564.84	510.94
VIII Earnings per Equity Share (Face Value ₹ 1)	32		
(1) Basic (₹)		16.60	15.01
(2) Diluted (₹)		16.59	15.01
Notes to the Financial Statements	1 to 46		

The Notes referred to above form an integral part of the Financial Statements

As per our Report attached

Signatures to the Financial Statements and Notes

For and on behalf of
Kalyaniwalla & Mistry
 Chartered Accountants
 Firm Regn No. 104607W

For and on behalf of the Board
Adi Godrej
 Chairman

Roshni Marfatia
 Partner
 M. No. 106548

P. Ganesh
 Executive Vice-President
 (Finance & Commercial)
 and Company Secretary

Vivek Gambhir
 Managing Director

Mumbai: April 28, 2014

Cash Flow Statement for the year ended March 31, 2014

	Current Year	Previous Year
₹ Crore		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	712.99	632.96
Adjustments for:		
Non-Cash Items		
Depreciation and Amortization Expenses	35.52	32.27
Unrealised Foreign Exchange (Gain) / Loss	0.16	(6.22)
Bad Debts Written off	0.14	0.21
Provision / (Write-back) for Doubtful Debts / Advances	7.33	5.05
Provision for Non Moving Inventory	0.70	3.32
Write in of Old Balances	(1.35)	(1.77)
Expenses on ESGs	3.13	2.12
Interest Expense	38.52	15.49
(Profit) / Loss on Fixed Assets Sold / Discarded (Net)	(3.57)	2.21
(Profit) / Loss on Sale of Investments (Net)	(12.37)	(8.15)
Interest Income	(20.48)	(26.64)
Dividend Income	(0.19)	(13.41)
	47.54	4.48
Operating Cash Flows Before Working Capital Changes	760.53	637.44
Adjustments for:		
Inventories	45.04	(106.65)
Trade Receivables	(23.82)	(27.48)
Loans and Advances	(30.86)	2.25
Other Assets	(5.07)	0.62
Liabilities and Provisions	165.22	197.55
	150.51	66.29
Cash Generated from Operations	911.04	703.73
Adjustment for:		
Direct Taxes Paid	(148.03)	(131.18)
Net Cash Flow from Operating Activities	763.01	572.55
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(71.79)	(160.92)
Sale of Fixed Assets	7.45	0.36
Investments in Mutual Funds (Net)	30.37	(48.35)
Investments in Fixed Deposits (Net)	42.72	79.16
Investments in Subsidiaries (Net)	(600.50)	(255.90)
Investments in Associate Company	(34.32)	-
Repayment of Loan by ESOP Trust	46.95	18.08
Dividend Received	0.19	13.41
Interest Received	25.78	45.91
Net Cash Flow from Investing Activities	(553.15)	(308.25)

Cash Flow Statement for the year ended March 31, 2014

	Current Year	Previous Year
₹ Crore		
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Allotment of Equity Shares under ESGs *	0.01	0.00
Issue of Debentures (Net of Expenses)	-	299.28
Redemption of Debentures (including Premium on Redemption)	(50.00)	(249.89)
Repayment of Sales Tax Deferral Loan	(0.03)	(0.07)
Short-term Borrowings (Net)	(3.45)	-
Cash Credits (Net)	(2.80)	(1.59)
Interest Paid	(46.06)	(11.01)
Dividend Paid	(170.15)	(161.67)
Dividend Tax Paid	(28.92)	(26.22)
Net Cash Flow from Financing Activities	(301.40)	(151.17)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(91.54)	113.13
CASH AND CASH EQUIVALENTS:		
AS AT THE BEGINNING	241.60	128.47
ACQUIRED PURSUANT TO THE SCHEME OF AMALGAMATION *	0.00	-
AS AT THE ENDING		
Cash and Bank Balances	150.60	241.09
Unrealised Foreign Exchange Restatement in Cash and Cash Equivalents	(0.54)	0.51
	150.06	241.60
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(91.54)	113.13

* amount less than ₹ 0.01 crore

As per our Report attached

For and on behalf of
Kalyaniwalla & Mistry
 Chartered Accountants
 Firm Regn No. 104607W

Roshni Marfatia
 Partner
 M. No. 106548

Mumbai: April 28, 2014

P. Ganesh
 Executive Vice-President
 (Finance & Commercial)
 and Company Secretary

Signatures to the Cash Flow Statement

For and on behalf of the Board
Adi Godrej
 Chairman

Vivek Gambhir
 Managing Director

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 1 : COMPANY OVERVIEW

Godrej Consumer Products Limited (the Company) was incorporated on November 29, 2000, to take over as a going concern the consumer products business of Godrej Soaps Limited (subsequently renamed as Godrej Industries Limited), pursuant to a Scheme of Arrangement as approved by the High Court, Mumbai. The Company is a focused fast moving consumer goods company, manufacturing and marketing Household and Personal Care products. The Company is domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Convention

The financial statements are prepared under the historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India, the applicable Accounting Standards notified under Section 211(3c) of the Companies Act, 1956 and specified in the Companies (Accounting Standard) Rules read with the General Circular No. 15/2013 dated September 12, 2013 issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, pronouncements of the Institute of Chartered Accountants of India, and the provisions of the Companies Act, 1956 and the applicable sections of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria's set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of the products and the time taken between acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current.

b. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

c. Fixed Assets

Fixed Assets are stated at cost of acquisition or construction, less accumulated depreciation and impairment, if any. Cost includes all expenses related to acquisition and installation of the concerned assets and excludes any duties / taxes recoverable and capital subsidy / grant received. Subsequent expenditure incurred on existing fixed assets is expensed out except where such expenditure increases the future economic benefits from the existing assets.

Direct financing cost incurred during the construction period on major projects is also capitalised.

Fixed assets acquired under finance lease are capitalised at the lower of their fair value and the present value of the minimum lease payments.

Items of fixed assets that have been retired from active use and are held for disposal are shown separately in the financial statement as Assets held for Sale under 'Other Current Assets'. Any expected loss on account of difference between book value and realisable value, is recognised immediately in the Statement of Profit and Loss.

d. Asset Impairment

Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value of the Asset exceeds its recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss, if any, is recognised in the period in which the impairment takes place.

Notes to the Financial Statements for the year ended March 31, 2014

e. Operating Leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

f. Investments

Investments are classified into current and non-current investments. Investments intended to be held for a period less than twelve months or those maturing within twelve months from the balance sheet date are classified as 'Current Investments'.

Investments other than Current Investments are classified as 'Non-Current Investments'.

Current Investments are stated at lower of cost and net realisable value. Non-Current Investments are carried at cost. Cost of acquisition includes all costs directly incurred on the acquisition of the investment. Provision for diminution, if any, in the value of Non-Current investments is made to recognise a decline, other than of a temporary nature.

g. Inventories

Inventories are valued at lower of cost and estimated net realizable value. Cost is computed on the weighted average basis and is net of CENVAT. Finished goods and work-in-progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Finished goods valuation also includes excise duty. Provision is made for cost of obsolescence and other anticipated losses, whenever considered necessary.

h. Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No Provision is recognised for –

- i) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- ii) Any present obligation that arises from past events but is not recognised because-
 - a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - b) A reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed periodically and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realized.

i. Revenue Recognition

- i) Sales are recognised on supply of goods when significant risks and rewards of ownership in the goods are transferred to the buyer. Sales are recorded net of returns, trade discounts, rebates, sales taxes and excise duties.
- ii) Income from processing operations is recognised on completion of production / dispatch of the goods, as may be provided in the terms of contract.
- iii) Dividend income is recognised when the right to receive the same is established.
- iv) Interest income is recognised on a time proportion basis.

Notes to the Financial Statements for the year ended March 31, 2014

j. Expenditure

- Expenses are accounted for on accrual basis, net of recoveries, if any and provision is made for all known losses and liabilities.
- Revenue expenditure on research and development is charged to the Statement of Profit and Loss of the year in which it is incurred. Capital expenditure incurred during the year on research and development is shown as addition to fixed assets.

k. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is put to use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

l. Foreign Currency Transactions

- i) Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency remaining unsettled at the period end are translated at the period end exchange rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions are recognised in the Statement of Profit and Loss.
- ii) Forward exchange contracts, remaining unsettled at the period end, backed by underlying assets or liabilities are also translated at period end exchange rates. Premium or discount on forward foreign exchange contracts is amortised over the period of the contract and recognised as income or expense for the period. Realised gain or losses on cancellation of forward exchange contracts are recognised in the Statement of Profit and Loss of the period in which they are cancelled.
- iii) Non Monetary foreign currency items like investments in foreign subsidiaries are carried at cost and expressed in Indian currency at the rate of exchange prevailing at the time of making the original investment.
- iv) Exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the year insofar as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term asset or liability, by recognising as income or expense in each such periods.

m. Hedging

The Company uses forward exchange contracts to hedge its foreign exchange exposures. Gains or losses on settled contracts are recognised in the Statement of Profit and Loss.

n. Employee Benefits

i) Short-term Employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, performance incentives, etc., are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the employee renders the related service.

ii) Post Employment Benefits

a) Defined Contribution Plans

Payments made to a defined contribution plan such as Provident Fund maintained with Regional Provident Fund Office and Superannuation Fund are charged as an expense in the Statement of Profit and Loss as they fall due.

Notes to the Financial Statements for the year ended March 31, 2014

b) Defined Benefit Plans

Gratuity Fund

The Company's liability towards gratuity to past employees is determined using the Projected Unit Credit Method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Securities where the currency and terms of the Government Securities are consistent with the currency and estimate terms of the defined benefit obligations.

Provident Fund

Provident Fund Contributions other than those made to the Regional Provident Fund Office of the Government which are made to the Trust administered by the Company are considered as Defined Benefit Plans. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company.

c) Other Long Term Employee Benefits

Other Long Term Employee Benefits viz., leave encashment and long service bonus are recognised as an expense in the Statement of Profit and Loss as and when it accrues. The Company determines the liability using the Projected Unit Credit Method, with the actuarial valuation carried out as at the Balance Sheet date. Actuarial gains and losses in respect of such benefits are charged to the Statement of Profit and Loss.

o. Incentive Plans

The Company has a scheme of Performance Linked Variable Remuneration (PLVR) which rewards its employees based on Economic Value Addition (EVA). The PLVR amount is related to actual improvements made in EVA over the previous year when compared with expected improvements.

Up to March 31, 2009, the EVA awards would flow through a notional bank whereby only the prescribed portion of the bank is distributed each year and the balance is carried forward. The amount distributed out of the notional bank is charged to the Statement of Profit and Loss.

The notional bank was held at risk and charged to EVA of future years and was payable at that time, if future performance so warranted. The notional bank balance accumulated till March 31, 2009, as at the beginning of the current year is being paid @ 33% every year on reducing balance. The entire EVA award for the year has been charged to the Statement of Profit and Loss.

p. Depreciation and Amortisation

Tangible Assets

- i) Leasehold land is amortised equally over the lease period.
- ii) Leasehold Improvements are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the assets.
- iii) Depreciation is provided, pro rata to the period of use, under the Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956 or higher, e.g.:
 - a) In case of computer hardware which is depreciated over 4 years.
 - b) Tools, dies and moulds acquired are depreciated over a period of 9 years and 3½ years respectively.

Notes to the Financial Statements for the year ended March 31, 2014

- c) Vehicles are depreciated over a period ranging from 5 years to 10½ years depending on the use of vehicles.
- iv) Assets costing less than ₹ 5,000 are depreciated at 100% in the year of acquisition.

Intangible Assets

Intangible assets are amortised on straight line basis as given below:

- i) Software license is amortised over a period of 6 years.
- ii) SAP licenses acquired pursuant to the Scheme of the Amalgamation of the erstwhile Godrej Household Products Limited (GHPL) with the Company are amortised over a period of 4 years and Trademarks acquired are amortised equally over the best estimate of their useful life not exceeding a period of 10 years, except in the case of Goodknight and Hit brands where the brands are amortised equally over a period of 20 years.
- iii) In accordance with the Court order approving the Scheme of Amalgamation of the erstwhile GHPL with the Company, an amount equivalent to the amortisation of the Goodknight and Hit brands at the end of each financial year is directly debited to the balance in the General Reserve Account.
- iv) The cost of SAP licenses incurred for subsidiaries are being recovered from respective subsidiaries.
- v) Goodwill is amortised over a period of 5 years.
- vi) Technical Know how is depreciated over a period of 10 years

q. Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax subject to consideration of prudence, is recognised on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset / liabilities in respect of on timing differences which originate and reverse during the tax holiday period are not recognised. Deferred tax assets / liabilities in respect of timing differences that originate during the tax holiday period but reverse after the tax holiday period are recognised. Deferred tax assets on unabsorbed tax losses and tax depreciation are recognised only to the extent that there is virtual certainty supported by convincing evidence of their realisation and on other items when there is reasonable certainty of realisation. The tax effect is calculated on the accumulated timing differences at the year end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

r. Cash and Cash Equivalents

In the Cash Flow Statement, Cash and Cash Equivalents includes cash in hand, bank balances and term deposits with bank having maturity term of less than three months.

s. Earnings Per Share

Basic Earnings per share is calculated by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

t. Segment Reporting

The Company is considered to be a single segment company – engaged in the manufacture of Personal and Household Care products. Consequently, the Company has, in its primary segment, only one reportable business segment. As per AS-17 'Segment Reporting' if a single financial report contains both consolidated financial statements and the separate financial statement of the parent, segment information need be presented only on the basis of the consolidated financial statements. Accordingly, information required to be presented under AS-17 Segment Reporting has been given in the consolidated financial statements.

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 3 : SHARE CAPITAL

₹ Crore

	Current Year	Previous Year
Authorised		
410,000,000 Equity Shares (<i>previous year 410,000,000</i>) of ₹ 1 each	41.00	41.00
10,000,000 Preference Shares (<i>previous year 10,000,000</i>) of ₹ 1 each	1.00	1.00
Issued		
340,409,434 Equity Shares (<i>previous year 340,358,049</i>) of ₹ 1 each	34.04	34.04
Subscribed and Fully Paid up		
340,378,310 Equity Shares (<i>previous year 340,326,925</i>) of ₹ 1 each fully paid up	34.04	34.03
TOTAL	34.04	34.03

NOTES:

- a) During the year, the Company has issued 51,385 equity shares (*previous year 29,464*) under the Employee Stock Grant Scheme.
- b) 31,124 Right Issue equity shares (*previous year 31,124 equity shares*) are kept in abeyance due to various suits filed in courts / forums by third parties for which final order is awaited.
- c) **Terms / rights attached to equity shares**
The Company has issued only one class of equity shares having a par value of ₹ 1 each. Each equity shareholder is entitled to one vote per share.
During the year ended March 31, 2014 the amount of per share dividend recognised as distribution to equity shareholders was ₹ 5.25 (*previous year: ₹ 5.00*).
- d) **The reconciliation of number of equity shares outstanding and the amount of share capital:**

	Current Year		Previous Year	
	No. of Shares	₹ Crore	No. of Shares	₹ Crore
Shares outstanding at the beginning of the year	340,326,925	34.03	340,297,461	34.03
Add : Shares Issued during the year *	51,385	0.01	29,464	0.00
Shares outstanding at the end of the year	340,378,310	34.04	340,326,925	34.03

* amount less than ₹ 0.01 crore

e) Shareholders holding more than 5% shares in the Company:

Name of the Shareholder	Current Year		Previous Year	
	No. of Shares	% held	No. of Shares	% held
Holding Company				
Godrej & Boyce Manufacturing Co. Ltd.	122,411,815	35.97%	123,561,815	36.31%
Subsidiary of Holding Company				
Godrej Industries Limited	77,029,620	22.63%	73,659,620	21.64%

f) Shares Reserved for issue under options

The Company has 134,364 (*previous year 126,193*) equity shares reserved for issue under Employee Stock Grant Scheme as at March 31, 2014. (*As detailed in Note 45*).

g) Aggregate no. of Equity shares during the five years immediately preceding the date of Balance Sheet:

	Current Year	Previous Year
	No. of Shares	No. of Shares
Allotted as fully paid up pursuant to contract without payment being received in cash	51,236,136	51,236,136
Shares Bought Back	-	1,122,484

- h) There are no calls unpaid on equity shares other than Rights shares kept in abeyance as mentioned in Note (b) above.
- i) No equity shares have been forfeited.

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 4 : RESERVES AND SURPLUS

	₹ Crore	
	Current Year	Previous Year
1. CAPITAL INVESTMENT SUBSIDY RESERVE		
Balance as per last financial statements	0.15	0.15
2. CAPITAL REDEMPTION RESERVE		
Balance as per last financial statements	1.46	1.46
3. SECURITIES PREMIUM ACCOUNT		
Balance as per last financial statements	1483.65	1508.08
(+) Premium Received on Allotment of Shares	2.38	1.11
(-) Expenses on Issue of Debentures	(0.02)	(0.72)
(-) Premium on Redemption of Debentures	(24.45)	(24.82)
Closing Balance	1461.56	1483.65
4. DEBENTURE REDEMPTION RESERVE		
Balance as per last financial statements	21.25	7.13
(+) Transfer from Surplus	23.53	21.25
(-) Transfer to General Reserve	-	(7.13)
Closing Balance	44.78	21.25
5. EMPLOYEE SHARE OPTIONS OUTSTANDING		
Gross Employee Compensation for Options granted	8.92	6.08
(-) Deferred Employee Compensation Expense	(3.68)	(2.58)
Closing Balance	5.24	3.50
6. GENERAL RESERVE		
Balance as per last financial statements	206.97	201.46
(+) Transfer from Surplus	56.50	51.13
(+) Transfer from Debenture Redemption Reserve	-	7.13
(-) Trademark and Brands amortisation pursuant to Scheme of Amalgamation of GHPL (<i>Refer Note 13(b)</i>)	(52.75)	(52.75)
(-) Adjustment Pursuant to Scheme of Amalgamation of Godrej Hygiene Products Limited (<i>Refer Note 14(a)</i>)	(3.92)	-
Closing Balance	206.80	206.97
7. SURPLUS		
Balance as per last financial statements	1010.09	769.82
(+) Net Profit for the Year	564.84	510.94
(-) Dividends - Interim	(178.70)	(170.16)
(-) Tax on Distributed Profit	(30.37)	(28.13)
(-) Transfer to General Reserve	(56.50)	(51.13)
(-) Transfer to Debenture Redemption Reserve	(23.53)	(21.25)
(+) Addition on Amalgamation (<i>Refer Note 14(a)</i>)	(15.50)	-
Closing Balance	1270.33	1010.09
TOTAL	2990.32	2727.07

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 5 : LONG-TERM BORROWINGS

	₹ Crore	
	Current Year	Previous Year
A. Secured		
Deferred Sales Tax Loan (See Note (a) below)	-	0.05
B. Unsecured		
Debentures		
a) 2,500 Unsecured, Redeemable, Zero Coupon, Non-Convertible Debentures of ₹ 10 lac each	-	250.00
b) Premium on Redemption of Debentures (Refer Note 11(a))	-	10.17
	-	260.17
TOTAL	-	260.22

NOTES:

- a) Deferred sales tax loan was interest free and was secured by Bank Guarantee in favour of Sales Tax authorities.
- b) The Company does not have any continuing default as on the Balance Sheet date in the repayment of loans and interest.

NOTE 6 : DEFERRED TAX LIABILITIES (NET)

	₹ Crore	
	Current Year	Previous Year
1. Deferred Tax Liability		
a) Depreciation	19.76	18.31
2. Deferred Tax Assets		
a) Tax Disallowances	(16.78)	(12.60)
b) Provision for Doubtful Debts and Advances	(1.34)	(1.12)
	(18.12)	(13.72)
TOTAL	1.64	4.59

NOTE 7 : OTHER LONG-TERM LIABILITIES

	₹ Crore	
	Current Year	Previous Year
Security Deposits Received	3.79	4.42
TOTAL	3.79	4.42

NOTE 8 : LONG-TERM PROVISIONS

	₹ Crore	
	Current Year	Previous Year
Provision for Employee Benefits		
Leave Encashment	4.24	4.90
TOTAL	4.24	4.90

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 9 : SHORT-TERM BORROWINGS

	₹ Crore	
	Current Year	Previous Year
Secured		
Loans Repayable on Demand		
Cash Credit from Banks (<i>Refer Note (a) below</i>)	0.88	0.60
TOTAL	0.88	0.60

NOTES:

- a) Cash Credit from Banks are secured by hypothecation of Inventories and Book debts.
- b) The Company does not have any default as on the Balance Sheet date in the repayment of any loan and interest.

NOTE 10 : TRADE PAYABLES

	₹ Crore	
	Current Year	Previous Year
Due to Micro, Small and Medium Enterprises	-	-
Others	797.63	666.53
TOTAL	797.63	666.53

NOTE:

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at the balance sheet date. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

NOTE 11 : OTHER CURRENT LIABILITIES

	₹ Crore	
	Current Year	Previous Year
1. Current Maturities of Long Term Debt (<i>Refer Notes below</i>)	284.68	50.03
2. Interest Accrued but not Due on Borrowings	-	4.55
3. Security Deposit Received	0.38	0.44
4. Unpaid Dividends	6.20	5.76
5. Taxes, Duties and Other Levies Payable	46.18	35.31
6. Interim Dividend Payable	76.59	68.07
7. Other Payables	209.24	195.41
TOTAL	623.27	359.57

NOTES:

- a) Current Maturities of Long term Debt in current year include 2,500 zero-coupon, unsecured, redeemable, non-convertible debentures having a face value of ₹ 10 lac each, redeemable at a premium, which will yield 9.40% p.a. at maturity. These debentures are redeemable on October 25, 2014, with call option on October 25, 2013, at a call option premium of 0.50%.
- b) Current maturities of Long term Debt in previous year include 500, 9.80% unsecured, redeemable, non-convertible debentures having a face value of ₹ 10 lac each. These debentures have been redeemed at par on October 28, 2013.

NOTE 12 : SHORT-TERM PROVISIONS

	₹ Crore	
	Current Year	Previous Year
1. Provision for Employee Benefits		
Gratuity	14.32	11.65
Leave Encashment	2.90	3.23
2. Others		
Provision for Tax on Distributed Profits	13.02	11.57
TOTAL	30.24	26.45

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 13 : FIXED ASSETS

₹ Crore

ASSETS	GROSS BLOCK					DEPRECIATION /AMORTISATION					NET BLOCK		
	Opening	Additions	Disposals	Acquisitions through Business Combinations	Closing	Opening	Depreciation for the Year	On Disposals	On Acquisitions through Business Combinations	Other Adjustments / Impairment	Closing	Current Year	Previous Year
A. TANGIBLE ASSETS													
Freehold Land	0.51	-	-	-	0.51	-	-	-	-	-	-	0.51	0.51
Leasehold Land	6.85	-	-	-	6.85	0.57	0.07	-	-	-	0.64	6.21	6.28
Leasehold Improvements	4.28	2.05	-	-	6.33	1.05	1.00	-	-	-	2.05	4.28	3.23
Buildings	77.52	3.58	(2.10)	-	79.00	22.54	2.57	(1.22)	-	-	23.89	55.11	54.98
Plant and Equipments	301.76	34.77	(4.51)	-	332.02	162.69	19.03	(3.91)	-	1.17	178.98	153.04	139.07
Furniture, Fixtures and Fittings	7.80	0.59	(0.45)	-	7.94	3.52	2.46	(0.23)	-	-	5.75	2.19	4.28
Office Equipment	8.40	0.73	(0.22)	0.01	8.92	3.99	1.03	(0.14)	0.01	-	4.89	4.03	4.41
Vehicles	11.36	1.76	(1.75)	-	11.37	2.68	1.53	(0.88)	-	-	3.33	8.04	8.68
Computers	14.12	1.32	(4.21)	0.05	11.28	9.87	1.68	(4.15)	0.05	-	7.45	3.83	4.25
(A)	432.60	44.80	(13.24)	0.06	464.22	206.91	29.37	(10.53)	0.06	1.17	226.98	237.24	225.69
B. INTANGIBLE ASSETS													
Goodwill	12.60	-	-	-	12.60	5.17	2.48	-	-	-	7.65	4.95	7.43
Trademarks and Brands	1055.13	-	-	-	1055.13	158.27	0.01	-	-	52.75	211.03	844.10	896.86
Computer Software	26.20	6.54	-	0.35	33.09	12.72	3.40	-	0.28	-	16.40	16.69	13.48
Technical Knowhow	2.64	-	-	-	2.64	0.27	0.26	-	-	-	0.53	2.11	2.37
(B)	1096.57	6.54	-	0.35	1103.46	176.43	6.15	-	0.28	52.75	235.61	867.85	920.14
(A+B)	1529.17	51.34	(13.24)	0.41	1567.68	383.34	35.52	(10.53)	0.34	53.92	462.59	1105.09	
Previous Year	1482.33	52.01	(5.17)	-	1529.17	300.92	32.27	(4.10)	-	54.25	383.34		1145.83
C. CAPITAL WORK-IN-PROGRESS												147.99	121.10
TOTAL												1253.08	1266.93

NOTES:

- Trademarks and Brands acquired pursuant to the Scheme of the Amalgamation of the erstwhile Godrej Household Products Limited (GHPL) with the Company are amortised over a period of 20 years. The major influencing factors behind amortising these brands over a period of 20 years are that Goodknight and HIT brands have been in existence since the last two decades and been growing at a fast pace.
- In accordance with the Scheme of Amalgamation of the erstwhile Godrej Household Products Limited with the Company which was sanctioned by the High Court of Judicature at Bombay, an amount of ₹ 52.75 crore for the year (*previous year ₹ 52.75 crore*), equivalent to the amortisation of the Goodknight and HIT Brands is charged directly to the General Reserve.
- During the year, the Company has capitalised borrowing costs amounting to ₹ 6.44 crore (*previous year ₹ 4.55 crore*).
- Acquisition through business combinations are assets acquired pursuant to a Scheme of Amalgamation, sanctioned by the Hon'ble High Court of Judicature at Bombay, vide its order dated August 12, 2013 assets of Godrej Hygiene Products Limited.

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 14 : NON-CURRENT INVESTMENTS

	Face Value	₹ Crore			
		Numbers		Amounts	
		Current Year	Previous Year	Current Year	Previous Year
Trade Investments (At Cost)					
1. Investments in Equity Instruments					
Of Subsidiary Companies					
<i>Unquoted, fully paid up:</i>					
Godrej Netherlands B.V.	EUR 100	1,000	1,000	76.58	76.41
Godrej South Africa (Pty) Ltd.	ZAR 1	18,050,000	18,050,000	12.67	12.67
Godrej Global Mid East FZE	USD 250,000	5	5	5.74	5.74
Godrej Hygiene Products Ltd.	₹ 10	-	2,600,000	-	20.87
Godrej Consumer Products Mauritius Ltd.	USD 1	37,385,006	34,385,006	566.83	547.88
Godrej Consumer Products Holding (Mauritius) Ltd.	USD 1	184,300,001	12,000,007	985.72	597.63
Godrej Household Products (Bangladesh) Pvt. Ltd.	BDT 10	16,970,481	16,970,481	15.65	11.01
Godrej Household Products Lanka (Pvt) Ltd.	LKR 10	21,501,045	21,501,045	27.10	27.10
Godrej Consumer Products (Bangladesh) Ltd.	BDT 10	1	1	0.04	0.04
Godrej Mauritius Africa Holdings Ltd.	USD 1	53,100,001	5	310.37	133.82
Godrej East Africa Holdings Ltd.	USD 1	4,800,001	2	29.42	1.50
Godrej Tanzania Holdings Ltd.	USD 1	200,001	1	1.11	-
Of Associate Companies					
<i>Unquoted, fully paid up:</i>					
Bhabhani Blunt Hairdressing Pvt Ltd.	₹ 10	5,546	-	22.32	-
				2053.55	1434.67
2. Investments in Preference Shares					
Of Subsidiary Companies					
<i>Unquoted, fully paid up:</i>					
Godrej Consumer Products Mauritius Ltd.	USD 1	500,000	4,000,000	2.28	18.22
3. Investments in Debentures					
Of Associate Companies					
<i>Unquoted, fully paid up:</i>					
Bhabhani Blunt Hairdressing Pvt Ltd.	₹ 10	3,060	-	12.00	-
				2067.83	1452.89
Less : Provision for Diminution in the Value of Investments				(2.84)	(2.84)
TOTAL				2064.99	1450.05
Aggregate Amount of Quoted Investments				-	-
Aggregate Amount of Unquoted Investments				2067.83	1452.89
Aggregate Provision for Diminution in the Value of Investments				2.84	2.84

Notes to the Financial Statements for the year ended March 31, 2014

NOTES:

- a) Pursuant to a Scheme of Amalgamation (“the Scheme”), sanctioned by the Hon’ble High Court of Judicature at Bombay, vide its Order dated August 12, 2013, Godrej Hygiene Products Limited (GHPL) has been merged with Godrej Consumer Products Limited with effect from September 7, 2013. The appointed date as per the Scheme was April 1, 2013. The assets and liabilities of the erstwhile GHPL have been taken over at their book values which are also their fair values and the difference amounting to ₹ 3.92 crore including the expenses on amalgamation of ₹ 0.37 crore has been adjusted in General Reserve.
The assets amounting to ₹ 5.60 crore and liabilities amounting to ₹ 3.78 crore of the erstwhile GHPL have been acquired pursuant to the scheme.
- b) During the year, the Company has acquired 30% stake in Bhabani Blunt Hair Dressing Private Limited (b:blunt), a premier hair salon company with one of the strongest consumer franchises in this space. The Company has also invested in the Compulsorily Convertible Debentures (CCDs) issued by b:blunt.
- c) During the year, Godrej Consumer Products Mauritius Ltd. had redeemed Preference Shares having Face Value of USD 3.50 million.
- d) During the year, the Company has been allotted 106,799,994 bonus shares in Godrej Consumer Products Holding (Mauritius) Ltd., 25,099,996 bonus shares in Godrej Mauritius Africa Holdings Ltd. and 199,999 bonus shares in Godrej East Africa Holdings Ltd.
- e) During the year, the Company has invested ₹ 4.64 crore in its subsidiary Godrej Household Products (Bangladesh) Pvt. Ltd. for which shares are pending to be allotted.

NOTE 15 : LONG TERM LOANS AND ADVANCES

	Current Year	₹ Crore Previous Year
Unsecured, Considered Good,		
1. Capital Advances	3.80	2.55
2. Security Deposits		
Considered Good	24.15	20.98
Considered Doubtful	0.77	-
Less: Provision for Doubtful Deposits	(0.77)	-
	24.15	20.98
3. Other Loans and Advances		
a) Amount due from ESOP Trust	-	50.30
b) Excise and VAT Receivables		
Considered Good	77.06	77.15
Considered Doubtful	12.46	11.26
Less: Provision for Doubtful Receivables	(12.46)	(11.26)
	77.06	77.15
c) Advance Tax [Net of Provisions - ₹ 741.45 crore (previous year ₹ 589.35 crore)]	12.14	15.21
d) Miscellaneous Loans and Advances (Refer Note below)	0.69	1.31
TOTAL	117.84	167.50

NOTE:

Long Term Loans and Advances include ₹ Nil (previous year ₹ 0.53 crore) due from a Director.

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 16 : OTHER NON-CURRENT ASSETS

	₹ Crore	
	Current Year	Previous Year
Fixed Deposits with original maturity of more than 12 months - under lien against Bank Guarantees	1.44	-
TOTAL	1.44	-

NOTE 17 : CURRENT INVESTMENTS

	₹ Crore				
	Face Value ₹	Numbers		Amounts	
		Current Year	Previous Year	Current Year	Previous Year
Investments in Mutual Funds					
<i>(Valued at lower of cost and fair value)</i>					
<i>Unquoted, fully paid-up:</i>					
ICICI Prudential Liquid - Direct Plan - Growth	100	2,214,487	2,311,590	42.00	40.00
Kotak Liquid Scheme - Plan A Direct Plan - Growth	1000	19,337	-	5.00	-
Birla Sun Life Cash Plus - Instl. Prem. - Growth	100	2,141,141	-	44.00	-
HDFC Liquid Fund - Direct Plan - Growth	10	4,353,953	34,746,132	11.00	80.00
TOTAL				102.00	120.00
Aggregate amount of quoted investments				-	-
Aggregate amount of unquoted investments				102.00	120.00

NOTE 18 : INVENTORIES

	₹ Crore	
	Current Year	Previous Year
<i>(Valued at lower of cost and net realizable value)</i>		
Raw Materials	175.88	156.03
Work-in-Progress	41.31	28.36
Finished Goods	243.39	293.98
Stock-in-Trade	27.84	52.29
Stores and Spares	5.15	5.71
TOTAL	493.57	536.37

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 19 : TRADE RECEIVABLES

	₹ Crore	
	Current Year	Previous Year
Trade Receivables Outstanding for a Period Exceeding Six Months from the due date		
Unsecured : Considered Good	9.01	6.87
Considered Doubtful	3.38	2.87
	<u>12.39</u>	<u>9.74</u>
Less: Provision for Doubtful Debts	(3.38)	(2.87)
	<u>9.01</u>	<u>6.87</u>
Others (Considered Good)		
Secured	5.73	3.64
Unsecured	124.52	111.62
	<u>130.25</u>	<u>115.26</u>
TOTAL	<u>139.26</u>	<u>122.13</u>

NOTE 20 : CASH AND BANK BALANCES

	₹ Crore	
	Current Year	Previous Year
1. Cash and Cash Equivalents		
a) Balances with Banks		
On Current Accounts	74.72	75.97
Deposits with less than 3 months maturity	75.00	165.00
	<u>149.72</u>	<u>240.97</u>
b) Cheques, Drafts on Hand	-	0.35
c) Cash on Hand	0.34	0.28
	<u>150.06</u>	<u>241.60</u>
2. Other Bank Balances		
a) Deposits with more than 3 months but less than 12 months maturity	45.00	85.00
b) Deposits under lien against Bank Guarantees	4.00	8.16
c) For Unpaid Dividend	6.20	5.79
	<u>55.20</u>	<u>98.95</u>
TOTAL	<u>205.26</u>	<u>340.55</u>

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 21 : SHORT TERM LOANS AND ADVANCES

	Current Year	Previous Year
₹ Crore		
Unsecured, Considered Good, Unless Otherwise Stated		
1. Security Deposits	0.25	2.48
2. Excise and VAT Receivables	74.58	53.60
3. Miscellaneous Loans and Advances		
Considered Good (<i>Refer Note (a) below</i>)	32.80	25.97
Considered Doubtful	0.56	0.58
Less: Provision for Doubtful Loans and Advances	(0.56)	(0.58)
	32.80	25.97
TOTAL	107.63	82.05

NOTES:

Short Term Loans and Advances include ₹ Nil (*previous year ₹ 0.26 crore*) due from a Director.

NOTE 22 : OTHER CURRENT ASSETS

	Current Year	Previous Year
₹ Crore		
Claims Receivable		
Considered Doubtful	4.94	-
Less: Provision for Doubtful Claims	(4.94)	-
	-	-
Accrued Interest	0.83	2.78
Deferred Premium on Forward Contracts	0.15	0.02
TOTAL	0.98	2.80

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 23 : CONTINGENT LIABILITIES

		₹ Crore	
		Current Year	Previous Year
a)	CLAIMS FOR EXCISE DUTIES, TAXES AND OTHER MATTERS		
i)	Excise duty demands aggregating ₹ 33.09 crore (<i>previous year ₹ 11.26 crore</i>) against which the Company has preferred appeals (net of tax).	21.84	7.61
ii)	Sales tax demands aggregating ₹ 62.92 crore (<i>previous year ₹ 22.68 crore</i>) against which the Company has preferred appeals (net of tax).	41.53	15.32
iii)	Income-tax matters		
	Demand notices issued by Income-tax Authorities.	12.37	7.81
iv)	Other matters : ₹ 3.00 crore (<i>previous year ₹ 3.00 crore</i>) (net of tax).	1.98	2.03
b)	GUARANTEES		
i)	Guarantee amounting to USD 78.8 million (<i>previous year USD 221.8 million</i>) given by the Company against loan provided by banks to Godrej Consumer Products Holding (Mauritius) Ltd.	471.83	1203.99
ii)	Guarantee amounting to USD 99.0 million (<i>previous year USD 121.0 million</i>) given by the Company to DBS Bank, Singapore against loan provided to Godrej Mauritius Africa Holdings Ltd.	593.16	656.85
iii)	Guarantee amounting to GBP 30.0 million (<i>previous year GBP 30.0 million</i>) given by the Company to HSBC, Hongkong against loan provided to Godrej Netherlands BV.	299.30	246.68
iv)	Guarantee amounting to USD 84.0 million (<i>previous year USD 84.0 million</i>) given by the Company to HSBC, Hongkong & SCB Mauritius Limited against loan provided to Godrej East Africa Holdings Limited.	503.29	455.99
v)	Guarantee amounting to GBP 9.9 million (<i>previous year GBP 9.9 million</i>) given by the Company to HSBC, Hongkong against loan provided to Godrej Netherlands BV.	98.77	81.41
vi)	Guarantees issued by banks [secured by bank deposits under lien with the bank ₹ 5.44 crore (<i>previous year ₹ 8.16 crore</i>)]	8.19	10.25
vii)	Guarantee of AED 1.4 million (<i>previous year AED 1.4 million</i>) given by the Company to secure credit facilities extended by HSBC Bank Middle East Ltd. to Godrej Global Mid East FZE.	2.28	2.07
viii)	Guarantee given by the Company to secure credit facilities extended by the Royal Bank of Scotland to Godrej Hygiene Products Limited.	-	5.00
ix)	Guarantee given by the Company to secure credit facilities extended by Citibank Sri Lanka and Citibank Bangladesh to Godrej Household Products (Lanka) Private Limited and Godrej Household Products (Bangladesh) Private Limited respectively.	2.96	7.56
x)	Guarantee amounting to USD 10.0 million (<i>previous year USD 10.0 million</i>) given by the Company to HSBC, Hongkong towards interest rate swap/derivative facilities provided to Godrej Consumer Products Holding (Mauritius) Ltd.	59.92	54.29

Notes to the Financial Statements for the year ended March 31, 2014

	₹ Crore	
	Current Year	Previous Year
xi) Guarantee amounting to Nil (<i>previous year BDT 245.0 million</i>) given by the Company to HSBC Bangladesh towards credit facilities provided by the Bank to Godrej Household Products (Bangladesh) Pvt. Ltd.	-	17.13
xii) Guarantee amounting to USD 5.0 million (<i>previous year USD 5.0 million</i>) given by the Company to HSBC Hongkong towards interest rate swap/derivative facilities provided to Godrej Netherlands BV.	29.96	27.14
xiii) Guarantee amounting to USD 5.0 million (<i>previous year Nil</i>) given by the Company to HSBC Hongkong towards interest rate swap/derivative facilities provided to Godrej East Africa Holdings Limited.	29.96	-
c) CLAIMS AGAINST THE COMPANY NOT ACKNOWLEDGED AS DEBT:		
i) Claims by various parties on account of unauthorized, illegal and fraudulent acts by an employee.	32.22	24.94
ii) Others	0.28	0.28

NOTE 24 : COMMITMENTS

Estimated value of contracts remaining to be executed on capital account to the extent not provided for : ₹ 39.72 crore (*previous year ₹ 30.34 crore*), net of advances thereagainst of ₹ 3.46 crore (*previous year ₹ 4.85 crore*).

NOTE 25 : REVENUE FROM OPERATIONS

	₹ Crore	
	Current Year	Previous Year
1. Sale of Products	4245.27	3729.04
2. Other Operating Revenues		
a) Royalty & Technical Fees	46.23	48.42
b) Miscellaneous Income	8.87	11.67
	4300.37	3789.13
3. Less : Excise Duty	(220.53)	(208.11)
TOTAL	4079.84	3581.02

NOTE 26 : OTHER INCOME

	₹ Crore	
	Current Year	Previous Year
1. Interest Income		
On Advances and Deposits	20.03	21.24
On Loan to ESOP Trust	0.45	5.40
2. Dividend Income		
From Subsidiaries	0.19	13.41
3. Net Gain on Sale of Investments	12.37	8.15
4. Other Non-Operating Income		
Profit on Sale of Fixed Assets	3.57	-
Claim Received	0.48	1.88
Miscellaneous Non-operating Income	2.91	0.57
TOTAL	40.00	50.65

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 27 : COST OF RAW MATERIALS INCLUDING PACKING MATERIAL CONSUMED

	₹ Crore	
	Current Year	Previous Year
Opening Inventory	156.03	169.54
Add : Purchases (Net)	1655.07	1573.98
	1811.10	1743.52
Less: Closing Inventory	(175.88)	(156.03)
Cost of Raw Materials including Packing Material Consumed	1635.22	1587.49

NOTE 28 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN- TRADE

	₹ Crore	
	Current Year	Previous Year
Opening Inventory		
Finished Goods	293.98	186.98
Stock-in-Trade	52.29	35.23
Work-in-Progress	28.36	35.51
	374.63	257.72
Less: Closing Inventory		
Finished Goods	243.39	293.98
Stock-in-Trade	27.84	52.29
Work-in-Progress	41.31	28.36
	312.54	374.63
(Increase) / Decrease in Inventories	62.09	(116.91)

NOTE 29 : EMPLOYEE BENEFITS EXPENSES

	₹ Crore	
	Current Year	Previous Year
1. Salaries and Wages	183.33	147.24
2. Contribution to Provident and Other Funds	10.00	12.20
3. Expense on Employee Stock Grant Scheme (ESGS)	3.13	2.12
4. Staff Welfare Expenses	3.95	4.00
TOTAL	200.41	165.56

NOTE 30 : FINANCE COSTS

	₹ Crore	
	Current Year	Previous Year
1. Interest Expense	0.56	1.72
2. Bill Discounting Charges	37.96	13.77
TOTAL	38.52	15.49

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 31 : OTHER EXPENSES

	Current Year	Previous Year
		₹ Crore
Consumption of Stores and Spare Parts	10.06	10.53
Power and Fuel	90.62	82.98
Rent	12.92	11.37
Repairs and Maintenance		
Plant and Equipment	3.57	3.02
Buildings	0.85	0.78
Others (Net)	17.29	16.92
	21.71	20.72
Insurance	6.33	4.45
Rates and Taxes	2.86	3.42
Miscellaneous Expenses (Net)	30.57	24.54
Processing and Other Manufacturing Charges	94.67	85.35
Excise Duty	16.27	8.36
Travelling and Conveyance	28.49	24.59
Auditors' Remuneration		
As Statutory Auditor	1.15	1.06
For Taxation Matters	0.48	0.29
For Company Law Matters	0.01	0.01
For Management Services	0.03	0.03
For Other Services	0.17	0.07
Reimbursement of Expenses	0.08	0.05
Service Tax	0.24	0.19
	2.16	1.70
Legal and Professional Charges	16.98	11.95
Donations	0.58	0.65
Advertising, Publicity and Sales Promotion	611.71	501.23
Selling and Distribution Expenses	78.28	64.94
Freight	156.33	140.68
Bank Charges	1.67	2.43
Royalty Expense	0.40	0.04
Commission	3.50	1.99
Net Loss on Sale of Fixed Assets	-	2.21
Net Loss on Foreign Currency Transactions and Translations	5.94	12.01
Bad Debts Written Off	0.14	0.21
Provision for Doubtful Debts / Advances	0.42	2.01
TOTAL	1192.61	1018.36

NOTE :

Miscellaneous Expenses include the Company's share of various expenses incurred by group companies for sharing of services and use of common facilities.

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 32 : EARNINGS PER SHARE

		Current Year	Previous Year
Net Profit After Tax	₹ Crore	564.84	510.94
Number of Shares outstanding at the beginning of the year		340,326,925	340,297,461
Add : Shares Issued during the year		51,385	29,464
Number of Shares outstanding at the end of the year		340,378,310	340,326,925
Weighted Average Number of Equity Shares			
For calculating Basic EPS		340,363,605	340,318,803
For calculating Diluted EPS		340,445,040	340,396,437
Earnings Per Share Before and After Extraordinary Items			
<i>(Face Value ₹ 1)</i>			
Basic (₹)		16.60	15.01
Diluted (₹)		16.59	15.01

NOTE 33 : IMPORTED / INDIGENOUS CONSUMPTION

	₹ Crore			
	Current Year		Previous Year	
	Amounts	%	Amounts	%
Raw Materials Consumed				
Imported	229.36	14.0%	314.50	19.8%
Indigenous	1405.86	86.0%	1272.99	80.2%
	1635.22	100.0%	1587.49	100.0%
Component, Stores and Spare Consumed				
Imported	0.02	0.2%	0.02	0.2%
Indigenous	10.04	99.8%	10.51	99.8%
TOTAL	10.06	100.0%	10.53	100.0%

NOTE 34 : CONSUMPTION OF RAW MATERIAL AND PURCHASE OF STOCK-IN-TRADE

	₹ Crore	
	Current Year	Previous Year
1. Raw Material Consumed		
a) Oils and Fats	496.77	539.72
b) Chemicals, Colours, Perfumes and Catalysts	369.60	344.32
c) Packing Material	391.68	339.09
d) Others	377.17	364.36
	1635.22	1587.49
2. Stock-in-Trade Purchased		
a) Hair Color and Other Toiletries	29.81	27.30
b) Repellents	101.64	168.69
c) Others	111.03	100.46
	242.48	296.45
TOTAL	1877.69	1883.94

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 35 : SALES (NET OF EXCISE DUTY)

	₹ Crore	
	Current Year	Previous Year
Personal Wash	1340.23	1260.68
Hair Care	494.14	378.71
Home Care	1895.87	1628.13
Others	294.50	253.41
TOTAL	4024.74	3520.93

NOTE 36 : VALUE OF IMPORTS ON CIF BASIS

	₹ Crore	
	Current Year	Previous Year
Raw Materials	191.54	287.07
Spares Parts and Components	0.02	0.10
Capital Goods	0.44	0.34
TOTAL	192.00	287.51

NOTE 37 : EXPENDITURE IN FOREIGN CURRENCY

	₹ Crore	
	Current Year	Previous Year
Royalty, Know-how and Technical Fees	0.40	-
Professional and Consultation Fees	1.12	2.16
Other Matters	2.07	0.83
TOTAL	3.59	2.99

NOTE 38 : EARNINGS IN FOREIGN EXCHANGE

	₹ Crore	
	Current Year	Previous Year
Export of Goods on FOB Basis	122.68	111.00
Royalty, Know-how and Technical Fees	46.23	48.42
Interest and Dividends	0.19	13.41
Others	1.53	1.79
TOTAL	170.63	174.62

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 39 : DIVIDEND REMITTED IN FOREIGN CURRENCY

	Current Year	Previous Year
4th Interim Dividend for the year ended March 31, 2013, to 290 non-resident shareholders on 79,780 shares @ ₹ 2 per share	0.02	
1st Interim Dividend for the year ended March 31, 2014, paid to 299 non-resident shareholders on 82,180 shares @ ₹ 1 per share	0.01	
2nd Interim Dividend for the year ended March 31, 2014, to 305 non-resident shareholders on 84,060 shares @ ₹ 1 per share	0.01	
3rd Interim Dividend for the year ended March 31, 2014, to 309 non-resident shareholders on 85,140 shares @ ₹ 1 per share	0.01	
4th Interim Dividend for the year ended March 31, 2012, to 283 non-resident shareholders on 77,740 shares @ ₹ 1.75 per share		0.01
1st Interim Dividend for the year ended March 31, 2013, paid to 270 non-resident shareholders on 80680 shares @ ₹ 1 per share		0.01
2nd Interim Dividend for the year ended March 31, 2013, to 291 non-resident shareholders on 80,260 shares @ ₹ 1 per share		0.01
3rd Interim Dividend for the year ended March 31, 2013, to 290 non-resident shareholders on 80,260 shares @ ₹ 1 per share		0.01
TOTAL	0.05	0.04

₹ Crore

NOTE 40 : RELATED PARTY DISCLOSURES

A) Related Parties and their Relationship

a) Holding Company:

Godrej & Boyce Mfg. Co. Ltd.

b) Subsidiaries:

- i) Godrej Household Products Lanka (Private) Limited
- ii) Godrej Household Products (Bangladesh) Private Limited
- iii) Godrej Consumer Products Bangladesh Limited
- iv) Godrej South Africa (Proprietary) Limited
- v) Godrej Global Mid East FZE
- vi) Godrej Hygiene Products Limited (*merged with Godrej Consumer Products Ltd w.e.f. April 1, 2013*)
- vii) Godrej Netherlands B.V.

Godrej UK Limited (*Earlier Godrej Consumer Products (UK) Limited*)

Godrej Consumer Products (UK) Limited (*Earlier Keyline Brands Limited*)

Inecto Manufacturing Limited

Godrej Consumer Investments (Chile) Spa

Godrej Holdings (Chile) Limitada

Cosmetica Nacional

Plasticos Nacional

Notes to the Financial Statements for the year ended March 31, 2014

- viii) Godrej Consumer Products Mauritius Limited
 - Godrej Kinky Holdings Limited
 - Kinky Group (Proprietary) Limited
 - Godrej Nigeria Limited
 - Godrej Argentina Dutch Cooperatief U.A.
 - Godrej Netherlands Argentina Holding B.V.
 - Godrej Netherlands Argentina B.V.
 - Laboratoria Cuenca S.A
 - Deciral S.A
 - Issue Group Uruguay S.A
 - Issue Group Brazil Limited
 - Consell S.A
 - Argencos S.A
 - Panamar Producciones S.A
 - Godrej Consumer Investments Holdings Limited (*w.e.f. October 8, 2013*)
- ix) Godrej Consumer Products Holding (Mauritius) Limited
 - Indovest Capital Limited
 - Godrej Consumer Products Dutch Cooperatief U.A.
 - Godrej Indonesia Netherlands Holding B.V. (*merged with Godrej Consumer Holdings (Netherlands) B.V. w.e.f. September 30, 2013*)
 - Godrej Consumer Products (Netherlands) B.V.
 - Godrej Consumer Holdings (Netherlands) B.V.
 - PT Simba Indosnack Makmur (*upto March 21, 2013*)
 - PT Indomas Susemi Jaya
 - PT Intrasari Raya
 - PT Megasari Makmur
 - PT Ekamas Sarijaya
 - PT Sarico Indah
- x) Godrej Mauritius Africa Holdings Limited
 - Godrej Weave Holdings Limited
 - DGH Mauritius Pvt Ltd.
 - Weave Business Holding Mauritius Pvt. Ltd.
 - Lorna Nigeria Ltd.
 - Godrej West Africa Holdings Limited
 - Subinite Pty Ltd.
 - Weave IP Holding Mauritius Pvt. Ltd.
 - Weave Mozambique Limitada

Notes to the Financial Statements for the year ended March 31, 2014

B) The Significant Related Party Transactions are as under :

	Holding Company		Subsidiary Companies		Fellow Subsidiaries		Associate Company		Enterprise Over Which Key Management Personnel Exercise Significant Influence		Key Management Personnel		Relatives of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Sale of Goods																
Godrej & Boyce Mfg. Co. Limited	0.61	0.51													0.61	0.51
Godrej Industries Limited			28.26	15.76											28.26	15.76
Godrej Properties Limited			0.01	0.03											0.01	0.03
Godrej Agrovet Limited			0.40	0.21											0.40	0.21
Godrej Tyson Foods Limited *			0.00	0.00											0.00	0.00
Godrej Global Mid East FZE			7.23	5.55											7.23	5.55
Godrej South Africa (Proprietary) Limited			5.89	9.09											5.89	9.09
Godrej Nigeria Limited			2.47	2.86											2.47	2.86
Godrej Household Products Lanka (Private) Limited			12.61	10.62											12.61	10.62
Godrej Household Products (Bangladesh) Private Limited			8.04	3.84											8.04	3.84
Laboratoria Cuenca S.A			-	0.28											-	0.28
Sale of Capital Asset																
PT Megasari Makmur			0.41	-											0.41	-
Purchase of Materials and Spares																
Godrej & Boyce Mfg. Co. Limited	2.84	3.06													2.84	3.06
Godrej Industries Limited			31.77	28.77											31.77	28.77
Godrej Oil Palm Limited			-	0.03											-	0.03
Godrej Agrovet Limited			1.05	1.17											1.05	1.17
Godrej Properties Limited			-	-											-	-
Natures Basket Limited			0.00	-											0.00	-
Godrej Global Mid East FZE			0.10	-											0.10	-
Godrej Consumer Products (UK) Limited *			-	0.00											-	0.00
Godrej Household Products Lanka (Private) Limited			1.90	0.02											1.90	0.02
Godrej Hygiene Products Limited			-	15.42											-	15.42
PT Indomas Susemi Jaya			-	0.50											-	0.50
Purchase of Capital Asset																
Godrej & Boyce Mfg. Co. Limited	0.32	1.07													0.32	1.07
Godrej Industries Limited *			-	0.00											-	0.00
Godrej Vikhroli Properties LLP			12.84	103.15											12.84	103.15
Advance Paid																
Godrej & Boyce Mfg. Co. Limited	2.02	0.09													2.02	0.09
Godrej Properties Limited			2.53	-											2.53	-

Notes to the Financial Statements for the year ended March 31, 2014

	Holding Company		Subsidiary Companies		Fellow Subsidiaries		Associate Company		Enterprise Over Which Key Management Personnel Exercise Significant Influence		Key Management Personnel		Relatives of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Royalty and Technical Fees Received																
Godrej South Africa (Proprietary) Limited			11.33	10.62											11.33	10.62
Godrej Household Products Lanka (Private) Limited			0.16	0.26											0.16	0.26
Godrej Household Products (Bangladesh) Private Limited			-	0.23											-	0.23
PT Indomas Susemi Jaya			0.89	1.00											0.89	1.00
PT Simba Indosnack Makmur			-	3.58											-	3.58
PT Megasari Makmur			33.73	31.94											33.73	31.94
Establishment and Other Expenses Paid / (Received)																
Godrej & Boyce Mfg. Co. Limited	0.38	1.56													0.38	1.56
Godrej Industries Limited			8.46	10.47											8.46	10.47
Godrej Agrovet Limited			0.72	0.56											0.72	0.56
Godrej Properties Limited			(0.02)	(0.51)											(0.02)	(0.51)
Natures Basket Limited			(0.10)	(0.08)											(0.10)	(0.08)
Godrej Tyson Foods Limited *			(0.15)	(0.11)											(0.15)	(0.11)
Godrej Household Products Lanka (Private) Limited			(0.03)	0.08											(0.03)	0.08
Laboratoria Cuenca S.A			-	(1.79)											-	(1.79)
Godrej Hygiene Products Limited			-	0.04											-	0.04
Mr. Adi Godrej															-	0.06
Mr. A. Mahendran															-	0.04
PT Megasari Makmur			(2.89)	-											(2.89)	-
Godrej South Africa (Proprietary) Limited			(0.76)	-											(0.76)	-
PT Indomas Susemi Jaya			(0.18)	-											(0.18)	-
Godrej Consumer Products (UK) Limited			(0.23)	-											(0.23)	-
PT Intrasar Raya			(0.37)	-											(0.37)	-
PT Saitoo Indah			(0.18)	-											(0.18)	-
Great Lakes Institute of Management															-	0.01
Godrej Hershey Limited															-	(0.04)
Investments Made																
Godrej Consumer Products Mauritius Limited			18.94	0.06											18.94	0.06
Godrej Netherlands B.V.			0.18	27.22											0.18	27.22
Godrej Household Products (Bangladesh) Pvt. Limited			4.64	-											4.64	-
Godrej Mauritius Africa Holdings Limited			176.55	68.99											176.55	68.99
Godrej Consumer Products Holding (Mauritius) Limited			388.08	158.82											388.08	158.82
Godrej East Africa Holdings Limited			27.93	1.50											27.93	1.50

Notes to the Financial Statements for the year ended March 31, 2014

	Holding Company		Subsidiary Companies		Fellow Subsidiaries		Associate Company		Enterprise Over Which Key Management Personnel Exercise Significant Influence		Key Management Personnel		Relatives of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Godrej Tanzania Holdings Limited			1.11	-											1.11	-
Bhabhani Blunt Hairdressing Pvt Limited							34.31	-							34.31	-
Investments Sold																
Godrej Consumer Products Mauritius Limited			15.94	-											15.94	-
Guarantees Given / (Cancelled)																
Godrej Household Products (Bangladesh) Pvt. Limited			(23.70)	11.97											(23.70)	11.97
Godrej East Africa Holdings Limited			31.07	461.96											31.07	461.96
Godrej Netherlands B.V.			-	369.09											-	369.09
Godrej Hygiene Products Limited			(5.00)	-											(5.00)	-
Godrej Consumer Products Holding (Mauritius) Limited			(854.25)	-											(854.25)	-
Godrej Mauritius Africa Holdings Limited			(135.97)	-											(135.97)	-
Security Deposit Given / (Repaid)																
Godrej Hershey Limited																(1.50)
Repayment of Loan Given																
Mr. A. Mahendran											0.79	0.92			0.79	0.92
Interest Received on Loans																
Mr. A. Mahendran											0.02	0.10			0.02	0.10
Godrej Netherlands B.V.			-	0.03											-	0.03
Dividend Received																
Godrej Household Products Lanka (Private) Limited			0.19	1.00											0.19	1.00
Godrej South Africa (Proprietary) Limited			-	12.41											-	12.41
Dividend Paid																
Godrej & Boyce Mfg. Co. Limited	61.78	59.15													61.78	59.15
Godrej Industries Limited					37.27	34.53									37.27	34.53
Ms. Parmeshwar Godrej *												0.00	0.00		0.00	0.00
Ms. Tanya Dubhash												0.58	0.64		0.58	0.64
Ms. Nisaba Godrej											0.33	-	0.25	0.64	0.58	0.64
Mr. Projisha Godrej												0.58	0.64		0.58	0.64
Mr. Nadir Godrej												0.36	0.44		0.36	0.44
Mr. Burjis Godrej												0.44	0.49		0.44	0.49
Mr. Sohrab Godrej												0.44	0.49		0.44	0.49
Master Hormazd Godrej												0.51	0.49		0.51	0.49
Mr. Adi Godrej *											0.00	0.00			0.00	0.00
Mr. A. Mahendran											0.00	0.05			0.00	0.05

Notes to the Financial Statements for the year ended March 31, 2014

	Holding Company		Subsidiary Companies		Fellow Subsidiaries		Associate Company		Enterprise Over Which Key Management Personnel Exercise Significant Influence		Key Management Personnel		Relatives of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Managerial Remuneration																
Mr. Adi Godrej											9.46	6.79			9.46	6.79
Mr. A. Mahendran											3.94	5.59			3.94	5.59
Ms. Nisaba Godrej											2.41	-			2.41	-
Mr. Vivek Gambhir											6.70	-			6.70	-
Commission on Profits and Sitting Fees																
Mr. Nadir Godrej													0.14	0.13	0.14	0.13
Ms. Tanya Dubhash													0.14	0.14	0.14	0.14
Ms. Nisaba Godrej													0.03	0.13	0.03	0.13
Lease Rentals Paid																
Godrej Industries Limited					2.27	2.24									2.27	2.24
Ms. Parmeshwar Godrej												2.46	2.46		2.46	2.46
Ms. Mythili Mahendran												0.10	0.42		0.10	0.42
Outstanding Balances as at March 31, 2014																
Receivable	0.04	0.12	32.34	28.55	0.69	1.51			-	0.17	-	0.79		33.07	31.14	
Payable			-	0.33	0.25	2.81								0.25	3.14	
Guarantees Outstanding			2091.41	2758.11										2091.41	2758.11	

* amount less than ₹ 0.01 crore

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 41 : LEASES

The Company's significant leasing agreements are in respect of operating lease for Computers and Premises (office, godown, etc.) and the aggregate lease rentals payable are charged as rent.

The future minimum lease payments outstanding under non-cancellable operating leases are as follows:

	₹ Crore	
	Current Year	Previous Year
Not later than one year	2.30	1.23
Later than one year and not later than five years	2.47	1.09
Later than five years	-	-
TOTAL	4.77	2.32

NOTE 42 : HEDGING CONTRACTS

The Company uses forward exchange contracts to hedge its foreign exchange exposure relating to the underlying transactions and firm commitment in accordance with its forex policy as determined by its Forex Committee. The Company does not use foreign exchange forward contracts for trading or speculation purposes.

a) Forward Contracts outstanding as at March 31, 2014:

	Current Year		Previous Year	
	Avg Rate	USD Crore	Avg Rate	USD Crore
Forward Contract to Purchase (USD)	65.40	0.07	58.85	0.08
[1 contract (previous year 1 contract)]				

b) The uncovered foreign exchange exposure as at March 31, 2014:

	Currency	In Crore	
		Current Year	Previous Year
Payables	USD	0.69	2.42
Payables	EUR	0.05	0.04
Payables*	GBP	0.00	-
Payables*	SGD	-	0.00
Receivables*	GBP	0.00	0.00
Receivables	USD	0.68	0.62
Receivables	EUR	0.21	0.23
Cash & Cash Equivalents	USD	0.28	0.84
Cash & Cash Equivalents	EUR	0.03	0.09

* less than 0.01 crore

NOTE 43 : INCENTIVE PLAN

The amount carried forward in notional bank after distribution of PLVR for the financial year 2013-14 is ₹ 0.79 crore as on March 31, 2014 (previous year ₹ 1.68 crore). The said amount is not provided for in the books of account and is payable in future, if performance so warrants.

Notes to the Financial Statements for the year ended March 31, 2014

NOTE 44 : EMPLOYEE BENEFITS

a) DEFINED CONTRIBUTION PLAN

Provident Fund:

The post-employment benefits of the erstwhile Godrej Household Products Ltd., which were acquired pursuant to the Scheme of Amalgamation, include contributions to the Provident Fund and Superannuation Fund. The contributions to the Provident Fund are made to a Government administered Provident Fund and there are no further obligations beyond making such contribution. The Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company contributes to an Insurance Company and has no further obligation beyond making payment to the insurance company.

b) DEFINED BENEFIT PLAN

Gratuity:

The Company participates in the Employees' Group Gratuity-cum-Life Assurance Scheme of HDFC Standard Life Insurance Co. Ltd., a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on death or on separation / termination in terms of the provisions of the Payment of Gratuity (Amendment) Act, 1997, or as per the Company's scheme whichever is more beneficial to the employees.

The Gratuity scheme of the erstwhile Godrej Household Products Ltd., which was obtained pursuant to the Scheme of Amalgamation, is funded through a Unit Linked Gratuity Plus Scheme with Life Insurance Corporation of India ('LIC') and HDFC Standard Life Insurance Company Limited.

The liability for the Defined Benefit Plan is provided on the basis of a valuation, using the Projected Unit Credit Method, as at the Balance Sheet date, carried out by an independent actuary.

Provident Fund:

The Company manages the Provident Fund plan through a Provident Fund Trust for its employees which is permitted under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and is actuarially valued. The plan envisages contribution by the employer and employees and guarantees interest at the rate notified by the Provident Fund authority. The contribution by employer and employee, together with interest, are payable at the time of separation from service or retirement, whichever is earlier.

c) Basis Used to Determine Expected Rate of Return on Assets:

An expected return of 9.31% on plan assets has been considered based on the current investment pattern in Government securities.

d) Amounts Recognised as Expense:

i) Defined Contribution Plan

Employer's Contribution to Provident Fund amounting to ₹ 6.00 crore (*previous year ₹ 5.21 crore*) has been included in Note 29 under Contribution to Provident and Other Funds.

ii) Defined Benefit Plan

Gratuity cost amounting to ₹ 2.67 crore (*previous year ₹ 5.92 crore*) has been included in Note 29 under Contribution to Provident and Other Funds.

Notes to the Financial Statements for the year ended March 31, 2014

e) The amounts recognised in the Company's financial statements as at year end are as under:

	₹ Crore	
	Current Year	Previous Year
i) Change in Present Value of Obligation		
Present value of the obligation at the beginning of the year	20.50	16.20
Current Service Cost	1.33	1.30
Interest Cost	1.68	1.37
Actuarial (Gain) / Loss on Obligation	0.16	4.21
Benefits Paid	(1.69)	(2.58)
Present value of the obligation at the end of the year	<u>21.98</u>	<u>20.50</u>
ii) Change in Plan Assets		
Fair value of Plan Assets at the beginning of the year	8.85	10.47
Expected return on Plan Assets	0.73	0.89
Actuarial Gain / (Loss) on Plan Assets	(0.23)	0.07
Benefits Paid	(1.69)	(2.58)
Fair value of Plan Assets at the end of the year	<u>7.66</u>	<u>8.85</u>
iii) Amounts Recognised in the Balance Sheet		
Present value of Obligation at the end of the year	21.98	20.50
Fair value of Plan Assets at the end of the year	7.66	8.85
Net Obligation at the end of the year	<u>14.32</u>	<u>11.65</u>
iv) Amounts Recognised in the Statement of Profit and Loss		
Current Service Cost	1.33	1.30
Interest Cost on Obligation	1.68	1.37
Expected return on Plan Assets	(0.73)	(0.89)
Net Actuarial (Gain) / Loss recognised in the year	0.39	4.14
Net Cost Included in Personnel Expenses	<u>2.67</u>	<u>5.92</u>
v) Actual Return on Plan Assets	0.50	0.96
vi) Estimated contribution to be made in next financial year	4.86	3.83
vii) Major categories of Plan Assets as a % of total Plan Assets		
Insurer Managed Funds	100%	100%
viii) Actuarial Assumptions		
i) Discount Rate	9.31% P.A.	8.25% P.A.
ii) Expected Rate of Return on Plan Assets	9.31% P.A.	8.25% P.A.
iii) Salary Escalation Rate	5.50% P.A.	5.00% P.A.
iv) Employee Turnover	1.00% P.A.	1.00% P.A.
v) Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		

Notes to the Financial Statements for the year ended March 31, 2014

ix) Experience Adjustments (Gain) / Loss:		On Plan Liabilities	On Plan Assets
	2013-14	2.32	0.23
	2012-13	2.80	(0.07)
	2011-12	1.63	(0.25)
	2010-11	0.27	0.37
	2009-10	1.86	(0.68)

NOTE 45 : EMPLOYEE STOCK BENEFIT PLAN

I. EMPLOYEE STOCK OPTION / PURCHASE PLAN

- a) The shareholders of the Company have approved the setting up of the Godrej Consumer Products Ltd. Employee Stock Option Plan (GCPL ESOP) for the benefit of its eligible employees whereby the Company can grant 4,500,000 Stock Options convertible into 4,500,000 equity shares of the nominal value ₹ 1 each to the eligible employees / Directors of the Company and of the Company's subsidiaries.
- b) The ESOP Scheme is administered by an independent ESOP Trust created with IL&FS Trust Company Limited which acquires by subscription / purchase or otherwise, the Company's shares equivalent to the number of Options proposed to be granted by the participating companies, as approved by the Compensation Committee.
- c) The ESOPs authorised for issue are as under:
 - i) 2,000,000 Options in the Extra-ordinary General Meeting on March 14, 2007.
 - ii) 2,500,000 Options in the Extra-ordinary General Meeting on April 28, 2008.
- d) The Options granted shall vest in the eligible employees within such period as may be prescribed by the Compensation Committee, which period shall not be less than one year and may extend up to three years from the date of grant of the Option. Vesting may occur in tranches subject to the terms and conditions of vesting. The Option is exercisable within two years after vesting.
- e) All unvested Options shall vest in the employees on the date of retirement or at an earlier date as may be decided by the Compensation Committee, subject to the requirement of minimum vesting period and all vested Options should be exercised by the Option Grantee immediately on retirement, but in no event later than six months from the date of such Option Grantee's retirement.
- f) The price at which the Option Grantee would convert Options granted into GCPL Shares (i.e. the exercise price) shall be the market price prevailing on the day prior to the day of grant plus interest at such rate not being less than the bank rate then prevailing compoundable on an annual basis for the period commencing from the date of granting of the Option and ending on the date of intimating exercise of the Option to the Company.
- g) The employee share based payment plans have been accounted based on the intrinsic value method and no compensation expense has been recognised since the market price of the underlying share at the grant date is the same / less than the exercise price of the option, the intrinsic value therefore is Nil.

Notes to the Financial Statements for the year ended March 31, 2014

- h) The Board of Directors at its meeting held on January 22, 2011, had approved an Employee Stock Purchase Plan (GCPL ESPL) which is administered by the GCPL ESOP Trust. Under the plan, the Company provides loans to the GCPL ESOP Trust at an interest rate which is not less than the bank rate, to enable the Trust to acquire up to 1,000,000 shares of the Company from the secondary market. The HR and Compensation Committee had resolved that the surplus shares held by the GCPL ESOP Trust at any point of time for grant of Options under GCPL ESOP be utilized for grant of shares to the employees under the GCPL ESPL within the maximum of 1,000,000 equity shares. Under the plan, entire 1,000,000 shares have been granted, vested and exercised till March 31, 2014.
- i) The status of the above plans (since inception) are as under:

	As at March 31, 2014	As at March 31, 2013
Options Granted	4,667,000	4,667,000
Options Vested	3,870,000	3,870,000
Options Exercised	3,810,000	2,745,950
Options Lapsed / Forfeited and re-granted	762,000	762,000
Options Lapsed / Forfeited, pending sale	-	-
Options Lapsed / Forfeited and sold	85,000	85,000
Total Number of Options Outstanding	10,000	1,074,050

II. EMPLOYEE STOCK OPTION PLAN OF ERSTWHILE GODREJ HOUSEHOLD PRODUCTS LTD

- a) Under the Scheme of Amalgamation, the Company has obtained the 'Godrej Sara Lee Limited Employees Stock Option Plan' set up for eligible employees of the erstwhile Godrej Household Products Limited. The equity shares of Godrej Industries Limited (GIL) are the underlying equity shares for the stock option plan. The ESOP Scheme is administered by an independent ESOP Trust created with IL&FS Trust Company Limited. The independent ESOP Trust has purchased shares of GIL from the market against which the options have been granted. The purchases have been financed by loans from the erstwhile Godrej Household Products Limited, which together with interest amounted to ₹ 51.00 crore as at beginning of the year. The ESOP Trust has made a net repayment of the loan amounting to ₹ 23.79 crore during the year. The total amount of loans outstanding together with interest thereon as at March 31, 2014 amounts to ₹ 27.21 crore which has been fully adjusted against the reserves in accordance with the scheme of amalgamation duly approved by the Hon'ble High Court of Judicature at Bombay during FY 2010-11. The repayment of the loans granted to the ESOP Trust and interest thereon is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period.
- b) The status of the above plan (since inception) is as under:

	As at March 31, 2014	As at March 31, 2013
Options Granted	2,129,000	2,129,000
Options Vested	-	-
Options Exercised	-	-
Options Lapsed / Forfeited, pending sale	40,000	55,000
Options Lapsed / Forfeited and sold	1,049,000	954,000
Total Number of Options Outstanding	1,040,000	1,120,000

Notes to the Financial Statements for the year ended March 31, 2014

III. EMPLOYEE STOCK GRANT SCHEME

- a) The Company set up the Employees Stock Grant Scheme 2011 (ESGS) pursuant to the approval by the Shareholders on March 18, 2011.
- b) The ESGS Scheme is effective from April 1, 2011, (the "Effective Date") and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the shares to be vested under Employee Stock Grant Scheme 2011 have been vested in the Eligible Employees and all restrictions on such Stock Grants awarded under the terms of ESGS Scheme, if any, have lapsed, whichever is earlier.
- c) The Scheme applies to the Eligible Employees of the Company or its Subsidiaries. The entitlement of each employee will be decided by the Compensation Committee of the Company based on the employee's performance, level, grade, etc.
- d) The total number of Stock Grants to be awarded under the ESGS Scheme are restricted to 2,500,000 (Twenty Five Lac) fully paid up equity shares of the Company. Not more than 500,000 (Five Lac) fully paid up equity shares or 1% of the issued equity share capital at the time of awarding the Stock Grant, whichever is lower, can be awarded to any one employee in any one year.
- e) The Stock Grants shall vest in the Eligible Employees pursuant to the ESGS Scheme in the proportion of 1/3rd at the end of each year or as may be decided by the Compensation Committee from the date on which the Stock Grants are awarded for a period of three consecutive years subject to the condition that the Eligible Employee continues to be in employment of the Company or the Subsidiary company as the case may be.
- f) The Eligible Employee shall exercise her / his right to acquire the shares vested in her / him all at one time within 1 month from the date on which the shares vested in her / him or such other period as may be determined by the Compensation Committee.
- g) The Exercise Price of the shares has been fixed at ₹ 1 per share. The intrinsic value, being the difference between market price and exercise price is treated as Employee Compensation Expenses and charged to the Statement of Profit and Loss. The value of the options is treated as a part of employee compensation in the financial statements and is amortised over the vesting period.
- h) The Status of the above plan (since inception) is as under:

	As at March 31, 2014	As at March 31, 2013
Options Granted	268,611	184,361
Options Vested	80,849	29,464
Options Exercised	80,849	29,464
Options Lapsed / Forfeited	53,398	28,704
Total Number of Options Outstanding	134,364	126,193

- IV. Pursuant to SEBI notification dated January 17, 2013, no further securities of the Company will be purchased from the open market.
- V. Had the fair value method of accounting been used, the employee compensation cost for the year ended March 31, 2014 would have been lower by ₹ 0.51 crore (*previous year lower by ₹ 1.13 crore*).

NOTE 46 : GENERAL

- a) Other information required by Schedule VI (Revised) to the Companies Act, 1956, has been given only to the extent applicable.
- b) Figures for the previous year have been regrouped / restated wherever necessary to conform to current year's presentation.

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