

**GODREJ INDUSTRIES LIMITED**  
**(formerly GODREJ SOAPS LIMITED)**

**DIRECTORS**

A.B. Godrej	<i>Chairman</i>
J.N. Godrej	
N.B. Godrej	<i>Managing Director</i>
K.N. Naoroji	
V.M. Crishna	
S.A. Ahmadullah	
N.C. Gawankar	
V.N. Gogate	
K.K. Dastur	<i>Executive Director (Finance)</i>
T.A. Dubash	<i>Director (Marketing)</i>
M. Eipe	<i>Executive Director &amp; President (Chemicals)</i>
C.K. Vaidya	<i>Executive Director (Corporate Personnel)</i>

**COMPANY SECRETARY**

S.K. Bhatt

**AUDITORS**

Kalyaniwalla & Mistry, *Chartered Accountants*

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## SUBSIDIARIES

Godrej Agrovat Limited .....	33-40
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## REGISTERED OFFICE

: Pirojshanagar,  
Eastern Express Highway,  
Vikhroli (East), Mumbai 400 079.  
Phone: 022 - 518 8010, 518 8020, 518 8030  
Fax : 022 - 518 8074, 518 8066  
website : <http://www.godrejinds.com>

## FACTORIES

: Vikhroli

Pirojshanagar, Eastern Express Highway,  
Vikhroli, Mumbai 400 079.  
Phone : 022 - 518 8010, 518 8020, 518 8030  
Fax : 022 - 518 8068/518 8074

Valia

Burjorjinagar,  
Plot No.3, Village Kanerao,  
Taluka - Valia, District Bharuch,  
Gujarat 393 135.  
Phone : 02643 - 70756 to 70760, 70000  
Fax : 02643 - 70018

## BRANCHES

: Mumbai

3rd Floor, Admn. Bldg.,  
Pirojshanagar,  
Eastern Express Highway,  
Vikhroli, Mumbai 400 079  
Phone : 022 - 518 8010, 518 8020, 518 8030  
Fax : 022 - 518 8069

Delhi

Laxmi Insurance Building,  
2/2-A, Asaf Ali Road, New Delhi 110 002.  
Phone : 011 - 323 3775, 3233777, 3236776  
Fax : 011 - 323 3778

Kolkata

Block GN, Sector-V,  
Salt Lake City, Kolkata 700 091.  
Phone: 033 - 357 3555, 3556, 0081, 3944  
Fax : 033 - 357 3945

Chennai

Basement, Kasi Arcade,  
116, Sir Thyagaraya Road,  
T. Nagar, Chennai 600 017.  
Phone : 044 - 8252456, 8240930  
Fax : 044 - 824 0725

London

284A, Chase Road, Southgate,  
London N14 - 6HF.  
Phone : (0)20 - 88860145  
Fax : (0)20 - 88869424

## BANKERS

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

## REGISTRARS

: Computech Sharecap Ltd.  
147, Mahatma Gandhi Road,  
Fort, Mumbai 400 023.  
Phone: 022 - 267 1824-26  
Fax : 022 - 267 0380  
E-Mail : [helpdesk@computechsharecap.com](mailto:helpdesk@computechsharecap.com)

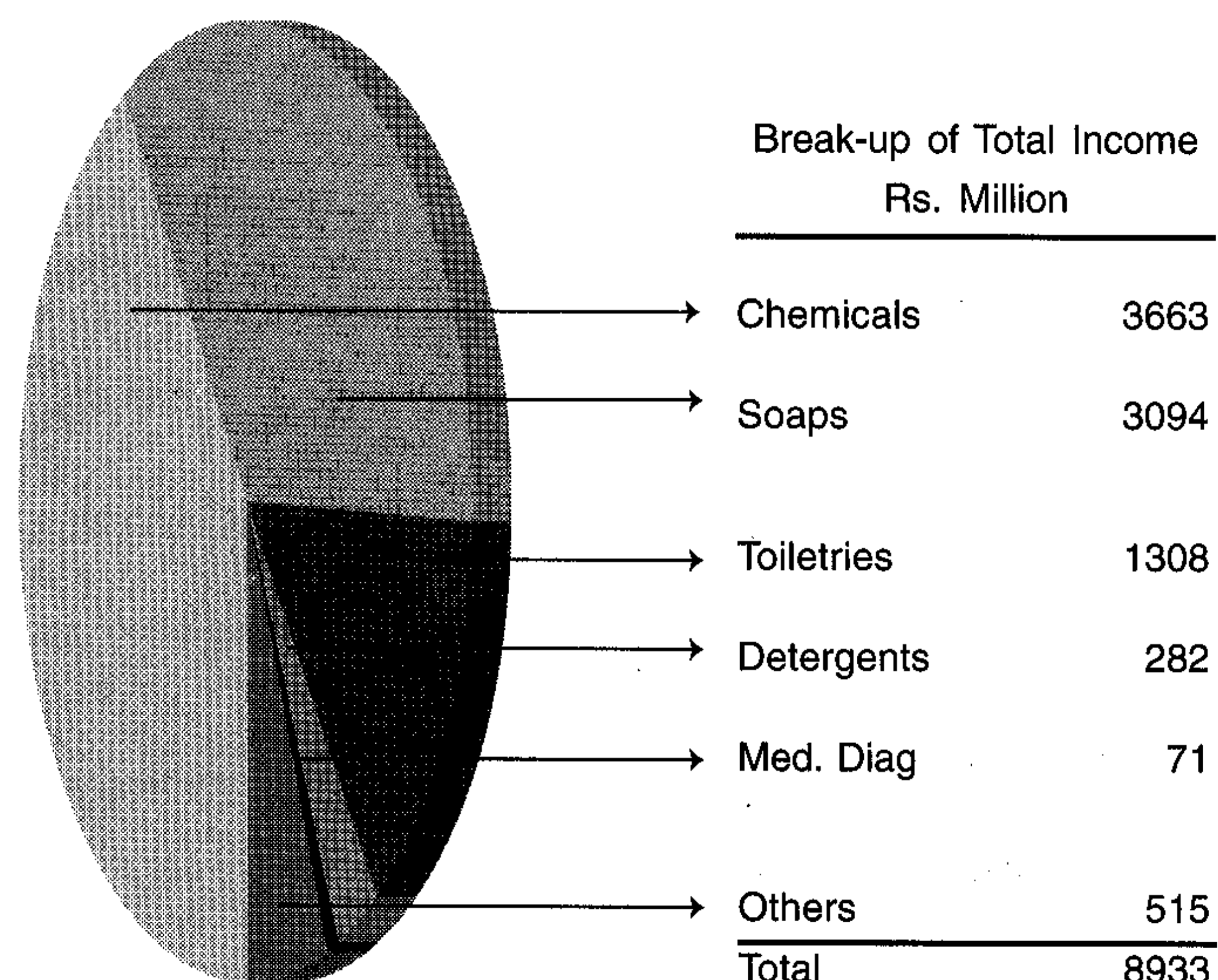


**GODREJ INDUSTRIES LIMITED (Formerly Godrej Soaps Limited) – FINANCIAL HIGHLIGHTS**

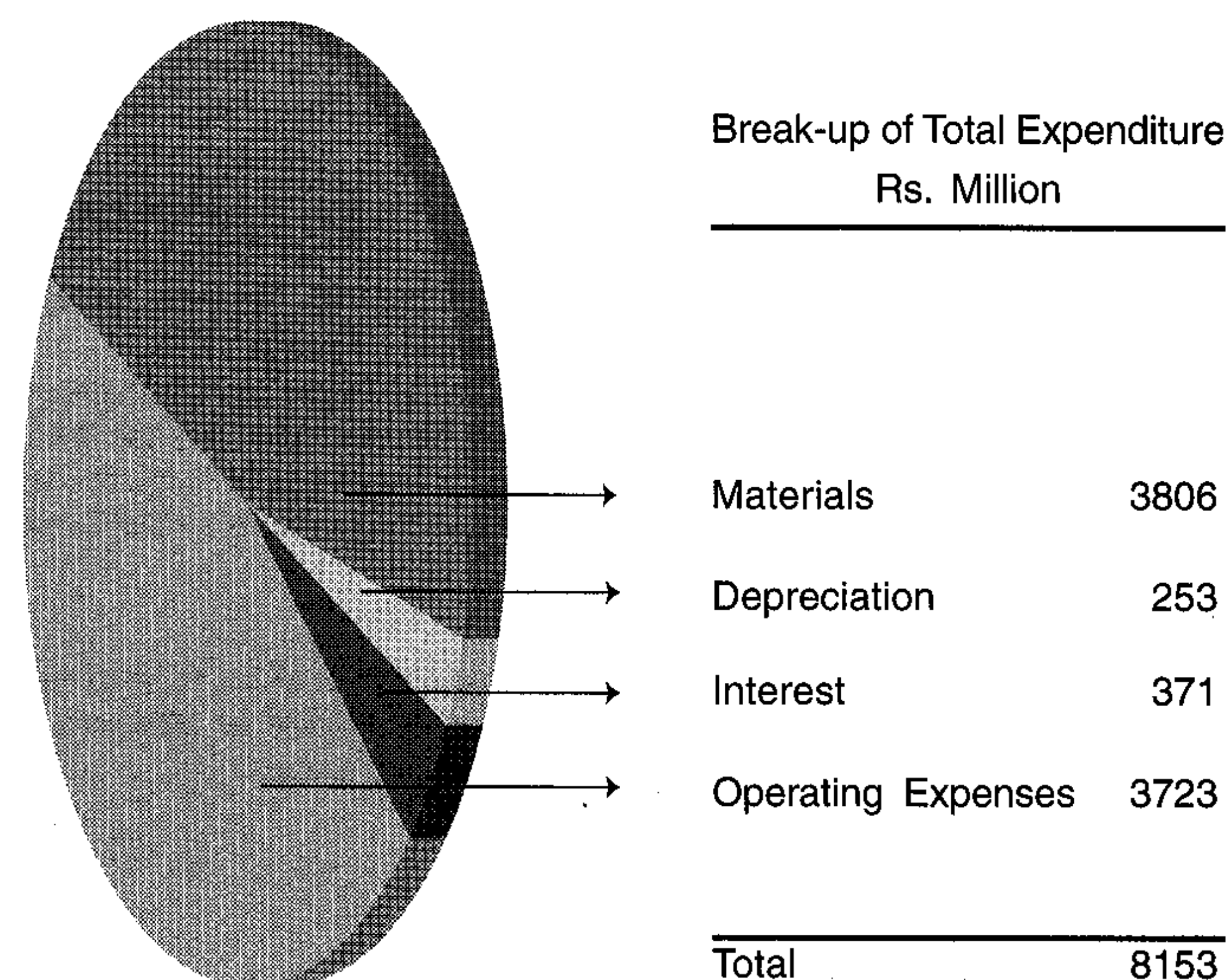
(Rs. million)

	2000-01	1999-00	1998-99	1997-98	1996-97
<b>BALANCE SHEET</b>					
<b>SOURCES OF FUNDS :</b>					
Shareholders' Funds					
Share Capital	598	598	632	651	658
Reserves & Surplus	2756	2568	2205	2621	2573
Loan Funds					
Secured Loans	1670	2237	3331	2612	2754
Unsecured Loans	955	1188	1313	1872	1217
	<b>5979</b>	<b>6591</b>	<b>7481</b>	<b>7756</b>	<b>7202</b>
<b>APPLICATION OF FUNDS :</b>					
Fixed Assets	3380	3282	3231	3297	3000
Investments	1707	1904	2408	2318	2503
Net Working Capital	808	1266	1749	1889	1417
Miscellaneous Expenditure	84	139	93	252	282
	<b>5979</b>	<b>6591</b>	<b>7481</b>	<b>7756</b>	<b>7202</b>
<b>INCOME AND PROFIT FIGURES</b>					
Total Income	8933	7874	9098	7691	6471
Expenditure other than Interest and Depreciation	7529	6434	8589	6803	5364
Profit before Interest, Depreciation and Tax	1404	1440	509	888	1107
Interest (net)	371	477	598	595	643
Profit (Loss) before Depreciation and Tax	1033	963	(89)	293	464
Depreciation	253	234	210	197	185
Profit (Loss) before Tax before exceptional items	780	729	(299)	96	279
Exceptional items	338	55	—	—	—
Provision for Tax	35	64	—	11	29
Net Profit (Loss) after Tax	407	610	(299)	85	250
Adjustment in respect of prior years	2	9	(38)	71	(7)
Provision for Dividend Tax	18	18	—	9	17
Net Profits/(Net Loss) available for appropriation	391	601	(338)	147	226

**Total Income 2000-2001**



**Total Expenditure 2000-2001**





## SHAREHOLDERS' INFORMATION

### DEMERGER AND EXCHANGE OF SHARE CERTIFICATES ISSUED CONSEQUENT TO DEMERGER

The Consumer Products business of your Company was transferred to a new Company viz Godrej Consumer Products Limited (GCPL) with effect from April 1, 2001 pursuant to a scheme of demerger. GCPL will be a focussed FMCG Company. As envisaged in the scheme of demerger the name of Godrej Soaps Ltd. (GSL) was changed to Godrej Industries Ltd. (GIL) with effect from April 2, 2001. GIL retains the business comprising Chemicals, Medical Diagnostics and financial operations. Effective April 1, 2001 the capital of your Company has been reorganised from shares of Rs.10/- each to shares of Rs. 6/- each. Each equity shareholder of GSL has been issued and allotted one share of the face value of Rs. 4/- in GCPL for every one share of the face value of Rs.10/- held in GSL. The record date for the above issue was May 3, 2001.

In case of those shareholders opting for demat credit, your Company has credited on May 4, 2001, the demat accounts of the respective shareholders for the shares issued to them in GIL and GCPL. Your Company has also mailed the physical share certificates of GIL and GCPL to those shareholders who have surrendered their old physical share certificates of GSL before the Record Date.

If you still hold old Share Certificate(s) pertaining to erstwhile Godrej Soaps Ltd. or former Gujarat- Godrej Innovative Chemicals Ltd. (issued in 1990), please send to our Registrars for exchange with new Share Certificates of face value of Rs. 6/- in Godrej Industries Ltd. & face value of Rs. 4/- in Godrej Consumer Products Ltd.

### SUMMARISED SPLIT BALANCE SHEETS OF GODREJ INDUSTRIES LTD AND GODREJ CONSUMER PRODUCTS LTD. AS AT APRIL 1, 2001

Liabilities	All amount in Rs.'000		
	GCPL	GIL	TOTAL
Share Capital	239315	358542	597857
Reserves & Surplus	217353	2538578	2755931
Secured Loans	513129	1156966	1670095
Unsecured Loans	179099	775644	954743
Current Liabilities & Provisions	699339	1346189	2045528
<b>TOTAL</b>	<b>1848235</b>	<b>6175919</b>	<b>8024154</b>
Assets	GCPL	GIL	TOTAL
	GCPL	GIL	TOTAL
Fixed Assets	990962	2388960	3379922
Investments	5	1707494	1707499
Current Assets, Loans & Advances	857268	1995871	2853139
Miscellaneous Expenditure to be written off	—	83594	83594
<b>TOTAL</b>	<b>1848235</b>	<b>6175919</b>	<b>8024154</b>

### AGM: DATE, TIME AND VENUE

The thirteenth Annual General Meeting of the Company is proposed to be held on July 28, 2001 at 3.30 p.m in Udayachal Primary School Hall, Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai 400 079.

### DIVIDEND AND BOOK CLOSURE DATE

The Board of Directors in their meeting held on May 7, 2001 recommended a final dividend @ Rs. 3.00 per share for the year 2000-01 (30% on the shares of the face value of Rs.10/- as at March 31, 2001). The Register of Members and Share Transfer Books will remain closed from July 19, 2001 to July 28, 2001 (both days inclusive). Dividend, if declared, is likely to be paid in the first week of August, 2001 to those members whose names appear in the Register of Members of the Company as on July 28, 2001.

### LISTING ON STOCK EXCHANGES

Consequent to the scheme of demerger, the face value of the shares of GIL have been reduced from Rs. 10/- to Rs. 6/-. The Company's equity shares are listed at the Stock Exchanges in Mumbai, Ahmedabad, Calcutta, Chennai, Delhi and The National Stock Exchange. The annual listing fees as prescribed have been paid to each of these Stock Exchanges up to March 31, 2002.

The Shares of GCPL of the face value of Rs.4/- are being listed in all the Stock Exchanges where shares of GIL i.e. former GSL are listed. GCPL has paid the initial listing fees and the annual listing fees to each of the above Exchanges. The trading in the shares of GCPL has commenced in the Stock Exchange, Mumbai (Regional Stock Exchange) on June 18, 2001 and the National Stock Exchange on June 20, 2001.

### REGISTRARS AND TRANSFER AGENTS

All communication concerning transfer/transmission of shares, change of address, bank mandate, loss of certificate, consolidation of folios, nominations etc., should be addressed to the Company's Registrar and Share Transfer Agents at the following address :

Computech Sharecap Limited,  
147, Mahatma Gandhi Road,  
Fort, Mumbai 400 023.

Phone : 022-2671824-26,Fax: 022-2670380

email id- helpdesk@computechsharecap.com

Website : http://www.computechsharecap.com

Members are requested to quote their folio No. in all their correspondence.

### INVESTOR SERVICES

Complaints received during the financial year 2000-01 from Stock Exchanges and SEBI

Outstanding as at April 1, 2000	:	Nil
Received during the year	:	58
Resolved during the Year	:	58
Outstanding as at March 31, 2001	:	Nil

### SHARE TRANSFER SYSTEM

Share Transfers in physical form are registered and returned within 15 days from the date of receipt in most cases and in any case within 30 days from the date of receipt, if documents are clear in all respects.

Transfer requests below 25000 shares per request are handled by our Registrars and Share Transfer Agents, Computech Sharecap Limited. The Shareholders' Committee of the Board of Directors approves transfers above 25000 shares per request.

Details of Transfers in physical mode during financial year 2000-01

Transfer period (in days)	No. of transfers	No. of shares
1-10	18276	1419049
11-20	Nil	Nil
21-30	284	9595
<b>TOTAL</b>	<b>18560</b>	<b>1428644</b>

### MARKET PRICE DATA : HIGH, LOW DURING EACH MONTH IN THE LAST FINANCIAL YEAR IN THE STOCK EXCHANGE, MUMBAI

Month	Rates per equity share of the face value of Rs. 10/- each	
	High (Rs.)	Low (Rs.)
Apr-00	50.00	34.20
May-00	41.00	34.00
Jun-00	41.50	34.10
Jul-00	38.00	34.00
Aug-00	47.55	38.00
Sep-00	43.45	34.20
Oct-00	43.85	36.60
Nov-00	53.00	38.50
Dec-00	67.00	50.10
Jan-01	68.65	58.50
Feb-01	85.00	64.10
Mar-01	78.50	53.00

### DISTRIBUTION OF SHAREHOLDING

Range of Shares	Shareholders		Equity Shares held	
	Number	Percentage	Number	Percentage
Upto 500	135091	98.62	8127009	13.58
501-1,000	1119	0.82	881851	1.47
1,001-2,000	441	0.32	645622	1.08
2,001-3,000	108	0.08	276661	0.46
3,001-4,000	49	0.04	175340	0.29
4,001-5,000	33	0.02	154587	0.26
5,001-10,000	47	0.03	356728	0.60
10,001 and above	95	0.07	48901764	81.74
In Transit-NSDL	-	-	309218	0.52
<b>Total</b>	<b>136983</b>	<b>100.00</b>	<b>59828780</b>	<b>100.00</b>

## SHAREHOLDING PATTERN OF THE COMPANY AS AT MARCH 31, 2001

	Category	No. of shares held	% of shareholding
<b>A</b>	<b>Promoter's holding</b>		
1.	Promoters		
	Indian Promoters	40116502	67.05
	Foreign Promoters	Nil	Nil
2.	Persons acting in concert	697014	1.17
	Sub-Total	40813616	68.22
<b>B</b>	<b>Non-Promoters Holding</b>		
3.	Institutional Investors		
a	Mutual Funds & UTI	1890009	3.16
b	Banks, Financial Institutions, Insurance Companies (Central/state govt. Institutions/ Non government institutions)	660275	1.10
c	FIs	848893	1.42
	Sub-Total	3379177	5.68
4.	<b>Others</b>		
a	Private Corporate Bodies	3080712	5.15
b	Indian Public	11967531	20.00
c	NRI's/OCB's	561228	0.94
d	Any Other	6616	0.01
	Sub-Total	15616087	26.10
	<b>GRAND TOTAL</b>	<b>59828780</b>	<b>100.00</b>

## DEMATERIALISATION OF SHARES

With effect from March 21, 2000, the settlement of trades by all investors in equity shares of the Company can be made only in dematerialised form. Upto May 4, 2001, 53998543 equity shares of the Company representing 90.26% of the equity capital of the Company have been dematerialised.

## FINANCIAL HIGHLIGHTS

	2000-2001	1999-2000
PAT(Rs '000)	406,540	609,876
EPS (Rs.)	6.80	10.18
Dividend Per Share (Rs.)	3.00	2.70
Book Value Per Share (Rs.)	54.66	50.59
Price to Earnings *	8.94	4.68

\* based on market price of Rs. 60.80 for 2000-01 and Rs. 47.65 for 1999-2000

## DETAILS OF PAST ANNUAL GENERAL MEETINGS

Venue and time of Annual General Meetings held in last 3 years :

Year	Location	Date	Time
1999-2000	Udayachal Primary School Hall, Pirojshanagar, Vikhroli, Mumbai	July 1, 2000	3.30 p.m
1998-1999	Udayachal Primary School Hall, Pirojshanagar, Vikhroli, Mumbai	September 24, 1999	10.30 a.m
1997-1998	Udayachal Primary School Hall, Pirojshanagar, Vikhroli, Mumbai	September 26, 1998	3.00 p.m

## DATES OF BOARD MEETINGS

Sr. No.	Dates of Board Meetings
1	May 3, 2000*
2	July 1, 2000
3	July 31, 2000*
4	October 20, 2000*
5	December 8, 2000
6	January 18, 2001*
7	February 10, 2001
8	February 24, 2001

\* Board meetings for approval of quarterly financial results

## AUDIT COMMITTEE

Pursuant to the provisions of new Section 292A of the Companies Act, 1956 your Company constituted the Audit Committee of the Board of Directors with the following composition :

- 1) Mr. V.N. Gogate- Chairman
- 2) Mr. S.A. Ahmadullah
- 3) Mr. N.B. Godrej

The Committee has reviewed the Accounts for the year ended March 31, 2001.

Subsequently, the composition has been changed as follows to comply with the provisions of the listing agreement as well as the Companies Act, 1956 :

Director	Executive/Non-Executive/Independent
Mr. V.N. Gogate	Chairman, Non-Executive, Independent
Mr. S.A. Ahmadullah	Non-Executive, Independent
Mr. J.N. Godrej	Non-Executive

## SHAREHOLDERS' COMMITTEE

A Shareholders' Committee has been constituted consisting of Mr. A.B. Godrej (Chairman), Mr. J.N. Godrej, Mr. N.B. Godrej, Mr. V.M. Crishna, Ms. T.A. Dubash. The Shareholders' Committee is empowered to approve transfer of shares. The Committee also redresses shareholders complaint like transfer of shares, non-receipt of balance-sheet, non-receipt of declared dividend.

## DETAILS OF NON-COMPLIANCE OF THE COMPANY, PENALTIES, STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGE OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS.

Neither any non-compliance with any of the legal provisions of law has been made by the Company nor has any penalty, stricture has been imposed by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

## MEANS OF COMMUNICATION

Half yearly report sent to each household of shareholders	No
Quarterly results sent to each household of shareholders	No
Which newspapers normally published in	Financial Express, Economic Times, Maharashtra Times
Any website, where displayed	www.godrejinds.com
Whether it also displays official news releases and presentations made to institutional investors/analysts	Yes



## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the THIRTEENTH ANNUAL GENERAL MEETING of the members of GODREJ INDUSTRIES LIMITED will be held on Saturday, July 28, 2001 at 3.30 P.M. in Udayachal Primary School Hall, Pirojshanagar, Vikhroli (East), Mumbai 400 079, to transact the following business :

### ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit & Loss Account for the year ended March 31, 2001, the Balance Sheet as at that date, the Auditors' Report thereon and the Directors' Report.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. S.A. Ahmadullah, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. N.C. Gawankar, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to authorise the Board of Directors of the Company to fix their remuneration. M/s. Kalyaniwalla & Mistry, Chartered Accountants, the retiring Auditors are eligible for reappointment.

### SPECIAL BUSINESS :

6. **To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-**  
RESOLVED THAT Mr. A.B. Godrej in respect of whom notice u/s 257 of the Companies Act, 1956 has been received, be and is hereby appointed as a Director of the Company retiring by rotation.
7. **To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-**  
RESOLVED THAT Mr. K.K. Dastur, who was appointed as an Additional Director with effect from April 1, 2001 by the Board of Directors vide Resolution passed on April 2, 2001, and who holds office as such upto the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under Section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company, retiring by rotation.
8. **To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-**  
RESOLVED THAT Mr. M. Eipe, who was appointed as an Additional Director with effect from April 1, 2001 by the Board of Directors vide Resolution passed on April 2, 2001, and who holds office as such upto the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under Section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company, retiring by rotation.
9. **To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-**  
RESOLVED THAT Mr. C.K. Vaidya, who was appointed as an Additional Director with effect from April 1, 2001 by the Board of Directors vide Resolution passed on April 2, 2001, and who holds office as such upto the date of this meeting and is eligible for appointment as Director, and in respect of whom notice under Section 257 of the Companies Act, 1956, has been received, be and is hereby appointed as a Director of the Company, retiring by rotation.
10. **To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-**  
RESOLVED THAT subject to the provisions of Sections 269, 309, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, approval of the Company be and is hereby accorded for the appointment of Mr. K.K. Dastur as Executive Director (Finance) being a Whole-time Director of the Company with effect from April 1, 2001 for a period upto April 30, 2002 on the remuneration, terms and conditions as contained in the Agreement dated April 4, 2001 entered into between the Board and Mr. K.K. Dastur, the abstract of which was circulated to the members of the Company in terms of Section 302 of the Companies Act, 1956.
11. **To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-**  
RESOLVED THAT subject to the provisions of Sections 269, 309, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, approval of the Company be and is hereby accorded for the appointment of Mr. M. Eipe as Executive Director & President (Chemicals) being a Whole-time Director of the Company with effect from 1st April, 2001 for a period of three years on the remuneration, terms and conditions as contained in the Agreement dated April 4, 2001 entered into between the Board and Mr. M. Eipe, the abstract of which was circulated to the members of the Company in terms of Section 302 of the Companies Act, 1956.
12. **To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-**  
RESOLVED THAT subject to the provisions of Sections 269, 309, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, approval of the Company be and is hereby accorded for the appointment of Mr. C.K. Vaidya as Executive Director (Corporate Personnel) being a Whole-time Director of the Company with effect from April 1, 2001 for a period of three years on the remuneration, terms and condition as contained in the Agreement dated April 4, 2001 entered into between the Board and Mr. C.K. Vaidya, the abstract of which was circulated to the members of the Company in terms of Section 302 of the Companies Act, 1956.
13. **To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-**  
RESOLVED THAT pursuant to the provisions of Sections 309, 310 and other applicable provisions, if any of the Companies Act, 1956, and subject to the provisions of

Schedule XIII of the Companies Act, 1956, the terms and conditions relating to the remuneration of Mr. N.B. Godrej, contained in the Agreement dated April 4, 2001 executed with him in connection with his appointment as the Managing Director of the Company for the period from April 1, 2001 to March 31, 2002, be and is hereby revised with effect from August 1, 2001 as follows :-

- I. Existing sub-clause 5 of the agreement shall be substituted by the following with effect from August 1, 2001 :-  
**Basic Salary :** In the scale of Rs.1,20,000/- to Rs. 3,00,000/- per month, payable monthly.  
The Board of Directors will determine the exact amount of basic salary payable from time to time depending on the performance of the Managing Director, profitability of the Company and other relevant factors.
  - II. **Medical Benefits :** Under para "Medical Benefits" as contained in the existing clause 5(III)(2)(a) of the agreement, the following shall be inserted at the end of the para.  
Reimbursement of hospitalisation, nursing home and surgical charges for the Managing Director and his family subject to a limit of Rs.1 lac per financial year which can be accumulated according to the Company's Rules.
  - III. All other terms & Conditions of the said agreement shall remain valid and unchanged.
14. **To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-**  
RESOLVED THAT subject to the provisions of Sections 269, 309, and Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, approval of the Company be and is hereby accorded for the reappointment of Mr. N.B. Godrej as Managing Director of the Company with effect from April 1, 2002 to hold office for a period of 3 years on a remuneration as may be determined and agreed between the Board and Mr. N.B. Godrej, from time to time within the maximum limits specified below :
- I. **Basic Salary :**  
In the scale of Rs.1,20,000/- to Rs. 3,00,000/- per month, payable monthly.  
The Board of Directors will determine the amount of basic salary payable from time to time depending on the performance of the Managing Director, profitability of the Company and other relevant factors.
  - II. **Performance Linked Bonus :**  
Performance linked bonus according to Scheme of the Company for each of the Financial years 2001-02, 2002-03, 2003-04 and 2004-05 as may be decided by the Board based on Economic Value Added in the business and other relevant factors and having regard to the performance of the Managing Director subject to a ceiling of 36 months' average basic salary, for every year.
  - III. **Perquisites :** Classified into three categories A, B, and C as detailed below :  
**Category A**
    - (1) **Housing**  
Furnished residential accommodation, the perquisite value for which, shall be calculated in accordance with the Income-tax Rules, 1962. The perquisite value of provision of, or reimbursement of expenditure incurred on, gas, electricity, water and furnishings being valued in accordance with the Income-tax Rules, 1962.  
OR  
House rent allowance equivalent to 60% of the basic salary.
    - (2) **Medical Benefits :**
      - a) Reimbursement of domiciliary medical expenses incurred/insurance premium for the Managing Director and his family (excluding hospitalisation, nursing home and surgical charges subject to a ceiling of one month's average basic salary in a financial year.  
Reimbursement of hospitalisation, nursing home and surgical charges for the Managing Director and his family subject to a limit of Rs.1 lac per financial year which can be accumulated according to the Company's Rules.
      - b) Health Insurance for the Managing Director and his family, subject to a ceiling of Rs.50,000 in a financial year on the premium payable in respect of such insurance.
    - (3) **Leave Travel Concession :**  
Leave Travel Concession (for the Managing Director and his family once in a financial year incurred in accordance with the Rules specified by the Company) subject to a ceiling of one month's average basic salary in a financial year.
    - (4) **Club Fees :**  
Reimbursement of fees of a maximum of two Clubs, subject to a ceiling of Rs.50,000 (excluding entrance fees/life membership fees) in a financial year.
    - (5) **Personal Accident Insurance :**  
Personal Accident Insurance, subject to a ceiling of Rs.50,000 in a financial year on the premium payable in respect of such insurance.
- For the purposes of medical benefits and leave travel concession under Category A, 'family' means the spouse and dependent children of the Managing Director.
- Category B**
- (1) Company's contributions towards Provident Fund, Superannuation Fund or Annuity Fund as per the Rules framed under the Company's relevant Scheme. These shall be subject to a ceiling of the amount upto which the said contributions are either singly or put together not taxable, under the Income Tax Act, 1961.
  - (2) Gratuity not exceeding 50% of average basic salary drawn in last year of service for each completed year of service. Such gratuity shall be payable



according to the Rules of the Company. If the Managing Director is reappointed, gratuity will be paid at the end of the tenure of the Managing Director with the Company.

- (3) Earned/privilege leave, on full pay and allowance, not exceeding 30 days in a financial year. Encashment of leave will be permissible in accordance with the Rules specified by the Company. Casual/Sick leave as per the rules of the Company.

## Category C

The following shall not be included in the computation of perquisites :

- (1) Provision for use of Company's cars with driver for official use.
- (2) Provision of free telephone facilities or reimbursement of telephone expenses at residence including payment of local calls and long distance official calls.

## Notes :

- I. Unless otherwise stipulated, for the purpose of the above, the perquisites shall be evaluated as per Income Tax Rules wherever actual cost cannot be determined.
- II. Notwithstanding the foregoing, where in any Financial Year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the remuneration by way of salary, commission and perquisites shall not exceed, the maximum limits prescribed in Schedule XIII to the Companies Act, 1956, except with the approval of the Central Government.
- III. The limits specified above are the maximum limits and the Board may in its absolute discretion pay to the Managing Director lower remuneration and revise the same from time to time within the maximum limits stipulated above.
- IV. In the event of any re-enactment or re-codification of the Companies Act, 1956 or the Income Tax Act, 1961 or amendments thereto, the foregoing shall continue to remain in force and the reference to various provisions of the Companies Act, 1956 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued thereunder.

## 15. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-

RESOLVED THAT subject to the provisions of Sections 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the reappointment of Ms. T.A. Dubash as Director (Marketing) being a Whole-time Director of the Company with effect from August 1, 2001 for the period upto March 31, 2004 on the remuneration as may be determined and agreed to between the Board and Ms. T.A. Dubash, from time to time within the maximum limits specified below :

### I. Basic Salary:

In the scale of Rs.70,000 to Rs.2,00,000 per month, payable monthly.

The Board of Directors will determine the amount of salary payable to Ms. T.A. Dubash from time to time depending on her performance, profitability of the Company and other relevant factors.

### II. Performance Linked Bonus:

Performance linked bonus according to scheme of the Company for each of the financial years 2001-02, 2002-03 and 2003-04 as may be decided by the Board based on Economic Value Added in the business and other relevant factors and having regard to the performance of Ms. T.A. Dubash subject to a ceiling of 36 months' average basic salary, for every year.

### III. Perquisites and other matters :

Classified into three categories A, B, and C as detailed below:

## Category A

### (1) Housing

- A. Unfurnished residential accommodation subject to recovery of 10% of basic salary, the perquisite value of which, shall be calculated in accordance with the Income-tax Rules, 1962, and House Rent Allowance equivalent to 40% of Basic salary.

OR

House rent allowance equivalent to 55% of the basic salary.

- B. Furnishing at residence subject to a ceiling of Rs.2,00,000 for a period of 3 years in accordance with the Company's Scheme.

### (2) Medical Benefits:

- a) Reimbursement of domiciliary medical expenses incurred/ insurance premium for Ms. T.A. Dubash and her family (excluding hospitalisation, nursing home and surgical charges) subject to a ceiling of one month's average basic salary in a financial year.  
Reimbursement of hospitalisation, nursing home and surgical charges for Ms. T.A. Dubash and her family subject to a limit of Rs.1 lac per financial year which can be accumulated according to the Company's Rules.
- b) Health Insurance for Ms. T.A. Dubash and her family, subject to a ceiling of Rs.50,000 in a financial year on the premium payable in respect of such insurance.

### (3) Leave Travel Concession:

Leave Travel Concession (for Ms. T.A. Dubash and her family once in a financial year incurred in accordance with the Rules specified by the Company) subject to a ceiling of one month's average basic salary in a financial year.

### (4) Club Fees :

Reimbursement of fees of a maximum of two Clubs, subject to a ceiling of Rs.50,000 (excluding entrance fees/life membership fees) in a financial year.

### (5) Personal Accident Insurance :

Personal Accident Insurance, subject to a ceiling of Rs.50,000 in a financial year on the premium payable in respect of such insurance.

For the purposes of medical benefits and leave travel concession under Category A, 'family' means the spouse and dependent children of Ms. T.A. Dubash.

## Category B

- (1) Company's contributions towards Provident Fund, Superannuation Fund or Annuity Fund as per the Rules framed under the Company's relevant Scheme. These shall be subject to a ceiling of the amount upto which the said contributions are either singly or put together not taxable, under the Income Tax Act, 1961.
- (2) Gratuity not exceeding 50% of average basic salary drawn in the last year of service for each completed year of service. Such gratuity shall be payable according to the Rules of the Company. If Ms. T.A. Dubash is reappointed, gratuity will be paid at the end of her tenure with the Company.
- (3) Earned/privilege leave, on full pay and allowance, not exceeding 30 days in a financial year. Encashment of leave will be permissible in accordance with the Rules specified by the Company. Casual/Sick leave as per the rules of the Company.

## Category C

The following shall not be included in the computation of perquisites:-

- (1) Provision for use of Company's cars with driver for official use.
- (2) Provision of free telephone facilities or reimbursement of telephone expenses at residence including payment of local calls and long distance official calls.

## Notes :

- I. Unless otherwise stipulated, for the purpose of the above, the perquisites shall be evaluated as per Income Tax Rules wherever actual cost cannot be determined.
- II. Notwithstanding the foregoing, where in any Financial Year during the currency of the tenure of Ms. T.A. Dubash, the Company has no profits or its profits are inadequate, the remuneration by way of salary, commission and perquisites shall not exceed, the maximum limits prescribed in Schedule XIII to the Companies Act, 1956, except with the approval of the Central Government.
- III. The limits specified above are the maximum limits and the Board may in its absolute discretion pay to Ms. T.A. Dubash lower remuneration and revise the same from time to time within the maximum limits stipulated above.
- IV. In the event of any re-enactment or re-codification of the Companies Act, 1956 or the Income Tax Act, 1961 or amendments thereto, the foregoing shall continue to remain in force and the reference to various provisions of the Companies Act, 1956 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued thereunder.
- V. Ms. T.A. Dubash is liable to retire by rotation.
- VI. The terms and conditions contained above shall be in substitution of and to the exclusion of the existing terms and conditions and effective from August 1, 2001.

## 16. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION :-

RESOLVED THAT following new Article be added after Article no. 55 in the Articles of Association of the Company :-

"55A. Registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever".

## 17. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION :-

RESOLVED THAT pursuant to Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as 'the Act'), the Company be and is hereby authorised to invest upto Rs.1.00 crore to acquire securities of Compass Connections Ltd. by subscription, purchase or otherwise, in addition to securities already held in the said Company, notwithstanding that the aggregate of the loans and investments so far made in or to be made in and the guarantees so far given or to be given to all bodies corporate, exceeds the limits laid down by the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take from time to time all decisions and steps necessary or expedient or proper in respect of the above investments including the timing, the amount and other terms and conditions of such investment and varying the same through transfer, sale, disinvestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.

By Order of the Board of Directors

**S. K. BHATT**  
Company Secretary

Mumbai, May 7, 2001

Registered Office :

Pirojshanagar, Eastern Express Highway,  
Vikhroli (East), Mumbai 400 079.

## NOTES :

1. The relative Explanatory Statement in respect of business under Item Nos. 6-17 set out in the Notice is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and on poll, to vote instead of himself. Such a proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy so appointed shall not have any right to speak at the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 19-7-2001 to 28-7-2001 (both days inclusive) for payment of dividend.
4. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
5. Members are requested to send in their queries atleast a week in advance to the Company Secretary at the Registered Office of the Company to facilitate clarifications during the meeting.



## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item 6

Mr. A.B. Godrej's appointment as Managing Director for the period from April 1, 2001 to March 31, 2002 had received the approval of shareholders in the last Annual General Meeting. Mr. A.B. Godrej was appointed as Managing Director in Godrej Consumer Products Limited (GCPL) with effect April 1, 2001, and hence he does not retain his whole time directorship in the Company. He continues as a Chairman and a non-executive director on the Board with effect from April 1, 2001. Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying intention to propose the appointment of Mr. A.B. Godrej as Director retiring by rotation at this Annual General Meeting.

Mr. A.B. Godrej, Chairman is B.S., M.S., from Massachusetts Institute of Technology, U.S.A. and is a Director since 1964.

Mr. A.B. Godrej is the Chairman of Godrej Consumer Products Ltd., Godrej Sara Lee Ltd., Godrej Foods Ltd., Godrej Photo-me Ltd., Godrej Pillsbury Ltd., Swadeshi Detergents Ltd., Vora Soaps Ltd., Godrej Properties & Investments Ltd., Goldmohur Foods & Feeds Ltd., & Director in Godrej Agrovet Ltd., Godrej & Boyce Mfg. Co. Ltd., Godrej Investments Pvt. Ltd., Godrej Appliances Ltd., Godrej Telecom Ltd., Godrej International Ltd., Godrej Global Mid East FZE.

The Board recommends the passing of the resolution. Mr. A.B. Godrej may be deemed to be interested in the resolution. Mr. N.B. Godrej & Ms. T.A. Dubash being related to Mr. A.B. Godrej may be deemed to be interested in the resolution. None of the other Directors are concerned or interested in the resolution.

### Item 7 to 12

The Board of Directors of the Company has appointed the following senior management personnel as Whole-time Directors with effect from April 1, 2001.

1. Mr. K.K. Dastur, Executive Director (Finance) is a Chartered Accountant and has been with the Company for over 35 years. He was earlier Manager of the Company's London office and has handled various other responsibilities in Purchase, Commercial, Commodities and Corporate Affairs.  
Mr. K.K. Dastur is a Director in Godrej Appliances Ltd., Godrej Photo-Me Ltd., Godrej Oil Palm Konkan Ltd., Godrej Plant Biotech Ltd. and Godrej Capital Ltd.
2. Mr. C.K. Vaidya, Executive Director (Corporate Personnel) is B.Tech (Mech.) from IIT, Mumbai and PGDM from IIM, Calcutta and has been with the Godrej group for over 26 years. Before taking over Corporate Personnel function, he has handled many key assignments in Operations, Sales and Marketing.  
Mr. C.K. Vaidya is a Director in Godrej Oil Palm Konkan Ltd. Hybrigene Biotechnology Pvt. Ltd., Godrej Plant Biotech Ltd. and Tahir Properties Ltd.
3. Mr. M. Eipe, Executive Director & President (Chemicals) is B.Tech.(Chems.) from IIT, Mumbai, PGDM from IIM, Calcutta and has been with the Company for over 23 years. Before taking over the Chemicals Division, he has handled various responsibilities in Sales, Marketing and Operations in the Company.  
Mr. Mathew Eipe is a Director in Godrej Capital Ltd. and Ensemble Holdings & Finance Ltd.

Since the above appointments were made by the Board of Directors as Additional Directors, they hold office upto the date of this Annual General Meeting, in terms of the provisions contained in Section 260 of the Companies Act, 1956. Notices under Section 257 of the Companies Act, 1956 have been received from a member signifying intention to propose the appointment of the aforesaid persons as Directors retiring by rotation at this Annual General Meeting.

Your Board is of the view that considering the qualifications and experience of the above senior management personnel, their appointment as Whole-time Directors of the Company will be beneficial to the operations of the Company.

The terms and conditions of the appointment of the aforesaid Whole-time Directors are as under :-

1. The aforesaid Whole-time Directors viz. Mr. K.K. Dastur, Mr. C.K. Vaidya and Mr. M. Eipe shall perform their duties subject to the superintendence, control and direction of the Board of Directors of the Company.
2. Period of appointment :  
Mr. K.K. Dastur - } from 1/4/2001 to 30/4/2002  
Mr. C.K. Vaidya - } from 1/4/2001 to 31/3/2004  
Mr. M. Eipe - } from 1/4/2001 to 31/3/2004
3. In consideration of the performance of their duties the aforesaid Whole-time Directors shall be entitled to receive remuneration as stated below :-

#### I. Basic Salary :

In the scale of Rs.70,000 to Rs.2,00,000 per month.

The Board of Directors will determine the amount of salary payable to each one of the Whole-time Directors from time to time depending on the performance of the Whole-time Director, profitability of the Company and other relevant factors.

#### II. Performance Linked Bonus :

Performance linked bonus according to the Scheme of the Company for the Financial Year 2000-01 as may be decided by the Board subject to a ceiling of Rs. 8,00,000.

Performance linked bonus according to Scheme of the Company for each of the financial years 2001-02, 2002-03 and 2003-04 as may be decided by the Board based on Economic Value Added in the business and other relevant factors and having regard to the performance of the Whole-time Director subject to a ceiling of 36 months average basic salary, for every year.

#### III. Perquisites and other matters :

Classified into four categories A, B, C and D as detailed below :

##### Category A

###### (1) Housing

A. Unfurnished residential accommodation subject to recovery of 10% of basic salary, the perquisite value of which, shall be calculated in accordance with the Income-tax Rules, 1962, and House Rent Allowance equivalent to 40% of Basic salary.

OR

House rent allowance equivalent to 55% of the Basic salary.

B. Furnishing at residence subject to a ceiling of Rs.2,00,000 for a period of 3 years in accordance with the Company's Scheme.

###### (2) Medical Reimbursement :

Reimbursement of domiciliary medical expenses incurred /insurance premium for the Whole-time Director and his family (excluding hospitalisation, nursing home and surgical charges), subject to a ceiling of one month's average basic salary in a financial year.

Reimbursement of hospitalisation, nursing home and surgical charges for the Whole-time Director and his family subject to a limit of Rs.1 lac per financial year which can be accumulated according to the Company's Rules.

###### (3) Leave Travel Concession :

Leave Travel Concession (for the Whole-time Director and his family once in a financial year incurred in accordance with the Rules specified by the Company) subject to a ceiling of 10% of average basic salary in a financial year, subject to a maximum of Rs.50,000/- in a financial year as may be decided by the Board.

###### (4) Club :

Reimbursement of Club fees of a maximum of two Clubs subject to a ceiling of Rs.50,000 (excluding entrance fees/life membership fees) in a Financial year.

For the purposes of medical reimbursements and leave travel concession under Category A, 'family' means the spouse and dependent children and dependent parents of the Whole-time director.

##### Category B

- (1) Company's contributions towards Provident Fund, Superannuation Fund or Annuity Fund as per the Rules framed under the Company's relevant Scheme. These shall be subject to a ceiling of the amount upto which the said contributions are either singly or put together not taxable, under the Income Tax Act, 1961.
- (2) Gratuity not exceeding 50% of average basic salary drawn in last year of service for each completed year of service. Such gratuity shall be payable according to the rules of the Company. If the whole-time Director is reappointed gratuity will be paid at the end of the tenure of the Whole-time Director with the Company.
- (3) Earned/privilege leave, on full pay and allowance, not exceeding 30 days in a financial year. Encashment of leave will be permissible in accordance with the Rules specified by the Company. Casual/Sick leave as per the rules of the Company.

##### Category C

The following shall not be included in the computation of perquisites :-

- (1) Provision for use of Company's cars for official use.
- (2) Provision of free telephone facilities or reimbursement of telephone expenses at residence, including payment of local calls and long distance official calls.

##### Category D - Loans

- (a) - Granting of housing loans according to Company's Scheme.  
- Continuation of loan outstanding as on 31/3/01  
Mr. K.K. Dastur - Rs. 12,82,905  
Mr. C.K. Vaidya - Rs. 29,86,421  
Mr. M. Eipe - Rs. 23,65,051



- (b) - Granting of contingency loans subject to a limit of Rs. 3 lac according to Company's Scheme subject to Central Government approval.  
Continuation of Contingency loan availed of by Mr. M. Eipe - Amount outstanding as on 31/3/01 - Rs.31,694/-.

## Notes :

1. Unless otherwise stipulated, for the purpose of the above, the perquisites shall be evaluated as per Income Tax Rules wherever actual cost cannot be determined.
2. Notwithstanding the foregoing, where in any Financial Year during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the remuneration by way of salary, commission and perquisites shall not exceed, the maximum limits prescribed in Schedule XIII to the Companies Act, 1956, except with the approval of the Central Government.
3. The limits specified above are the maximum limits and the Board may in its absolute discretion pay to the Whole-time Director lower remuneration and revise the same from time to time within the maximum limits stipulated above.
4. In the event of any re-enactment or re-codification of the Companies Act, 1956 or the Income Tax Act, 1961 or amendments thereto, the foregoing shall continue to remain in force and the reference to various provisions of the Companies Act, 1956 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued thereunder.
5. If at any time the Whole-time Director ceases to be a director of the Company for any cause whatsoever, he shall cease to be the Whole-time Director of the Company. If at any time the Whole-time Director ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
6. The Whole-time Director is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(i) of the Act, while at the same time the Whole-time Director is liable to retire by rotation. The appointment is terminable by giving three months' notice in writing on either side.

The Agreements entered into with the Whole-time Directors are available for inspection at the Regd. Office of the Company from 10.00 A.M. to 12.00 Noon, Monday to Friday (except public holidays) upto the date of the Annual General Meeting.

The abstract of the terms of the agreements as aforesaid which is required to be given to every member under the provisions of Section 302 of the Companies Act, 1956 had been sent to all Members of the Company on 6th April, 2001.

The Board of Directors of the Company recommends the passing of the resolutions as set out at item nos. 7 to 12 of the Notice.

Mr. K.K. Dastur, Mr. Mathew Eipe and Mr. C.K. Vaidya may be deemed to be interested in the resolution, to the extent of the remuneration that may be received by them. None of the other Directors of the Company are concerned or interested in the resolution.

## Item 13

The Shareholders had at the last Annual General Meeting reappointed Mr. N.B. Godrej as Managing Director for the period from April 1, 2001 to March 31, 2002 and fixed the remuneration payable to him. In terms of the said resolution the Company has executed agreement dated April 4, 2001 with Mr. N.B. Godrej. It is now proposed to revise his remuneration as set out in the resolution. All other terms and conditions of the agreement shall remain valid and unchanged.

The particulars set out in the resolution also constitute the abstract of the terms of variation required to be sent to every member of the Company pursuant to Section 302 of the Companies Act, 1956.

The Agreement dated April 4, 2001 entered into with Mr. N.B. Godrej is available for inspection at the Registered Office of the Company from 10.00 A.M. to 12.00 Noon on any working day of the Company upto the date of the Annual General Meeting.

The Board recommends the passing of the resolution. Mr. N.B. Godrej may be deemed to be interested in the resolution. Mr. A.B. Godrej being relative of Mr. N.B. Godrej may be deemed to be interested in this resolution. None of the other Directors of the Company are interested in the resolution.

## Item 14

Mr. N.B. Godrej was reappointed as the Managing Director vide resolution passed at the Annual General Meeting held on July 1, 2000 for the period from April 1, 2001 to March 31, 2002. It is now proposed to reappoint him for a further period of three years from April 1, 2002 to March 31, 2005 on a remuneration, terms & conditions as specified in the resolution.

Mr. N.B. Godrej is B.S.Chem. Engg (M.I.T, U.S.A), M.S.Chem. Engg (Stanford, U.S.A) and a Director since 1976. He is the Chairman of Godrej Agrovet Ltd. and Godrej Plant Biotech Ltd. He is also a Director in Godrej & Boyce Mfg.Co. Ltd., Godrej Appliances Ltd., Godrej Consumer Products Ltd., Godrej Foods Ltd., Godrej Properties & Investments Ltd., Godrej Pillsbury Ltd., Godrej Sara Lee Ltd., Gold Mohur Foods & Feeds Ltd., Godrej International Ltd., Godrej Global Mid East FZE., Unicorn Agrotech Ltd., Mahindra & Mahindra Ltd., Unicorn Seeds Ltd. and KarROX Technologies Ltd.

For the sake of brevity, the particulars of the proposed remuneration, perquisites and

benefits of Mr. N.B. Godrej are not being set out in the explanatory statement and the members are requested to refer to the same as set out in the body of the resolution. These particulars also constitute the abstract of the terms of the contract proposed to be entered into with Mr. N.B. Godrej which is required to be sent to every member pursuant to Section 302 of the Companies Act, 1956.

The Board of Directors of the Company recommends the passing of the resolution. Mr. N.B. Godrej may be deemed to be interested in the resolution. Mr. A.B. Godrej being related to Mr. N.B. Godrej may also be deemed to be interested in the aforesaid. None of the other Directors of the Company are concerned or interested in the resolution.

## Item 15

Ms. T.A. Dubash was appointed Whole-time Director in the Annual General Meeting held on September 7, 1996 on a basic salary of Rs.35,000/- p.m. With effect from July 1, 2000 the remuneration payable to her was revised to Rs.60,000 per month vide the resolution passed by the shareholders in the Annual General Meeting on July 1, 2000. It is proposed to revise her remuneration by fixing a basic salary in the scale of Rs.70,000 to Rs.2,00,000 p.m with power to the Board to decide the basic salary payable from time to time based on her performance, profitability of the Company and other relevant factors. It is also proposed to fix a performance linked bonus based on Economic Value Added in the business and other relevant factors having regard to her performance.

The revision is proposed to be effective from August 1, 2001 and is being done by means of a fresh agreement.

Ms. T.A. Dubash, A.B with Economics & Political Science, is Director in Ensemble Holdings & Finance Ltd., Godrej Capital Ltd., Godrej Oil Palm Konkan Ltd., Tahir Properties Ltd., and Godrej Holdings Ltd.

For the sake of brevity, the particulars of the proposed remuneration, perquisites and benefits of Ms. T.A. Dubash are not being set out in the explanatory statement and the members are requested to refer to the same as set out in the body of the resolution. These particulars also constitute the abstract of the terms of the Contract proposed to be entered into with Ms. T.A. Dubash which is required to be sent to every member pursuant to Section 302 of the Companies Act, 1956.

The agreement dated September 7, 1996 for the appointment of Ms. T.A. Dubash as Whole-time director and the supplemental agreement dated August 25, 2000 for increase in remuneration are available for inspection at the Registered office of the Company from 10.00 a.m to 12.00 noon on any working day of the Company upto the date of Annual General Meeting.

The Board of Directors of the Company recommends the passing of the resolution. Ms. T.A. Dubash may be deemed to be interested in the resolution. Mr. A.B. Godrej being related to Ms. T.A. Dubash may also be deemed to be interested in the resolution. None of the other directors of the Company are concerned or interested in the resolution.

## Item 16

National Stock Exchange has stipulated a condition that every Company should include a clause in the Articles of Association that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever. Accordingly the resolution is proposed for the approval of shareholders.

The Board of Directors recommends passing of this resolution.

None of the Directors of the Company are concerned or interested in the resolution.

## Item 17

*Particulars of the body corporate in which investment is proposed to be made*

Name : Compass Connections Ltd.

Registered Office : 5th Floor, Hanover Square, London, W1R 9RD, UK

Principal business : Outsourcing, backoffice operations, IT enabled services.

*Purpose :*

To take a stake in a Company in the Information Technology Service.

*Sources of funds :* Internal accruals/borrowings.

*Nature of concern/interest of Directors :*

None of the Directors of the Company are concerned or interested in the resolution.

The Board of Directors recommends the passing of the resolution.

By Order of the Board of Directors

**S. K. BHATT**  
Company Secretary

Mumbai, May 7, 2001.

**Registered Office :**

Pirojshanagar,  
Eastern Express Highway,  
Vikhroli (East), Mumbai 400 079.



# Godrej Industries Limited (formerly Godrej Soaps Limited)

## DIRECTORS' REPORT FOR THE YEAR ENDED ON MARCH 31, 2001

To The Shareholders,

Your Directors have pleasure in submitting their Report along with the audited Accounts for the year ended on March 31, 2001.

### OPERATING RESULTS

Your Company achieved a strong results during the year under review. Your Company's performance during the year as compared with that during the previous year is summarised below :

	This Year Rs. Million	Previous Year Rs. Million
Income from Operations	8,900.24	7,862.00
Other Income	32.37	12.44
Total Income	8,932.61	7,874.44
Total Expenditure other than Interest and Depreciation	7,528.67	6,434.21
Profit before Interest, Depreciation and Taxation	1,403.94	1,440.23
Depreciation	253.14	234.16
Profit before Interest and Taxation	1,150.80	1,206.07
Interest and Financial Charges (net)	371.12	477.36
Profit/(Loss) before Taxation before exceptional items	779.68	728.71
Exceptional items	338.14	54.73
Profit before Taxation and after exceptional items	441.54	673.98
Provision for Taxation	35.00	64.10
Adjustments in respect of prior years	2.47	9.02
	409.01	618.90
Surplus brought forward	586.38	242.09
Amount available for Appropriation	995.39	860.99

### Appropriation

Your Directors recommend appropriation as under:-

Transfer to Capital Redemption Reserve	—	33.50
Dividend on Preference Shares	—	0.79
Dividend on Equity Shares	179.36	161.47
Tax on distributed profits	18.29	17.85
Transfer to Debenture Redemption Reserve	78.25	—
Transfer to General Reserve	45.00	61.00
Surplus Carried Forward	674.49	586.38
Total Appropriation	995.39	860.99

### DIVIDEND

Your Directors recommend a dividend of Rs.3.00 per share amounting to Rs.179 million as final dividend for the financial year 2000-01 as against Rs.2.70 per share amounting to Rs.161 million for financial year 1999-00.

### REVIEW OF OPERATIONS

During the year under review, after writing off/providing Rs.338 Million towards exceptional item your Company recorded Profit after Tax of Rs.407 Million as against Rs.610 Million in the previous year. The Consumer Products and Chemicals businesses both recorded good improvement in performance.

The broad break-up of the total income is as follows :

	2000-2001		1999-2000	
	M.T.	Value Rs. Million	M.T.	Value Rs. Million
<b>Consumer Products - Godrej Brands</b>				
Soaps - (Domestic)	27,866	2,439.28	21,441	2,080.05
Toiletries (Domestic)	1,864	1,250.44	1,368	866.25
Detergents (Domestic )	3,396	281.57	3,020	223.73
Consumer Products (Exports)	814	94.85	699	74.36
Consumer Products - Godrej Brands	33,940	4,066.14	26,528	3,244.39
Consumer Products - Non-Godrej Brands	11,407	618.16	9,534	580.42
Consumer Products (Total)	45,347	4,684.29	36,062	3,824.81
Chemicals (Domestic)	69,091	2,685.30	62,716	2,237.82
Chemicals (Exports)	22,161	977.67	14,890	669.53
Chemicals (Total)	91,251	3,662.97	77,606	2,907.35
Edible Oils	—	—	4,948	146.02
Medical Diagnostics	—	70.95	—	39.65
Others	—	24.27	—	36.60
Total	—	8,442.48	—	6,954.43
Income from other business operations	—	309.91	—	198.57
Income from financial operations	—	147.85	—	709.00
Other Income	—	32.37	—	12.44
Total Income	—	8,932.61	—	7,874.44

### CONSUMER PRODUCTS

Sales of the Consumer Products Division grew 25% in Godrej brands, 7% in manufacture of non-Godrej brands and 28% in Exports. Overall growth was at 22% over the previous year.

The year saw the launch of a number of new innovative products, all of which were received enthusiastically by the trade and consumers. Your Company has fine-tuned a process to identify and qualify potential successful products called the Innovation Funnel which has improved the probability of success of a new product. At the same time, innovative improvements have been brought about in the distribution systems which have helped to widen and deepen the distribution of the consumer products.

#### Soaps :

Prices of inputs remained at reasonable levels during the year allowing your Company to plough back cost savings into innovative trade and consumer offers. This helped your Company to defend and grow the brands. Your Company introduced a number of innovative schemes for trade and consumers. Recent introductions FairGlow and No. 1 soap continued to gain market share. As a result, the Godrej brands grew 30% by volume and 17% by value, far outstripping category growth.

Contract production of soap for others also grew 20% by volume and 7% by value.

#### Toiletries :

The Toiletries business grew by a strong 44% in value driven by strong growth of 33% in Hair Dyes/Colours and the launch of FairGlow Cream, a natural extension to the successful soap. Your Company continues to be the country's biggest marketer of Hair Dyes/Colours. The latest introduction Kesh Kala has received good acceptance in the market place and your Company expects to further grow its market share with presence in this sub-category where your Company were



hitherto unrepresented. The Godrej Hair Care Institute works closely with consumers and professionals to further the cause of hair care in India via training and product improvement by continuous interaction with professionals and consumers.

## Detergents :

Ezee Liquid Detergent held its position as India's largest speciality wool-wash detergent. Sales grew 26% by value.

Your Company is working closely with the International Wool Secretariat to serve this segment of users, both individuals and commercial.

## Exports :

This year your Company made maiden exports to several countries such as Egypt, Greece, Myanmar as well as the introduction of new brands to existing geographies. FairGlow soap and Cream provide potential to drive exports as does the Powder Hair Dye Sachet. As a result, exports grew 28% by value.

## Imports :

Your Company is fully cognizant of the threat posed by the lifting of import restrictions which can result in a deluge of cheap products entering the country. Your Company is determined to counter this by continuous innovation, quality improvement and working closely with consumers to provide products that they will prefer to imported ones.

## E-Commerce :

Your Company has wholeheartedly and effectively embraced the opportunities afforded by the World Wide Web in the areas of Distribution and Marketing. Your Company is using the Internet to interact closely with distributors and field staff for speedy communication and close contact to ensure early response. This improves distributor returns and releases their funds to provide improved service to retailers. The Internet also helps to interact with and receive feedback from consumers. Your Company's sites haircareindia.com and fairglow.com provide consumers a platform to learn about the relevant topics and to provide valuable feedback to the Company.

## CHEMICALS

Sales of the Chemicals Division increased by 18% by volume and 26% by value over the previous year. Alpha Olefin Sulphonate (AOS) and Fatty Alcohol Plants have almost reached their full capacity utilisation during the year under review. Your Company has taken up e-commerce as a project to improve business.

## Domestic Business :

Domestic sales have increased by 10% by volume and 20% by value over the previous year.

## Exports Business :

Exports during this year were Rs.978 million improving substantially by 49% in volume and 46% in value over the previous year. There is a significant increase in the export of refined glycerin. Your Company continues to export refined glycerin, fatty alcohol, fatty acids and AOS to developed as well as developing countries all over the world. Your Company's exports cover 41 countries in all the continents.

Your Company has won the coveted Chemexil's First Export Award for the years 1998-99 and 1999-2000.

## MEDICAL DIAGNOSTICS

The Division has taken steps to reduce net working capital. This has helped in improving profits this year. This trend will be continued during the next year also.

## EDIBLE OILS

The Management of your Company had taken a conscious decision to withdraw from the high risk trading activity in Edible Oils.

## FINANCE

The income from financial operations has declined from Rs.709 million in 1999-00 to Rs.148 million during this year.

## EXCEPTIONAL ITEMS

The Exceptional item of Rs.338 million represents the following:

- Provision for depletion in the value of long term investments made in certain companies aggregating Rs.195 million, in view of continuing erosion in their networth. The corresponding figure in 1999-2000 was Rs.55 million.
- Write off certain deposits/loan aggregating Rs.143 million in view of non-recovery of principal amounts and interest thereon.

## DEMERGER AND NAME CHANGE

The Board of Directors of your Company had in its meeting held on December 8, 2000 approved the scheme of demerger of its consumer products division as a going concern to a new company viz. Godrej Consumer Products Ltd. with effect from April 1, 2001. The scheme received the approval of shareholders in its meeting held on February 10, 2001 and that of the High Court, Mumbai on March 14, 2001. Accordingly, with effect from April 1, 2001, the consumer products division of your Company has been demerged into Godrej Consumer Products Limited, a new company formed for this purpose.

As a part of the scheme of demerger, the name of your Company has been changed from Godrej Soaps Limited to Godrej Industries Limited to reflect the nature of its operations more appropriately. The approval of the Registrar of Companies for the change of name was received on April 2, 2001.

The businesses which remain with GIL include Chemicals, Medical Diagnostics, Estate and investment in associate companies

This is a "classical" demerger i.e. both the Companies will have an identical shareholding pattern, at the time of demerger.

The subscribed and paid up capital of the Company before demerger was Rs.59.82 crore divided into 5,98,28,780 equity shares of Rs.10 each. As the Scheme has become effective, the capital of your Company has been reorganised to Rs.35.89 crore divided into 5,98,28,780 equity shares of Rs.6 each with effect from April 1, 2001. Additionally, the eligible shareholders of GSL have been issued and allotted 5,98,28,780 equity shares of Rs.4 each in GCPL.

GIL had fixed May 3, 2001 as the Record Date for ascertaining the names of the shareholders who would be entitled to equity shares of the face value of Rs.6 and Rs.4 in GIL and GCPL respectively, in lieu of the equity shares of the face value of Rs.10 in GSL. Accordingly, the equity shares of Rs.6 each have been allotted.

## SUBSIDIARY AND ASSOCIATE COMPANIES

Your Company has interests in several industries including animal feeds and agro-products, property development, household insecticides and food, through its subsidiary/associate companies.

Godrej Sara Lee Limited (GSL) posted excellent results in terms of sales, profits, market share and new product introductions. It continued to be the leader in household insecticides.

Godrej Agrovet Limited (GAVL) did not have a good year. Its total income from operations has gone up by about 10.3% from Rs.3361 million to Rs.3707 million while the Profit After Tax has declined from Rs.41 million to Rs.32 million in previous year. GAVL has declared a dividend of 20% as against 35% during the previous year. During the year, GAVL had entered into a joint venture for acquisition of 74% stake in Goldmohur Foods & Feeds Limited (GFFL), a subsidiary of Hindustan Lever Ltd. GFFL has therefore become a subsidiary of your Company. GFFL is the largest player in animal feeds business with a turnover of around Rs.2250 million. It sells animal feeds under the brand name of "Gold Mohur".

Total Income of Godrej Properties & Investments Ltd (GPIL) has increased by 11.67% from Rs.233 million to Rs.260 million over the previous year. Profit after Tax has increased by 65% from Rs.30 million to Rs.50 million. GPIL has declared a dividend of 46.55% as against 31.78% in the previous year. During the year GPIL has taken over Girikandra Holiday Homes & Resorts Pvt Ltd.

Godrej International Limited (GINL) has posted a net profit of US\$341,559 as against US\$210,934 earned in the previous year and has declared a dividend of US\$135,000 for the year as against the dividend of US\$125,000 for the previous year.

Godrej Global Mid East FZE (GGME) has posted a profit of AED 212,962 on sales of AED 7,057,864 for the year.

## RESEARCH AND DEVELOPMENT

Research & Development worked in close co-ordination with the new product development group and played an important role in developing and launching new products. The revenue expenditure during the year on Research & Development was Rs.18.53 million, while the capital expenditure on R&D amounted to Rs.0.6 million.

## FINANCIAL POSITION

The financial position of your Company continues to be sound.

During the year, debt was significantly reduced to Rs.2625 million from the level of Rs.3426 million as at the end of the previous year. Good operating profits helped your Company to achieve this debt reduction. This will in turn help improve profitability in future by lowering interest charges.

At the end of the year under review, 943 fixed deposit/loan accounts aggregating Rs.11 million remained unclaimed. Out of these, 355 accounts aggregating Rs.5 million have been subsequently renewed/refunded till date.



# Godrej Industries Limited (formerly Godrej Soaps Limited)

## INFORMATION SYSTEMS

Your Company is focussed on providing cutting edge technology in its business operations. After having firmed up its IT strategy along with Andersen Consulting, various e-com initiatives like eCRM, procurement and distributor connectivity and various other IT initiatives are in the process of being implemented. These would help in bringing about tremendous operational efficiencies.

## ENVIRONMENT AND SOCIAL CONCERN

Your Company continues its efforts for the betterment of the environment. Continuous efforts are being made for bringing down wastages and conservation of energy.

During the year, two surveillance audits for ISO 14001 certification was successfully completed in the Malanpur Factory. At the Malanpur Factory, environmental management systems are being successfully managed as per the ISO 14001 standard.

In the Valia Factory new projects are in the pipeline to utilise heat of evaporation to generate steam or chilled water which would give tremendous saving on fuel consumption. In the Vikhroli Factory the waste from fatty acid distillation plant was used as fuel in boilers and the Co-generation plant converted into compressed natural gas from SKO.

The Malanpur Factory continues operating the Primary Health Care Centre with distribution of free medicines, and renovated a school building with addition of one more room. It also organised a medical health check-up camp where specialist Doctors examined around 450 villagers of the region, and free medicines were distributed.

Additional trees were planted at the Vikhroli, Valia and Malanpur factories. Near the Vikhroli Factory, two acres of wasteland were converted into kitchen garden. The waste of lawn/trees is being used as manure and treated effluent water is being used for gardening.

## HUMAN RESOURCES

Industrial Relations continued to be cordial throughout the year at all locations. Your Company continues to make good progress in implementing various quality initiatives under the umbrella of TQM. Total Productive Maintenance (TPM) which is being introduced at all manufacturing locations has already started yielding significant improvements. Human Resource and its development continues to be a focus area.

During the year under review, an HRD Audit was conducted by Dr T V Rao, a well known authority in the field. The Audit revealed that Performance Management System is helping in focussing attention on all the perspectives of business such as financial, customer, internal process and learning. Actions have been planned to further strengthen HRD.

Your Directors wish to place on record their appreciation of the contribution made by your Company's employees at all levels during the year under review.

## EVA

Your Company has also decided to adopt the Economic Value Added (EVA) framework to reinforce its commitment to shareholder value creation. The training and communication plans are being implemented with assistance of Stern Stewart & Company, the US management consulting firm that pioneered the development of the EVA framework. EVA implementation is expected to complement your Company's other initiatives like TQM and TPM and add considerably to shareholder value.

## OTHER PARTNERS IN PROGRESS

Your Directors thank the Union Government and the Governments of Maharashtra, Madhya Pradesh, Gujarat and Dadra & Nagar Haveli, as also all the Government agencies, banks, financial institutions, customers, vendors and other related organisations who, through their continued support and co-operation, have helped, as partners, in your Company's progress.

## DEPOSITORY SYSTEM

5,39,98,543 equity shares representing 90.26% of the share capital of the Company have been dematerialised till date. With effect from March 21, 2000, the settlement of trades by all investors in equity shares of the Company can be made only in dematerialised form.

## DIRECTORS

In accordance with Article 127 of the Articles of Association of your Company, Mr. S. A. Ahmadullah and Mr. N.C. Gawankar retire by rotation and being eligible offer themselves for re-appointment.

Mr. A. B. Godrej has been appointed as Chairman and Managing Director in Godrej Consumer Products Limited with effect from April 1, 2001 and will not

retain his whole-time directorship in Godrej Industries Limited (GIL). He offers himself for appointment as Director liable to retire by rotation.

Mr. K. K. Dastur, (Executive Director (Finance)), Mr. Mathew Eipe (Executive Director & President (Chemicals Division)) and Mr. C. K. Vaidya (Executive Director (Corporate Personnel)), have been appointed as Whole-time Directors in the Board of the Company with effect from April 1, 2001. Since they have been appointed as Additional Directors, they hold office upto the date of the forthcoming Annual General Meeting in terms of Section 260 of the Companies Act, 1956. Notices under Section 257 of the Act have been received from a member signifying intention to propose their appointment as Directors in the forthcoming Annual General Meeting.

## AUDITORS

You are requested to appoint Auditors for the current year and fix their remuneration. The retiring auditors, Kalyaniwalla & Mistry, Chartered Accountants are eligible for re-appointment.

Pursuant to directions from the Department of Company Affairs, P M Nanabhoy & Co. Cost Accountants have been appointed as cost auditors for the year 2000-01. They are required to submit the report to the Central Government within 180 days from the end of the accounting year.

## AUDIT COMMITTEE

Pursuant to the provisions of new Section 292A of the Companies Act, 1956, your Company had constituted the Audit Committee of the Board of Directors with the following composition :

- 1) Mr. V.N. Gogate - Chairman
- 2) Mr. N.B. Godrej
- 3) Mr. S.A. Ahmadullah

This Committee has reviewed the Accounts for the year ended March 31, 2001. Subsequently the composition has been changed as follows to comply with the provisions of the listing agreement as well as the Companies Act, 1956 :

- 1) Mr. V.N. Gogate - Chairman
- 2) Mr. J.N. Godrej
- 3) Mr. S.A. Ahmadullah

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions contained in Section 217 (2AA) of the Companies Act, 1956, the Directors of your Company confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- b) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- d) that they have prepared the annual accounts on a going concern basis.

## ADDITIONAL INFORMATION

Annexure A to this Report gives the information in respect of conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo, required under Sec.217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forms a part of the Directors' Report.

Annexure B to this Report provides the particulars, required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forms a part of the Directors' Report.

The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

For and on behalf of the Board of Directors

Mumbai, May 7, 2001

**A.B. GODREJ**  
Chairman



## ANNEXURE A FORMING PART OF THE DIRECTORS' REPORT

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

### A. CONSERVATION OF ENERGY

#### I. (A) Energy Conservation measures undertaken :

- i) Conversion of Co-generation Plant from SKO to CNG
- ii) Use of high efficiency motors
- iii) Use of more efficient light fitting
- iv) Installation of timers for AC equipment
- v) Use of electronic chokes
- vi) Ospitch (byproduct) used as fuel in fuel-mix for LP Boiler
- vii) Switching off Tubelights and Fans as and when not required
- viii) Installation of thermo syphon heater in fatty acid distillation plant
- ix) Energy conservation by waste elimination and continuous monitoring
- x) Shifting of RM from Vikhroli to Valia through dedicated insulated tankers
- xi) Capacity enhancement by debottlenecking
- xii) Replacing the coils of HP boilers
- xiii) Transportation of effluent from plant to ETP by gravity
- xiv) Right sizing of motors resulting in energy conservation
- xv) Interconnection of chilling plant cooling tower
- xvi) Removal of one 1600 KVA transformer from the distribution network resulting in power saving
- xvii) Replacement of cooling tower fans with hollow energy efficient fans resulting in power saving
- xviii) Optimisation of single phase resistive load resulted in power saving

#### (B) Proposed energy conservation measures

- i) Opitch (byproduct) will be used as fuel in fuel-mix for HP Boiler
- ii) Study the feasibility of converting distilled water plant from electrical heating to steam heat
- iii) Reconfiguration of fractionated scheme
- iv) Installation of waste heater boiler in fractionation and AOS plant
- v) Conversion of batch conversion plant into continuous fractionation plant
- vi) Appointment of consultants for energy and audit conservation
- vii) Replacement of brine chilling plant compressor with energy efficient KC21 compressors
- viii) Electrical motor management to enhance motor efficiency
- ix) Installation of back pressure steam turbine to generate surplus power
- x) Installation of vapour absorption chilling plant for water chilling to reduce power cost
- xi) Installation of thermic heater with FO firing in new chemical plant to reduce fuel cost
- xii) Installation of variable frequency drives/soft starters at various locations.

II. Impact of measures on reduction of energy consumption and consequent impact on the cost of production of goods:-  
Saving in energy costs during the period under consideration.

III. The details of energy consumption are given below. These details cover the operations of your Company's factories at Vikhroli, Malanpur, Valia and Silvassa.

#### a) Power and Fuel consumption

	This Year	Previous Year
Electricity		
i) Purchased		
Units (kWh in million)	24.72	27.04
Total Amount (Rs. in million)	115.07	126.05
Rate per Unit (Rs.)	4.66	4.66
ii) Own Generated through D.G. Sets		
Units (kWh in million)	0.88	0.40
kWh per litre of Diesel	2.70	2.63
Rate per Unit (Rs.)	5.50	4.31
iii) Own generated through Steam Turbine Generator - Co-generation		
Units (kWh in million)	26.04	21.00
kWh per litre of Diesel	4.02	1.91
Rate per Unit (Rs.)	2.86	3.82
Fuel Oil (LSHS, FO, SKO and LDO)		
Total Quantity (KL)	12,852.29	14,910.26
Total Amount (Rs. in million)	103.39	129.56
Rate per Unit (Rs. Per litre)	8.04	8.69
Natural Gas		
Total Quantity (NM <sup>3</sup> million)	5.69	2.85
Total Amount (Rs. in million)	44.40	20.23
Rate per Unit (Rs. Per NM <sup>3</sup> )	7.80	7.11
Pitches		
Total Quantity (KL)	3,076.01	1,202.83
Total Cost (Rs. in million)	16.64	3.03
Rate per Unit (Rs. Per litre)	5.41	2.52

#### b) Consumption per unit of production

	Natural Gas (NM <sup>3</sup> /MT)		Electricity (kWh/MT)		Furnace Oil (Litre/MT)	
	00-01	99-00	00-01	99-00	00-01	99-00
Fatty Acid	27.94	43.73	107.33	135.29	81.85	85.42
Fatty Alcohol	73.72	16.63	449.59	509.72	2.08	67.80
Alpha Olefin Sulphonate	60.57	2.29	160.36	199.08	12.90	26.18
Glycerine	337.39	33.88	530.07	665.54	228.54	363.15

### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- I. Specific areas in which R&D carried out by the Company -  
During the year under review, Research & Development efforts in the following areas strengthened the Company's operations through technology absorption, adaptation and innovation:
  - i) Oils, Fats, Fatty Acids & Fatty Alcohols
  - ii) Soaps and Surfactants
  - iii) Cosmetics and Toiletries
  - iv) Naturals
  - v) Packaging
- II. Benefits derived as a result of the above R&D efforts -
  - i) Launch of two new Toilet Soaps.
  - ii) Launch of two variants of Hair Dye.
  - iii) Launch of a Shampoo
  - iv) Launch of new Fairness Cream
  - v) Development of a process for using cheap raw materials in oleochemicals.
  - vi) Development of a new distillation process for fatty acids.
  - vii) Development of fashion shades in Hair Colours.
  - viii) Development of a process for upgrading the quality of Glycerine.
  - ix) Vendor development for cost reduction.



## ANNEXURE A FORMING PART OF THE DIRECTORS' REPORT (Contd.)

### III. Future Plan of Action:

- New products in Hair Colour.
- New products in Skin Care.
- Finding uses for Fatty Aldehydes.
- Development of a process for MCT.
- Development of both Skin and Hair Care products based on Naturals.

No technology has been imported during the year.

### IV. Expenditure on R & D :

	This Year Rs. Million	Previous Year Rs. Million
(a) Capital	0.60	0.33
(b) Recurring	18.53	16.29
(c) Total	19.13	16.62
(d) Total R & D expenditure as a percentage of total sales turnover	0.22%	0.24%

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

The Chemicals division's exports improved from Rs.669.53 million in 1999-2000 (including deemed export - Rs.10.46 million) to Rs.977.67 million in 2000-01 (including deemed exports - Rs.24.68 million).

The Company continues to export refined glycerine, fatty alcohol and other chemicals to developed as well as developing countries all over the world. Exports cover all the continents.

Exports of Consumer Products improved from Rs.74.36 million in 1999-2000 to Rs.94.85 million in 2000-01. Your Company made maiden exports to several countries such as Egypt, Greece, Malaysia, Singapore, Myanmar.

	This Year Rs. Million	Previous Year Rs. Million
I. Foreign exchange used	1,494.39	1,351.29
II. Foreign exchange earned	1,108.29	804.42

## ANNEXURE "B" FORMING PART OF DIRECTORS' REPORT

### STATEMENT UNDER SECTION 217(2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2001

- A. Persons employed throughout the financial year under review and each of whom was in receipt of remuneration for the financial year which, in the aggregate, was not less than Rs.12,00,000.
- B. Persons employed for a part of the financial year under review and each of whom was in receipt of remuneration for that part which, in the aggregate, was not less than Rs.1,00,000 per month.

Sr. No.	Name	Designation	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of employment	Age (Years)	Particulars of previous employment
<b>A. Persons employed throughout the Financial Year.</b>								
1.	A B Godrej	Chairman	2334924	B.S., M.S., Massachusetts Institute of Technology, U.S.A.	37	18/02/1964	59	First Job
2.	N B Godrej	Managing Director	2165661	B.S., Chem. Engg. (M.I.T., U.S.A.) M.S. Chem. Engg. (Stanford, USA)	25	24/12/1976	49	First Job
3.	A D Naik	General Manager (CPD)	1200871	M.Sc., D.M.S.	37	06/07/1970	59	H.R. College of Commerce & Economics 2 Years
4.	C K Vaidya	Executive Director (Corporate Personnel)	1613252	B.Tech., (Mech.), P.G.D.N.	27	01/10/1996	51	Godrej Agrovet Ltd., Bombay 5 Years
5.	D E Mistry	Vice President (London Branch)	3376355	B.Com (Hons.), LLB (II) ACA, ACIS, PGDMS	24	18/10/1977	48	First Job
6.	Hoshedar K Press	President (Consumer Product Dvn.)	1751612	B.Tech. (Hons.) (IITB), P.G.D.B.A. (IIMA)	29	01/08/1996	52	Proctor & Gamble Godrej Ltd. for 3 Yrs.
7.	K K Dastur	Executive Director (Finance)	1824057	B.Com., A.C.A.	36	01/10/1965	60	First Job
8.	Mathew Elpe	President (Chemicals Division)	1750426	B.Tech. (Chem.), P.G.D.M.	24	01/06/1977	49	First Job
9.	R H Khajotia	General Manager (London Branch)	2491471	B.Com. (Hons.), LLB (II), MMS	23	01/06/1979	47	ICICI Ltd., 1 Yr.
<b>B. Persons employed for part of the Financial Year.</b>								
1.	D R Haldankar	Sr. Officer (QC)	510417	B.Sc.	35	25/07/1966	62	Parle College for 1 Yr.
2.	Dr. N J Deshmukh	Manager (Contract Mfg.)	419973	M.Sc., Ph.D.	12	09/10/1989	45	Hindustan Lever Ltd. Mumbai 5 Yrs.
3.	M P Pusalkar	Vice President (CPD)	701701	B.Tech., M.M.S. (Bom.)	28	01/08/1996	52	Proctor & Gamble Godrej Ltd. for 3 Yrs.
4.	N G Iyer	Vice President (Research)	1489164	M.Sc.	43	16/03/1964	62	Examiner of Patent & Designs, Govt. of India, Ministry of Industry, 3 Yrs.
5.	Prakash B Sahardekar	Worker	625036	S.S.C.	19	01/07/1982	40	First Job
6.	R G Shirodkar	Asst. Manager (CPD)	521494	B.Com.	38	29/04/1963	61	Ciba of India for 4 Yrs.
7.	T S Janakiraman	Research Scientist	370528	B.Sc.	37	16/10/1964	58	First Job
8.	V D Patil	Officer (Engineering)	402248	S.S.C.	36	01/06/1965	62	Hindustan Electric Co. Ltd for 1 Yr.
9.	Vishnu S Naik	Jr. Officer	319142	X Std.	37	01/04/1964	62	First Job

#### NOTES :

- Nature of Employment whether contractual or otherwise :
  - The appointments of the Chairman and the Managing Directors are contractual and terminable by three month's notice on either side.
  - The appointments of the remaining employees are non-contractual and are terminable by three month's/one month's notice on either side.
- Other terms and conditions :
  - In case of the Chairman and the Managing Director, gross remuneration as shown above, includes salary, house rent allowance (wherever applicable). Company's contribution to Provident Fund and monetary value of perquisites which are given in terms of the agreement entered into with them;
  - In case of all other employees, gross remunerations shown above, includes salary, bonus (wherever applicable), reimbursement of medical expenses, gratuity, compensation on voluntary retirement (wherever applicable), house rent allowance (wherever applicable) other allowances, monetary value of perquisites (wherever applicable) as per Income Tax Rules, leave travel assistance, Company's contribution to Provident Fund and other funds. All this as per Company's Rules and Regulations in force;
  - The designations represent the nature of duties performed by the employees;
  - In the case of all the employees, the ages shown are as of last birthday and the particulars of previous employment pertain to the immediate past employment.
- Relatives of Directors :
  - Mr. A.B. Godrej, Chairman is related to Ms. T.A. Dubash; Director (Marketing) and Mr. N.B. Godrej, Managing Director.  
Mr. N.B. Godrej, Managing Director is related to Mr. A.B. Godrej, Chairman.
  - None of the other employees listed above is related to any Director of the Company.
- There is no employee in respect of whom details are required to be given under sub-clause a(iii) of Section 217 (2A) of the Companies Act, 1956.



## REPORT OF THE AUDITORS TO THE MEMBERS OF GODREJ INDUSTRIES LIMITED (formerly Godrej Soaps Limited)

We have audited the attached Balance Sheet of Godrej Industries Limited (formerly Godrej Soaps Limited) as at March 31, 2001 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, 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 such books and proper returns adequate for the purpose of our audit have been received from the branch not visited by us.
  - c. The report on the accounts of the branch audited by another auditor has been forwarded to us and the same has been considered by us in preparing our report.
  - d. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and returns.
  - e. In our opinion, the Profit and Loss Account and Balance Sheet dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - f. The Company has changed its accounting policy regarding deferral of advertisement and publicity expenditure on launch of new products, as stated in note-12(d) of Schedule 21 : Notes to Accounts. Consequent to the change, advertisement and publicity expenses for the year are higher by Rs. 20,021 thousand and profit for the year is lower to that extent.
  - g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and subject to para (f) above, give a true and fair view:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2001, and
    - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
3. On the basis of confirmations received from the other companies in which Directors are Directors or in their absence, confirmations from the Directors concerned and taken on record by the Board of Directors, we report that none of the Director is disqualified as on March 31, 2001 from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of **KALYANIWALLA & MISTRY**  
Chartered Accountants

**V.R. Mehta**  
Partner

Mumbai, May 7, 2001

### Annexure to the Auditors' Report

(Referred to in paragraph (1) of our report of even date)

1. The Company has maintained adequate records showing particulars including quantitative details and situation of fixed assets other than furniture, fixtures and equipment. Some fixed assets have been verified by the management during the year in accordance with a phased programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies between the book records and the physical inventory were noticed in respect of the assets physically verified during the year.
2. The fixed assets have not been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
6. In our opinion, on the basis of our examination of the stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. In our opinion, the rate of interest and other terms and conditions of deposits accepted by the Company from companies listed in the Register maintained under Section 301 of the Companies Act, 1956 and from companies under the

8. The Company has granted loans to/placed deposits with companies listed in the Register maintained under Section 301 of the Companies Act, 1956 and to companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956. Except for an interest free advance of Rs.3,488 thousand to a company listed in the Register maintained under Section 301 of the Companies Act, 1956, the rates of interest and other terms and conditions of such loans/deposits are not prima facie prejudicial to the interest of the Company.
9. The parties to whom loans and advances in the nature of loans have been given are generally repaying the principal amounts as stipulated or as rescheduled and are also generally regular in payment of interest, wherever applicable. In our opinion, having regard to the nature of loans/deposits, reasonable steps are being taken by the Company for recovery of the said loans/deposits or adequate provisions have been made in case of continuing defaults.
10. In our opinion and according to the explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for purchases of stores, raw materials including components, plant and machinery, equipment and other assets, and for sale of goods.
11. In our opinion and according to information and explanations given to us, the transactions of purchases of goods and materials and sale of goods, materials and services in respect of transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year, to Rs.50,000 or more in respect of each party, are reasonable having regard to prevailing market prices for such goods, materials or services, where available, or the prices at which transactions for similar goods, materials or services have been made with other parties.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975, with regard to deposits accepted from the public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable by-products and scrap.
15. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
16. We have broadly reviewed the books of account maintained by the Company in respect of the manufacture of soaps, detergents, cosmetics and toiletries pursuant to the order passed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete. To the best of our knowledge and according to the information given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any other products of the Company.
17. According to the records of the Company, the Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanations given to us, there were no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding as at March 31, 2001 for a period of more than six months from the date they became payable.
19. In our opinion and according to the information and explanations given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the trading activities of the Company, damaged goods have been determined and adequate provision for the loss, if any, has been made in the accounts.
22. In respect of the investment activities, the Company has maintained proper records and registers of transactions and contracts in respect of the investments purchased and sold during the year and timely entries have been made therein. The investments made by the Company are held by the Company in its own name except for the shares detailed in Note No. 6(a) of Schedule 20 - Notes to Accounts.

For and on behalf of **KALYANIWALLA & MISTRY**  
Chartered Accountants

**V.R. Mehta**  
Partner

Mumbai, May 7, 2001



# Godrej Industries Limited (formerly Godrej Soaps Limited)

## BALANCE SHEET AS AT MARCH 31, 2001

	Schedule	This Year Rs. '000	Previous Year Rs. '000
<b>SOURCES OF FUNDS :</b>			
1. SHAREHOLDERS' FUNDS			
(a) Share capital	1	597,857	597,857
(b) Reserves & surplus	2	2,755,931	2,567,913
		<u>3,353,788</u>	<u>3,165,770</u>
2. LOAN FUNDS			
(a) Secured loans	3	1,670,095	2,237,538
(b) Unsecured loans	4	954,743	1,188,097
		<u>2,624,838</u>	<u>3,425,635</u>
TOTAL		<u>5,978,626</u>	<u>6,591,405</u>
<b>APPLICATION OF FUNDS :</b>			
3. FIXED ASSETS	5		
(a) Gross block		5,321,175	4,987,640
(b) Less : depreciation		1,987,983	1,730,660
(c) Net block		3,333,192	3,256,980
(d) Capital work-in-progress		46,730	24,549
		<u>3,379,922</u>	<u>3,281,529</u>
4. INVESTMENTS	6	1,707,499	1,904,342
5. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	7	1,149,800	1,038,242
(b) Sundry debtors	8	839,816	635,537
(c) Cash and bank balances	9	226,691	107,945
(d) Interest accrued on investments		291	311
(e) Loans and advances	10	636,541	1,006,163
		<u>2,853,139</u>	<u>2,788,198</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
(a) Liabilities	11	1,698,331	1,235,829
(b) Provisions	12	347,197	285,777
		<u>2,045,528</u>	<u>1,521,606</u>
NET CURRENT ASSETS		807,611	1,266,592
6. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	13	83,594	138,942
TOTAL		<u>5,978,626</u>	<u>6,591,405</u>
NOTES TO ACCOUNTS	21		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our Report attached

For and on behalf of  
KALYANIWALLA & MISTRY  
Chartered Accountants

**V.R. MEHTA**  
Partner

**S.K. BHATT**  
Company Secretary

Signatures to Balance Sheet and Schedules 1 to 13 and 21

**A.B. GODREJ**  
**N.B. GODREJ**  
**K.K. DASTUR**

Chairman  
Managing Director  
Executive Director (Finance)

Mumbai, 7th May, 2001



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2001**

	Schedule	This Year Rs. '000	Previous Year Rs. '000
<b>INCOME</b>			
Income from operations	14	8,900,244	7,861,997
Other Income		32,365	12,441
		<u>8,932,609</u>	<u>7,874,438</u>
<b>EXPENDITURE</b>			
Materials consumed and purchase of goods	15	3,806,104	3,499,529
Expenses	16	3,577,235	2,844,139
Inventory change	17	145,327	4,546
Provision for contested customs duty		—	86,000
Interest and financial charges (net)	18	371,123	477,360
Depreciation (net of transfer from revaluation Reserve Rs.23,921 thousand, Previous year Rs.25,133 thousand)		253,139	234,156
		<u>8,152,928</u>	<u>7,145,730</u>
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		779,681	728,708
Exceptional items	19	338,141	54,732
PROFIT BEFORE TAXATION AND AFTER EXCEPTIONAL ITEMS		441,540	673,976
Provision for taxation		35,000	64,100
PROFIT FOR THE YEAR AFTER TAXATION			
Adjustments in respect of prior years	20	2,474	9,023
		<u>409,014</u>	<u>618,899</u>
Surplus brought forward		586,381	242,089
AMOUNT AVAILABLE FOR APPROPRIATION		<u>995,395</u>	<u>860,988</u>
<b>APPROPRIATIONS :</b>			
Transfer to Capital Redemption Reserve		—	33,500
Dividends			
On Preference Shares		—	787
On Equity Shares		—	—
— Interim dividend		—	161,471
— Proposed final dividend		179,357	—
Tax on distributed profits		18,294	17,849
Transfer to Debenture Redemption Reserve		78,256	—
Transfer to General Reserve		45,000	61,000
Surplus carried forward		674,488	586,381
TOTAL		<u>995,395</u>	<u>860,988</u>
NOTES TO ACCOUNTS	21		

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our Report attached

For and on behalf of  
KALYANIWALLA & MISTRY  
Chartered Accountants

**V.R. MEHTA**  
Partner

Mumbai, 7th May, 2001

**S.K. BHATT**  
Company Secretary

Signatures to Profit and Loss Account and Schedules 14 to 21

**A.B. GODREJ**  
**N.B. GODREJ**  
**K.K. DASTUR**

Chairman  
Managing Director  
Executive Director (Finance)



# Godrej Industries Limited (formerly Godrej Soaps Limited)

## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2001

	This Year Rs. '000	Previous Year Rs. '000
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
AUTHORISED :		
80,000,000 Equity Shares of Rs.10 each	800,000	800,000
100,000,000 Unclassified Shares of Rs.10 each	1,000,000	1,000,000
	<b>1,800,000</b>	<b>1,800,000</b>
ISSUED, SUBSCRIBED AND PAID-UP :		
59,828,780 Equity Shares of Rs.10 each fully paid	598,288	598,288
Less : Calls in Arrears	431	431
	<b>597,857</b>	<b>597,857</b>
<b>NOTES :</b>		
1. Equity Shares held by Godrej & Boyce Mfg. Co. Ltd., the holding company	<b>No. of Shares</b> <b>40,116,502</b>	<b>No. of Shares</b> 40,116,502
2. Equity Shares allotted pursuant to the Scheme of Amalgamation to the shareholders of erstwhile Godrej Soaps Limited	<b>33,119,500</b>	33,119,500
3. Equity Shares allotted as fully paid bonus shares by way of capitalisation of Share Premium Account	<b>19,942,927</b>	19,942,927

## SCHEDULE 2 : RESERVES AND SURPLUS

	As at 1.4.2000	Additions	Deductions	As at 31.3.2001	Rs. '000
Share Premium Account	690,367	—	—	<b>690,367</b>	
	<i>707,117</i>	—	<i>16,750</i>	<i>690,367</i>	
Capital Investment Subsidy Reserve	2,775	1,225	—	<b>4,000</b>	Note 1
	<i>2,775</i>	—	—	<i>2,775</i>	
Revaluation Reserve	425,820	—	24,570	<b>401,250</b>	Note 2
	<i>485,024</i>	—	<i>59,204</i>	<i>425,820</i>	
Debenture Redemption Reserve	—	78,256	—	<b>78,256</b>	Note 3
	—	—	—	—	
Capital Redemption Reserve	312,500	—	—	<b>312,500</b>	
	<i>279,000</i>	<i>33,500</i>	—	<i>312,500</i>	
General Reserve	550,070	45,000	—	<b>595,070</b>	Note 4
	<i>489,070</i>	<i>61,000</i>	—	<i>550,070</i>	
Profit & Loss Account	586,381	674,488	586,381	<b>674,488</b>	
	<i>242,089</i>	<i>586,381</i>	<i>242,089</i>	<i>586,381</i>	
Total Reserves	<b>2,567,913</b>	<b>798,969</b>	<b>610,951</b>	<b>2,755,931</b>	
	<i>2,205,075</i>	<i>680,881</i>	<i>318,043</i>	<i>2,567,913</i>	

### NOTES :

- Addition to Capital Investment Subsidy Reserve represents the capital subsidy received from the Gujarat State Government.
- Reduction in Revaluation Reserve represents deduction on sale of assets amounting to Rs. 649 thousand and depreciation for the year on revaluation component Rs. 23,921 thousand transferred to Profit and Loss Account.
- Addition to Debenture Redemption Reserve represents transfer from Profit and Loss Account.
- Addition to General Reserve represents transfer from Profit and Loss Account.
- Figures in Italics represent previous year's figures.



**SCHEDULE 3 : SECURED LOANS**

**DEBENTURES :**

	(Previous year 5,00,000) 14% Secured redeemable non-convertible Debentures of Rs.100 each (Class A)	—	50,000
	(Previous year 2,00,000) 13.5% Secured redeemable non-convertible Debentures of Rs.100 each (Series B)	—	200,000
500,000	14% Secured redeemable non-convertible Debentures of Rs.100 each (Class C)	50,000	50,000
500,000	14.25% Secured redeemable non-convertible Debentures of Rs.100 each (Class D)	50,000	50,000

**TERM LOANS FROM FINANCIAL INSTITUTIONS**

**SALES TAX DEFERMENT LOAN FROM MPSIDC**

**BORROWINGS FROM BANKS :**

—	Term loans	855,286	1,055,779
—	Working capital demand loan	40,000	225,000
—	Overdrafts	420,518	301,101
<b>TOTAL</b>		<b>1,670,095</b>	<b>2,237,538</b>

**SCHEDULE 4 : UNSECURED LOANS**

Fixed deposits	586,082	638,957
Intercompany deposits	25,000	248,000
Commercial paper	—	50,000
14% Unsecured redeemable non-convertible debentures	—	100,000
Short term loan from banks	343,661	151,140
<b>TOTAL</b>		<b>954,743</b>
Amount repayable within one year	693,489	828,074

**SCHEDULE 5 : FIXED ASSETS**

(Rs. '000)

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2000	Additions/ Adjustments	Deductions/ Adjustments	As on 31.03.2001	Up to 31.03.2000	Deductions/ Adjustments	For the Year	Up to 31.03.2001	As on 31.03.2001	As on 31.03.2000
LAND	68,237	—	85	68,152	1,840	—	213	2,053	66,099	66,397
BUILDINGS	803,777	20,814	807	823,784	151,225	—	20,111	171,336	652,448	652,552
PLANT & MACHINERY	3,644,671	126,977	11,887	3,759,761	1,450,259	7,875	215,679	1,658,063	2,101,698	2,194,412
RESEARCH CENTRE	41,590	234	—	41,824	18,435	—	1,433	19,868	21,956	23,155
FURNITURE & FIXTURES	94,667	15,038	831	108,874	41,605	227	6,496	47,874	61,000	53,062
OFFICE & OTHER										
EQUIPMENTS	60,365	7,521	284	67,602	18,982	88	3,868	22,762	44,840	41,383
VEHICLES	85,042	16,089	18,389	82,742	25,883	7,655	7,658	25,886	56,856	59,159
TRADEMARKS	185,400	183,036	—	368,436	18,540	—	21,601	40,141	328,295	166,860
<b>ASSETS GIVEN ON LEASE</b>										
PLANT & MACHINERY	750	—	750	—	750	750	—	—	—	—
VEHICLES	3,141	—	3,141	—	3,141	3,141	—	—	—	—
<b>TOTAL – This Year</b>	<b>4,987,640</b>	<b>369,709</b>	<b>36,174</b>	<b>5,321,175</b>	<b>1,730,660</b>	<b>19,737</b>	<b>2,77,060</b>	<b>1,987,983</b>	<b>3,333,192</b>	<b>3,256,980</b>
<b>– Previous Year</b>	<b>4,746,339</b>	<b>362,043</b>	<b>120,742</b>	<b>4,987,640</b>	<b>1,532,241</b>	<b>60,870</b>	<b>259,289</b>	<b>1,730,660</b>		
<b>CAPITAL WORK-IN-PROGRESS</b>									<b>46,730</b>	<b>24,549</b>
<b>TOTAL</b>									<b>3,379,922</b>	<b>3,281,529</b>

**NOTES :**

- Land includes leasehold land of Rs.18,566 thousand (Previous year Rs.18,864 thousand) which is being amortised over the period of lease.
- Buildings, Plant & Machinery and Research Centre at Vikhroli Factory were revalued on 30th June, 1992 on the basis of a Valuation Report submitted by professional valuers.
- Depreciation for the year includes Rs.23,921 thousand (Previous year Rs.25,133 thousand) being depreciation on revalued component of the fixed assets.



# Godrej Industries Limited (formerly Godrej Soaps Limited)

	This Year Rs. '000	Previous Year Rs. '000
<b>SCHEDULE 6 : INVESTMENTS</b>		
LONG TERM INVESTMENTS		
TRADE INVESTMENTS		
Equity Shares	740,852	740,852
INVESTMENT IN SUBSIDIARY COMPANIES		
Equity Shares	945,803	931,956
Preference Shares	173,562	173,562
OTHER INVESTMENTS		
Government Securities	5,702	5,180
Units of Mutual Funds	37,693	38,238
Equity Shares	—	71,269
Shares in Co-operative Societies	17	17
	<u>1,903,629</u>	<u>1,961,074</u>
Less : Provision for diminution in value of Investments	(196,130)	(56,732)
<b>TOTAL</b>	<u><b>1,707,499</b></u>	<u><b>1,904,342</b></u>
<b>AGGREGATE BOOK VALUE OF INVESTMENTS :</b>		
Quoted	46,937	62,302
Unquoted	1,660,562	1,842,040
<b>TOTAL</b>	<u><b>1,707,499</b></u>	<u><b>1,904,342</b></u>
Market Value of Quoted Investments	<u>46,937</u>	<u>78,853</u>
Particulars of Investments - Refer Note 7(a)		
<b>SCHEDULE 7 : INVENTORIES</b> (at lower of cost and net realisable value)		
Stores and spares	43,235	43,922
— Raw materials	549,063	291,491
— Work-in-progress	168,387	274,876
— Finished goods	389,115	427,383
— Shares, securities, etc.	—	570
<b>TOTAL</b>	<u><b>1,149,800</b></u>	<u><b>1,038,242</b></u>
<b>SCHEDULE 8 : SUNDRY DEBTORS (UNSECURED)</b>		
Debts outstanding for a period exceeding six months		
Considered good	4,841	30,729
Considered doubtful	43,462	42,203
	<u>48,303</u>	<u>72,932</u>
Other debts (considered good)	834,975	604,808
	<u>883,278</u>	<u>677,740</u>
Less : Provision for doubtful debts	43,462	42,203
<b>TOTAL</b>	<u><b>839,816</b></u>	<u><b>635,537</b></u>
<b>SCHEDULE 9 : CASH AND BANK BALANCES</b>		
Cash on hand	2,039	2,100
Cheques on hand	4,442	4,399
Balances with scheduled banks :		
— in current accounts	211,411	90,366
— in deposit accounts	8,799	11,080
<b>TOTAL</b>	<u><b>226,691</b></u>	<u><b>107,945</b></u>
<b>SCHEDULE 10 : LOANS AND ADVANCES</b> (Unsecured and considered good unless otherwise stated)		
Loans	178,630	289,160
Less : Provision for doubtful loans	—	66,000
	<u>178,630</u>	<u>223,160</u>
Advances recoverable in cash or in kind or for value to be received (net of provision for doubtful advances Rs. 15,678 thousand, Previous year Rs. 33,730 thousand)	252,160	370,540
Inter-corporate deposits		
— Subsidiary companies	32,400	21,950
— Others	30,550	277,000
Deposits and balances with		
— Customs & Excise authorities	62,033	21,654
— Others	64,280	91,859
Advance payment of taxes (Net of provision for tax, Previous year Rs.103,900 thousand)	16,488	—
<b>TOTAL</b>	<u><b>636,541</b></u>	<u><b>1,006,163</b></u>



**SCHEDULE 11 : CURRENT LIABILITIES**

Sundry creditors  
Other Liabilities  
Advances from customers  
Sundry deposits  
Interest accrued but not due  
Unclaimed dividend

TOTAL

This Year Rs. '000	Previous Year Rs. '000
1,396,777	923,034
96,660	94,482
27,744	51,360
124,497	97,166
47,709	66,626
4,944	3,161
<b>1,698,331</b>	<b>1,235,829</b>

**SCHEDULE 12 : PROVISIONS**

Proposed dividend  
— Interim  
— Final  
Provision for tax on distributed profits  
Provision for taxation (Net of advance payment of taxes NIL, Previous year Rs.79024 thousand)  
Provision for gratuity  
Provision for retirement benefits

TOTAL

—	161,471
179,357	—
18,294	—
—	876
115,340	95,430
34,206	28,000
<b>347,197</b>	<b>285,777</b>

**SCHEDULE 13 : MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Deferred revenue expenditure  
— Gratuity  
Balance at the beginning of the year  
Amortised during the year  
Balance at the end of the year  
— Voluntary retirement compensation  
Balance at the beginning of the year  
Deferred during the year  
Amortised during the year  
Balance at the end of the year  
— Advertisement and publicity  
Balance at the beginning of the year  
Deferred during the year  
Amortised during the year  
Balance at the end of the year

TOTAL

13,100	17,100
4,000	4,000
9,100	13,100
89,248	75,753
4,135	89,248
18,889	75,753
74,494	89,248
36,594	—
—	36,594
36,594	—
—	36,594
<b>83,594</b>	<b>138,942</b>

**SCHEDULE 14 : INCOME FROM OPERATIONS**

SALES  
INCOME FROM MANUFACTURING AND OTHER BUSINESS OPERATIONS :

Export Incentives  
Storage Charges  
Processing Charges  
Leave & License Fees  
Service Charges

INCOME FROM FINANCIAL OPERATIONS :

Interest Income from Investments  
Dividend  
— from subsidiary companies  
— from long term trade investments  
— from other investments  
Profit on sale of long term investments  
(Including provision for diminution in value of investments written back Rs. 55,717 thousand, Previous year NIL)  
Lease rentals and lease management fees  
Non-compete fees - extraordinary income

TOTAL

8,442,485	6,954,430
53,027	12,928
12,788	24,473
59,582	7,255
44,325	34,978
140,186	118,936
309,908	198,570
666	267
15,588	64,065
38,282	17,063
4,624	7,509
18,768	552,918
—	1,745
69,923	65,430
147,851	708,997
<b>8,900,244</b>	<b>7,861,997</b>

**SCHEDULE 15 : MATERIALS CONSUMED AND PURCHASE OF GOODS**

RAW MATERIALS CONSUMED :

Stocks as at the commencement of the year  
Add : Purchases (Net)

Less : Stocks as at the close of the year

Raw material consumed during the year

PURCHASE OF GOODS

TOTAL

291,491	271,408
3,345,051	2,820,050
3,636,542	3,091,458
549,063	291,491
3,087,479	2,799,967
718,625	699,562
<b>3,806,104</b>	<b>3,499,529</b>



# Godrej Industries Limited (formerly Godrej Soaps Limited)

	This Year Rs. '000	Previous Year Rs. '000
<b>SCHEDULE 16 : EXPENSES</b>		
Salaries, wages and allowances	534,566	538,885
Contribution to provident fund and other funds	31,534	30,454
Employee welfare expenses	35,906	35,880
Stores and spares consumed	48,815	67,048
Power and fuel	372,095	349,055
Processing charges	10,772	10,488
Excise duties	935,205	712,417
Rent	9,301	26,270
Rates and taxes	30,982	31,804
Repairs and maintenance :		
- Machinery	29,754	28,682
- Buildings	43,426	21,775
- Other Assets	7,402	9,394
Insurance	12,957	12,095
Freight	188,767	123,902
Commission	29,181	26,318
Discount	10,226	11,861
Advertisement and publicity	775,370	375,420
Sales promotion	80,956	64,843
Selling and distribution expenses	144,285	125,231
Provision for/write off of doubtful debts and advances (Net of provision written back Rs. 91937 thousand, Previous Year Nil)	7,574	38,285
Loss on sale of fixed assets	2,754	4,275
Miscellaneous expenses	235,407	199,757
<b>TOTAL</b>	<b>3,577,235</b>	<b>2,844,139</b>
<b>SCHEDULE 17 : INVENTORY CHANGE</b>		
Stocks at the commencement of the year :		
Finished goods	427,383	341,026
Work-in-progress	274,876	358,408
Shares, securities, etc.	570	7,941
	702,829	707,375
Less : Stocks at the close of the year :		
Finished goods	389,115	427,383
Work-in-progress	168,387	274,876
Shares, securities, etc.	—	570
	557,502	702,829
(Increase)/Decrease in Inventory	145,327	4,546
<b>SCHEDULE 18 : INTEREST AND FINANCIAL CHARGES (NET)</b>		
Interest Paid		
- On debentures and fixed loans	271,669	491,366
- On bank overdrafts	30,783	41,601
- Other interest	35,805	38,547
	338,257	571,514
Less : Interest Received		
- on loans and deposits	11,602	56,919
- on Customer balances etc.	8,320	62,745
- on Income tax refund	—	23,588
	19,922	143,252
Net Interest	318,335	428,262
Brokerage and other financial charges	52,788	49,098
<b>TOTAL</b>	<b>371,123</b>	<b>477,360</b>
<b>SCHEDULE 19 : EXCEPTIONAL ITEMS</b>		
Loans/deposits written off	143,025	—
Provision for depletion in value of long term investments	195,116	54,732
<b>TOTAL</b>	<b>338,141</b>	<b>54,732</b>
<b>SCHEDULE 20 : ADJUSTMENTS IN RESPECT OF PRIOR YEARS</b>		
Income-tax	(1,865)	18,068
Depreciation charged for earlier years	1,755	(6,396)
Short provisions for expenses (net)	2,584	(2,649)
<b>TOTAL</b>	<b>2,474</b>	<b>9,023</b>

## SCHEDULE 21 : NOTES TO ACCOUNTS

### 1. 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 Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

#### b) Fixed Assets

Fixed Assets are stated at cost or as revalued as the case may be, less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned assets. Direct financing costs incurred during the construction period on major projects is also capitalised. Exchange differences on repayment and year end translation of foreign currency liabilities relating to acquisition of fixed assets is adjusted to the carrying cost of the respective assets.

#### c) Depreciation

Leasehold land is amortised equally over the lease period.

Trademarks are amortised over a period of ten years.

Depreciation is provided on the Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on assets added during the year is provided for the full accounting year and no depreciation is charged on the assets sold/discarded during the year, except in case of major additions and sales exceeding rupees one crore in respect of which proportionate depreciation is provided.

Depreciation on the revalued component is provided on the Straight Line Method based on the balance useful life of the assets as certified by the valuers. Such depreciation is withdrawn from Revaluation Reserve and credited to Profit and Loss Account.

Assets acquired on lease are not reflected in the financial statements and the lease rent is charged to Profit and Loss Account, as accrued.

Depreciation on assets given on lease is provided on the Straight Line Method at the rates resulting from amortisation of the depreciable value of each asset over the primary lease period. The depreciation as calculated above represents the annual lease charge comprising the minimum statutory depreciation and the lease equalisation charge.

#### d) Investments

Long term investments are carried at cost. Provision for diminution, if any, in the value of each long term investment is made to recognise a decline, other than of a temporary nature. The fair value of a long term investment is ascertained with reference to its market value, the investee's assets and results and the expected cash flows from the investment.

Current investments in the nature of shares, debentures and other securities held for sale in the ordinary course of business are disclosed as 'stock-in-trade'. Current investments are stated at the lower of cost and net realisable value.

#### e) Inventories

Raw materials, stores and spares, finished goods and work in progress are valued at lower of cost and net realisable value. Cost is computed on the weighted average basis and is net of modvat. Finished goods and work in progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

#### f) Foreign Exchange Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are stated at the contracted rates, when covered under forward foreign exchange contracts and at year-end rates in other cases. The premium payable on forward foreign exchange contracts is amortised over the period of the contract. Exchange gains/losses are recognised in the Profit and Loss Account except in respect of liabilities incurred to acquire fixed assets in which case they are adjusted to the carrying amount of such fixed assets.

#### g) Income Recognition

Sales are recorded net of returns, trade discounts, rebates and sales taxes, but include excise duty.

Export incentives are accounted on accrual basis and include the estimated value of duty free import entitlement under the Advance Licence Benefit Scheme and export incentives receivable under the Duty Entitlement Pass Book Scheme and the Duty Drawback Scheme.

Dividend income is recognised when the right to receive the same is established.

Interest income is recognised on the time proportion basis.

#### h) Research and Development Expenditure

Revenue expenditure on Research & Development is charged to the Profit and Loss Account of the year in which it is incurred. Capital expenditure incurred during the year on Research & Development is shown as addition to fixed assets under the head "Research Centre".

#### i) Retirement Benefits

Retirement benefits to employees comprise payments under approved provident fund plans and gratuity to eligible employees. The liability in respect of future payment of gratuity to retiring employees and leave encashment benefit on retirement is provided on the basis of an actuarial valuation at the end of each year.

#### j) Deferred Revenue Expenditure

The incremental gratuity liability for the service period prior to March 31, 1994 arising as a result of the amendment to The Payment of Gratuity Act, 1972 has been deferred and is being amortised equally over a period of ten financial years.

The compensation payable under the Voluntary Retirement Schemes, the benefit of which is expected to accrue in future is deferred over its payback period. The compensation is generally amortised over three to five years depending on the pay back period.



## SCHEDULE 21 : NOTES TO ACCOUNTS - SIGNIFICANT ACCOUNTING POLICIES (Contd.)

### 2. DEMERGER

The shareholders at an Extraordinary General Meeting held on February 10, 2001 approved the Scheme of Arrangement for demerger and vesting of the Consumer Products division of the Company, as a going concern, in and to Godrej Consumer Products Limited. The said scheme has been approved by the High Court, Mumbai under the provisions of Section 391 and Section 394 of the Companies Act, 1956 vide its order dated March 14, 2001 and has come into effect from April 1, 2001. The accounts for the year, thus include the operating results of all divisions of Godrej Soaps Limited as it existed before the demerger.

### 3. CONTINGENT LIABILITIES

	This Year Rs.'000	Previous Year Rs.'000
a) Claims for excise duties, taxes and other matters not acknowledged by the Company :		
i) excise duty - Rs.361,553 thousand (Previous Year Rs.321,507 thousand) - net of tax:	218,559	197,727
ii) other matters - Rs.331,387 thousand (Previous Year Rs. 173,614 thousand) - net of tax:	203,304	111,459
b) The excise authorities have confirmed excise duty demands and penalties aggregating Rs.327,765 thousand (Previous year Rs.327,765 thousand) in respect of toilet soaps sold to Procter & Gamble Godrej Ltd., during the period of joint venture. The Company has disputed the said demands and is in the process of filing appeals to the appellate authority. - net of tax	262,949	264,669
c) Guarantees issued by banks, excluding guarantees issued in respect of matters reported in (a) above	40,333	13,597
d) Guarantees given by the Company in respect of credit/guarantee limits sanctioned by banks to subsidiary and other companies. Amount outstanding as on the date of the Balance Sheet.	580,700	555,700
e) Uncalled liability on partly paid shares/debentures	9,428	6,932

### 4. Capital Commitments

Estimated value of contracts remaining to be executed on capital account, to the extent not provided

18,824	16,179
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### 5. Debentures

The privately placed debentures Class C and Class D are secured by a first legal mortgage on the immovable property situated at Mehsana, Gujarat and further secured by a first equitable mortgage on the leasehold land at Vikhroli Factory, in favour of ICICI Ltd., the Debenture Trustees.

The (Class C) Debentures are redeemable at par on January 27, 2002 and the (Class D) Debentures are redeemable in two equal instalments on August 9, 2001 and February 9, 2002.

### 6. Secured Loans

- a) Term loans from financial institutions are secured by:
  - a first pari passu charge by way of equitable mortgage of the immovable properties at Valia factory; and
  - hypothecation of movable assets at Malanpur and Valia factory, save and except those hypothecated to banks for a term loan and for working capital facilities.
- b) Term loans from banks are secured by:
  - hypothecation of specified movable assets of the Company at Vikhroli and Valia factories,
  - second charge by way of equitable mortgage of the immovable properties at Valia factory,
- c) The Sales Tax deferred loan is secured by :
  - a first charge by way of equitable mortgage of the immovable properties at Malanpur Factory, and
  - hypothecation of movable assets at Malanpur Factory, save and except book debts and subject to charges already created by the Company in favour of the bankers for term loans and working capital facilities.
- d) Bank overdrafts, working capital demand loans and guarantees issued by banks are secured by:
  - hypothecation of stocks and book debts,
  - second charge by way of equitable mortgage of the immovable properties at Vikhroli.

SCHEDULE 20 : NOTES TO ACCOUNTS (Contd.)

7. (A) PARTICULARS OF INVESTMENTS

Investee Company/Institutions	Face Value (Rs.)	NUMBER					AMOUNT	
		Qty. as on 1.4.00	Acquired during the year	Sold during the year	Qty. as on 31.3.01	Under Registration	As on 31.3.01 (Rs. '000)	As on 31.3.00 (Rs. '000)
LONG TERM INVESTMENTS								
A. TRADE INVESTMENTS								
Equity Shares : Fully paid								
Quoted :								
Godrej Foods Ltd.	10	2,128,831	—	—	2,128,831		47,220	47,220
Unquoted :								
Gharda Chemicals Ltd.	100	114	—	—	114	114	1,157	1,157
Godrej Sara Lee Ltd.	4	5,201,400	1,300,350	—	6,501,750	(a)	547,963	547,963
Godrej Photo-Me Ltd.	10	971,100	—	—	971,100		9,711	9,711
Godrej Pillsbury Ltd.	10	11,566,800	—	—	11,566,800		115,668	115,668
Swadeshi Detergents Ltd.	10	209,370	—	—	209,370		19,133	19,133
B. INVESTMENT IN SUBSIDIARY COMPANIES :								
Equity Shares : Fully Paid								
Unquoted :								
Ensemble Holdings Finance Ltd.	10	2,106,000	998,104	—	3,104,104		62,713	55,228
Godrej Agrovet Ltd.	10	3,985,004	—	—	3,985,004		326,711	326,711
Godrej International Ltd.	£ 1	625,000	—	—	625,000		34,936	34,936
Godrej Oil Palm Konkan Ltd.	10	27,140	636,250	—	663,390		6,633	271
Godrej Properties & Invt Ltd.	10	5,073,965	—	—	5,073,965		383,646	383,646
Puran Plastics And Chemicals Ltd. (under voluntary liquidation)	10	12,742	—	—	12,742		3,499	3,499
Sahyadri Aerosols Ltd. (under voluntary liquidation)	100	3,202	—	—	3,202	(b)	1,167	1,167
Tahir Properties Ltd. (Partly Paid)	100	25	—	—	25	(c)	1	1
Godrej Capital Limited	10	1,456,250	—	—	1,456,250		126,497	126,497
Preference Shares : (Partly Paid)								
Tahir Properties Ltd. (Class-A Preference Shares)	100	25	—	—	25	(d)	2	2
Tahir Properties Ltd. (Class-B Preference Shares)	100	128,376	—	—	128,376		173,560	173,560
C. OTHER INVESTMENTS :								
Government Securities								
Unquoted :								
National Plan Certificate	2000	—	—	—	—		2	2
11.99% Govt. Stock 2009	5000000	—	—	—	—		5,178	5,178
14% Govt. Stock 2005 (Purchased during the year)	450000	—	—	—	—		522	—
Units of Mutual Funds								
Quoted :								
UTI Master Share	10	30,079	—	26,479	3,600	3,600 (e)	—	545
Unquoted								
Unit Trust of India - Unit Scheme 1964	10	2,520,939	—	—	2,520,939		37,693	37,693
Equity Shares : Fully Paid								
Quoted :								
Crest Communication Limited	10	67,900	—	67,900	—		—	2,212
G.E. Shipping Company Limited	10	767,488	—	767,488	—		—	62,151
GESCO Corporation Limited	10	85,276	—	85,276	—		—	6,906



## SCHEDULE 21 : NOTES TO ACCOUNTS – 7(A). PARTICULARS OF INVESTMENTS (Contd.)

Investee Company/Institutions	Face Value (Rs.)	NUMBER					AMOUNT (Rs.)	
		Qty. as on 1.4.00	Acquired during the year	Sold during the year	Qty. as on 31.3.01	Under Regstrn.	As on 31.3.01 (Rs. '000)	As on 31.3.00 (Rs. '000)
Shares in Co-operative Societies - Fully Paid								
Unquoted :								
Eden Woods Linden House Co-op. Hsg. Soc. Ltd.	50	25	—	—	25	10	1	1
New Usha Kiran Co-op. Hsg. Soc. Ltd.	100	10	—	—	10		1	1
The Super Bazar Co-op. Store Ltd.	10	500	—	—	500		5	5
The Saraswat Co-op. Bank Ltd.	10	1,000	—	—	1,000		10	10
							<u>1,903,629</u>	<u>1,961,074</u>

### NOTES :

- Sub-division of equity shares reducing face value to Rs. 4 per share and 1.4 Bonus declared by Godrej Sara Lee
- Sahyadri Aerosols Ltd. is under liquidation (Rs.7000/- per share is still payable on 990 shares)
- Rs.80/- per share is payable in one or more calls on these shares.
- Rs. 30/- per share is payable in one or more calls on these shares.
- 3600 shares (written off) in 1998-99 at Nil cost are still under registration.

- The investment in 128,376 Preference Shares - Class B, in Tahir Properties Ltd., amounting to Rs.173,560 thousand (Previous Year Rs.173,560 thousand) represents the entitlement of the Company to four flats in a property developed by Godrej Properties & Investments Ltd., as per the Articles of Association of that Company.
- The Company's wholly owned subsidiaries Puran Plastics & Chemicals Ltd. and Sahyadri Aerosols Ltd. are in the process of members' voluntary winding-up. Partial distribution of the assets has been carried out by the respective liquidators. The assets received by the Company on distribution have been recorded at the value attributable to such assets and the value of the Company's investment in the shares of the said subsidiaries stands reduced by the amounts received on distribution.

### 8. SUNDRY DEBTORS

	This Year Rs. '000	Previous Year Rs. '000
a) Sundry Debtors include amount due from Bahar Agrochem & Feeds Pvt. Ltd. a private Company in which a Director is a member	—	21
b) Sundry Debtors include amount due from a Company under the same management : Godrej Pacific Technology Ltd.	—	464

### 9. CASH AND BANK BALANCES

Balances with Scheduled Banks in Deposit Accounts include deposits held by bank as security against guarantees issued on behalf of suppliers of the Company.

8,715 10,996

### 10. LOANS AND ADVANCES

- Loans and advances include an amount of Rs.773 thousand – Maximum debit balance during the year Rs.823 thousand (Previous year Rs.823 thousand, Maximum balance Rs.973 thousand), due from an officer of the Company towards housing loan under the Company's scheme for loans to employees.
- Loans aggregating Rs.134,004 thousand (Previous year Rs.162,584 thousand) and interest accrued thereon Rs.32,205 (Previous year Rs.79,963 thousand) and secured by pledge of shares.

### 11. LIABILITIES

- The liability for future payment of Voluntary Retirement Compensation aggregating Rs. 6,906 thousand (Previous year Rs.11,721 thousand) will be accounted in subsequent years as and when the same accrues and becomes due to the workmen. This compensation is payable in future and is over and above the compensation already paid under other schemes and included in deferred revenue expenditure.
- No amount has been claimed from the Company under the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993.
- Sundry creditors include Rs.8,924 thousand (Previous year Rs.2,813 thousand) due to small scale industrial undertakings. The small scale industrial undertaking to whom the Company owed an amount exceeding Rs. 100 thousand which is outstanding for more than thirty days, is Akshay Inorganics Rs. 156 thousand (Previous year Rs. Nil). The auditors have accepted the representation of the management for identifying the creditors which are small scale units.

### 12. PROFIT AND LOSS ACCOUNT

- Income from Financial Operations includes an amount of Rs.69,923 thousand (Previous Year Rs.65,430 thousand) towards 'Non-compete fees' received from Sara Lee DE/NV in connection with the sale of shares in Godrej Sara Lee Limited.
- The amount of exchange loss on account of fluctuation of the rupee against foreign currencies and the net charges for forward foreign exchange contracts added to the carrying amount of fixed assets during the year is Rs.7,243 thousand (Previous Year Rs.16,784 thousand). The exchange difference included in the Profit & Loss Account is a loss of Rs.19,828 thousand (Previous Year Rs.34,814 thousand). The exchange difference in respect of forward exchange contracts to be recognised in subsequent accounting periods is Rs.12,396 thousand (Previous year Rs.3,492 thousand).

**SCHEDULE 21 : NOTES TO ACCOUNTS (Contd.)**

- c) Research & Development Expenditure of revenue nature charged to the Profit and Loss Account amounts to Rs.18,532 thousand (Previous Year Rs.16,291 thousand).
- d) The Company has changed its accounting policy regarding deferral of advertisement and publicity expenditure on launching new products. The said expenditure was deferred over a period of twelve months beginning from the launch of the product upto the previous year. Effective this year, all advertisement and publicity expenses have been charged to the Profit and Loss Account in the period in which they are incurred. Consequent to the change in the accounting policy, advertisement and publicity expenses for the year are higher by Rs.20,021 thousand and profit for the year is lower to that extent.

**13. SALES TURNOVER**

Item	Unit	This Year		Previous Year	
		Quantity	Value Rs. '000	Quantity	Value Rs. '000
Soaps	MT	39,937	3,094,283	31,529	2,690,858
Detergents	MT	3,410	282,347	3,020	223,728
Cosmetics	MT	2,000	1,307,662	1,513	910,222
Fatty Acids	MT	27,194	859,667	23,903	832,265
Glycerine	MT	6,352	427,741	4,001	280,400
Alpha Olefin and its precursors and derivatives	MT	57,706	2,375,566	49,702	1,794,686
Medical Diagnostic Products	—	—	70,952	—	39,648
Oils	—	—	—	4,948	146,011
Shares, and Securities	—	—	570	—	9,680
Others	—	—	23,697	—	26,932
<b>TOTAL</b>			<b>8,442,485</b>		<b>6,954,430</b>

**NOTE:**

Sales Turnover includes:

- i) Items processed for the Company by third parties and
- ii) Items purchased by the Company for resale.

**14. INVENTORIES – FINISHED GOODS**

Item	MARCH 31, 2001		MARCH 31, 2000		MARCH 31, 1999	
	Quantity MT	Value Rs. '000	Quantity MT	Value Rs. '000	Quantity MT	Value Rs. '000
a) MANUFACTURED						
Soaps	2,910	153,583	2,044	113,327	1,867	113,549
Detergents	—	—	—	—	—	—
Cosmetics	42	9,372	34	7,430	23	4,767
Fatty Acids	1,052	32,305	1,477	51,671	1,212	46,247
Glycerine	23	1,283	689	36,328	90	5,435
Alpha Olefin and its precursors and derivatives	1,658	75,058	3,321	124,943	3,325	128,679
b) PURCHASED						
Soaps	35	3,477	60	7,022	—	—
Detergents	143	5,794	451	10,786	121	5,631
Cosmetics	406	72,933	215	32,893	159	24,661
Medical Diagnostic Products	—	35,310	—	42,983	—	12,035
Others	—	—	—	—	—	22
<b>TOTAL</b>		<b>389,115</b>		<b>427,383</b>		<b>341,026</b>



# Godrej Industries Limited (formerly Godrej Soaps Limited)

## SCHEDULE 21 : NOTES TO ACCOUNTS (Contd.)

### 15. PARTICULARS OF STOCK-IN-TRADE – SHARES AND SECURITIES

SCRIP	Face Value (Rs.)	NUMBER				AMOUNT	
		As on 1.4.00	Additions during the year	Sold during the year	As on 31.3.01	As on 31.3.01 (Rs. '000)	As on 31.3.00 (Rs. '000)
<b>DEBENTURE (QUOTED)</b>							
14.5% Century Enka Limited (Erstwhile Rajashree Polyfils Ltd.)	300	1,900	—	1,900	—	—	570
<b>TOTAL</b>						<b>—</b>	<b>570</b>

	This Year		Previous Year	
	Quantity MT	Value Rs. '000	Quantity MT	Value Rs. '000
<b>16. RAW MATERIALS CONSUMED</b>				
Oils & Fats	109,646	2,171,704	88,346	1,914,720
Chemicals, Perfumes, Colours and Catalysts	25,027	680,622	23,997	682,359
Packing Materials, etc.	—	235,153	—	202,888
<b>TOTAL</b>		<b>3,087,479</b>		<b>2,799,967</b>

**NOTE :** Raw materials consumption includes consumption for production of captively consumed items.

### 17. PURCHASE OF GOODS

Soaps	31	3,123	156	12,967
Detergents	3,182	140,048	3,395	119,835
Cosmetics	1,911	504,748	1,536	339,950
Oils	—	—	4,948	144,500
Medical Diagnostic Products	—	55,908	—	63,639
Shares and Securities	—	—	—	188
Others	—	14,798	—	18,483
<b>TOTAL</b>		<b>718,625</b>		<b>699,562</b>

### 18. COMPUTATION OF PROFITS UNDER SECTION 349 OF THE COMPANIES ACT, 1956

	Rs. '000	This Year Rs. '000	Previous Year Rs. '000
Profit for the year as per Profit & Loss Account		406,540	609,876
Add : Depreciation as per accounts	253,139		234,156
Managerial Remuneration	5,844		2,933
Loss on sale of assets as per books	2,754		4,275
Prior period adjustments (income)	2,474		9,023
Provision for doubtful debts/advances amount depletion in value of investments	200,263		81,179
Provision for tax	35,000		64,100
		<b>499,474</b>	<b>395,666</b>
		<b>906,014</b>	<b>1,005,542</b>
Less : Losses of the earlier year	1,851,558		2,012,419
Depreciation under Section 350 of the Companies Act, 1956	253,139		290,288
Loss on sale of assets referred to in Proviso to Section 349(3)(d) of the Companies Act, 1956	4,546		1,475
Profit on sale of investment	18,768		552,918
		<b>2,128,011</b>	<b>2,857,100</b>
Net (Loss) for the purpose of Directors' Remuneration		<b>(1,221,997)</b>	<b>(1,851,558)</b>

### 19. MANAGERIAL REMUNERATION

a) Salaries	3,105	1,620
b) Contribution to Provident Fund	373	194
c) Estimated Monetary value of perquisites	2,181	1,037
d) Directors' Fees	185	82
<b>TOTAL</b>	<b>5,844</b>	<b>2,933</b>

**SCHEDULE 21 : NOTES TO ACCOUNTS (Contd.)**

	This Year Rs. '000	Previous Year Rs. '000
<b>20. AUDITORS' REMUNERATION</b>		
Audit fees (including Rs.55 thousand to branch auditors, Previous year Rs.55 thousand)	3,358	3,394
Certification and Other services	73	124
Tax Consultation and Representation	502	327
Consultation and Management Services	745	519
Out of pocket expenses	124	16
<b>TOTAL</b>	<b>4,802</b>	<b>4,380</b>

\* Includes service tax of Rs. 191 thousand (Previous year Rs.180 thousand)

**21. LICENSED, INSTALLED AND UTILISED CAPACITY**

Item	Unit	Licensed/Registered Capacity		Installed Capacity		Actual Production	
		This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
<b>SCHEDULED :</b>							
Soaps	MT	52,434	52,434	71,381	71,381	45,530	32,754
Cosmetics	MT	2,634	2,634	1,850	1,850	432	202
Synthetic Detergents	MT	40,000	40,000	22,500	22,500	10,357	7,954
Fatty Acids	MT	62,000	62,000	84,500	84,500	25,167	23,055
Glycerine	MT	5,000	5,000	10,580	10,580	6,375	4,396
Solvent Extraction	MT	136,000	136,000	—	—	—	—
Alpha Olefin and its precursors and derivatives	MT	35,000	35,000	(d) 35,000	35,000	50,548	43,810
Hydrogen (Captive consumption)	NM 3	1,224,000	1,224,000	1,224,000	1,224,000	758,386	847,916
Oxygen (By-Product)	NM 3	612,000	612,000	612,000	612,000	379,193	423,958

**NOTES :**

- The Licensed/Registered capacities are exclusive of additional capacity of 25% permissible under the policy of the Government of India.
- The Licensed/Registered capacities include capacities at certain locations earlier licensed, in respect of which exemption from licensing has been granted under Notification SO 477(E) dated 25th July, 1991, issued under the Industries (Development & Regulation) Act, 1951.
- Alpha Olefin and its precursors and derivatives include Fatty Alcohols and Alpha Olefin Sulphonates.
- The Installed capacity for Alpha Olefin excludes the capacity for manufacture of intermediates which are intended to be used for internal consumption to manufacture Alpha Olefins and its precursors and derivatives.
- Actual production excludes production for captive consumption.

	This Year Rs. '000	Previous Year Rs. '000
<b>22. VALUE OF IMPORTS ON CIF BASIS (INCLUDES ONLY IMPORTS DIRECTLY MADE)</b>		
Raw Materials	1,359,189	1,069,381
Goods for Resale	36,317	171,489
Stores & Spares	6,239	7,792
Capital Goods	1,802	2,486
<b>TOTAL</b>	<b>1,403,547</b>	<b>1,251,148</b>

**23. EXPENDITURE IN FOREIGN CURRENCY**

	This Year Rs. '000	Previous Year Rs. '000
Consultancy Fee	5,381	194
Interest	52,560	17,747
Travelling Expenditure	9,050	5,815
Other Expenditure	14,591	66,733
Expenses for Foreign Branch		
Salaries and Allowance	5,125	5,064
Rent	1,473	1,732
Others	2,664	2,856
<b>TOTAL</b>	<b>90,844</b>	<b>100,141</b>



## SCHEDULE 21 : NOTES TO ACCOUNTS (Contd.)

		This Year Rs. '000	%	Previous Year Rs. '000	%
<b>24. VALUE OF CONSUMPTION OF RAW MATERIALS &amp; SPARES</b>					
Raw Materials					
Imported (including duty content)		1,712,977	55	1,800,960	64
Indigenous		1,374,502	45	999,007	36
	<b>TOTAL</b>	<b>3,087,479</b>	<b>100</b>	<b>2,799,967</b>	<b>100</b>
Spares					
Imported (including duty content)		7,259	15	4,144	6
Indigenous		41,556	85	62,904	94
	<b>TOTAL</b>	<b>48,815</b>	<b>100</b>	<b>67,048</b>	<b>100</b>
<b>25. DIVIDENDS REMITTED IN FOREIGN CURRENCY</b> (Subject to deduction of tax, as applicable)					
Interim Dividend for Financial Year 1999-2000 to 153 shareholders on 10906 shares		29,446			
	<b>TOTAL</b>	<b>29,446</b>			
<b>26. EARNINGS IN FOREIGN EXCHANGE</b>					
Export of goods (F.O.B. : this year Rs.993,464 thousand, Previous year Rs.700,254 thousand)		1,038,366		727,757	
Dividend					11,233
Non-compete fee		69,923		65,430	
	<b>TOTAL</b>	<b>1,108,289</b>		<b>804,420</b>	

27. FIGURES FOR THE PREVIOUS YEAR HAVE BEEN REGROUPED WHEREVER NECESSARY.

28. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### 1. Registration Details

Registration No.	:	97781
State Code	:	11
Balance Sheet Date	:	31/3/2001

#### 2. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement (Preference)	:	Nil

#### 3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	:	5,978,626
Total Assets	:	5,978,626
Sources of Funds :		
Paid-up Capital	:	597,857
Reserves & Surplus	:	2,755,931
Secured Loans	:	1,670,095
Unsecured Loans	:	954,743

#### Application of Funds :

Net Fixed Assets	:	3,379,922
Investments	:	1,707,499
Net Current Assets	:	807,611
Misc. Expenditure	:	83,594
Accumulated Losses	:	Nil

#### 4. Performance of Company

(Amount in Rs.Thousand)

Turnover (Income from Operations) :	8,900,244
Total Expenditure (Net of Other Income) :	8,458,704
Profit/(Loss) before tax :	441,540
Profit/(Loss) after tax :	406,540
Earning per Share in Rs. (on an annualised basis) :	6.80
Dividend Rate % :	30%

#### 5. Generic Names of three Principal Products/Services of Company

Item Code No.	:	34.01*
Product Description	:	Soaps
Item Code No.	:	38.23*
Product Description	:	Fatty Acids/Fatty Alcohols
Item Code No.	:	33.07*
Product Description	:	Cosmetics

(\*represents Heading No. of the Harmonized Commodity Description and Coding System)



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2001**

	This Year Rs. '000	Previous Year Rs. '000
<b>A. Cash Flow from Operating Activities :</b>		
Profit before tax and exceptional items	779,681	728,708
Adjustments for :		
Depreciation	253,139	234,156
Foreign exchange	11,763	9,846
Profit on sale of investments	(18,768)	(552,918)
Loss on sale of fixed assets	2,754	4,275
Dividend income	(58,494)	(88,637)
Interest income	(19,922)	(143,252)
Interest expense	391,045	620,612
Voluntary retirement compensation and advertisement expenses deferred	(4,135)	(125,842)
Deferred expenditure written off	59,483	79,753
Provision / write off of doubtful debts	7,574	38,285
Others	(12,888)	8,674
Operating profit before working capital changes	1,391,232	813,660
Adjustments for :		
Inventories	(111,558)	(10,279)
Trade and other receivables	(112,956)	442,103
Trade payables	518,146	(140,161)
Cash generated from operations	1,684,864	1,105,323
Direct taxes paid	(52,625)	(20,525)
Direct taxes refund received	58,992	27,854
Net Cash from operating activities	1,691,231	1,112,652
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of fixed assets	(230,430)	(177,750)
Purchase of trade marks	(183,036)	(185,400)
Proceeds from sale of fixed assets	38,280	14,714
Purchase of investments	(88,574)	(88,113)
Proceeds from sale of investments	34,864	1,089,954
Tax paid on sale of investments	(2,227)	(57,540)
Intercompany deposits/Loans (net)	118,271	113,406
Interest received	61,236	114,166
Dividend received	58,494	88,637
Net Cash generated/(used) from investing activities	(193,122)	912,074
<b>C. Cash Flow from Financing Activities :</b>		
Redemption of preference share capital	—	(50,250)
Capital subsidy received from Gujarat State Government	1,225	—
Proceeds from borrowings	456,092	780,426
Repayments of borrowings	(1,201,098)	(2,046,621)
Bank overdraft (net)	(65,583)	(115,104)
Repayment of finance lease liabilities	(349)	(12,710)
Interest paid	(409,962)	(625,378)
Dividend paid	(159,688)	(995)
Tax on distributed profits	—	(17,849)
Net cash used in financing activities	(1,379,363)	(2,088,481)
Net increase/(decrease) in cash and cash equivalents	118,746	(63,755)
Cash and cash equivalents (Opening Balance)	107,945	171,700
Cash and cash equivalents (Closing Balance)	226,691	107,945

**Notes :**

- Cash and Cash equivalents  
Cash on hand and balances with banks  
Effect of exchange rate changes  
Cash and cash equivalents
- Repayments of borrowings are net of Intercompany borrowings aggregating Rs. 852,000 thousand (Previous year Rs. 775,500 thousand).
- To finance working capital requirements, the Company's Bankers have sanctioned a total fund-based limit of Rs. 750,000 thousand. Of this, limits utilised as on March 31, 2001 is Rs. 460,518 thousand.
- The figures of previous year have been regrouped wherever necessary.

Mumbai, May 7, 2001

**S.K. BHATT**  
Company Secretary

**A.B. GODREJ**  
**N.B. GODREJ**  
**K.K. DASTUR**

Chairman  
Managing Director  
Executive Director (Finance)

**AUDITORS' CERTIFICATE**

We have verified the above Cash Flow Statement of Godrej Soaps Limited derived from the Audited Financial Statements for the year ended March 31, 2001 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreements with stock exchanges.

For and on behalf of KALYANIWALLA & MISTRY  
Chartered Accountants

**V.R. MEHTA**  
Partner

Mumbai, May 7, 2001



# Godrej Industries Limited (formerly Godrej Soaps Limited)

## STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Company	Godrej Agrovat Limited	Godrej Properties & Investments Limited	Tahir Properties Limited	Godrej Plant Biotech Limited	Sahyadri Aerosols Limited	Godrej Capital Limited	Puran Plastics & Chemicals Limited	Godrej Oil Palm Konkan Limited	Ensemble Holdings & Finance Limited	Godrej International Limited	Godrej Global Mid East FZE	Gold Mohur Foods & Feeds Ltd.	Girikandra Holiday Homes & Resorts Pvt. Ltd.
2. The Company's interest in the subsidiaries as on March 31, 2000													
(a) Number of Equity Shares	3985004	5073965	25	(See Note 3 below)	3202	1456250	12742	663390	3104104	625000	(See Note 9 below)	(See Note 10 below)	(See Note 11 below)
(b) Face Value	10	10	100		100	10	10	10	10	£1 (US\$1.59)			
(c) Extent of Holding	56.95%	78.73%	24.51%		100%	100%	100%	99.41%	99.87%	100%			
3. Net aggregate Profit/(Loss) of the subsidiary company so far it concerns the members of the Company	Rs. '000	Rs. '000	Rs. '000	—	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	US\$	—	—	—
(a) For the Financial Year ended on March 31, 2001:													
i) Not dealt with in the books of account of the Company	14101	36844	Nil	—	-163	-93102	-105	Nil	-41953	341559	—	—	—
ii) Dealt with in the books of account of the Company	Nil	Nil	Nil	—	Nil	Nil	Nil	Nil	Nil	Nil	—	—	—
(b) For the subsidiary company's previous Financial Years since it became a subsidiary													
i) Not dealt with in the books of account of the Company	112240	29622	Nil	—	6106	9794	4958	-131	-1554	1163632	—	—	—
ii) Dealt with in the books of account of the Company	98596	33577	Nil	—	26514	5847	26770	Nil	Nil	601605	—	—	—

### NOTES :

- The Financial Year of all subsidiary companies except Gold Mohur Foods & Feeds Ltd. (GFFL) have ended on March 31, 2001. The Financial year for GFFL has ended on December 31, 2000.
- All the Equity Shares are fully paid-up except 990 shares in Sahyadri Aerosols Ltd. which are partly paid-up to the extent of Rs. 80 per share, 25 shares in Tahir Properties Ltd. which are partly paid-up to the extent of Rs. 20 per share and 1,00,000 Equity Shares in Ensemble Holdings & Finance Ltd., which are partly paid to the extent of Rs. 7.50 per share.
- 20,70,000 Equity Shares of Rs. 10 each fully paid up and 1,60,000 10% Cumulative Redeemable, Preference Shares of Rs.100 each in Godrej Plant Biotech Ltd. (representing 100% of the Share Capital) are held by Godrej Agrovat Ltd., a subsidiary of the Company.
- 2 Equity Shares of Rs. 100 each fully paid-up and 75 Equity Shares of Rs. 100 each (Rs. 20 paid-up) in Tahir Properties Ltd. (representing 75.49% of the Share Capital) are held by Godrej Properties & Investments Ltd. Godrej Properties & Investment Ltd. and the Company hold 75 and 25 Preference Class A shares of Rs. 100 each (Rs. 70 paid-up) out of the total of 100 Preference Class A shares in Tahir Properties Ltd. Godrej Properties & Investment Ltd. and the Company hold 2,93,712 and 1,28,376 Preference Class B shares of Rs. 100 each (Rs. 84 paid-up) respectively in Tahir Properties Ltd. out of the total of 420,000 Preference Class B shares in Tahir Properties Ltd.
- 16,250 and 2,49,430 Equity Shares of Rs. 10 each fully paid-up in Godrej Properties & Investments Ltd. are held by Ensemble Holdings & Finance Ltd. and Godrej Capital Ltd. respectively, which are subsidiaries of the Company.
- 4,000 Equity Shares of Rs.10 each in Ensemble Holdings & Finance Ltd., are held by Godrej Agrovat Ltd., a subsidiary of the Company.
- Puran Plastics & Chemicals Ltd. is undergoing members' voluntary winding-up with effect from November 1, 1996.
- Sahyadri Aerosols Ltd. is undergoing members' voluntary winding-up with effect from July 17, 1997.
- 3910 Equity Shares of Rs. 10 each in Godrej Oil Palm Konkan Ltd. is held by Godrej Capital Ltd., a subsidiary of the Company.
- 2 Ordinary Shares of US\$ 2,50,000 each fully paid-up in Godrej Global Mid East FZE (representing 100% of the Share Capital) are held by Godrej International Ltd., a subsidiary of the Company.
- 15,97,050 equity shares of the face value of Rs. 10 each fully paid in Gold Mohur Foods & Feeds Ltd. (representing 74% of the share capital) is held by Godrej Agrovat Ltd. a subsidiary of the Company from January 1, 2001.
- 99 Equity Shares of the face value of Rs. 1000 each partly paid to the extent of Rs. 200/- is held by Godrej Properties & Investment Ltd., (representing 99% of the share capital), a subsidiary of the Company.

**A.B. GODREJ**  
**N.B. GODREJ**  
**K.K. DASTUR**

*Chairman*  
*Managing Director*  
*Executive Director (Finance)*

**S.K. BHATT**  
*Company Secretary*

Mumbai, May 7, 2001