

# Financials

## Balance Sheet as at March 31, 2006

	Schedule		This Year Rs. Lac	Previous Year Rs. Lac
<b>SOURCES OF FUNDS</b>				
1. Shareholders' Funds				
(a) Share capital	1	2258.44		2264.18
(b) Reserves & surplus	2	<u>5357.00</u>	<b>7615.44</b>	<u>2721.36</u>
				4985.54
2. Loan Funds				
(a) Secured loans	3	487.41		413.40
(b) Unsecured loans	4	<u>—</u>	<b>487.41</b>	<u>200.00</u>
				613.40
3. Deferred Tax Liability (net)			<b>663.00</b>	794.00
<b>TOTAL</b>			<b><u>8765.85</u></b>	<b><u>6392.94</u></b>
<b>APPLICATION OF FUNDS</b>				
4. Fixed Assets	5			
(a) Gross block		15921.11		17988.09
(b) Less: Depreciation		<u>8638.64</u>		<u>7912.34</u>
(c) Net block		7282.47		10075.75
(d) Capital work-in-progress		<u>705.90</u>	<b>7988.37</b>	<u>65.56</u>
				10141.31
5. Investments	6		<b>5001.33</b>	—
6. Current Assets, Loans and Advances				
(a) Inventories	7	8788.63		7380.79
(b) Sundry debtors	8	651.96		517.92
(c) Cash and bank balances	9	1373.10		896.74
(d) Loans and advances	10	<u>1283.11</u>		<u>1515.53</u>
		12096.80		10310.98
7. Less : Current Liabilities and Provisions				
(a) Liabilities	11	15549.13		13297.93
(b) Provisions	12	<u>771.52</u>		<u>761.42</u>
		16320.65		14059.35
Net Current Assets			<b>(4223.85)</b>	(3748.37)
<b>TOTAL</b>			<b><u>8765.85</u></b>	<b><u>6392.94</u></b>
Significant Accounting Policies	18			
Notes to Accounts	19			

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

As per our Report attached

Signatures to Balance Sheet and Schedules 1 to 12, 18 and 19

for and on behalf of

**Kalyaniwalla & Mistry**

Chartered Accountants

**Viraf Mehta**

Partner

Mumbai, April 26, 2006

**Adi Godrej**

**Jamshyd Godrej** - Director

**Bala Balachandran** - Director

**Rama Bijapurkar** - Director

**Bharat Doshi** - Director

**Hoshedar Press** - Executive Director & President

**Sunil Sapre** - Executive Vice President (Finance & Commercial) and Company Secretary

## Profit & Loss Account for the year ended March 31, 2006

	Schedule	This Year Rs. Lac	Previous Year Rs. Lac
<b>INCOME</b>			
Sales (gross)		69192.42	60346.23
Less : Excise duty		3460.53	4078.95
		<u>65731.89</u>	<u>56267.28</u>
Other income	13	866.48	641.11
		<u>66598.37</u>	<u>56908.39</u>
<b>EXPENDITURE</b>			
Materials consumed and purchase of goods	14	31605.69	28954.91
Expenses	15	21627.73	18746.07
Inventory change	16	(1244.62)	(1480.03)
Interest and financial charges (net)	17	403.99	245.96
Depreciation		1078.39	1065.90
		<u>53471.18</u>	<u>47532.81</u>
<b>Profit Before Tax</b>		<b>13127.19</b>	9375.58
Provision for taxation			
- Current tax		(1098.00)	(735.00)
- Deferred tax		131.00	(34.00)
- Fringe Benefit Tax		(90.00)	—
<b>Profit after taxation</b>		<b>12070.19</b>	8606.58
Tax adjustments in respect of previous years		50.28	352.55
<b>Profit for the year</b>		<b>12120.47</b>	8959.13
Surplus brought forward		803.24	449.51
<b>Profit available for appropriation</b>		<b>12923.71</b>	9408.64
<b>Appropriation :</b>			
Dividend on equity shares :			
- Interim		7904.54	6793.42
(Details as per Directors' Report)			
Tax on distributed profits		1108.61	911.98
Transfer to General Reserve		1214.00	900.00
Surplus carried forward		2696.56	803.24
<b>TOTAL</b>		<b>12923.71</b>	9408.64
Basic and diluted earnings per share of Rs. 4 each (in rupees)		21.45	15.81
Significant Accounting Policies	18		
Notes to Accounts	19		

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

As per our Report attached

Signatures to Profit & Loss Account and Schedules 13 to 19

for and on behalf of

**Kalyaniwalla & Mistry**

Chartered Accountants

**Adi Godrej**

- Chairman and Managing Director

**Jamshyd Godrej**

- Director

**Bala Balachandran**

- Director

**Rama Bijapurkar**

- Director

**Bharat Doshi**

- Director

**Hoshedar Press**

- Executive Director & President

**Sunil Sapre**

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

**Viraf Mehta**

Partner

Mumbai, April 26, 2006

## Cash Flow Statement for the year ended March 31, 2006

	This Year Rs. Lac	Previous Year Rs. Lac
<b>A. Cash Flow from operating activities :</b>		
Profit before tax	13127.19	9375.58
Adjustments for :		
Depreciation	1078.39	1065.90
Foreign exchange	(61.75)	128.38
(Profit)/Loss on Fixed Assets sold/discarded	(146.43)	24.37
Profit on sale of investment	(38.71)	(0.70)
Dividend income	(2.74)	(24.80)
Discount on prepayment of Deferred Sales Tax Loan	(3.25)	(316.12)
Interest income	(40.30)	(63.85)
Interest expense	444.29	309.81
Bad debts written off	2.17	4.86
Provision for doubtful debts and advances	(8.49)	(45.71)
Write in of old balances	(62.26)	(218.79)
Others	0.95	23.00
Operating profit before working capital changes	14289.06	10261.93
Adjustments for :		
Inventories	(1407.84)	(2463.41)
Trade and other receivables	104.68	539.01
Trade payables	2988.55	1282.51
Cash generated/(used) from operations	15974.45	9620.04
Direct taxes paid	(1224.39)	(775.17)
Direct taxes refund received	—	129.85
Net Cash from operating activities	14750.06	8974.72
<b>B. Cash Flow from investing activities :</b>		
Purchase of fixed assets	(1657.25)	(836.85)
Proceeds from sale of fixed assets	2188.46	32.88
Purchase of investments	(36514.07)	(27325.14)
Sale of investments	31551.45	27325.84
Interest received	40.30	8.84
Dividend received	2.74	24.80
Net Cash (used)/generated in investing activities	(4388.37)	(769.63)
<b>C. Cash Flow from financing activities :</b>		
Buyback of equity share capital	(477.42)	(484.99)
Proceeds from borrowings	9093.65	6846.43
Repayments of borrowings	(9488.34)	(8065.20)
Cash credits (net)	275.25	(279.59)
Interest paid	(381.25)	(299.64)
Dividend paid	(7797.60)	(5687.97)
Tax on distributed profits	(1109.62)	(733.56)
Net Cash (used)/generated in financing activities	(9885.33)	(8704.52)
Net increase/(decrease) in cash and cash equivalents	476.36	(499.43)
Cash and cash equivalents (Opening Balance)	896.74	1396.17
Cash and cash equivalents (Closing Balance)	1373.10	896.74

## Cash Flow Statement for the year ended March 31, 2006

### Notes :

- |  | This Year<br>Rs. Lac | Previous Year<br>Rs. Lac |
|--|----------------------|--------------------------|
| 1. Cash and Cash equivalents   |                      |                          |
| Cash on hand and balances with banks   | 1372.59              | 897.64                   |
| Effect of exchange rate changes  | 0.51                 | (0.90)                   |
| Cash and cash equivalents  | 1373.10              | 896.74                   |
| 2. To finance working capital requirements, the Company's Bankers have sanctioned a total fund-based limit of Rs. 1900 lac. Of this, limits utilised as on March 31, 2006 is Rs. 432.49 lac. |                      |                          |

for and on behalf of  
**Kalyaniwalla & Mistry**  
Chartered Accountants

**Viraf Mehta**  
Partner  
Mumbai, April 26, 2006

<b>Adi Godrej</b>	- Chairman and Managing Director
<b>Jamshyd Godrej</b>	- Director
<b>Bala Balchandran</b>	- Director
<b>Rama Bijapurkar</b>	- Director
<b>Bharat Doshi</b>	- Director
<b>Hoshedar Press</b>	- Executive Director & President
<b>Sunil Sapre</b>	- Executive Vice President (Finance & Commercial) and Company Secretary

## Schedules forming part of the Financial Statements for the year ended March 31, 2006

	This Year Rs. Lac	Previous Year Rs. Lac
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
Authorised:		
62,500,000 (Previous year 62,500,000) Equity shares of Rs.4 each	2500.00	2500.00
	<b>2500.00</b>	<b>2500.00</b>
Issued, Subscribed and Paid up :		
56,461,019 (Previous year 56,604,467) Equity shares of Rs.4 each fully paid	2258.44	2264.18
	<b>2258.44</b>	<b>2264.18</b>
Of the above, 56,460,844 (Previous year 56,604,292) shares have been issued for consideration other than cash pursuant to the scheme of arrangement with Godrej Soaps Limited.		
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
<b>Capital Investment Subsidy Reserve</b>		
As per last balance sheet	15.00	15.00
<b>Capital Redemption Reserve</b>		
As per last balance sheet	128.98	118.67
Add : Transfer from General Reserve	5.74	10.31
	<b>134.72</b>	<b>128.98</b>
<b>General Reserve</b>		
As per last balance sheet	1774.14	1378.65
Add : Transfer from Profit and Loss account	1214.00	900.00
	<b>2988.14</b>	<b>2278.65</b>
Less : Transfer to Capital Redemption Reserve on buy-back of shares	5.74	10.31
Less : Premium on buy-back of shares	471.68	494.20
	<b>2510.72</b>	<b>1774.14</b>
<b>Profit &amp; Loss Account</b>	<b>2696.56</b>	<b>803.24</b>
	<b>5357.00</b>	<b>2721.36</b>
<b>SCHEDULE 3 : SECURED LOANS</b>		
Sales tax deferment loan	54.92	56.16
Cash Credit - banks	432.49	157.24
Working Capital Demand Loan	—	200.00
	<b>487.41</b>	<b>413.40</b>
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
Short term loan from bank	—	200.00
	—	200.00
Amount repayable within one year	—	200.00

**Schedules** forming part of the Financial Statements for the year ended March 31, 2006**SCHEDULE 5 : FIXED ASSETS****Rs. Lac**

Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2005	Additions	Deductions	As at 31.03.2006	As at 01.04.2005	Deductions	For the year	As at 31.03.2006	As at 31.03.2005	
Tangible Assets										
Land										
- Freehold	385.51	—	374.08	11.43	—	—	—	—	11.43	385.51
- Leasehold	125.55	—	—	125.55	10.63	—	1.30	11.93	113.62	114.92
Buildings	3451.96	—	1782.08	1669.88	641.93	254.06	68.46	456.33	1213.55	2810.03
Plant & Machinery	9789.32	286.40	56.37	10019.35	5281.48	27.86	613.79	5867.41	4151.94	4507.84
Furniture & Fixtures	191.92	19.35	122.72	88.55	90.91	44.97	10.44	56.38	32.17	101.01
Office Equipment	359.83	17.39	58.42	318.80	151.91	15.76	16.76	152.91	165.89	207.92
Vehicles	87.30	—	16.54	70.76	45.14	7.91	7.95	45.18	25.58	42.16
Intangible Assets										
-Trademarks	3520.06	—	—	3520.06	1674.02	—	352.01	2026.03	1494.03	1846.04
Assets acquired under Finance Lease										
- Vehicles	76.64	26.63	6.54	96.73	16.32	1.53	7.68	22.47	74.26	60.32
<b>Total This Year</b>	<b>17988.09</b>	<b>349.77</b>	<b>2416.75</b>	<b>15921.11</b>	<b>7912.34</b>	<b>352.09</b>	<b>1078.39</b>	<b>8638.64</b>	<b>7282.47</b>	<b>10075.75</b>
Total Previous Year	16982.62	1113.69	108.22	17988.09	6897.41	50.97	1065.90	7912.34	—	—
Capital work in progress									705.90	65.56
Total									7988.37	10141.31

Note : Trademarks represent the cost of acquisition of certain Godrej soaps, toiletries and detergent brands acquired in pursuance of scheme of demerger and cost of Snuggly brand. The remaining amortisation period of the trademarks is between five to seven years.

## Schedules forming part of the Financial Statements for the year ended March 31, 2006

	This Year Rs. Lac	Previous Year Rs. Lac
<b>SCHEDULE 6 : INVESTMENTS</b>		
<b>Long Term Investments (Unquoted)</b>		
200 (Previous year Nil) Equity shares of Euro 100 each fully paid in Godrej Netherlands B.V., a subsidiary Company	4901.33	—
<b>Current Investments (Unquoted)</b>		
9,00,641 (Previous year Nil) units of Birla Sunlife Mutual Fund - Liquid Scheme of Rs. 10 each fully paid	100.00	—
	<b>5001.33</b>	—
<b>SCHEDULE 7 : INVENTORIES</b> (at lower of cost and net realisable value)		
Stores and spares	223.44	193.74
Raw materials	3065.89	2932.37
Work-in-progress	1060.61	607.21
Finished goods	4438.69	3647.47
	<b>8788.63</b>	7380.79
<b>SCHEDULE 8 : SUNDRY DEBTORS</b> (Unsecured)		
Debts outstanding for a period exceeding six months		
– Considered doubtful	29.23	37.91
Other debts		
– Considered good	651.96	517.92
	<b>681.19</b>	555.83
Less: Provision for doubtful debts	29.23	37.91
	<b>651.96</b>	517.92
<b>SCHEDULE 9 : CASH AND BANK BALANCES</b>		
Cash on hand	9.55	12.53
Cheques on hand	75.21	22.10
Balances with scheduled banks		
– on current accounts	1264.10	853.58
– on deposit accounts	24.24	8.53
	<b>1373.10</b>	896.74
<b>SCHEDULE 10 : LOANS AND ADVANCES</b> (Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received (net of advances considered doubtful Rs. 9.48 lac; Previous year Rs. 9.48 lac)	486.50	698.12
Deposits and balances with		
– Customs & Excise authorities	617.10	642.86
– Other deposits	179.51	174.55
	<b>1283.11</b>	1515.53

## Schedules forming part of the Financial Statements for the year ended March 31, 2006

	<b>This Year Rs. Lac</b>	Previous Year Rs. Lac
<b>SCHEDULE 11 : CURRENT LIABILITIES</b>		
Sundry creditors		
– Small scale industrial units	<b>542.51</b>	504.02
– Others	<b>10743.58</b>	8883.81
Unclaimed dividend	<b>250.47</b>	136.36
(There is no amount due and outstanding to be credited to Investor Education and Protection Fund)		
Other liabilities	<b>700.60</b>	550.49
Advances and deposits	<b>429.68</b>	369.87
Interest accrued but not due	<b>59.24</b>	23.16
Interim dividend payable	<b>2823.05</b>	2830.22
	<b><u>15549.13</u></b>	<u>13297.93</u>
<b>SCHEDULE 12 : PROVISIONS</b>		
Provision for tax on distributed profits	<b>395.93</b>	396.94
Provision for retirement benefits	<b>360.27</b>	263.44
Provision for taxation (net of advance payment of taxes)	<b>15.32</b>	101.04
	<b><u>771.52</u></b>	<u>761.42</u>
<b>SCHEDULE 13 : OTHER INCOME</b>		
Dividend income	<b>2.74</b>	24.80
Profit on sale of investments	<b>38.71</b>	0.70
Profit on sale of fixed assets	<b>146.78</b>	—
Claims received	<b>555.65</b>	30.88
Discount on pre-payment of deferred sales tax loan – an exceptional item	<b>3.25</b>	316.12
Provision for doubtful debts and advances written back	<b>8.49</b>	45.71
Miscellaneous Income	<b>110.86</b>	222.90
	<b><u>866.48</u></b>	<u>641.11</u>
<b>SCHEDULE 14 : MATERIALS CONSUMED AND PURCHASE OF GOODS</b>		
Raw materials consumed		
Stocks at the commencement of the year	<b>2932.37</b>	2014.84
Add : Purchases (net)	<b>30134.41</b>	28345.94
	<b><u>33066.78</u></b>	<u>30360.78</u>
Less : Stocks as at the close of the year	<b>3065.89</b>	2932.37
Raw materials consumed during the year	<b>30000.89</b>	27428.41
Purchase of goods for resale	<b>1604.80</b>	1526.50
	<b><u>31605.69</u></b>	<u>28954.91</u>

## Schedules forming part of the Financial Statements for the year ended March 31, 2006

	This Year Rs. Lac	Previous Year Rs. Lac
<b>SCHEDULE 15 : EXPENSES</b>		
Salaries, wages and allowances	4003.10	2956.78
Contribution to provident fund and other funds	141.28	122.06
Employee welfare expenses	171.02	211.30
Stores and spares consumed	410.87	435.99
Power and fuel	2098.89	1643.49
Processing charges & other manufacturing expenses	841.24	612.96
Rent	188.91	152.98
Rates and taxes	699.93	775.93
Repairs and maintenance		
– Machinery	119.70	119.40
– Buildings	30.83	44.63
– Other assets	55.11	22.63
Insurance	126.31	95.49
Establishment expenses	536.73	554.29
Travel & conveyance	652.77	525.72
Freight	2525.28	1961.86
Commission	38.88	38.77
Discount	12.19	85.70
Advertisement and publicity	5341.37	4372.00
Sales promotion	1258.04	1786.74
Selling and distribution expenses	771.45	696.26
Bad debts written off	2.17	4.86
Loss on fixed assets sold/discarded	—	23.61
Miscellaneous expenses	1432.17	1487.94
Excise Duty on increase/(decrease) of finished goods	169.49	14.68
	<b>21627.73</b>	<b>18746.07</b>
<b>SCHEDULE 16 : INVENTORY CHANGE</b>		
Stocks at the commencement of the year :		
Finished goods	3647.47	1979.36
Work-in-progress	607.21	795.29
	<b>4254.68</b>	<b>2774.65</b>
Less :		
Stocks at the close of the year :		
Finished goods	4438.69	3647.47
Work-in-progress	1060.61	607.21
	<b>5499.30</b>	<b>4254.68</b>
Increase in Inventory	<b>(1244.62)</b>	<b>(1480.03)</b>
<b>SCHEDULE 17 : INTEREST AND FINANCIAL CHARGES (Net)</b>		
Interest paid		
– on short term loans and advances	34.96	17.82
– on bank cash credit	7.81	6.64
– other interest	205.91	111.96
	<b>248.68</b>	<b>136.42</b>
Less: Interest received		
– on customer balances	3.60	6.20
– other interest	36.70	57.65
	<b>40.30</b>	<b>63.85</b>
Other financial charges	195.61	173.39
	<b>403.99</b>	<b>245.96</b>

## Significant Accounting Policies

### SCHEDULE 18 : 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 of acquisition or construction, less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned assets.

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

#### c) Intangible Assets

The cost of acquisition of trademarks is amortised equally over a period of ten years.

#### d) Investments

Investments are classified into current and long term investments. Long term investments are carried at cost. Provision for diminution, if any, in the value of investments is made to recognize a decline, other than temporary. Current investments are stated at lower of cost and net realisable value.

#### e) Inventories

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

#### f) Provisions and Contingent Liabilities

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

#### g) Revenue Recognition

Sales are recognised when goods are supplied and are recorded net of returns, trade discounts, rebates, sales taxes and excise duties.

Export incentives are accounted on accrual basis and include the estimated value of export incentives receivable under the Duty Entitlement Pass Book Scheme.

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

Interest income is recognised on a time proportion basis.

#### h) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the period end exchange rates. Forward exchange contracts, remaining unsettled at the period end, backed by underlying assets or liabilities are also translated at period end exchange rates. Premium or discount on forward foreign exchange contracts is amortised over the period of the contract and recognised as income or expense for the period. Exchange gains/losses are recognised in the Profit and Loss Account except for exchange differences relating to fixed assets, which are adjusted in the cost of the asset. Non Monetary foreign currency items like investments in foreign subsidiaries are carried at cost and expressed in Indian currency at the rate of exchange prevailing at the time of making the original investment.

#### i) 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.

## Significant Accounting Policies

### j) Retirement Benefits

Retirement benefits to employees comprise payments under defined contribution plans like provident fund and family pension. Payments under defined contribution plans are charged to the profit and loss account. The liability in respect of defined benefit schemes like gratuity and leave encashment benefit on retirement is provided on the basis of actuarial valuation at the end of each year. The liability for retirement gratuity is funded through a trust created for the purpose.

### k) Depreciation

Leasehold land is amortised equally over the lease period.

Depreciation is provided pro rata to the period of use, on the Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956, except for computer hardware which is depreciated over 4 years.

### l) Taxes on Income

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

Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on unabsorbed tax losses and tax depreciation are recognised only when there is a virtual certainty of their realisation and on other items when there is reasonable certainty of realisation. The tax effect is calculated on the accumulated timing differences at the year end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

### m) Incentive Plans

The Company has a scheme of Performance Linked Variable Remuneration (PLVR) which rewards its employees based on Economic Value Addition (EVA). The PLVR amount is related to actual improvements made in EVA over the previous year when compared with expected improvements. The EVA awards flow through a notional bank whereby only pre-specified portion of the bank is distributed each year and balance is carried forward. Only the amount distributed out of notional bank is charged to profit and loss account. The notional bank is held at risk and charged to EVA of future years and payable at that time if future performance so warrants.

### n) Segment Reporting

Segment revenue, results, assets and liabilities have been identified to represent segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenses". Unallocated assets mainly relate to fixed assets at corporate and regional offices not directly identifiable to any segment.

## Notes to Accounts

### SCHEDULE 19 : NOTES TO ACCOUNTS

#### 1. Background

Godrej Consumer Products Limited (the Company) was incorporated on November 29, 2000 to take over as a going concern the consumer products business of Godrej Soaps Limited (subsequently renamed as Godrej Industries Limited), pursuant to a scheme of arrangement as approved by the High Court, Mumbai. The Company is a focused fast moving consumer goods company, manufacturing and marketing toilet soaps, hair colour, liquid detergents and other toiletries.

#### 2. Contingent Liabilities

	This Year Rs. lac	Previous Year Rs. lac
a) Claims for excise duties, taxes and other matters:		
i) Excise duty demands aggregating Rs. 61.77 lac (Previous Year Rs.61.77 lac) against which the Company has preferred appeals (net of tax)	40.98	39.17
ii) Sales tax demands aggregating Rs. 31.22 lac (Previous Year Rs.31.01 lac) against which the Company has preferred appeals (net of tax)	20.71	19.66
iii) Other matters - Rs. 2.50 lac (Previous Year Rs. 2.50 lac) (net of tax)	1.66	1.59

## Notes to Accounts

	This Year Rs. lac	Previous Year Rs. lac
b) Excise duty demands and penalties in respect of toilet soaps cleared from Malanpur Factory during the period of joint venture with Procter & Gamble, confirmed by CESTAT vide its order dated February 2002. The amount of duty and penalty which is to be quantified by the Commissioner of Excise in accordance with the findings of CESTAT is estimated at Rs. 1212.82 lac (Previous Year Rs.1424.59 lac). The Company has filed an appeal against the order of CESTAT before the Supreme Court of India. By a subsequent CESTAT order passed in September 2004, all the assessments for the period April 1993 to March 1996 have been held to be provisional, thus negating the earlier stand of CESTAT. (net of tax)	1008.70	1163.94
c) Guarantees issued by banks, excluding guarantees issued in respect of matters reported in (a) above	236.48	171.88
d) Guarantees of GBP 3 million given by the Company for securing loan availed by Godrej Netherlands B.V., a wholly owned subsidiary	2324.40	—

### 3. Capital Commitments

	This Year Rs. lac	Previous Year Rs. lac
Estimated value of contracts remaining to be executed on Capital account, to the extent not provided	2167.67	8.44

### 4. Share Capital

The Company has during the year bought back 143,448 equity shares of Rs.4 each at an average price of Rs.332.82 per share aggregating Rs.477.42 lac in terms of the resolution passed by the Board of Directors at their meeting held on May 10, 2005. The shares so bought back have been extinguished.

The nominal value of the shares bought back and extinguished has been reduced from the paid up share capital and the premium paid for buy-back has been appropriated from the General Reserve account. Consequently, the Issued, Subscribed and Paid-up capital of the Company has been reduced by Rs.5.74 lac.

### 5. Secured Loans

a) The Sales tax deferment loan is secured by :

Malanpur location

- 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 banks for working capital facilities.

Baddi location

- bank guarantee in favour of the sales tax authorities.

During the year an amount of Rs. 21.59 lac (Previous year Rs. 1308.78 lac) has been prepaid at a discounted value of Rs. 18.34 lac (Previous year Rs. 992.66 lac) under the Madhya Pradesh Deferred Tax Pre-payment Yojana 2005.

b) Bank cash credit, working capital demand loans and guarantees issued by banks are secured by hypothecation of stocks and book debts.

### 6. Sundry Debtors

Sundry Debtors include amounts due from companies under the same management as under :

	This Year Rs. Lac	Previous Year Rs. lac
a) Godrej Industries Ltd.	71.47	76.87
b) Godrej Agrovet Ltd.	2.07	2.80
c) Godrej Global Mid East FZE	108.65	95.24
d) Godrej Properties Ltd.	0.09	—

### 7. Loans and Advances

The Company has not granted any loans and advances in the nature of loans to its associates.

## Notes to Accounts

### 8. Investments

- a) In October 2005, the Company acquired 100% ownership interest in Keyline Brands Ltd. (Keyline), a UK based FMCG company. This acquisition gives the Company ownership of several international brands and trademarks and access to the manufacturing facility of Keyline in the UK. The acquisition was made through the Company's wholly owned subsidiary Godrej Netherlands B.V.
- b) The Company has subscribed to and sold the following current investments during the year :  
Mutual Funds - Liquid Schemes

	Face Value Rs.	This Year		Previous Year	
		No. of Units	Purchase Cost Rs. Lac	No. of Units	Purchase Cost Rs. Lac
Birla Cash Plus Liquid	10	14,94,69,540	15931.51	8,32,14,543	8624.85
Prudential ICICI Liquid	10	5,60,79,342	8651.24	9,44,47,672	11193.57
Kotak Mahindra Mutual Fund Liquid	10	3,55,01,748	4880.00	4,41,22,134	5395.30
J M Mutual Fund Liquid	10	2,01,77,270	2150.00	2,10,82,739	2111.42

### 9. Liabilities

- a) No amount has been claimed from the Company under the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993.
- b) The small scale industrial undertakings to whom an amount exceeding Rs.1 lac is outstanding for more than 30 days as at the Balance Sheet date are as under :
- Shubhalachal Print & Pack  
Sweet Industries, Sangli  
Sweet Industries India Private Limited  
Kristal Pharma Private Limited  
Belchem Industries (India) Private Limited  
Oriental Aromatics  
Asha Printers  
Parth Traders  
Sell Well Plastics & Gen Industries  
Chemorg
- The above information regarding small scale industrial undertaking have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
- c) The Company has acquired some vehicles under finance leases. The liability for minimum lease payment is secured by hypothecation of the vehicles acquired under the lease. The minimum lease payments outstanding as on March 31, 2006, in respect of vehicles leased are as under :

	Rs. Lac		
Maturity Profile	Total of future minimum lease payments outstanding as on March 31, 2006	Unmatured finance charges	Present value of future minimum lease payments
Within one year	23.02	1.44	21.58
Later than one year and not later than five years	26.10	1.11	24.99
<b>TOTAL</b>	<b>49.12</b>	<b>2.55</b>	<b>46.57</b>

- d) The Company's significant leasing agreements are in respect of operating lease for premises (office, godown, etc.) and the aggregate lease rentals payable, are charged as rent.
- e) Sundry creditors include overseas supplier credit amounting to Rs.4731.70 lac (Previous Year Rs.2964.80 lac).

## Notes to Accounts

### 10. Deferred Tax

	This Year Rs. Lac	Previous Year Rs. Lac
The breakup of net deferred tax liability is as under :		
Deferred tax liabilities:		
Difference between book and tax depreciation	798	895
	<u>798</u>	<u>895</u>
Deferred tax assets:		
Expenditure disallowable under Section 43B	125	83
Provision for doubtful debts	10	15
Preliminary expenses	<u>—</u>	<u>3</u>
	135	101
Net deferred tax liability	663	794

### 11. Hedging Contracts

The Company uses forward exchange contracts to hedge its foreign exchange exposure in accordance with its forex policy as determined by a Forex Committee. As at March 31, 2006, the Company had 25 outstanding forward exchange contracts to purchase foreign currency aggregating to US Dollars 79,07,073 at an average rate of Rs. 45.05 per US Dollar. The uncovered foreign exchange exposure as at March 31, 2006 is US Dollar 27, 16, 536.

### 12. Profit and Loss Account

- The exchange differences included in the Profit & Loss Account is a loss of Rs.86.85 lac (Previous Year loss of Rs.376.12 lac) and premium in respect of forward exchange contracts to be recognised in subsequent accounting periods is Rs.9.25 lac (Previous Year Rs.6.67 lac).
- Research & Development Expenditure of revenue nature charged to the Profit and Loss Account amounts to Rs.236.17 lac (Previous Year Rs.167.34 lac).
- Establishment expenses represent the Company's share of various expenses incurred by Godrej Industries Ltd., a Company under the same management for sharing of services and use of common facilities.

### 13. Incentive Plans

The amount carried forward in notional bank after distribution of PLVR for the financial year 2005-06 is Rs.2211 lac (Previous Year Rs. 1025 lac) as on March 31, 2006. The said amount is not provided in the books of account and is payable in future, if performance so warrants.

### 14. Sales Turnover (net of excise duty)

Item	Unit	This Year		Previous Year	
		Quantity	Value Rs. Lac	Quantity	Value Rs. Lac
Soaps	MT	60274	40054.61	53830	35408.75
Hair Colour and other toiletries	MT	4429	20194.72	2960	15806.57
Detergents	MT	3669	3972.92	3399	3651.62
Fatty acids and Glycerine			1509.64		1400.34
			<u>65731.89</u>		<u>56267.28</u>

#### Note :

Sales Turnover includes sales of :

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

## Notes to Accounts

### 15. Inventories - Finished Goods

Item	March 31, 2006		March 31, 2005		March 31, 2004	
	Quantity MT	Value Rs. Lac	Quantity MT	Value Rs. Lac	Quantity MT	Value Rs. Lac
a) Manufactured						
Soaps	<b>6861</b>	<b>3431.53</b>	5180	2610.59	2122	1161.16
Hair Colour and other toiletries	<b>450</b>	<b>615.58</b>	441	643.78	67	235.95
Detergents	<b>389</b>	<b>150.23</b>	428	176.35	—	—
Fatty acids and Glycerine	<b>148</b>	<b>28.77</b>	108	26.80	58	13.66
b) Purchased						
Soaps	<b>21</b>	<b>19.58</b>	16	16.60	13	12.54
Hair Colour and other toiletries	<b>162</b>	<b>191.10</b>	105	151.47	218	442.22
Detergents	<b>4</b>	<b>1.90</b>	55	21.88	293	113.83
<b>TOTAL</b>		<b>4438.69</b>		3647.47		1979.36

### 16. Raw Materials Consumed

	This Year		Previous Year	
	Quantity MT	Value Rs. Lac	Quantity MT	Value Rs. Lac
Oils & Fats	<b>57178</b>	<b>13629.37</b>	46328	13643.71
Chemicals, Perfumes, Colours and Catalysts	<b>24485</b>	<b>8941.53</b>	20151	8264.47
Packing Materials, etc.	—	<b>7429.99</b>	—	5520.23
<b>TOTAL</b>		<b>30000.89</b>		27428.41

### 17. Purchase of Goods

	This Year		Previous Year	
	Quantity MT	Value Rs. Lac	Quantity MT	Value Rs. Lac
Soaps	<b>282</b>	<b>222.28</b>	228	198.90
Hair colour and other toiletries	<b>1117</b>	<b>1367.24</b>	1192	1257.21
Detergents	<b>34</b>	<b>15.28</b>	174	70.39
<b>TOTAL</b>		<b>1604.80</b>		1526.50

## Notes to Accounts

### 18. Value of Imports on CIF Basis (includes only Imports directly made)

	<b>This Year Rs. Lac</b>	Previous Year Rs. Lac
Raw Materials	<b>10277.66</b>	7975.73
<b>TOTAL</b>	<b>10277.66</b>	7975.73

### 19. Licensed, Installed and Utilised Capacity

Item	Unit	Licensed / Registered Capacity	Installed Capacity		Actual Production	
			<b>This Year</b>	Previous Year	<b>This Year</b>	Previous Year
Soaps	MT	N.A.	<b>75000</b>	75000	<b>62343</b>	57002
Hair colour and other toiletries	MT	N.A.	<b>2330</b>	2210	<b>1458</b>	1349
Fatty Acids	MT	N.A.	<b>52500</b>	52500	<b>1676</b>	1581
Glycerine	MT	N.A.	<b>2300</b>	2300	<b>3928</b>	2460

#### Notes :

- The licensed capacities are not applicable in view of the exemption from licensing granted under Notification SO 477(E) dated 25th July 1991, issued under Industries (Development & Regulation) Act, 1951.
- Actual production excludes production for captive consumption.
- Actual production includes soaps produced by the Company for third parties - 1453 M.T. (Previous Year 3306 M.T.).
- Actual production excludes items processed for the Company by third parties, viz. Hair colour and other toiletries 2098 M.T. (Previous Year 804 M.T.) and Detergents 3577 M.T. (Previous Year 3485 M.T.).

### 20. Expenditure in Foreign Currency

	<b>This Year Rs. Lac</b>	Previous Year Rs. Lac
Advertisement & Publicity	<b>23.64</b>	8.09
Travelling Expenditure	<b>77.46</b>	10.93
Consultancy	<b>179.16</b>	76.75
Other Expenditure	<b>36.81</b>	41.18
<b>TOTAL</b>	<b>317.07</b>	136.95

## Notes to Accounts

### 21. Value of imported and indigenous materials consumed

	This Year		Previous Year	
	Rs. Lac	%	Rs. Lac	%
<b>Raw Materials</b>				
Imported (including duty content)	12655.75	42	10110.35	37
Indigenous	17345.14	58	17318.06	63
	<b>30000.89</b>	<b>100</b>	27428.41	100
<b>Spares</b>				
Imported (including duty content)	0.50	0	7.25	2
Indigenous	410.37	100	428.74	98
	<b>410.87</b>	<b>100</b>	435.99	100

### 22. Earnings in Foreign Exchange

	This Year Rs. Lac	Previous Year Rs. Lac
Export of goods (F.O.B. Value : Rs.1033.26 lac. Previous year Rs.1021.36 lac)	1075.03	1048.19
Interest on loan to subsidiary	30.23	—
	<b>1105.26</b>	1048.19

### 23. Computation of Profits under Section 349 of the Companies Act, 1956

	Rs. Lac	This Year Rs. Lac	Previous Year Rs. Lac
Profit for the year as per Profit & Loss Account		12120.47	8959.13
Add: Depreciation as per accounts	1078.39		1065.90
Managerial remuneration	333.86		245.83
Provision/(write back) for doubtful debts and advances	(8.49)		(45.71)
(Profit)/Loss on fixed assets sold/discarded	(146.78)		23.61
Provision for taxation	1006.72		416.45
		<b>2263.70</b>	<b>1706.08</b>
		<b>14384.17</b>	10665.21
Less : Depreciation under Section 350 of the Companies Act, 1956	1065.94		1056.68
(Profit)/Loss on fixed assets sold/discarded under Section 350	(137.21)		26.76
Profit on sale of investments	38.71		0.70
		<b>967.44</b>	1084.14
Net profit as per Section 349 of the Companies Act, 1956		<b>13416.73</b>	9581.07
Maximum limit for commission to non-wholetime directors at 1% of above		<b>134.17</b>	95.81
Commission to non-wholetime directors		<b>48.00</b>	48.00
Maximum limit for managerial remuneration to wholetime directors at 10% of above		<b>1341.67</b>	958.11
Managerial remuneration paid to wholetime directors		<b>279.66</b>	192.13

## Notes to Accounts

### 24. Managerial Remuneration

	This Year Rs. Lac	Previous Year Rs. Lac
<b>A) Remuneration paid/payable to the Chairman &amp; Managing Director and Executive Director &amp; President</b>		
a) Salaries and allowances	89.26	64.70
b) Contribution to Provident Fund	8.14	6.55
c) Estimated monetary value of perquisites	71.11	50.69
d) Provision for Performance Linked Variable Remuneration	111.15 *	70.19 *
	<u>279.66</u>	<u>192.13</u>
<b>B) Remuneration paid/payable to Non Whole Time Directors</b>		
a) Directors' Fees	6.20	5.70
b) Commission on Profits	48.00	48.00
	<u>54.20</u>	<u>53.70</u>
<b>TOTAL OF A+B</b>	<u>333.86</u>	<u>245.83</u>

#### Notes :

\* Performance Linked Variable Remuneration has been calculated in accordance with the scheme of the Company.

### 25. Auditors' Remuneration

	This Year Rs. Lac	Previous Year Rs. Lac
Audit fees	20.00	15.00
Tax audit fees	4.50	3.75
Taxation matters	3.00	2.00
Other services	10.56	10.33
Reimbursement of out of pocket expenses	1.23	0.75
Service Tax	3.57	2.97
<b>TOTAL</b>	<b>42.86</b>	34.80

### 26. Earnings per Share

	This Year	Previous Year
a) Calculation of weighted average number of equity shares of Rs.4 each		
Number of shares at the beginning of the year	56604467	56862353
Shares bought back and extinguished	143448	257886
Number of equity shares outstanding at the end of the year	56461019	56604467
Weighted average number of equity shares outstanding during the year	56493148	56655202
b) Net profit after tax available for equity shareholders (Rs. Lac)	12120.47	8959.13
c) Basic and diluted earnings per share of Rs.4 each (Rupees)	21.45	15.81

### 27. Net Dividend Remitted in Foreign Currency

	This Year Rs. Lac	Previous Year Rs. Lac
4th Interim Dividend for financial year 2004-05 on 18482 shares @ Rs. 5.00 per share to 266 shareholders	0.92	—
1st Interim Dividend for financial year 2005-06 on 18222 shares @ Rs. 3.00 per share to 261 shareholders	0.55	—

## Notes to Accounts

### 27. Net Dividend Remitted in Foreign Currency contd.

	This Year Rs. Lac	Previous Year Rs. Lac
2nd Interim Dividend for financial year 2005-06 on 17692 shares @ Rs. 3.00 per share to 251 shareholders	0.53	—
3rd Interim Dividend for financial year 2005-06 on 17650 shares @ Rs. 3.00 per share to 254 shareholders	0.53	—
4th Interim Dividend for 2003-04 paid on 18655 shares @ Rs. 3.00 per share to 265 shareholders	—	0.56
1st Interim Dividend for financial year 2004-05 on 22318 shares @ Rs. 2.00 per share to 266 shareholders	—	0.45
2nd Interim Dividend for financial year 2004-05 on 18395 shares @ Rs. 2.00 per share to 272 shareholders	—	0.37
3rd Interim Dividend for financial year 2004-05 on 19107 shares @ Rs. 3.00 per share to 275 shareholders	—	0.57
<b>TOTAL</b>	<b>2.53</b>	<b>1.95</b>

### 28. Related Party disclosures

#### a) List of Related parties

Enterprise having control over reporting enterprise  
Godrej & Boyce Mfg. Co. Ltd.

#### Subsidiaries

Godrej Netherlands B.V.  
Godrej Consumer Products (UK) Ltd.  
Keyline Brands Ltd.  
Inecto Manufacturing Ltd.  
Cuticura Labs Ltd.  
Inecto Ltd.  
Cosmetics That Care Ltd.

#### Enterprises under common control with whom transactions have taken place during the year

Godrej Industries Ltd.  
Godrej Foods Ltd.  
Godrej HiCare Ltd.  
Godrej Agrovvet Ltd.  
Godrej Beverages & Foods Ltd.  
Godrej Global Mid East FZE  
Godrej Properties Ltd.  
Gold Mohar Foods & Feeds Ltd.

#### Enterprise over which Key Management Personnel exercise significant influence

Godrej Investments Pvt. Ltd.

#### Key Management Personnel & Relatives

Adi B. Godrej, Chairman and Managing Director  
Hoshedar K. Press, Executive Director and President  
Mrs. Parmeshwar A. Godrej, wife of Mr. Adi B. Godrej  
Mrs. Khoorsheed H. Press, wife of Mr. Hoshedar K. Press

## Notes to Accounts

## Transactions with Related Parties

Rs. Lac

Particulars		Enterprise having control over reporting enterprise	Enterprise under common control	Subsidiary Companies	Enterprise over which key management personnel exercise significant influence	Relatives of Key management personnel	Key management personnel	Total
Sale of goods	<b>Current Year</b>	<b>11.17</b>	<b>1303.88</b>	—	—	—	—	<b>1315.05</b>
	<i>Previous Year</i>	<i>13.62</i>	<i>1145.27</i>	—	—	—	—	<i>1158.89</i>
Purchase of materials, spares and capital equipment	<b>Current Year</b>	<b>69.59</b>	<b>1073.24</b>	—	—	—	—	<b>1142.83</b>
	<i>Previous Year</i>	<i>197.97</i>	<i>2855.88</i>	—	—	—	—	<i>3053.85</i>
Establishment and other expenses	<b>Current Year</b>	<b>21.62</b>	<b>846.81</b>	—	—	—	—	<b>868.43</b>
	<i>Previous Year</i>	<i>37.28</i>	<i>816.98</i>	—	—	—	—	<i>854.26</i>
Raw material taken on loan and returned during the year	<b>Current Year</b>	—	—	—	—	—	—	—
	<i>Previous Year</i>	—	<i>406.90</i>	—	—	—	—	<i>406.90</i>
Deposit placed against material loan and returned back	<b>Current Year</b>	—	—	—	—	—	—	—
	<i>Previous Year</i>	—	<i>421.00</i>	—	—	—	—	<i>421.00</i>
Finance Provided - Loan	<b>Current Year</b>	—	—	<b>2405.37</b>	—	—	—	<b>2405.37</b>
	<i>Previous Year</i>	—	—	—	—	—	—	—
Loan Repaid	<b>Current Year</b>	—	—	<b>2405.37</b>	—	—	—	<b>2405.37</b>
	<i>Previous Year</i>	—	—	—	—	—	—	—
Finance Provided - Equity	<b>Current Year</b>	—	—	<b>4901.33</b>	—	—	—	<b>4901.33</b>
	<i>Previous Year</i>	—	—	—	—	—	—	—
Interest received on Loan	<b>Current Year</b>	—	—	<b>30.23</b>	—	—	—	<b>30.23</b>
	<i>Previous Year</i>	—	—	—	—	—	—	—
Guarantees given	<b>Current Year</b>	—	—	<b>2324.40</b>	—	—	—	<b>2324.40</b>
	<i>Previous Year</i>	—	—	—	—	—	—	—
Dividend remitted	<b>Current Year</b>	<b>3538.95</b>	<b>787.46</b>	—	<b>17.70</b>	—	<b>0.36</b>	<b>4344.47</b>
	<i>Previous Year</i>	<i>2645.50</i>	<i>607.27</i>	—	—	—	<i>0.16</i>	<i>3252.93</i>
Managerial Remuneration	<b>Current Year</b>	—	—	—	—	—	<b>279.66</b>	<b>279.66</b>
	<i>Previous Year</i>	—	—	—	—	—	<i>192.13</i>	<i>192.13</i>
Sale of Residential Properties	<b>Current Year</b>	—	—	—	—	<b>2172.61</b>	—	<b>2172.61</b>
	<i>Previous Year</i>	—	—	—	—	—	—	—
Lease Rentals	<b>Current Year</b>	—	—	—	—	<b>33.70</b>	—	<b>33.70</b>
	<i>Previous Year</i>	—	—	—	—	—	—	—
Outstanding balances as at March 31, 2006								
Receivables	<b>Current Year</b>	<b>1.56</b>	<b>182.28</b>	—	—	—	—	<b>183.84</b>
	<i>Previous Year</i>	<i>0.99</i>	<i>174.92</i>	—	—	—	—	<i>175.91</i>
Payables	<b>Current Year</b>	<b>5.02</b>	<b>242.90</b>	—	—	<b>33.70</b>	<b>111.15</b>	<b>392.77</b>
	<i>Previous Year</i>	<i>0.58</i>	<i>76.34</i>	—	—	—	<i>70.19</i>	<i>147.11</i>
Guarantees outstanding	<b>Current Year</b>	—	—	<b>2324.40</b>	—	—	—	<b>2324.40</b>
	<i>Previous Year</i>	—	—	—	—	—	—	—

## Notes to Accounts

### b) The significant related party transactions are as under:

Nature of transactions	Enterprise having control over reporting enterprise	Amount (Rs. Lac)	Enterprise under common control	Amount (Rs. Lac)	Subsidiary Companies	Amount (Rs. Lac)	Key management personnel & relatives	Amount (Rs. Lac)
Sale of goods	—	—	Godrej Global Mid East FZE	241.23	—	—	—	—
			Godrej Industries Ltd.	1045.76	—	—	—	—
Purchase of materials, spares and capital equipment	—	—	Godrej Global Mid East FZE	118.75	—	—	—	—
			Godrej Industries Ltd.	953.21	—	—	—	—
Establishment and other expenses	—	—	Godrej Industries Ltd.	848.62	—	—	—	—
Dividend remitted	Godrej & Boyce Mfg. Co. Ltd.	3538.95	Godrej Industries Ltd.	787.46	—	—	—	—
Finance Provided - Equity	—	—	—	—	Godrej Netherlands B.V.	4901.33	—	—
Finance Provided - Loan	—	—	—	—	Godrej Netherlands B.V.	2405.37	—	—
Loan Repaid	—	—	—	—	Godrej Netherlands B.V.	2405.37	—	—
Interest received on Loan	—	—	—	—	Godrej Netherlands B.V.	30.23	—	—
Guarantee given	—	—	—	—	Godrej Netherlands B.V.	2324.40	—	—
Managerial Remuneration	—	—	—	—	—	—	Adi B. Godrej	166.86
							Hoshedar K. Press	112.80
Sale of Residential Propertieess	—	—	—	—	—	—	Mrs. P. A. Godrej	2077.63
							Mrs. K. H. Press	94.98
Lease Rentals	—	—	—	—	—	—	Mrs. P. A. Godrej	33.70

### 29. Segmental Reporting

The Company operates in two business segments : Soap and Personal Care. Soap includes Godrej brand and other brand toilet soap. Personal Care includes Hair colour, Shaving cream and gel, Talcum powder, Deodorant, Fairness cream, Liquid detergent and other toiletries.

#### Information about primary business segments

Rs. Lac

	Soap		Personal Care		Unallocated		Total	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
<b>Revenue</b>								
External Sales	41318.37	36552.79	24413.52	19714.49	—	—	65731.89	56267.28
Total Revenue	41318.37	36552.79	24413.52	19714.49	—	—	65731.89	56267.28
<b>Segment result before interest and taxation</b>	5129.42	3681.15	10328.96	7522.05	—	—	15458.38	11203.20
Unallocated expenses net of unallocated income	—	—	—	—	1927.20	1581.66	(1927.20)	(1581.66)
Interest expense (net)	—	—	—	—	—	—	(403.99)	(245.96)
<b>Profit before tax</b>	—	—	—	—	—	—	13127.19	9375.58
Taxes	—	—	—	—	—	—	(1006.72)	(416.45)
<b>Net Profit</b>	—	—	—	—	—	—	12120.47	8959.13
Segment Assets	13592.36	12548.67	3554.52	3696.01	7939.62	4207.61	25086.50	20452.29
Segment Liabilities	8013.10	6286.81	2064.91	1783.17	6730.05	6602.77	16808.06	14672.75
Total cost incurred during the year to acquire Segment assets	246.53	977.71	25.73	38.36	77.51	97.62	349.77	1113.69
Segment depreciation	669.57	651.13	303.67	307.40	105.15	107.37	1078.39	1065.90

Segments have been identified taking into account the nature of the products, the different risks and returns, the organisational structure and the internal reporting system.

30. Figures for the previous year have been regrouped wherever necessary.

## Notes to Accounts

### 31. Balance Sheet Abstract and Company's General Business Profile

#### 1. Registration Details

Registration No.	129806
State Code	11
Balance Sheet Date	March 31, 2006

#### 2. Capital raised during the year

	(Amount in Rs. Thousands)
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

#### 3. Position of Mobilisation and Deployment of Funds

	(Amount in Rs. Thousands)
Total Liabilities	876585
Total Assets	876585

##### Sources of Funds

Paid up Share Capital	225844
Reserves & Surplus	535700
Secured Loans	48741
Unsecured Loans	Nil
Deferred Tax Liability	66300

##### Application of Funds

Net Fixed Assets	798837
Investments	500133
Net Current Assets	(422385)
Misc. Expenses	Nil
Accumulated Losses	Nil

#### 4. Performance of Company

	(Amount in Rs. Thousands)
Turnover (income from Operation)	6659837
Total Expenditure	5347118
Profit/(Loss) before tax	1312719
Profit/(Loss) after tax	1212047
Earnings per share	21.45
Dividend Rate	350%

#### 5. Generic Name

Item Code No.	34.01*
Product Description	Soaps
Item Code No.	33.07*
Product Description	Cosmetics
Item Code No.	34.02*
Product Description	Detergents

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