

# Financials

## Auditors' Report

### TO THE MEMBERS OF GODREJ CONSUMER PRODUCTS LIMITED

1. We have audited the attached Balance Sheet of GODREJ CONSUMER PRODUCTS LIMITED as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India 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.
4. Further to our comments in the Annexure referred to 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.
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) 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 give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
    - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009, from being appointed as a Director in terms of Clause (g) of sub-Section (1) of section 274 of the Companies Act, 1956.

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

**Daraius Z. Fraser**  
Partner  
M. No.: 42454  
Mumbai  
April 30, 2009.

## Annexure to the Auditors' Report

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we further report that:

1. Fixed Assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies reported on such verification are not material and have been properly dealt with in the books of account.
  - c) In our opinion, there have been no significant disposals of fixed assets during the year which affect the going concern assumption.
2. Inventory:
  - a) The Management has conducted physical verification of inventory at reasonable intervals. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on verification between the physical stocks and the book records.
3. Loans and Advances:
  - a) The Company had granted loans to companies listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 362.09 lac.
  - b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. Transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956:
  - a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 500,000 in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A, 58AA, or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder. No order has been passed by the Company Law Board, or National Company Law Tribunal, or Reserve Bank of India, or any Court, or any other Tribunal.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the Company in respect of manufacture of soaps, cosmetics and toiletries pursuant to the Rules made by the Central Government for maintenance of cost records, under section 209(l)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of

## Annexure to the Auditors' Report

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.

### 9. Statutory Dues

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

Name of Statute	Nature of Dues	Amount (in Rs. Lac)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Rate differences on account of soap scrap.	61.54	2000-01	CESTAT
	Provisional Assessment of Goods	1.00	1996-99	Assistant Commissioner
	Improper Cenvat Document	0.72	2007-08	CESTAT
	Service Tax credit on outward freight on products removed u/s 4.SCN ref-IV(16)	4.24	2007-08	CESTAT
	Cenvat credit of Service Tax based on TR-6 challan SCN ref-IV(16)	9.76	2007-08	CESTAT
	Non-Computerised Printing of STI Excise	0.54	2007-08	CESTAT
	Excise duty claim in respect of non payment of education cess	118.27	2004-08	Assistant Commissioner
	Special value addition rate application pending – New CE Notification.	453.65	2008-09	CESTAT
Sales Tax Act	Interest on sales tax dues	12.07	2001-02	High Court
	Sales Tax dues	5.10	2002-03	Assistant Commissioner
	Sales Tax dues	6.50	2000-01	Sales Tax Authority
	Sales Tax dues	5.25	2003-04	Sales Tax Authority
	Sales Tax dues	106.41	2004-05	Sales Tax Authority
Income-tax Act, 1961	Appeal against order of regular assessment u/s.143(3) of the Act.	3.48	Assessment Year 2003-04	CIT(A)
	Appeal against order of regular assessment u/s.143(3) of the Act.	668.48	Assessment Year 2004-05	CIT(A)
	Appeal against order of regular assessment u/s.143(3) of the Act.	639.82	Assessment Year 2005-06	CIT(A)
	Appeal against order of regular assessment u/s.143(3) of the Act.	322.71	Assessment Year 2006-07	CIT(A)
	Appeal against demand raised under Section 115P of the Act in order of regular assessment u/s.143(3) of the Act.	3.96	Assessment Year 2006-07	CIT(A)
	Appeal against order of regular assessment u/s.115WE(3) of the Act.	116.89	Assessment Year 2006-07	CIT(A)

## Annexure to the Auditors' Report

10. The Company does not have accumulated losses as at the end of the financial year, nor has it incurred cash losses in the current financial year, or in the immediately preceding financial year.
11. According to the information and explanations given to us and based on the documents and records produced before us, there has been no default in repayment of dues to banks. There are no dues to financial institutions or debenture holders.
12. According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.
14. The Company does not deal or trade in shares, securities, debentures and other investments.
15. According to the information and explanations given to us and the records examined by us, the terms and conditions of guarantee given by the Company for loans taken by its subsidiary from banks are not prima facie prejudicial to the interest of the Company.
16. According to the information and explanations given to us and the records examined by us, on an overall basis, the term loans were applied by the Company for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Cash Flow Statement and other records examined by us, the Company has not used funds raised on short term basis for long term investment.
18. The Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not issue any debentures during the year.
20. The Company has made a rights issue of equity shares during the year and the end use of money so raised has been disclosed by the Management in the financial statements and the same has been verified by us.
21. Based upon the audit procedures performed by us, to the best of our knowledge and belief and according to the information and explanations given to us by the Management, no fraud on, or by the Company, has been noticed or reported during the year.

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

**Daraius Z. Fraser**  
Partner  
M. No.: 42454  
Mumbai  
April 30, 2009.

## Balance Sheet as at March 31, 2009

	Schedule	Rs. in Lac	Current Year Rs. in Lac	Previous Year Rs. in Lac
<b>SOURCES OF FUNDS</b>				
1. Shareholders' Funds				
a) Share capital	1	2569.54		2258.44
b) Reserves and surplus	2	<u>51122.41</u>	<b>53691.94</b>	<u>12791.48</u>
				15049.92
2. Loan Funds				
a) Secured loans	3	1489.03		4059.28
b) Unsecured loans	4	<u>4800.00</u>	<b>6289.03</b>	<u>9400.00</u>
				13459.28
3. Deferred tax liability (net)	5		<b>416.32</b>	907.00
<b>TOTAL</b>			<b>60397.29</b>	<u>29416.20</u>
<b>APPLICATION OF FUNDS</b>				
4. Fixed Assets	6			
a) Gross block		26654.29		26556.21
b) Less: Depreciation		<u>9675.20</u>		<u>11098.27</u>
c) Net block		16979.08		15457.94
d) Capital work-in-progress		<u>249.67</u>	<b>17228.75</b>	<u>7158.07</u>
				22616.01
5. Investments	7		<b>9788.59</b>	7760.93
6. Current Assets, Loans and Advances	8			
a) Inventories		12667.41		16491.01
b) Sundry debtors		985.93		1219.79
c) Cash and bank balances		34456.81		1984.63
d) Other current assets		900.64		-
e) Loans and advances		<u>11483.99</u>		<u>6391.51</u>
		<u>60494.78</u>		<u>26086.94</u>
7. Less: Current Liabilities and Provisions	9			
a) Current liabilities		23821.08		24281.20
b) Provisions		<u>3293.75</u>		<u>3053.01</u>
		<u>27114.83</u>		<u>27334.21</u>
8. Net current assets			<b>33379.96</b>	(1247.27)
9. Miscellaneous expenditure (To the extent not written off or adjusted)			-	286.53
<b>TOTAL</b>			<b>60397.29</b>	<u>29416.20</u>
Notes to Accounts	15			

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

**Daraius Z. Fraser**

Partner

Mumbai, April 30, 2009

**P. Ganesh**

Vice President  
(Finance & Commercial)  
and Company Secretary

Signatures to Balance Sheet and Schedules 1 to 9 and 15.

For and on behalf of the Board

For and on behalf of the Board

**Adi Godrej**

**Jamshyd Godrej**

**Nadir Godrej**

**Bala Balachandran**

**Rama Bijapurkar**

**Bharat Doshi**

**Omkar Goswami**

**A. Mahendran**

**Aman Mehta**

**Hoshedar Press**

**Dalip Sehgal**

- Chairman

- Director

- Director

- Director

- Director

- Director

- Director

- Director

- Vice Chairman

- Managing Director

## Profit and Loss Account for the year ended March 31, 2009

	Schedule	Rs. in Lac	Current Year Rs. in Lac	Previous Year Rs. in Lac
<b>INCOME</b>				
1. Sales (Gross)		112660.41		91713.45
Less: Excise duty		(4226.17)		(3045.02)
			<b>108434.23</b>	88668.44
2. Processing Income			<b>367.35</b>	141.14
3. Other Income	10		<b>4513.24</b>	967.25
			<b>113314.82</b>	89776.82
<b>EXPENDITURE</b>				
4. Materials consumed and purchase of goods	11	60117.92		43199.82
5. Expenses	12	30194.30		28444.70
6. Interest and financial charges	13	882.31		1038.02
7. Depreciation		1436.92		1570.10
		92631.44		74252.63
8. Inventory change	14	2091.01		(1399.42)
			<b>94722.45</b>	72853.22
<b>Profit Before tax</b>			<b>18592.38</b>	16923.61
9. Provision for taxes				
- Current taxes		2106.67		1930.00
- Deferred taxes		320.74		110.00
- Fringe benefits tax		74.00		72.00
			<b>2501.41</b>	2112.00
			<b>16090.97</b>	14811.61
10. Tax adjustments in respect of prior years			<b>63.72</b>	-
<b>Net Profit after tax:</b>			<b>16154.69</b>	14811.61
11. Surplus bought forward			<b>7324.05</b>	4849.59
<b>Profit Available for appropriation</b>			<b>23478.73</b>	19661.20
<b>Appropriations</b>				
1. Dividend on equity shares				
- Interim			<b>8371.24</b>	7339.93
- Final (Proposed)			<b>1927.15</b>	1935.81
2. Tax on distributed profit			<b>1750.17</b>	1576.41
3. Transfer to General Reserve			<b>1615.58</b>	1485.00
4. Surplus carried forward			<b>9814.58</b>	7324.05
<b>TOTAL</b>			<b>23478.73</b>	19661.20
Earnings per share (In Rupees)	15(25)			
(Face value Re. 1)				
Basic and Diluted			<b>6.36</b>	6.56
Notes to Accounts	15			

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

As per our Report attached

Signatures to Profit and Loss Account and Schedules 10 to 15.

For and on behalf of

For and on behalf of the Board

**Kalyaniwalla & Mistry**

Chartered Accountants

**Adi Godrej**

**Jamshyd Godrej**

**Nadir Godrej**

**Bala Balachandran**

**Rama Bijapurkar**

**Bharat Doshi**

**Omkar Goswami**

**A. Mahendran**

**Aman Mehta**

**Hoshedar Press**

**Dalip Sehgal**

- Chairman

- Director

- Director

- Director

- Director

- Director

- Director

- Director

- Director

- Vice Chairman

- Managing Director

**Daraius Z. Fraser**

Partner

**P. Ganesh**

Vice President

(Finance & Commercial)

and Company Secretary

Mumbai, April 30, 2009

## Cash Flow Statement for the year ended March 31, 2009

	Rs. in Lac	Current Year Rs. in Lac	Previous Year Rs. in Lac
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit Before Tax and Extraordinary Items		<b>18592.38</b>	16923.61
Adjustments for:			
Depreciation	1436.92		1570.10
Foreign Exchange (Gain)/Loss	(138.78)		2.26
(Profit)/Loss on Fixed Assets Sold/Discarded	16.85		8.89
Profit on Sale of Investment	(21.56)		(20.25)
Discount on Prepayment of Deferred Sales Tax Loan	(1.49)		-
Interest Income	(3473.26)		(156.00)
Interest Expense	728.24		1038.02
Bad Debts Written off	0.80		0.15
Provision for Doubtful Debts and Advances	3.19		2.75
Provision for Non Moving Inventory	73.32		-
Write in of Old Balances	(4.46)		(34.21)
Other Income Outstanding	72.21		(28.59)
		<b>(1308.02)</b>	2383.12
Operating Profit Before Working Capital Changes		<b>17284.36</b>	19306.73
Adjustments for:			
Inventories	3750.28		(4768.34)
Trade and Other Receivables	(4860.54)		(2027.74)
Trade Payables	(477.45)		5198.34
		<b>(1587.71)</b>	(1597.74)
Cash Generated from/(used) in Operations		<b>15696.65</b>	17708.97
Adjustment for:			
Direct taxes paid		<b>(2058.22)</b>	(2011.52)
Net Cash Flow from Operating Activities		<b>13638.43</b>	15697.45
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets	9.27		(6314.90)
Sale of Fixed Assets	8.59		8.13
Investments in Subsidiary	(1277.65)		-
Purchase of Other Investments	(28615.00)		(24746.87)
Sale of Investment	27886.56		24185.25
Interest Received	2572.62		49.55
Others	(55.29)		-
Net Cash Flow From Investing Activities		<b>529.09</b>	(6818.83)
Balance carried forward		<b>14167.53</b>	8878.62

## Cash Flow Statement for the year ended March 31, 2009

	Rs. in Lac	<b>Current Year Rs. in Lac 14167.53</b>	Previous Year Rs. in Lac 8878.62
Balance brought forward			
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Issue of Share Capital - Right Issue	39645.75		-
Buyback of Equity Share Capital	(1490.00)		-
Proceeds from borrowings	36054.35		30981.82
Repayments of Borrowings	(42993.05)		(28923.33)
Cash Credits (net)	(230.06)		100.07
Interest Paid	(739.48)		(1092.34)
Dividend Paid	(10023.69)		(8407.28)
Tax on Distributed Profits	(1711.99)		(1439.34)
Rights Issue Expenses written off	(207.18)		(286.53)
Net Cash Flow From Financing Activities		<b>18304.66</b>	(9066.93)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>32472.18</b>	(188.32)
<b>Cash and Cash Equivalents:</b>			
<b>As at the beginning</b>			
Cash and Bank Balances		<b>1984.63</b>	2172.95
<b>As at the ending</b>			
Cash and Bank Balances		<b>34456.81</b>	1984.07
Unrealised Foreign Exchange Restatement in Cash and Cash Equivalents		-	0.56
		<b>34456.81</b>	1984.63
<b>Net Increase/(Decrease) in Cash and Cash Equivalents:</b>		<b>32472.18</b>	(188.32)

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

**Daraius Z. Fraser**  
Partner

Mumbai, April 30, 2009

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

For and on behalf of the Board

**Adi Godrej** - Chairman  
**Jamshyd Godrej** - Director  
**Nadir Godrej** - Director  
**Bala Balachandran** - Director  
**Rama Bijapurkar** - Director  
**Bharat Doshi** - Director  
**Omkar Goswami** - Director  
**A. Mahendran** - Director  
**Aman Mehta** - Director  
**Hoshedar Press** - Vice Chairman  
**Dalip Sehgal** - Managing Director

## Schedules forming part of the Accounts for the year ended March 31, 2009

	Rs. in Lac	Current Year Rs. in Lac	Previous Year Rs. in Lac
<b>SCHEDULE 1: SHARE CAPITAL</b>			
<b>1. Authorised</b>			
290,000,000 Equity shares (previous year 290,000,000 Equity shares) of Re. 1/- each.		2900.00	2900.00
10,000,000 Preference shares (previous year 10,000,000 Preference shares) of Re. 1/- each.		100.00	100.00
<b>2. Issued</b>			
256,985,032 Equity shares (previous year 225,844,076 Equity shares) of Re. 1/- each fully paid up.		2569.85	2258.44
<b>3. Subscribed and paid up</b>			
256,953,908 Equity shares (previous year 225,844,076 Equity shares) of Re. 1/- each fully paid up.		2569.54	2258.44
<b>Total</b>		<b>2569.54</b>	<b>2258.44</b>
<b>SCHEDULE 2: RESERVES AND SURPLUS</b>			
<b>1. Capital Investment Subsidy Reserve</b>			
		15.00	15.00
<b>2. Capital Redemption Reserve</b>			
As per last Balance Sheet	134.72		134.72
Add: Transfer from General Reserve	11.22		-
		<b>145.94</b>	<b>134.72</b>
<b>3. Securities Premium Account</b>			
Amount Received During the Year	39323.43		-
Less: Rights Issue Expenses and Trademarks Written off	(3619.84)		-
		<b>35703.58</b>	<b>-</b>
<b>4. General Reserve</b>			
As per last Balance Sheet	5317.72		3832.72
Add: Transfer from Profit and Loss Account	1615.58		1485.00
Less: Premium on buy-back of shares	(1478.78)		-
Less: Transfer to Capital Redemption Reserve on buy-back of shares	(11.22)		-
		<b>5443.30</b>	<b>5317.72</b>
<b>5. Profit and Loss Account</b>			
		<b>9814.58</b>	<b>7324.05</b>
<b>Total</b>		<b>51122.41</b>	<b>12791.48</b>
<b>SCHEDULE 3: SECURED LOANS</b>			
<b>1. Borrowings from Banks</b>			
a) Term Loans	666.67		3000.00
b) Cash Credit	775.30		1005.36
		<b>1441.97</b>	<b>4005.36</b>
<b>2. Sales Tax Deferment Loan</b>			
		<b>47.06</b>	<b>53.92</b>
<b>Total</b>		<b>1489.03</b>	<b>4059.28</b>

## Schedules forming part of the Accounts for the year ended March 31, 2009

	Rs. in Lac	Current Year Rs. in Lac	Previous Year Rs. in Lac
<b>SCHEDULE 4: UNSECURED LOANS</b>			
<b>1. Term Loans and Advances</b>			
From Banks		4800.00	9400.00
<b>Total</b>		<b>4800.00</b>	<b>9400.00</b>
Amount repayable within one year		4800.00	8100.00
<b>SCHEDULE 5: DEFERRED TAX LIABILITY (NET)</b>			
<b>1. Deferred Tax Liability</b>			
a) Difference Between Book and Tax Depreciation		645.78	1090.00
<b>2. Deferred Tax Asset</b>			
a) Expenditure Disallowable under Section 43B	(218.28)		(173.00)
b) Provision for Doubtful Debts	(11.18)		(10.00)
<b>Total</b>		<b>(229.46)</b>	<b>(183.00)</b>
		<b>416.32</b>	<b>907.00</b>

## SCHEDULE 6: FIXED ASSETS

(Rs. in Lac)

ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01-04-2008	Additions	Deductions	As on 31-03-2009	Up to 31-03-200	For the Year	On Deductions	Upto 31-03-2009	As on 31-03-2009	As on 31-03-2008
Tangible Assets:										
Freehold Land	11.43	-	-	11.43	-	-	-	-	11.43	11.43
Leasehold Land	684.71	-	-	684.71	21.51	7.10	-	28.61	656.10	663.20
Buildings	4448.80	1254.18	-	5702.98	628.17	155.50	-	783.67	4919.31	3820.62
Plant and Machinery	13192.13	5526.77	11.18	18707.72	6961.94	1042.55	3.42	8001.07	10706.65	6230.19
Furniture, Fixtures and Fittings	174.42	12.80	6.72	180.50	65.31	8.32	6.27	67.36	113.14	109.11
Office Equipment	330.28	62.30	10.76	381.82	134.75	16.72	6.27	145.20	236.62	195.53
Computers	440.60	27.95	7.20	461.35	287.84	68.73	7.04	349.53	111.82	152.76
Vehicles	54.42	2.41	9.30	47.54	39.82	2.84	5.56	37.09	10.44	14.60
Intangibles:										
Computer Software	400.03	34.51	-	434.54	201.48	48.66	-	250.14	184.39	198.55
Trade Marks and Brands	6761.47	-	6761.47	-	2742.93	80.99	2823.91	-	-	4018.55
Assets Under Finance Lease:										
Leased Vehicles	57.92	-	16.22	41.70	14.52	5.50	7.51	12.52	29.19	43.40
<b>Total</b>	<b>26556.21</b>	<b>6920.92</b>	<b>6822.84</b>	<b>26654.29</b>	<b>11098.27</b>	<b>1436.92</b>	<b>2859.98</b>	<b>9675.20</b>	<b>16979.08</b>	<b>-</b>
Previous Year	24364.90	2315.94	124.63	26556.21	9552.09	1570.10	23.92	11098.27	-	15457.94
Capital Work-in-Progress including Capital Advances									249.67	7158.07
<b>Total</b>									<b>17228.75</b>	<b>22616.01</b>

## Schedules forming part of the Accounts for the year ended March 31, 2009

## SCHEDULE 7: INVESTMENTS

Previous Year Nos.	Current Year Nos.		Face Value	Rs. in Lac	Current Year Rs. in Lac	Previous Year Rs. in Lac
Long Term - At Cost						
<b>1. IN EQUITY SHARES FULLY PAID</b>						
1,000,000	1,300,000	Godrej SCA Hygiene Ltd.	Rs. 10	1600.00	1600.00	1000.00
						1000.00
<b>2. IN EQUITY SHARES OF SUBSIDIARY COMPANIES</b>						
Unquoted:						
200	200	Godrej Netherlands B.V.	€100	4912.57		4912.57
18,050,000	18,050,000	Rapidol (Pty.) Ltd.	ZAR 1	1266.50		1266.50
5	5	Godrej Global Mideast FZE	US\$	573.80		573.80
			250,000			
1	3	Godrej Consumer Products Mauritius Ltd.	US\$ 1	685.72		8.07
					7438.59	6760.93
Current - At Cost						
<b>3. IN UNITS OF MUTUAL FUNDS</b>						
Unquoted:						
-	2,844,202	Birla Sunlife Mutual Fund - Liquid Scheme	Rs. 10	400.00		-
		Birla Cash Plus - Instl. Premium - Growth				
57,651,312	90,991,617	- Purchased during the year				
57,651,312	88,147,415	- Sold during the year				
-	1,963,259	Kotak Liquid (Institutional Premium) Plan - Growth Scheme	Rs. 10	350.00		-
32,871,685	26,513,828	- Purchased during the year				
32,871,685	24,550,569	- Sold during the year				
-	-	Prudential ICICI Institutional Liquid Plan - Super Institutional Growth Scheme	Rs. 10	-		-
105,172,962	94,897,726	- Purchased during the year				
105,172,962	94,897,726	- Sold during the year				
					750.00	-
<b>Total</b>					<b>9788.59</b>	<b>7760.93</b>
Aggregate Book Value of Investments:						
Quoted					-	-
Unquoted					9788.59	7760.93
<b>Total</b>					<b>9788.59</b>	<b>7760.93</b>
Repurchase Price of Units of Mutual Funds					750.14	-

## Schedules forming part of the Accounts for the year ended March 31, 2009

	Rs. in Lac	Current Year Rs. in Lac	Previous Year Rs. in Lac
<b>SCHEDULE 8: CURRENT ASSETS, LOANS AND ADVANCES</b>			
1. Inventories (At lower of cost and net realisable value)			
a) Raw Materials	5047.55		6859.02
b) Stores and Spares	389.64		310.77
c) Work-in-Progress	1675.12		2055.71
d) Finished Goods - Manufactured	5091.65		6870.75
- Trading	463.43		394.76
		<b>12667.41</b>	<b>16491.01</b>
2. Sundry Debtors (Unsecured – Considered good, unless otherwise stated)			
a) Debts outstanding for a period exceeding six months (Including doubtful debts Rs. 38.60 lac; previous year Rs. 32.90 lac)	90.38		37.10
b) Other Debts	934.15		1215.59
	1024.53		1252.69
c) Less: Provision For Doubtful Debts	38.60		32.90
		<b>985.93</b>	<b>1219.79</b>
3. Cash and Bank Balances			
a) Cash in Hand	10.77		12.87
b) Cheques on Hand	975.04		323.49
c) Balances with Scheduled Banks			
- In Current Accounts	1381.61		1532.96
- In Deposit Accounts	32089.39		115.31
(Under Lien with the bank: Rs. 105.35 lac; previous year Rs. 115.31 lac)			
		<b>34456.81</b>	<b>1984.63</b>
4. Other Current Assets Accrued Interest		<b>900.64</b>	-
5. Loans and Advances (Unsecured – considered good, unless otherwise stated)			
a) Advances Recoverable in Cash or in Kind or For Value to be Received	5989.12		2103.68
b) Amount Due from ESOP Trust	3843.94		2275.00
c) Balances With Excise Authorities	1378.82		1288.30
d) Sundry Deposits	272.77		685.09
e) Advance Payment of Taxes (Net of Provision for Taxes)	-		42.61
	11484.65		6394.67
Less: Provision for Doubtful Loans & Advances	0.66		3.17
<b>Total</b>		<b>60494.78</b>	<b>26086.94</b>

## Schedules forming part of the Accounts for the year ended March 31, 2009

	Rs. in Lac	Current Year Rs. in Lac	Previous Year Rs. in Lac
<b>SCHEDULE 9: CURRENT LIABILITIES AND PROVISIONS</b>			
1. Current Liabilities			
a) Sundry Creditors			
- Dues to Micro, Small and Medium Enterprises	926.42		755.27
- Others	7493.14		11234.53
b) Advances and Deposits	504.86		418.97
c) Unclaimed Dividends	408.28		358.24
d) Other Liabilities	12550.68		9820.35
e) Interim Dividend Payable	1927.15		1693.83
f) Interest Accrued but not Due on Loans	10.54		-
		<b>23821.08</b>	24281.20
2. Provisions			
a) For Taxation (Net of Advance Payment of Taxes)	120.16		-
b) For Proposed Dividend	1927.15		1935.81
c) For Tax on Distributed Profits	655.04		616.86
d) For Leave Encashment	591.39		500.35
		<b>3293.75</b>	3053.01
<b>Total</b>		<b>27114.83</b>	27334.21
<b>SCHEDULE 10: OTHER INCOME</b>			
1. Interest Received (Gross)			
a) On Advances and Deposits	3473.26		155.86
(Tax Deducted at Source Rs. 573.63 lac; previous year Rs. 34.08 lac)			
b) On Income Tax Refund	14.48		0.14
		<b>3487.73</b>	156.00
2. Profit on Sale of Investments (net)		<b>21.56</b>	20.25
3. Royalty and Technological Fees		<b>509.46</b>	473.79
4. Claims Received		<b>60.26</b>	75.21
5. Miscellaneous Income		<b>434.23</b>	241.99
<b>Total</b>		<b>4513.24</b>	967.25
<b>SCHEDULE 11: MATERIALS CONSUMED AND PURCHASE OF GOODS</b>			
1. Raw Materials Consumed			
Opening Inventory	6859.02		3559.90
Add: Purchases (net)	55231.81		44419.67
	62090.84		47979.58
Less: Closing Inventory	5047.55		6859.02
Raw Materials Consumed During the Year		<b>57043.29</b>	41120.55
2. Purchase of Goods for Resale		<b>3074.63</b>	2079.27
<b>Total</b>		<b>60117.92</b>	43199.82

## Schedules forming part of the Accounts for the year ended March 31, 2009

	Rs. in Lac	Current Year Rs. in Lac	Previous Year Rs. in Lac
<b>SCHEDULE 12: EXPENSES</b>			
1. Salaries, Wages and Bonus		<b>5340.37</b>	5130.92
2. Contribution to Provident and Other Funds		<b>406.83</b>	243.02
3. Workmen and Staff Welfare Expenses		<b>96.40</b>	86.13
4. Stores and Spares Consumed		<b>556.27</b>	471.88
5. Processing Charges and Other Manufacturing Charges		<b>1638.22</b>	1429.81
6. Excise Duty Provision on Inventory		<b>(276.14)</b>	40.99
7. Power and Fuel		<b>3548.70</b>	2452.60
8. Repairs and Maintenance			
a) Plant and Machinery	187.64		175.45
b) Buildings	25.68		31.63
c) Others	81.10		86.80
		<b>294.42</b>	293.87
9. Establishment Expenses		<b>726.63</b>	723.99
10. Miscellaneous Expenses		<b>850.85</b>	830.56
11. Rent		<b>475.83</b>	460.57
12. Rates and Taxes		<b>225.42</b>	211.98
13. Travelling and Conveyance		<b>849.87</b>	877.25
14. Legal and Professional Charges		<b>653.17</b>	493.29
15. Insurance		<b>112.77</b>	137.37
16. Donations		<b>5.75</b>	1.25
17. Selling and Distribution Expenses		<b>1504.24</b>	1378.96
18. Sales Promotion		<b>3023.38</b>	2866.17
19. Freight		<b>3671.26</b>	3227.45
20. Advertising and Publicity		<b>6314.86</b>	6139.89
21. Commission		<b>23.69</b>	38.58
22. Discount		<b>14.82</b>	6.63
23. Loss on Sale of Assets (net)		<b>18.68</b>	8.89
24. Loss on Exchange Difference (net)		<b>114.02</b>	884.19
25. Bad Debts Written Off		<b>0.80</b>	0.15
26. Provision for Doubtful Debts and Advances		<b>3.19</b>	8.31
<b>Total</b>		<b>30194.30</b>	28444.70

## Schedules forming part of the Accounts for the year ended March 31, 2009

	Rs. in Lac	<b>Current Year Rs. in Lac</b>	Previous Year Rs. in Lac
<b>SCHEDULE 13: INTEREST AND FINANCIAL CHARGES</b>			
1. Interest Expense:			
i) Interest on Bank Loans	698.57		761.93
ii) Other Interest	29.66		53.99
	<u>          </u>	<b>728.24</b>	<u>815.92</u>
2. Discounting and Other Finance Charges		<b>154.07</b>	222.09
<b>Total</b>		<b>882.31</b>	<u>1038.02</u>
<b>SCHEDULE 14: INVENTORY CHANGE</b>			
1. Opening Inventory			
a) Finished Goods	6870.75		5531.20
b) Traded Goods	394.76		249.42
c) Work-In-Progress	2055.71		2141.18
	<u>          </u>	<b>9321.22</b>	<u>7921.80</u>
2. Less: Closing Inventory			
a) Finished Goods	5091.65		6870.75
b) Traded Goods	463.43		394.76
c) Work-in-Progress	1675.12		2055.71
	<u>          </u>	<b>7230.21</b>	<u>9321.22</u>
3. (Increase)/Decrease in Inventory		<b>2091.01</b>	<u>(1399.42)</u>

## Schedules forming part of the Accounts for the year ended March 31, 2009

### SCHEDULE 15: 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 of acquisition or construction, less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned assets.

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

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

##### c) Intangible Assets

The cost of acquisition of trade marks is amortised equally over the best estimate of its useful life not exceeding a period of ten years, except in the case of 'Rapidol' brand where the brand is amortised equally over a period of twenty years.

##### d) Asset Impairment

Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

##### e) Investments

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

##### f) 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.

##### g) Provisions and Contingent Liabilities

As per Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No Provision is recognised for –

- A. Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

## Schedules forming part of the Accounts for the year ended March 31, 2009

- B. Any present obligation that arises from past events but is not recognised because –
- a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - b) A reliable estimate of the amount of obligation cannot be made.

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

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

### h) 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.

Insurance Claims are accounted when received.

### i) Borrowing Costs

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

### j) 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. 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.

### k) Research and Development Expenditure

Revenue expenditure on research and 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 and development is shown as addition to fixed assets.

### l) Employee Benefits

#### Short-term Employee benefits:

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

## Schedules forming part of the Accounts for the year ended March 31, 2009

### **Post Employment Benefits:**

(i) Defined Contribution Plans:

Payments made to a defined contribution plan such as Provident Fund are charged as an expense in the Profit and Loss Account as they fall due.

(ii) Defined Benefit Plans:

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

### **Other Long-Term Employee Benefits:**

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

### **m) Depreciation**

Leasehold land is amortised equally over the lease period.

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

Assets costing less than Rs. 5,000 are depreciated at 100% in the year of acquisition.

### **n) 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.

### **o) Incentive Plans**

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

## Schedules forming part of the Accounts for the year ended March 31, 2009

### p) Segment Reporting

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

### 2. 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.

### 3. CONTINGENT LIABILITIES

	Current Year Rs. in Lac	Previous Year Rs. in Lac
a) Claims for excise duties, taxes and other matters:		
i) Excise duty demands aggregating Rs. 78.05 lac (previous year Rs. 77.80 lac) against which the Company has preferred appeals (net of tax).	51.54	51.36
ii) 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. Nil (previous year Rs. 1,212.82 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). During the year the Supreme Court of India has passed an order remanding the Excise Authorities to decide afresh on certain aspects of the case and has set aside all penalties levied.	-	1,006.70
iii) Excise duty claims in respect of non-payment of education cess for the period October 2004 to March 2005 at the Guwahati Factory amounting to Rs. 118.27 lac (previous year Rs. 118.27 lac) (net of tax).	78.07	78.07
iv) Special Value Addition rate application for excise purposes at Guwahati claimed at a rate higher than the normal rate as per new notification is yet to be granted. The excess special value addition claimed over and above the normal rate amounting to Rs. 453.65 lac has been accounted as recoverable and the same is contingent on the higher rate being granted (net of tax).	299.45	-
v) Sales tax demands aggregating Rs. 135.33 lac (previous year Rs. 135.33 lac) against which the Company has preferred appeals (net of tax).	89.33	89.33
vi) Income-tax matters: Demand notice issued by Additional Commissioner of Income-tax.	1755.36	639.82
vii) Other matters - Rs. 6.62 lac (previous year Rs. 6.62 lac) (net of tax).	4.37	4.37
viii) Entry tax levied by the state of Assam on the Guwahati factory which is being disputed by the Company. The amount has not been quantified.	-	-

## Schedules forming part of the Accounts for the year ended March 31, 2009

	Current Year Rs. in Lac	Previous Year Rs. in Lac
b) Guarantees issued by banks, excluding guarantees issued in respect of matters reported in (a) above.	234.75	432.83
c) Guarantees of GBP 3 million (previous year GBP 3 million) given by the Company for securing loan availed by Godrej Netherlands B.V., a wholly owned subsidiary of the Company.	2174.70	2387.40
d) Guarantee of USD 40 million (previous year US\$ 40 million) given by the Company for securing loan given by the Hong Kong and Shanghai Banking Corporation to Godrej Consumer Products Mauritius Limited – a wholly owned subsidiary of the Company.	20288.00	16048.00
e) Guarantee of AED 1.4 million given (previous year AED 1.4 million) by the Company to guarantee principal amount of credit facilities extended by HSBC Bank Middle East Ltd. to Godrej Global Mideast FZE – a wholly owned subsidiary of the Company.	193.48	152.14

### 4. CAPITAL COMMITMENTS

Estimated value of contracts remaining to be executed on capital account to the extent not provided for Rs. 88.92 lac (previous year Rs. 599.50 lac).

### 5. SHARE CAPITAL

- a) During the year the Company made a rights issue of 32,263,440 equity shares of nominal value Re.1 each at a premium of Rs.122 per equity share in the ratio of one share for every seven shares held. Against the above issue, the Company received valid subscription for 32,232,316 equity shares aggregating to Rs. 39,645.75 lac. The balance 31,124 equity shares have been kept in abeyance due to various suits filed in courts/forums by third parties for which final order is awaited. Consequently, the subscribed and paid-up capital of the Company has increased by Rs. 322.32 lac and security premium by Rs. 39,323.42 lac.
- b) The Company has during the year bought back 1,122,484 equity shares of Re.1 each at an average price of Rs.132.74 per share aggregating to Rs.1490.00 lac. The shares so bought back have been extinguished. The nominal value of the shares bought back and extinguished amounting to Rs. 11.22 lac has been reduced from the paid up share capital and a corresponding amount has been transferred from General Reserve to Capital Redemption Reserve. The premium paid for buy-back amounting to 1,478.78 lac has been appropriated from the General Reserve Account. Consequently, the Issued, Subscribed and Paid-up capital of the Company has been reduced by Rs.11.22 lac.

### 6. SECURED LOANS

- a) The Sales Tax Deferment Loan is secured by:
  - (i) Malanpur location:
    - (a) a first charge by way of equitable mortgage of the immovable properties at Malanpur factory, and
    - (b) 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.
  - (ii) Baddi Location:
 

Bank guarantee in favour of the sales tax authorities.

## Schedules forming part of the Accounts for the year ended March 31, 2009

During the year an amount of Rs.11.21 lac (previous year Rs. Nil) has been prepaid at a discounted value of Rs. 9.71 lac (previous year Rs. Nil) under 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.
- c) Term Loans from bank are secured against the Hypothecation of the Trademark and Copyright acquired from Rapidol (Pty.) Ltd.

### 7. FIXED ASSETS

- a) During the year, the Company adjusted the book value of the Intangibles – Trade Marks and Brands (after Deferred Tax adjustment) amounting to Rs. 3,126.14 lac against the Securities Premium account in accordance with the approval granted by the Honorable High Court of Bombay to the Scheme of Capital Reduction.
- b) Up to the previous year, Trademarks represented the cost of acquisition of certain Godrej soaps, toiletries and detergent brands acquired in pursuance of a scheme of demerger. The remaining amortisation period of the trademarks was between four to six years. The Rapidol brand was being amortised over a period of twenty years.
- c) The Rapidol brand was being amortised over a period of twenty years. The major influencing factor behind amortising over a period of twenty years is that the Rapidol brand viz. Inecto has market share of about 80% in South African markets in respective category. It has been in existence for more than 80 years and has had a 30% growth during the period under review.
- d) Net borrowing cost capitalised under fixed assets amounts to Rs. 21.78 lac (previous year Rs. 277.70 lac).

### 8. INVESTMENTS

- a) During the year, the Company, acquired 100% stake in Kinky Group (Pty.) Ltd., South Africa, through its wholly owned subsidiary – Godrej Kinky Holding Limited, Mauritius.
- b) The Company made an additional equity contribution in its Joint Venture Godrej SCA Hygiene Limited amounting to Rs. 60,000,000. The Joint venture with SCA Hygiene Products AB, was set up in March 2007 to manufacture and market paper based products. The Board of Directors of Godrej Consumer Products Limited (GCPL) had given its in principle approval for the acquisition of 50% stake of its JV partner SCA Hygiene Products AB, Sweden in Godrej SCA Hygiene Limited. The share purchase agreement has been finalised and signed between the Company and SCA Hygiene Products AB, Sweden to give effect to the above from April 2009. Consequently, Godrej SCA Hygiene Limited would become a 100% subsidiary of the Company from April 2009.

### 9. SUNDRY DEBTORS

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

	Current Year Rs. in Lac	Previous Year Rs. in Lac
a) Godrej Industries Ltd.	46.11	12.25
b) Godrej Agrovet Ltd.	1.08	0.49
c) Godrej Global Mideast FZE	79.97	125.79

### 10. LOANS AND ADVANCES

- a) The Company has given advance amount to Rs. 6.46 lac (previous year Rs. Nil) to companies under same management. Maximum debit balance during the year Rs. 362.09 lac (previous year Rs. Nil).

## Schedules forming part of the Accounts for the year ended March 31, 2009

- b) The Company has granted a loan amounting to Rs. 3480.00 lac (previous year Rs. 2275.00 lac) to The Godrej Consumer Products Limited ESOP Trust, a trust set up for administering the Employee Stock Option Plan of the Company set up for the employees / Directors of the Company and/or of the Company's subsidiaries. The aforesaid loan is repayable at the end of five years from the date of the loan agreement viz. five years from March 21, 2008.
- c) The Company has instituted an Employee Stock Option Plan for the benefit of its eligible employees. The scheme is administered by an independent trust created with IL & FS Trust Company Limited and the shares equivalent to the options granted are purchased from the market. The loans advanced to the Trust for purchase of shares from the market as at March 31, 2009, is Rs. 3480.00 lac. As at March 31, 2009, the market value of the shares purchased under the scheme is lower, as compared to the average offer price of the shares, by Rs. 99.21 lac. The repayment of the loan by the trust is dependant on the exercise of options by the employees and/or the market price of the underlying equity shares of the unexercised options at the end of the exercise period. In the opinion of the management, the fall in the value of the underlying equity shares is on account of current market volatility and the loss, if any, can be determined only at the end of the exercise period.

### 11. LIABILITIES

- a) There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at the Balance Sheet date. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
- b) 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, 2009, in respect of vehicles leased are as under:

(Rs. in Lac)

Maturity Profile	Total Future Minimum Lease Payments Outstanding as on March 31, 2009	Unmatured Finance Charges	Present Value of Future Minimum Lease Payments
Not later than one year	<b>11.17</b> (11.72)	<b>0.62</b> (1.16)	<b>10.55</b> (10.56)
Later than one year and not later than five years	<b>3.92</b> (15.09)	<b>0.03</b> (0.65)	<b>3.89</b> (14.44)
Later than five years	- (-)	- (-)	- (-)
<b>Total</b>	<b>15.09</b> (26.81)	<b>0.65</b> (1.81)	<b>14.44</b> (25.00)

Note: Figures for previous year are given in brackets.

- c) 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.
- d) Sundry creditors/Provision for liability include overseas supplier credit amounting to Rs.7,134.32 lac (previous year Rs. 7,674.96 lac).

### 12. 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, 2009, the Company had 16 (previous year 38) outstanding forward exchange contracts to purchase foreign currency aggregating to US Dollars 93.58 lac (previous year US Dollars 221.43 lac) at an average rate of

## Schedules forming part of the Accounts for the year ended March 31, 2009

Rs. 49.04 per US Dollar (previous year Rs. 39.96 per US Dollar). The uncovered foreign exchange exposure as at March 31, 2009, is US Dollars 113.59 lac (previous year US Dollars 245.87 lac).

### 13. PROFIT AND LOSS ACCOUNT

- a) The premium in respect of forward exchange contracts to be recognised in subsequent accounting periods is Rs. 25.26 lac (previous year Rs. 48.53 lac).
- b) Research and Development Expenditure of revenue nature charged to the Profit and Loss Account amounts to Rs. 248.98 lac (previous year Rs. 275.72 lac).
- c) 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.

### 14. EMPLOYEE STOCK OPTION PLAN

- a) The shareholders of the Company have approved the setting up of the Godrej Consumer Products Ltd. Employee Stock Option Plan (GCPL ESOP) whereby the Company can grant 4,500,000 stock options convertible into 4,500,000 equity shares of the nominal value Re. 1 each to the eligible employees/Directors of the Company and of the Company's subsidiaries.
- b) The ESOPS were issued as under:
  - i) 2,000,000 options in the Extra-ordinary General Meeting on March 14, 2007.
  - ii) 2,500,000 options in the Extra-ordinary General meeting on April 28, 2008.
- c) The GCPL ESOP is administered by an independent ESOP trust which acquires by subscription / purchase or otherwise, the Company's shares equivalent to the number of options proposed to be granted by the participating companies, as approved by the compensation Committee.
- d) The options shall vest after three years from the date of grant of options, provided the employee continues to be in employment and the option is exercisable within two years after vesting.
- e) The price at which the Option Grantee would convert Options Granted into GCPL Shares (i.e. the exercise price) shall be the Market Price plus Interest at such a rate not being less than the Bank Rate then prevailing compoundable on an annual basis for the period commencing from the date of Granting of the Option and ending on the date of intimating Exercise of the Option to the Company.
- f) The status of the ESOP Scheme as on March 31, 2009 is as under:

Options Granted	:	2,755,000
Options Vested	:	Nil
Options Exercised	:	Nil
Options Lapsed/forfeited	:	205,000
Options Lapsed/forfeited to be re-granted	:	45,000
Total Number of Options Outstanding	:	2,505,000

- g) The employee share based payment plans have been accounted based on the intrinsic value method and no compensation expense has been recognized since the market price of the underlying share at the grant date is the same/less than the exercise price of the option, the intrinsic value therefore being Nil.

Had the fair value method of accounting been used, the employee compensation cost would have been higher by Rs. 384.26 lac.

## Schedules forming part of the Accounts for the year ended March 31, 2009

### 15. INCENTIVE PLANS

The amount carried forward in notional bank after distribution of PLVR for the financial year 2008-09 is Rs. 819.38 lac as on March 31, 2009 (previous year Rs. 1777.00 lac). The said amount is not provided in the books of account and is payable in future, if performance so warrants.

### 16. EMPLOYEE BENEFITS

#### a) DEFINED CONTRIBUTION PLANS

##### i) Provident Fund:

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

#### b) DEFINED BENEFIT PLANS

##### i) Gratuity:

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

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

The expected return on plan assets of 8% has been considered based on the current investment pattern in Government securities.

#### d) Amounts Recognised as Expense:

##### i) Defined Contribution Plan

Employer's Contribution to Provident Fund amounting to Rs. 228.85 lac (previous year Rs. 190.96 lac) has been included in Schedule 12 under Contribution to Provident and Other Funds.

##### ii) Defined Benefit Plan

Gratuity cost amounting to Rs. 130.00 lac (previous year Rs. 21.59 lac) has been included in Schedule 12 under "Contribution to Provident and other Funds". The Company has made a surplus contribution amounting to Rs. 6.25 lac in the previous year and a short provision of Rs. 1.90 lac in the current year for which no adjustment entries have been passed in the books of account.

## Schedules forming part of the Accounts for the year ended March 31, 2009

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

	Gratuity	
	Current Year Rs. in Lac	Previous Year Rs. in Lac
<b>i) Change in Present Value of Obligation</b>		
Present value of the obligation at the beginning of the year	603.02	561.17
Current Service Cost	47.67	27.88
Interest Cost	48.24	44.89
Actuarial (Gain)/Loss on Obligation	98.34	4.46
Benefits Paid	(53.60)	(35.39)
Present value of the obligation at the end of the year	743.67	603.02
<b>ii) Change in Plan Assets</b>		
Fair value of Plan Assets at the beginning of the year	609.26	568.02
Expected return on Plan Assets	48.74	45.44
Actuarial Gain/(Loss) on Plan Assets	13.61	10.19
Contributions by the Employer	130.00	21.00
Benefits Paid	(53.60)	(35.39)
Fair value of Plan Assets at the end of the year	748.01	609.26
<b>iii) Amounts Recognised in the Balance Sheet:</b>		
Present value of Obligation at the end of the year	743.67	603.02
Fair value of Plan Assets at the end of the year	748.01	609.26
Net Obligation at the end of the year	(4.34)	(6.25)
<b>iv) Amounts Recognised in the statement of Profit and Loss:</b>		
Current Service Cost	47.67	27.88
Interest cost on Obligation	48.24	44.89
Expected return on Plan Assets	(48.74)	(45.44)
Net Actuarial (Gain)/Loss recognised in the year	84.73	(5.73)
Net Cost included in Personnel Expenses	131.90	21.60
<b>v) Actual Return on Plan Assets</b>	62.35	55.64
<b>vi) Estimated contribution to be made in next financial year</b>	133.74	99.85
<b>vii) Major categories of Plan Assets as a % of total Plan Assets</b>		
Insurer Managed Funds	100%	100%
<b>viii) Actuarial Assumptions</b>		
i) Discount Rate	8% P.A.	8% P.A.
ii) Expected Rate of Return on Plan Assets	8% P.A.	8% P.A.
iii) Salary Escalation Rate	5% P.A.	5% P.A.
iv) Employee Turnover	2% P.A.	2% P.A.
v) Mortality	L.I.C (1994-96) Ultimate	

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## Schedules forming part of the Accounts for the year ended March 31, 2009

### 17. ANNUAL CAPACITIES AND PRODUCTION

	Item	Units	Installed Capacity*		Actual Production	
			Current Year	Previous Year	Current Year	Previous Year
1.	Soaps	M.T.	137,333	137,333	87,335	76,648
2.	Hair Colour and Other Toiletries	M.T.	16,080	16,080	1,203	1,339
3.	Fatty Acids	M.T.	97,500	52,500	4,791	805
4.	Glycerine	M.T.	2,300	2,300	1,648	2,475
5.	Detergents	M.T.	12,000	12,000	3,699	2,869

\*As certified by the management and relied on by the Auditors, being a technical matter.

Notes :

- The licensed capacities are not applicable in view of the exemption from licensing granted under Notification SO 477 (E) dated July 25, 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 – 3,861 MT (previous year 1,492 MT).
- Actual production excludes items processed for the Company by third parties, viz. Hair colour and other toiletries 3,100 MT (previous year 3,805 MT) and Detergents Nil (previous year 90 MT).

### 18. INVENTORY OF FINISHED GOODS

Item	Quantity Units	March 31, 2009		March 31, 2008		March 31, 2007	
		Quantity	Value Rs. in Lac	Quantity	Value Rs. in Lac	Quantity	Value Rs. in Lac
Manufactured:							
1. Soaps	MT	7,295	4171.54	9,400	5850.56	8,244	4391.36
2. Hair Colour and Other Toiletries	MT	418	699.09	656	944.43	658	880.87
3. Detergents	MT	310	212.32	171	75.55	619	262.45
4. Fatty Acids and Glycerine	MT	21	8.70	1	0.21	-	-
Purchased:							
1. Soaps	MT	11	12.74	10	12.16	31	27.24
2. Hair Colour and Other Toiletries	MT	225	450.70	164	382.60	121	218.70
<b>Total</b>			<b>5555.09</b>		<b>7265.51</b>		<b>5780.62</b>

### 19. SALES TURNOVER (Net of Excise Duty)

Item	Current Year		Previous Year	
	Quantity (MT)	Value Rs. in Lac	Quantity (MT)	Value Rs. in Lac
1. Soaps	85,389	71379.77	73,383	56661.66
2. Hair Colour and Other Toiletries	5,253	29249.84	5,548	26219.20
3. Detergents	3,553	4284.81	3,368	3846.63
4. Fatty Acids and Glycerine		3519.80		1940.94
<b>Total</b>		<b>108434.23</b>		<b>88668.44</b>

## Schedules forming part of the Accounts for the year ended March 31, 2009

### 20. RAW MATERIALS CONSUMED

Item	Current Year		Previous Year	
	Quantity (MT)	Value Rs. in Lac	Quantity (MT)	Value Rs. in Lac
1. Oils and Fats	78,081	31165.47	65,616	19821.18
2. Chemicals, Perfumes, Colours and Catalysts	84,369	16592.67	82,671	12859.06
3. Packing Materials, etc.		9285.15		8440.31
<b>Total</b>		<b>57043.29</b>		41120.55

### 21. PURCHASE OF GOODS

Item	Current Year		Previous Year	
	Quantity (MT)	Value Rs. in Lacs	Quantity (MT)	Value Rs. in Lacs
1. Soaps	205	211.04	255	219.57
2. Hair Colour and Other Toiletries	1,163	2863.59	880	1859.70
<b>Total</b>		<b>3074.63</b>		2079.27

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

Profit for the year as per Profit and Loss Account

Add:

Depreciation as per Accounts	1436.92		1570.10
Managerial Remuneration	519.12		492.39
Loss on sale of assets as per accounts	18.68		8.89
Provision for Doubtful Debts	3.19		5.55
Provision for Taxation	2437.69		2112.00

Less:

Depreciation under Section 350	1444.77		1737.02
Profit on sale of investments as per accounts	21.56		20.25

Eligible Net Profit as per Section 349 of the Companies Act, 1956.

Maximum limit of remuneration payable as per Section 198 read with Schedule XIII of the Companies Act, 1956:

a) To Whole-Time Directors @ 10% of Eligible Profit:		<b>1910.40</b>	1724.33
b) To Non Whole-Time Directors @ 1% of Eligible Profit:		<b>191.04</b>	172.43
Managerial Remuneration to Whole-Time Directors		<b>433.69</b>	426.04
Commission to Non Whole-Time Directors		<b>75.73</b>	60.00

## Schedules forming part of the Accounts for the year ended March 31, 2009

	Rs. in Lac	<b>Current Year Rs. in Lac</b>	Previous Year Rs. in Lac
<b>23. MANAGERIAL REMUNERATION</b>			
Remuneration to the Chairman & Vice Chairman			
a) Salary and Allowances	181.38		147.19
b) Contribution to Provident Fund	13.37		11.53
c) Estimated Monetary Value of Perquisites	169.39		166.20
d) Provision for Performance Linked Variable Remuneration	<u>69.55</u>		<u>101.12</u>
		<b>433.69</b>	426.04
Remuneration to Non Whole-Time Directors:			
a) Commission on Profits	75.73		60.00
b) Directors' Sitting Fees	<u>9.70</u>		<u>6.35</u>
		<b>85.43</b>	66.35
<b>Total</b>		<b>519.12</b>	492.39
<b>24. AUDITOR'S REMUNERATION</b>			
a) Statutory Audit Fees		<b>38.00</b>	38.00
b) Audit Under Other Statutes		<b>7.50</b>	7.50
c) In Other Capacity:			
Taxation Matters	6.00		4.00
Certification	11.11		1.54
Other Charges	<u>-</u>		<u>6.50</u>
		<b>17.11</b>	12.04
d) Rights Issue Audit Fees		-	20.00
e) Reimbursement of Expenses		<b>3.91</b>	1.36
f) Service Tax		<b>7.08</b>	9.87
<b>Total</b>		<b>73.61</b>	88.76
<b>25. EARNINGS PER SHARE</b>			
a) Net Profit After Tax		<b>16154.69</b>	14811.61
b) Number of Equity Shares:			
As at the commencement of the year		<b>225,844,076</b>	225,844,076
Issued during the year/(bought back and extinguished)		<b>31,109,832</b>	-
As at the end of the year		<b>256,953,908</b>	225,844,076
Weighted average number of equity shares during the year:			
Basic & Diluted		<b>253,811,746</b>	225,844,076
c) Earning per Equity Share of Re. 1/- each			
Basic and Diluted (Amount in Rupees per share)		<b>6.36</b>	6.56

## Schedules forming part of the Accounts for the year ended March 31, 2009

	Current Year Rs. in Lac	Previous Year Rs. in Lac
<b>26. DIVIDENDS REMITTED IN FOREIGN CURRENCY</b>		
a) 4th Interim Dividend for the year ended March 31, 2008, to 279 non-resident shareholders on 76,872 shares @ Re. 0.75 per share	0.58	
Final Dividend for the year ended March 31, 2008, to 279 non-resident shareholders on 77,152 shares @ Re. 0.75 per share	0.58	
1st Interim Dividend for the year ended March 31, 2009, to 279 non-resident shareholders on 77,152 shares @ Re. 0.75 per share	0.58	
2nd Interim Dividend for the year ended March 31, 2009, to 279 non-resident shareholders on 77,152 shares @ Re. 0.75 per share	0.58	
3rd Interim Dividend for the year ended March 31, 2009, to 278 non-resident shareholders on 76,912 shares @ Re. 1 per share	0.77	
b) 4th Interim Dividend for the year ended March 31, 2007, to 270 non-resident shareholders on 74,580 shares @ Rs. 1.25 per share		0.93
1st Interim Dividend for the year ended March 31, 2008, to 263 non-resident shareholders on 72,152 shares @ Re. 0.75 per share		0.54
2nd Interim Dividend for the year ended March 31, 2008, to 261 non-resident shareholders on 71,592 shares @ Re. 0.75 per share		0.54
3rd Interim Dividend for the year ended March 31, 2008, to 259 non-resident shareholders on 70,872 shares @ Re. 1 per share		0.71
<b>Total</b>	<b>3.09</b>	<b>2.72</b>

## 27. CONSUMPTION OF RAW MATERIALS AND STORES

	Current Year		Previous Year	
	Rs. in Lac	%	Rs. in Lac	%
a) Raw Materials				
- Imported	29915.98	52.44	18163.64	44.17
- Indigenous	27127.31	47.56	22956.91	55.83
	<b>57043.29</b>	<b>100.00</b>	41120.55	100.00
b) Stores and Spare Parts				
- Imported	21.90	3.94	3.62	0.77
- Indigenous	534.37	96.06	468.26	99.23
<b>Total</b>	<b>556.27</b>	<b>100.00</b>	471.88	100.00

## Schedules forming part of the Accounts for the year ended March 31, 2009

	<b>Current Year Rs. in Lac</b>	Previous Year Rs. in Lac
<b>28. VALUE OF IMPORTS ON C.I.F. BASIS</b>		
Raw Materials	<b>22053.83</b>	18288.69
<b>Total</b>	<b>22053.83</b>	18288.69
<b>29. EXPENDITURE IN FOREIGN CURRENCY</b>		
a) Travelling Expenses	<b>159.47</b>	59.97
b) Consultancy	<b>84.61</b>	45.35
c) Trade Mark Registration	<b>21.33</b>	9.49
d) Sales Promotion	<b>12.89</b>	22.33
e) Others	<b>13.37</b>	36.15
<b>Total</b>	<b>291.67</b>	173.29
<b>30. EARNINGS IN FOREIGN CURRENCY</b>		
a) F.O.B. Value of Exports	<b>1623.28</b>	1253.28
b) Royalty and Technological Fees	<b>509.46</b>	473.79
c) Interest on Loan to Subsidiary	<b>19.51</b>	-
<b>Total</b>	<b>2152.25</b>	1727.07
<b>31. RELATED PARTY TRANSACTIONS</b>		
<b>A) List of Related Parties</b>		
<b>a) Enterprise having control over reporting enterprise:</b>		
i) Godrej & Boyce Mfg. Co. Ltd.		
<b>b) Subsidiaries:</b>		
i) Godrej Netherlands B.V.		
ii) Godrej Consumer Products (UK) Limited (a subsidiary of Godrej Netherlands B.V.)		
iii) Keyline Brands Limited (a subsidiary of Godrej Consumer Products (UK) Limited)		
iv) Inecto Manufacturing Limited (a subsidiary of Keyline Brands Limited)		
v) Rapidol (Pty.) Limited		
vi) Godrej Global Mideast FZE (w.e.f. October 1, 2007)		
vii) Godrej Consumer Products Mauritius Limited (w.e.f. February 15, 2008)		
viii) Godrej Kinky Holdings Ltd. (a subsidiary of Godrej Consumer Products Mauritius Limited - w.e.f. March 7, 2008)		
ix) Kinky Group (Pty.) Limited SA (a subsidiary of Godrej Kinky Holdings Ltd. - w.e.f. April 1, 2008)		
x) Inecto Limited (a subsidiary of Keyline Brands Limited - wound up w.e.f. May 23, 2007)		
xi) Cosmetics That Care Limited (a subsidiary of Keyline Brands Limited - wound up w.e.f. May 21, 2007)		
xii) Cuticura Laboratories Limited (a subsidiary of Keyline Brands Limited - wound up w.e.f. July 23, 2007)		



## Schedules forming part of the Accounts for the year ended March 31, 2009

### B) Transactions with Related Parties

Rs. in Lac

Particulars	Enterprise having control over Reporting Enterprise	Enterprise Under Common Control	Subsidiary Companies	Joint Venture Company	Enterprise over which Key Management Personnel Exercise Significant Influence	Relatives of Key Management Personnel	Key Management Personnel	Total
Sale of Goods	<b>18.43</b>	<b>595.26</b>	<b>424.65</b>		<b>321.25</b>			<b>1359.53</b>
	<i>16.48</i>	<i>811.81</i>	<i>361.42</i>		<i>469.95</i>			<i>1659.65</i>
Purchase of Materials, Spares and Capital Equipment	<b>367.28</b>	<b>1312.49</b>	<b>8.98</b>	<b>1472.48</b>				<b>3161.23</b>
	<i>122.96</i>	<i>803.06</i>	<i>114.05</i>	<i>1286.19</i>				<i>2326.26</i>
Establishment and Other Expenses Paid / (Received)	<b>11.81</b>	<b>1152.06</b>	<b>10.65</b>	<b>(141.70)</b>	<b>(1.89)</b>			<b>1030.93</b>
	<i>49.45</i>	<i>1203.65</i>	<i>-</i>	<i>(178.04)</i>	<i>(3.97)</i>			<i>1071.10</i>
Investments Made		<b>-</b>	<b>628.39</b>	<b>600.00</b>				<b>1228.39</b>
		<i>573.74</i>	<i>8.07</i>	<i>-</i>				<i>581.81</i>
Royalty			<b>509.46</b>					<b>509.46</b>
			<i>473.79</i>					<i>473.79</i>
Loan Given			<b>355.63</b>					<b>355.63</b>
			<i>-</i>					<i>-</i>
Loan Repaid			<b>355.63</b>					<b>355.63</b>
			<i>-</i>					<i>-</i>
Interest Received on Loan			<b>19.51</b>					<b>19.51</b>
			<i>-</i>					<i>-</i>
Subscription towards Rights Issue		<b>31689.26</b>						<b>31689.26</b>
		<i>-</i>						<i>-</i>
Guarantees Given			<b>16263.14</b>					<b>16263.14</b>
			<i>16263.14</i>					<i>16263.14</i>
Dividend Remitted	<b>4024.50</b>	<b>1854.93</b>			<b>17.70</b>	<b>13.60</b>	<b>0.41</b>	<b>5911.14</b>
	<i>3786.38</i>	<i>867.60</i>			<i>88.50</i>	<i>12.75</i>	<i>0.38</i>	<i>4755.61</i>
Managerial Remuneration							<b>433.69</b>	<b>433.69</b>
							<i>426.04</i>	<i>426.04</i>
Lease Rentals paid						<b>129.07</b>		<b>129.07</b>
						<i>129.07</i>		<i>129.07</i>
Outstanding Balances as at year end Receivable	<b>2.15</b>	<b>55.72</b>	<b>233.80</b>	<b>191.74</b>	<b>0.14</b>			<b>483.55</b>
	<i>0.01</i>	<i>-</i>	<i>264.97</i>	<i>-</i>	<i>2.52</i>			<i>267.50</i>
Payable	<b>19.69</b>	<b>98.40</b>	<b>10.65</b>	<b>95.29</b>			<b>69.55</b>	<b>293.59</b>
	<i>-</i>	<i>99.96</i>	<i>-</i>	<i>57.90</i>			<i>101.12</i>	<i>258.98</i>
Guarantees Outstanding			<b>22656.18</b>					<b>22656.18</b>
			<i>18587.54</i>					<i>18587.54</i>

Note: Figures in italics denote figures for previous year.

## Schedules forming part of the Accounts for the year ended March 31, 2009

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

Nature of Transaction	Enterprises under Common Control	Amount Rs. in lacs	Subsidiary Companies	Amount Rs. in lacs	Enterprise over which Key Management Personnel Exercise Significant Influence	Amount Rs. in lacs	Joint Venture Company	Amount Rs. in lacs	Key Management Personnel and Relatives	Amount Rs. in lacs	
Sale of Goods	Godrej Industries Ltd.	<b>583.89</b> <i>719.12</i>	Godrej Global Mideast FZE	<b>204.13</b> <i>257.46</i>	Godrej Sara Lee Limited	<b>321.25</b> <i>469.95</i>					
	Godrej Agrovet Ltd.	<b>11.06</b> <i>92.69</i>	Rapidol (Pty.) Ltd. Keyline Brands Ltd.	<b>220.51</b> <i>99.15</i> <i>4.81</i>							
	Godrej Industries Ltd.	<b>1312.49</b> <i>803.06</i>	Godrej Global Mideast FZE	<b>8.98</b> <i>114.05</i>			Godrej SCA Hygiene Ltd.	<b>1472.48</b> <i>1286.19</i>			
Purchase of Materials, Spares and Capital Equipment	Godrej Industries Ltd.	<b>1312.49</b> <i>803.06</i>	Godrej Global Mideast FZE	<b>8.98</b> <i>114.05</i>			Godrej SCA Hygiene Ltd.	<b>1472.48</b> <i>1286.19</i>			
Establishment and Other Expenses	Godrej International Ltd.	<b>1154.43</b> <i>1205.33</i>			Godrej Sara Lee Limited	<b>(1.89)</b> <i>-</i>	Godrej SCA Hygiene Ltd.	<b>(141.70)</b> <i>(178.04)</i>			
	Others	<b>(4.70)</b> <i>(5.64)</i>									
Investments Made	Godrej Industries Ltd.	<b>-</b> <i>573.74</i>	Godrej Consumer Products Mauritius Ltd.	<b>628.39</b> <i>8.07</i>			Godrej SCA Hygiene Ltd.	<b>600.00</b> <i>-</i>			
Royalty			Rapidol (Pty.) Ltd.	<b>509.46</b> <i>473.79</i>							
Loan given			Godrej Netherlands B V	<b>355.63</b> <i>-</i>							
Loan Repaid			Godrej Netherlands B V	<b>355.63</b> <i>-</i>							
Interest Received on Loan			Godrej Netherlands B V	<b>19.51</b> <i>-</i>							
Subscription towards Rights Issue	Godrej Industries Ltd.	<b>31689.26</b> <i>-</i>									
Guarantees Given			Godrej Consumer Product Mauritius Ltd. Godrej Globle Mideast F.Z.E.	<b>-</b> <i>16,048.00</i> <b>-</b> <i>152.14</i>							
Dividend Remitted	Godrej Industries Ltd.	<b>1854.93</b> <i>867.60</i>			Godrej Investments Ltd.	<b>17.70</b> <i>88.50</i>			Mr. Adi B. Godrej Mr. Hoshedar K. Press Ms. Parmeshwar A. Godrej Mr. Adi B. Godrej Mr. Hoshedar K. Press Ms. Parmeshwar A. Godrej	<b>0.00</b> <i>0.00</i> <b>0.40</b> <i>0.38</i> <b>13.60</b> <i>12.75</i> <b>272.02</b> <i>274.21</i> <b>161.66</b> <i>151.83</i> <b>129.07</b> <i>129.07</i>	
Managerial Remuneration											
Lease Rentals											

Notes: Figures in italics denote figures for previous year.

## Schedules forming part of the Accounts for the year ended March 31, 2009

### 32. INTEREST IN JOINT VENTURE

The Company's interest, as a venturer, in a jointly controlled entity is as under:

- a) Name of Company: Godrej SCA Hygiene Ltd.
- b) Country of Incorporation: India
- c) Principal Activities: Manufacture of Sanitary Napkins and Baby Diapers
- d) Percentage of Ownership Interest as at the year end: 50%

The Company's interest in a jointly controlled entity is reported as Long-Term Investments in Schedule 7 and stated at cost less provision, if any, for permanent diminution in value of such investments.

The Company's share of each of the assets, liabilities, income and expenses (without elimination of the effect of transactions between the Company and the Joint Venture), related to its interest in this joint venture is as under:

	Current Year Rs. in Lac	Previous Year Rs. in Lac
<b>I. ASSETS</b>		
1. Fixed Assets	136.07	135.71
2. Current Assets,		
Inventories	294.17	195.43
Sundry Debtors	50.97	77.40
Cash and Bank Balances	72.77	54.98
Loans and Advances	38.92	5.88
<b>II. LIABILITIES</b>		
1. Unsecured Loans	-	100.00
2. Current Liabilities	718.16	430.77
3. Provisions	2.68	1.63
<b>III. INCOME</b>		
1. Sales	720.73	557.78
2. Other Income	5.92	7.61
<b>IV. EXPENSES</b>		
1. Materials Consumed and Purchase of Goods	646.21	529.79
2. Expenses	814.84	420.90
3. Interest and Finance Charges	10.74	3.00
4. Depreciation	5.49	60.83
5. Inventory Change	(86.79)	124.31
6. Provision for Taxation	1.13	1.20

### 33. MISCELLANEOUS EXPENDITURE

Miscellaneous Expenditure (to the extent not written off) comprised of share issue expenses incurred in connection with the rights issue of the Company.

### 34. GENERAL

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

## Schedules forming part of the Accounts for the year ended March 31, 2009

Statement Pursuant to Part IV, Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details:

Registration No.	:	129806
State Code	:	11
Balance Sheet Date	:	March 31, 2009

### II. Capital Raised During the Year: (Amount in Rs. Thousand)

Public Issue	:	-
Right Issue	:	32,232
Bonus Issue	:	-
Buy-back of Shares	:	1,122
Private Placement	:	-

### III. Position of Mobilisation and Deployment of Funds: (Amount in Rs. Thousand)

Total Liabilities	:	8,751,212
Total Assets	:	8,751,212
Sources of Funds		
Paid-up Capital	:	256,954
Reserves and Surplus	:	5,112,241
Secured Loans	:	148,903
Unsecured Loans	:	480,000
Deferred Tax Liability	:	41,632
Application of Funds		
Net Fixed Assets	:	1,722,875
Investments	:	978,859
Deferred Tax Asset	:	-
Net Current Assets	:	3,337,996
Misc. Expenditure	:	-
Accumulated Losses	:	-

### IV. Performance of Company: (Amount in Rs. Thousand)

Turnover	:	11,331,482
Total Expenditure	:	9,472,245
Profit/(Loss) Before Tax	:	1,859,238
Profit/(Loss) After Tax	:	1,609,097
Earning Per Share in Rs.	:	
Basic		6.36
Diluted		6.36
Dividend Rate %	:	400%

### V. Generic Names of Three Principal Products/Services of Company:

(As per monetary terms)

a) Item Code No. (ITC Code)	:	34.01*
Product Description	:	Soaps
b) Item Code No. (ITC Code)	:	33.07*
Product Description	:	Cosmetics
c) Item Code No. (ITC Code)	:	34.02*
Product Description	:	Detergents

\* Represents Heading No. of the Harmonised Commodity Description and Coding System