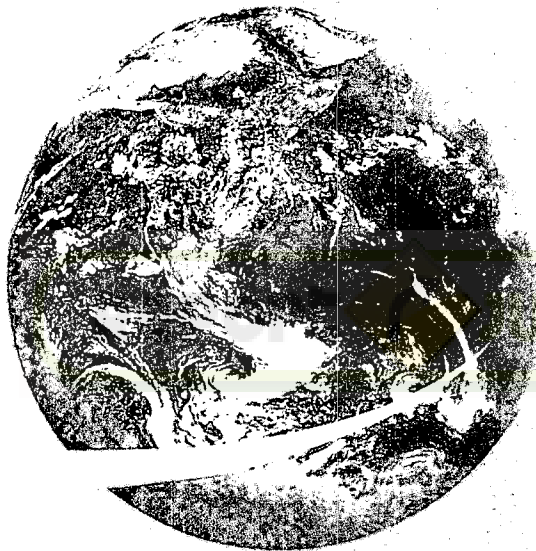
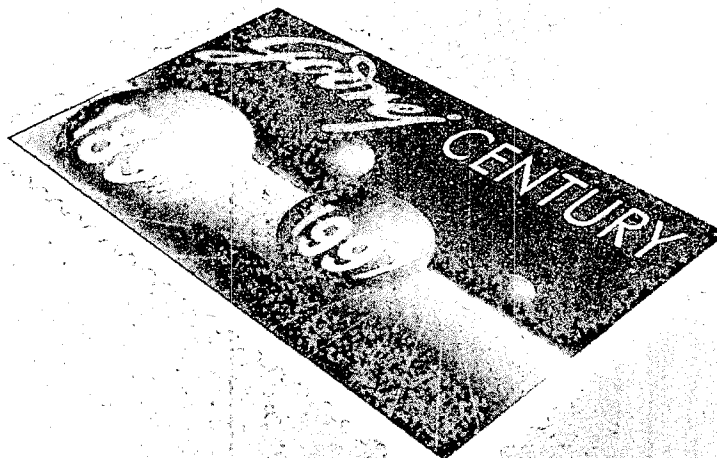




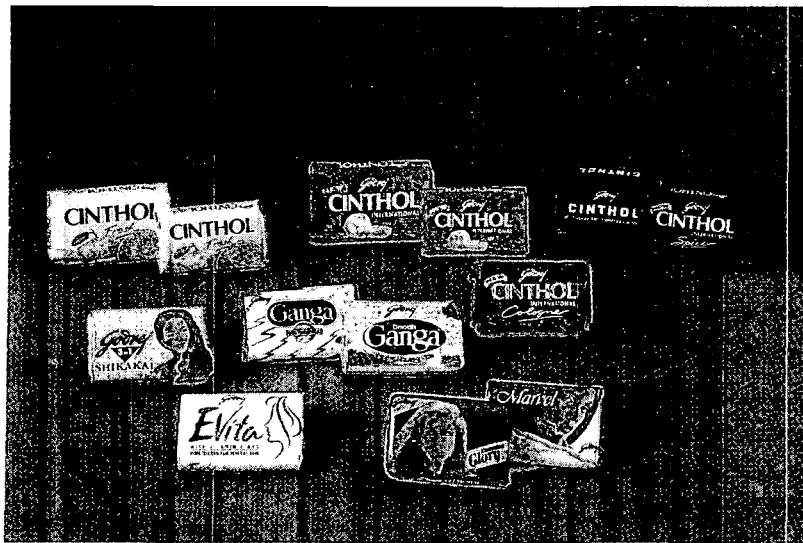
GODREJ SOAPS LIMITED  
ANNUAL REPORT  
1996-1997



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YOUR  
COMPANY'S  
PRODUCTS



**GODREJ SOAPS LIMITED**

MD	✓		BKC	✓
CS	✓		DPY	ND
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

**DIRECTORS**

S.P. Godrej	(Chairman)
A.B. Godrej	(Managing Director)
N.B. Godrej	(Managing Director)
Tanya A. Dubash	Director (Marketing)
K.N. Naoraji	
J.N. Godrej	
V.M. Crishna	
S.A. Ahmadullah	
N.C. Gawankar	
V.N. Gogate	

Report  junction.com**COMPANY SECRETARY**

S.S. Sapre

**MANAGEMENT COMMITTEE**

S. Awasthi	Sr. Vice-President (Product Supply)
K.K. Dastur	Sr. Vice-President (Finance)
M. Eipe	Sr. Vice-President (Chemicals Marketing)
K.F. Kotwal	Sr. Vice-President (Research & Projects)
H. K. Press	Sr. Vice-President (Consumer Products & Exports)
C.K. Rao	Sr. Vice-President (Corporate Personnel)

**AUDITORS**

S.R. Batliboi &amp; Company, Chartered Accountants

# Godrej Soaps Limited

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**REGISTERED OFFICE :** Pirojshanagar  
Eastern Express Highway  
Vikhroli (East), Mumbai 400 079  
Phone : 022 - 517 0861, 517 1161, 517 1861  
Fax : 022 - 517 1525, 517 0333

**FACTORIES :** Pirojshanagar  
Eastern Express Highway  
Vikhroli (East), Mumbai 400 079  
Phone : 022 - 517 0861, 517 1161, 517 1861  
Fax : 022 - 517 0463

U-30, Industrial Area  
Malanpur, Dist. Bhind  
Madhya Pradesh 477 116  
Phone : 075394 - 2412, 2413, 2419, 2422  
Fax : 075394 - 2421

Burjorjinagar  
Plot No. 3, Village Kanerao  
Taluka - Valia, District Bharuch  
Gujarat 393 135  
Phone : 02643 - 2356, 2006, 2007  
Fax : 02643 - 2355

**BRANCHES :** Laxmi Insurance Building  
Asaf Ali Road, New Delhi 110 002  
Phone : 011 - 323 3775-77  
Fax : 011 - 323 3778  
Chatterjee International Centre, 16th Floor  
Chowringhee Road, Calcutta 700 071  
Phone : 033 - 245 4631, 297 630  
Fax : 033 - 245 8050

Kasi Arcade, Basement  
116, Sir Thyagaraya Road  
T. Nagar, Chennai 600 017  
Phone : 044 - 825 2456, 824 0930, 823 5128  
Fax : 044 - 824 0725

284A, Chase Road, Southgate  
London N14 - 6HF  
Phone : 0181 - 886 0145  
Fax : 0181 - 886 9424

**BANKERS :** Bank of India  
Central Bank of India  
Canara Bank  
American Express Bank Ltd.  
The Hongkong & Shanghai Banking Corporation Ltd.  
Punjab National Bank  
Citibank N.A.  
HDFC Bank Ltd.

**REGISTRARS :** Computech Services  
147, Mahatma Gandhi Road  
Fort, Mumbai 400 023  
Phone : 022 - 267 4449, 267 1824-26  
Fax : 022 - 267 0380

*Annual Report 1996-97***NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the NINTH ANNUAL GENERAL MEETING of the members of GODREJ SOAPS LIMITED will be held on Monday, September 15, 1997 at 11.00 A.M. at Udayachal Primary School Hall, Pirojshanagar, Vikhroli (East), Mumbai 400 079, to transact the following business :

**ORDINARY BUSINESS :**

1. To consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1997, the Balance Sheet as at that date, the Auditors' Report thereon and the Directors' Report.
2. To declare dividend on Equity and Preference Shares.
3. To appoint a Director in place of Mr. V.M. Crishna, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. S.A. Ahmadullah, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to authorise the Board of Directors to fix their remuneration. M/s. S.R. Batliboi & Co., Chartered Accountants, the retiring Auditors are eligible for re-appointment.

**SPECIAL BUSINESS :**

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr. Shyam Sundar Gupta, be and is hereby appointed a Director of the Company."

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 372 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government and any other approvals, as may be required, the Company be and is hereby authorised to invest by way of acquisition from other shareholders a sum, in addition to the existing investment, not exceeding Rs.53 crore in the shares of Godrej Hicare Limited, notwithstanding that such investment or such investments together with the Company's existing investments in all other bodies corporate, shall be in excess of any or all the percentages specified under sub-section (2) of Section 372 of the Companies Act and the provisos thereto.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the actual sum to be so invested and to do all such acts and to settle all questions and matters arising out of, and incidental to, the proposed investment."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 372 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government and any other approvals, as may be required, the Company be and is hereby authorised to invest a sum, in addition to the existing investment, not exceeding Rs.22 crore in the shares of Godrej Foods Limited, notwithstanding that such investment or such investments together with the Company's existing investments in all other bodies corporate, shall be in excess of any or all the percentages specified under sub-section (2) of Section 372 of the Companies Act and the provisos thereto.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the actual sum to be so invested and to do all such acts and to settle all questions and matters arising out of, and incidental to, the proposed investment."

9. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT subject to all applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") :

- a) the consent of the Company be and is hereby accorded to buy-back equity shares of the face value of Rs.10/- each of the Company within a period of 15 months from the date of passing of this resolution, for the purpose of reissue at a later date (which shall not be before the expiry of a period of twenty four months from the date of the last buy-back of these shares),
- b) the Board be and is hereby authorised to decide the exact quantity of shares to be bought, the rate, mode and other terms and conditions relating to such buy-back and do all such acts and to settle all questions and matters arising out of and incidental to such buy-back, provided that the amount which will be invested by the Company in such buy-back shall not exceed Rs. 25 crore in the aggregate."

By Order of the Board of Directors

**S.S. SAPRE**

*Company Secretary*

Mumbai, July 17, 1997

**Registered Office :**

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

**NOTES :**

1. The relative Explanatory Statement in respect of business under Item Nos.6 to 9 set out in the notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.
3. The Register of Members and the Transfer Books of the Company will remain closed from September 2, 1997 to September 15, 1997 (both days inclusive).
4. The final dividend for the year ended on 31st March, 1997 if declared at the Annual General Meeting, will be payable, subject to the provisions of Section 206A of the Companies Act, 1956 and the Articles of Association of the Company, to those shareholders whose names appear on the Company's Register of Members as on the date of Annual General Meeting.

## Godrej Soaps Limited

5. The Company has already transferred, unclaimed interim dividend declared by the erstwhile Godrej Soaps Limited for the financial year ended 31st March, 1994 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Fancy Corporation Ltd., Hakoba Mill Compound, Kalachowki, Mumbai 400 033, Maharashtra:

The other unclaimed dividends which are due for transfer to the Central Government within one year are as follows :

	Due for transfer on :
Final dividend 1993-94	18.11.1997
Interim dividend 1994-95	18.4.1998

Members who have not encashed their dividend warrants are requested to send their dividend warrants to the Company for revalidation or to approach the Company's Registrar & Share Transfer Agents, M/s. Computech Services for obtaining duplicate dividend warrants.

6. Members are requested to send in their queries at least a week in advance to the Company Secretary at the Registered Office of the Company to facilitate clarifications during the meeting.

7. Members are requested to address all their correspondence to the Registrars namely, Computech Services, whose address and telephone/fax numbers are given on Page No. 2. Members are also requested to quote their Folio No. in all their correspondence. In case they need to communicate with the Secretarial Department, the following telephone and fax nos. may be used :

Telephone : (022) - 5171161, 5171861, 5170861 (Extn. 4380, 4392, 4300)  
Fax : (022) - 5171525

8. With a view to provide protection against fraudulent encashment of dividend warrants, members are requested to provide their bank account number and address of the bank branch to enable the Company to incorporate the said details in the dividend warrants. Members will appreciate that the Company will not be responsible for any loss arising out of such fraudulent encashment of dividend warrants.

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## EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF THE COMPANIES ACT, 1956

### ITEM 6

Mr. Shyam Sundar Gupta, a shareholder of the Company, has, by his letter dated 2nd June, 1997, given Notice to the Company under Section 257 of the Companies Act, 1956, proposing himself as a candidate for the office of Director of the Company.

The Resolution of Mr. Gupta is being included in the Notice of the Annual General Meeting as required by law. It must, however, be made clear that the Directors do not recommend the Resolution.

### ITEM 7

Your Company had 50.01% shareholding in Godrej Hicare Ltd. (GHCL) as on 31st March, 1997. After sale of 11% share capital in GHCL to the Joint Venture partner Sara Lee on July 7, 1997, GHCL has ceased to be a subsidiary of Godrej Soaps Ltd.

As on date 7.54% of shares (615806 nos. of Rs.10/- each) in GHCL are held by Sahyadri Aerosols Ltd. (SAL) which is a 100% subsidiary of your Company.

The Board is of the opinion that the aforesaid investments held through subsidiary should be held directly by your Company in order to maximize the benefit of yields on the investments to Godrej Soaps Limited and its shareholders. SAL has also proposed a members' voluntary winding up.

Your Company regards investment in GHCL as a good long term investment. Therefore, if there is any opportunity of acquiring shares from any other shareholder, the Company would like to avail of such opportunity.

The abovementioned acquisitions of shares by your Company in GHCL would require approval of the shareholders and Central Government as per the provisions of Section 372 of the Companies Act, 1956.

Your Directors recommend the passing of this resolution.

Mr. Adi B. Godrej, Mr. Nadir B. Godrej, Mr. Jamshyd N. Godrej may be deemed to be interested in this resolution on account of their being Directors in Godrej Hicare Limited.

Ms. Tanya A. Dubash and Mr. Vasant N. Gogate may be deemed to be interested in this resolution on account of their being Directors in SAL. Mr. V.N. Gogate may be deemed to be interested in this resolution on account of his being joint shareholder in SAL.

### ITEM 8

Your Company holds 2128831 shares (13.13%) of Rs.10/- each in Godrej Foods Ltd. (GFL) as on date. Godrej Capital Ltd. (GCL), a 100% subsidiary of your Company also holds 3058700 shares (18.87%) of Rs. 10 each in GFL. Ensemble Holdings & Finance Ltd. (EHFL), another subsidiary of your Company holds 1484864 shares (9.16%) of Rs.10 each in GFL.

The Board is of the opinion that the aforesaid investments held through subsidiaries should be held directly by your Company in order to maximise the benefit of yields on the investments to Godrej Soaps Limited and its shareholders.

The shareholding of your Company along with its subsidiaries in GFL is 41.16% as on date. The Board is of the opinion that the shareholding could be increased to more than 50% by acquiring shares from any other shareholder subject to compliance with various laws and regulations thereby making it a subsidiary of your Company. This will enable consolidation of GFL accounts with GSL accounts, as and when the Companies Bill is enacted and becomes effective.

The abovementioned acquisitions of shares by your Company in GFL would require

approval of the shareholders and Central Government as per the provisions of Section 372 of the Companies Act, 1956. The provisions of SEBI guidelines will also have to be complied with wherever applicable.

Your Directors recommend the passing of this resolution.

Mr. Adi B. Godrej, Mr. Nadir B. Godrej, Mr. Jamshyd N. Godrej and Mr. Vijay M. Crishna may be deemed to be interested in this resolution on account of their being Directors in GFL. Mr. Adi B. Godrej, Mr. Nadir B. Godrej, Mr. Jamshyd N. Godrej, Mr. Vijay M. Crishna, Ms. Tanya A. Dubash and Mr. Vasant N. Gogate may be deemed to be interested in this resolution on account of their being shareholders in GFL. Mr. Adi B. Godrej and Ms. Tanya A. Dubash may be deemed to be interested in this resolution on account of their being Directors in EHFL. Mr. Adi B. Godrej, Ms. Tanya A. Dubash and Mr. Vasant N. Gogate may be deemed to be interested in this resolution on account of their being joint shareholders in EHFL. Mr. Nadir B. Godrej and Ms. Tanya A. Dubash may be deemed to be interested in this resolution on account of their being Directors in GCL. Mr. Adi B. Godrej, Mr. Nadir B. Godrej, Ms. Tanya A. Dubash and Mr. Vasant N. Gogate may be deemed to be interested in this resolution on account of their being joint shareholders in GCL.

### ITEM 9

It is felt that subject to the necessary statutory approvals and permissions, the Company, should it so desire, should have flexibility to buy-back its own Equity Shares, as is the practice in the United Kingdom and several other Western countries. Such a buy-back would provide the Company an excellent risk-free opportunity of deploying available funds advantageously as compared to investments in other avenues. It also reduces the cost of servicing the capital of the Company and helps to boost the return to the Public shareholders.

The Companies Act, 1956 presently does not allow the Company to buy-back its own shares unless the purchase is for reduction of capital which is governed by Sections 100 to 104 and Section 402 of the Act. However, it is expected that considering the changes proposed in Companies Bill, 1997, in due course of time, the law would be amended to allow such a purchase. The resolution is an enabling provision, aimed at facilitating the Company to buy-back its own shares as soon as legally feasible.

The approval of shareholders for such buy-back was obtained in the Extraordinary General Meeting of the Company held on 29th June, 1995. However, this resolution is being proposed again in view of the specific provision proposed in the new Companies Bill and certain additional details required to be given to shareholders for obtaining their approval as per proposals of the new Companies Bill.

It is proposed that such buy-back be completed within a period not exceeding 15 months from the date of passing of this resolution made for the purpose of re-issue at a later date (which shall be not before the expiry of a period of 24 months from the date of the last buy-back of shares) and that the aggregate of investments by the Company in this buy-back shall not exceed Rs.25 crore.

By Order of the Board of Directors

**S.S. SAPRE**  
Company Secretary

Mumbai, July 17, 1997

**Registered Office :**  
Pirojshanagar,  
Eastern Express Highway,  
Vikhroli (East), Mumbai 400 079.



# Godrej Soaps Limited

## DIRECTORS' REPORT FOR THE YEAR ENDED ON MARCH 31, 1997

To The Shareholders,

Your Directors have pleasure in submitting their Report along with the audited Accounts for the year ended on March 31, 1997.

### THE ECONOMY

1996-97 was a mixed year for the Economy. While inflation remained under control and the Rupee was reasonably steady, industrial growth and the profitability of the corporate sector were under pressure.

### THE CENTENARY

1997 is being celebrated as the Centenary year of the Godrej Group of Companies. The various programmes organised so far and scheduled for the remaining year display Godrej's commitment to its Employees, Customers, Suppliers, Business Associates and the Society at large.

Shareholders form an integral part of the Godrej Group. Your Company appreciates the steady support given by shareholders over the years. As a part of the Centenary celebrations, it has been proposed to give 2% additional "Centenary Dividend" for the financial year 1996-97.

### OPERATING RESULTS

Your Company's performance during the year as compared with that during the Previous year is summarised below:-

	This Year Rs. Million	Previous Year Rs. Million
Income from Operations	6,073.59	7,009.76
Other Income	45.41	32.80
Extraordinary Income	437.64	—
Total Income	6,556.64	7,042.55
Total Expenditure other than		
Interest and Depreciation	5,355.59	5,727.13
Profit before Interest, Depreciation and Taxation	1,201.05	1,315.42
Profit before Depreciation and Taxation	463.97	611.19
Profit before Taxation	279.08	451.20
Less : Provision for Taxation	28.57	1.10
Profit for the year after Taxation	250.51	450.10
Add/(Less) :		
Adjustments in respect of prior years	(6.98)	(6.05)
	243.53	444.05
Provision for tax on distributed profits	(16.75)	—
	226.78	444.05
Surplus brought forward	496.80	291.92
Excess provision for dividend written back	0.03	0.06
Amount available for Appropriation	723.61	736.03
<b>Appropriation :</b>		
Your Directors recommend appropriation as under:-		
Transfer to Debenture Redemption Reserve	26.86	26.86
Dividend on Preference Shares (subject to tax)		
- Interim (Proposed as final)	38.10	30.66
Dividend on Equity Shares		
(subject to tax for previous year)		
- Interim	—	60.77
- Final (Proposed)	155.56	70.94
- Centenary Dividend (Proposed)	11.96	—
Transfer to General Reserve	30.00	50.00
Surplus Carried Forward	461.13	496.80
Total Appropriation	723.61	736.03

### DIVIDEND

During the year, dividend aggregating Rs.38.10 million was paid on cumulative redeemable preference shares for the period up to March 31, 1997, at the rates specified in the Letters of Offer sent to each of the preference shareholders. Your Directors recommend that the same be treated as final dividend for the year ended on March 31, 1997.

Your Directors recommend dividend at the rate of 26% as final dividend and an additional 2% Centenary Dividend for the financial year 1996-97. The total dividend for the year thus works out to Rs.2.80 per share as against Rs.2.60 per share (pro rata on bonus shares) for 1995-96. In view of the changes brought about by the Finance Act 1997, the tax on dividend will be paid by the Company and there would be no deduction of tax at source for the shareholders. As against the amount of Rs.131.71 million received by shareholders last year, which was subject to tax in their hands, they would receive Rs.167.52 million for the year under review, which will be tax free in their hands.

### REVIEW OF OPERATIONS

During the year under review, the income from operations declined from Rs. 7009.76 million in the previous year to Rs. 6073.59 million, i.e. by 13.36% whereas the total income declined from Rs. 7042.55 million to Rs. 6556.64 million, i.e. by 6.90%.

### Consumer Products

The strategic alliance with Procter & Gamble was restructured during the year under review. Accordingly, the marketing of toilet soaps reverted to your Company with effect from August 1, 1996. The distribution of consumer products was handed over to Godrej Hicare Limited (GHCL) (formerly known as Transelektra Domestic Products Limited), a subsidiary of your Company with effect from September 16, 1996. However, your Company continues the manufacturing of Camay for Procter & Gamble.

In terms of restructuring total income of Rs.437.6 million accrued to the Company, which has been shown as an extraordinary income in the Profit & Loss Account.

After getting back into Marketing and Distribution, your Company has taken several steps to promote its brands and push up the Market shares. During the year a new soap called Doodh Ganga was launched. New liquid detergents "DIP" and "Godrej Liquid Cleaner" were also launched during the year. All efforts are being made to increase penetration in the markets and in particular, rural markets. The total sale of toilet soaps declined by about 4% in value as compared to last year while the sale of toiletries increased by 6% in value over the same period.

### Chemicals

Chemicals showed a significant improvement in sales both domestic and exports. While the domestic sales grew at 14% in value, the export sales, inclusive of the third party exports, grew at 39% in value as compared to the previous year. The increase in sales have also helped in ensuring better capacity utilisation at Valia Factory. Your Company exported fatty alcohols, glycerine and other chemicals to USA, Japan, Australia, Africa, Europe, and South East Asia, among other countries.

### Other Divisions

The Medical Diagnostics business reported an increase of 42% in sales value and good profitability. The commodities business recorded a satisfactory profitability. The Oil Palm Plantations business was sold on March 31, 1997 to Godrej Agrovet Limited, a subsidiary of your Company at a price determined by the Auditors, M/s. S.R. Batliboi & Co. The operations of the Finance Division continue to be profitable.

### SUBSIDIARY COMPANIES

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



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During the year Transelektra Domestic Products Limited (TDPL) was renamed as Godrej Hicare Limited (GHCL). GHCL continued its excellent performance during 1996-97 by increasing its operating income by about 62% and the Profit After Tax by about 61%. GHCL has ceased to be a subsidiary of your Company with effect from July 7, 1997 after sale of 11% Share Capital in GHCL to the Joint Venture partner Sara Lee.

The operating income of Godrej Agrovet Limited (GAVL) has gone up by about 31% while the Profit After Tax has increased by about 52%..

Godrej Properties & Investments Ltd. (GPIL) had a decline of about 9% in profits for the year 1996-97, primarily due to glut in the properties market.

Godrej International Limited (GINL) has reported its financial statements for 1996-97 in US\$ as against the statements of previous years in Pounds Sterling. GINL earned a net profit of US\$ 384,874 as against US\$ 581,904 earned last year and has proposed a dividend of US\$ 97,500 as against US\$ 69,478 paid last year.

During the year, Ensemble Holdings & Finance Limited became a subsidiary of your Company.

With effect from November, 1996, Puran Plastics and Chemicals Ltd. commenced members' voluntary winding up. Sahyadri Aerosols Ltd. also has proposed members' voluntary winding up after March 31, 1997. Both these companies have been 100% subsidiaries and the voluntary winding up will enable your Company to hold the investments made by these companies directly in its own name.

With improved performance by the subsidiary companies the dividend yield on your Company's investments in these companies has also been better.

#### **MANUFACTURING**

During the year Vikhroli and Valia factories received ISO 9002 Certification. Malanpur factory had received ISO 9002 Certification last year. At Malanpur factory, the new fatty acid complex was commissioned in November 1996.

#### **RESEARCH AND DEVELOPMENT**

Research & Development continues to be a close partner with marketing and manufacturing to help in promoting sales by meeting customer needs. The capital expenditure during the year on Research & Development was Rs. 0.2 million and the revenue expenditure was Rs. 26.7 million.

#### **FINANCE**

The financial position of your Company continues to be sound.

Preference Share Capital of Rs.279 million was redeemed during the year and Preference Share Capital aggregating Rs. 60 Million was raised during the year through private placement. Interim dividend of Rs.38.10 million on the Preference Share Capital has already been paid during the year.

At the end of the year under review, 715 fixed deposit/loan accounts aggregating Rs.4.91 million remained unclaimed. Out of these, 415 accounts aggregating Rs.3.02 million have been subsequently renewed/refunded till date.

#### **INFORMATION SYSTEMS**

The Information Technology initiative progressed at a rapid pace during the year. The manufacturing, inventory, purchase and accounting modules of MFG/PRO, an enterprise wide solution, have become operational at Corporate Office, Vikhroli and Malanpur factories. The Valia factory and the Sales and Distribution module are expected to be operational in the year 1997-98. Your Company is acknowledged as an advanced user of MFG/PRO in India.

#### **ENVIRONMENT AND SOCIAL CONCERN**

Your Company continues its efforts for the betterment of the environment. During the year 15,000 trees were planted at the Valia factory. More than 15,000 trees are

growing in a once arid zone of 70 acres at the Malanpur factory.

For upliftment of poor residents of Village Singwari near the Malanpur factory free medical aid, development activities and assistance to villagers through Government agencies, medical camps, workshops on health, hygiene & environment were organised.

#### **HUMAN RESOURCES**

Industrial relations continued to be cordial throughout the year at all locations. Total Quality Management has acquired further momentum resulting in tangible benefits in the areas of quality as well as cost. Involvement of employees at all levels in various improvement activities can be gauged from the large number of Kaizens, successful Quality Circles and Small Group Activities. Training and Development continues to be a thrust area.

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

#### **OTHER PARTNERS IN PROGRESS**

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

#### **DIRECTORS**

In accordance with Article 127 of the Articles of Association of your Company, Mr. V.M. Crishna and Mr. S.A. Ahmadullah retire by rotation and being eligible offer themselves for reappointment.

#### **AUDITORS**

You are requested to appoint Auditors for the current year and fix their remuneration. The retiring Auditors, S.R. Batliboi & Co., Chartered Accountants are eligible for reappointment.

P.M. Nanabhoy & Co., Cost Accountants have been appointed as Cost Auditors for the year 1996-97, who are required to submit the report to the Central Government within 180 days from the end of the accounting year.

#### **ADDITIONAL INFORMATION**

Annexure "A" to this Report gives the information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forms a part of the Directors' Report.

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

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

For and on behalf of the Board of Directors

**S.P. GODREJ**  
Chairman

Mumbai, July 17, 1997.

# Godrej Soaps Limited

## ANNEXURE "A" FORMING PART OF THE DIRECTORS' REPORT

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

### A. CONSERVATION OF ENERGY

- I. (A) Energy Conservation measures undertaken :
  - i) Replaced reciprocating air compressors with energy efficient screw compressors.
  - ii) Designed, installed & commissioned condensate recovery system in soap making system.
  - iii) Installed 7 commissioned energy efficient vacuum system on one of the three soap atomisers.
  - iv) Removed one roll mill from MPC-III by providing refining screens on simplex plodder & upper duplex plodder.
  - v) Provided TIC controllers on cooling tower fans.
- (B) Proposed Energy Conservation measures :
  - i) Removal of one roll mill each from MPC-I & II.
  - ii) Modification of chilling, distribution system for brine.
  - iii) Increased use of low cost fuels.
  - iv) Automation of firing system for L.P. boilers so as to optimise the load.
  - v) Installation of energy efficient vacuum system on atomisers.
  - vi) Gas based cogeneration system for simultaneous generation of electricity & steam.
  - vii) Naphtha based cogeneration system for simultaneous generation of electricity & steam.

II. Impact of measures on reduction of energy consumption and consequent impact on the cost of production of goods :

Saving in energy costs during the period under consideration.

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

#### (A) Power and Fuel Consumption

	This Year	Previous Year
Electricity		
i) Purchased		
Units (kWh in million)	42.59	45.99
Total Amount (Rs. in million)	158.86	131.80
Rate per Unit (Rs.)	3.73	2.86
ii) Own Generation		
Units (kWh in million)	4.31	3.60
kWh per litre of Diesel	3.39	3.25
Rate Per Unit (Rs.)	2.58	2.48
Fuel Oil (LSHS, FO and LDO)		
Total Quantity (KL)	21029.00	15684.80
Total Cost (Rs. in million)	137.56	99.62
Average Rate (Rs. Per litre)	6.54	6.35
Natural Gas		
Total Quantity (SM <sup>3</sup> Million)	3.91	8.33
Total Cost (Rs. in Million)	17.96	39.03
Average Rate (Rs. Per SM <sup>3</sup> )	4.59	4.69
Pitches		
Total Quantity (kl)	2045.00	3087.00
Total Cost (Rs. in million)	5.89	8.73
Average Rate (Rs. Per litre)	2.88	2.83

### (B) Consumption per Unit of Production

	Natural Gas		Electricity		Furnace Oil	
	NM3/MT		kWh/MT		Litre/MT	
	1996-97	1995-96	1996-97	1995-96	1996-97	1995-96
Fatty Acid	38.68	96.90	26.49	22.67	42.76	82.91
Fatty Alcohol	209.40	337.60	157.25	195.30	216.80	349.50
Alpha Olefin Sulphonate	24.10	N.A.	298.65	290.00	24.90	N.A.
Glycerine	478.95	645.50	102.82	108.94	422.39	567.98

N.A. = Not Available

### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

I. During the year under review, Research & Development efforts in the following areas strengthened the Company's operations through Technology Absorption, Adaptation and Innovation :

- i) Oils, Fats, Fatty Acids and Fatty Alcohols
- ii) Soaps and Detergents
- iii) Cosmetics and Toiletries
- iv) Organic Synthesis
- v) Packaging Development

II. Benefits derived as a result of the above R&D efforts :

- i) Manufacturing cost of some more products could be reduced.
- ii) Successful launches of variants of existing products were possible.
- iii) Alternate sources of many raw materials were developed.
- iv) Redesigning of packaging materials resulting in cost reduction.

III. Future Plan of Action :

- i) Development of new products in various areas.
- ii) Analytical instrument facilities to be modernised so as to provide, to the consumer, products of excellent quality meeting international standards.
- iii) In addition to "Dialog/STN" (an international data bank covering a wide spectrum of information), Internet is also being utilised to keep pace with the latest technical/commercial information.

No technology has been imported during the year.

#### IV. Expenditure on R & D :

	This Year Rs. Million	Previous Year Rs. Million
i) Capital	0.19	2.40
ii) Recurring	26.72	24.90
iii) Total	26.91	27.30
iv) Total R & D expenditure as a percentage of total turnover	0.44%	0.39%

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The exports turnover of Chemicals Division continued to grow at a fast pace during the year to reach a figure Rs. 372.53 million. Major product exported were fatty alcohols besides some quantities of Glycerine and Alpha Olefin Sulphonate. Stock point at Rotterdam was set up during the year to service the requirements of customers in Europe. Trial orders for a new category of alcohols viz. Behenyl Alcohol were received during the year. Also, fatty alcohols were exported to Israel which is a new market. In the year 1997-98, focus will continue to be on increasing fatty alcohols exports.

As regards Consumer Products Division, total exports of consumer products improved from Rs.39.94 million in 1995-96 to Rs. 50.21 million in 1996-97. Special efforts were made to improve business in the African market. Efforts to increase exports to Russia and other CIS countries will continue in the year 1997-98.

	This Year Rs. Million	Previous Year Rs. Million
I. Foreign exchange used	1337.54	1515.20
II. Foreign exchange earned	479.86 *	349.32 *

\*(Exports on CIF basis)