



CREATING VALUE FOR A BRIGHTER FUTURE



Annual Report 2010-11



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# Board of Directors

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1	F.P. Sarkari	6	T.A. Dubash	11	A.B. Choudhury
2	N.D. Forbes	7	A.B. Godrej	12	J.S. Bilimoria
3	K.N. Petigara	8	J.N. Godrej	13	K.K. Dastur
4	S.A. Ahmadullah	9	N.B. Godrej		
5	V.M. Crishna	10	M. Eipe		





1 2 3 4 5 6 7 8 9 10 11 12 13

# Corporate Information

<b>COMPANY SECRETARY</b>	:	V. Srinivasan
<b>AUDITORS</b>	:	Kalyaniwalla & Mistry, Chartered Accountants

## BOARD COMMITTEES

<b>Audit Committee</b>	:	F.P. Sarkari (Chairman) S.A. Ahmadullah K.K. Dastur K.N. Petigara
<b>Compensation Committee</b>	:	S.A. Ahmadullah (Chairman) A.B. Choudhury K.N. Petigara N.B. Godrej
<b>Shareholders Committee</b>	:	A.B. Godrej T.A. Dubash M. Eipe
<b>Management Committee</b>	:	A.B. Godrej N.B. Godrej T.A. Dubash M. Eipe
<b>REGISTRARS &amp; TRANSFER AGENT</b>	:	Computech Sharecap Ltd. 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai 400 001. Phone: 022 - 2263 5000 to 2263 5002 Fax: 022 - 2263 5001 e-mail: helpdesk@computechsharecap.com

**REGISTERED OFFICE:**

Pirojshanagar, Eastern Express Highway,  
Vikhroli (East), Mumbai 400 079.  
Phone: 022 - 2518 8010, 2518 8020, 2518 8030  
Fax: 022 - 2518 8066  
website: [www.godrejinds.com](http://www.godrejinds.com)

**FACTORIES:**

Vikhroli Pirojshanagar, Eastern Express Highway,  
Vikhroli (East), Mumbai 400 079.  
Phone: 022-2518 8010, 2518 8020, 2518 8030  
Fax: 022-2518 8066, 2518 8064

Valia  
(DTA & EOU) Burjorjinagar, Plot No. 3,  
Village Kanerao, Taluka - Valia,  
District Bharuch, Gujarat 393 135.  
Phone: 02643 - 270756 to 270760  
Fax: 02643 – 270018

Wadala L.M. Nadkarni Marg, Near M.P.T. Hospital,  
Wadala (East), Mumbai 400 037.  
Phone: 022 - 2415 4816, 2414 8770  
Fax: 022 - 2414 6204

**BRANCHES:**

Delhi 4th Floor, Delite Theatre Building,  
4/1, Asaf Ali Road, New Delhi 110 002.  
Phone: 011 - 2326 1066  
Fax: 011 - 2326 1088

Kolkata Block GN, Sector - V,  
Salt Lake City, Kolkata 700 091.  
Phone: 033 - 2357 3555  
Fax: 033 - 2357 3945

London 284A, Chase Road, Southgate,  
London N14 - 6HF., UK  
Phone: (004420) - 88860145  
Fax: (004420) - 88869424

**BANKERS:**

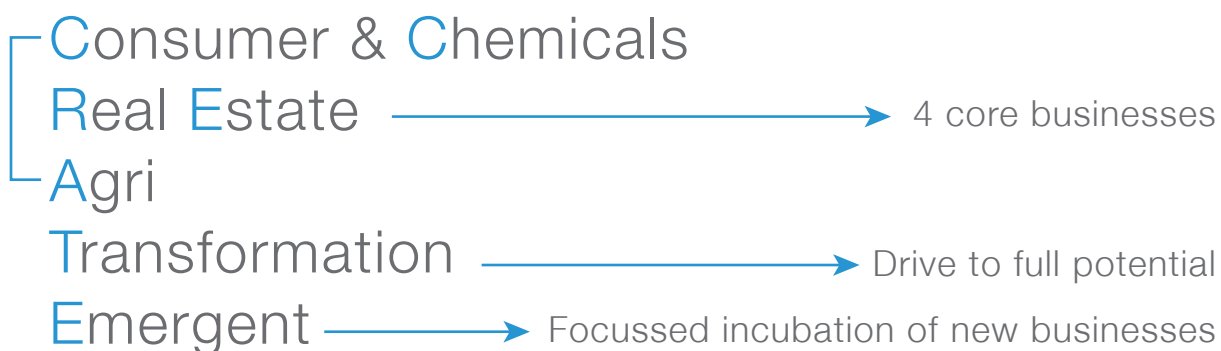
Central Bank of India  
State Bank of India  
Bank of India  
HDFC Bank Ltd.  
Citibank N.A.  
HSBC Ltd.  
DBS Bank Ltd.  
IDBI Bank Ltd.

# Chairman's Letter



Dear Shareholders,

I am delighted to address you on what has been another year of successful performance by your Company and share our plans for the year ahead. In order to achieve our planned trajectory of growth, we have articulated a cohesive direction for the Group. Our approach is called CREATE, which represents both the focused set of businesses that we participate in, along with some of the key imperatives that we are pursuing across the Group – competitively growing our core businesses, building an environment for transformation and nurturing emergent businesses of the future. **CREATE** stands for:



Let me outline some of our key achievements over the last year for each dimension of our CREATE strategy:

## C – Consumer and Chemicals

### Consumer (GCPL)

Fiscal year 2011 has marked GCPL's transformation into an emerging markets MNC. Through the Sara Lee stake acquisition, we are now the largest Indian Household and Personal Care Company. We have also seen an outstanding growth in domestic household insecticides and a strong performance by our international businesses, which now contribute around a third of total revenue. With a rising per capita income, expected improvements in the macro-economic scenario and the ability to meet ever-changing consumer demand, GCPL is well positioned for strong growth ahead.

### Chemicals

Our Chemicals business has witnessed a year of healthy demand across product categories, with strong growth from end users. Margins too have improved, as a result of increased contribution from high margin specialty chemicals. We will continue to leverage our unique manufacturing capabilities, long standing relations with customers and robust demand on the export as well as domestic fronts, to sustain our leadership position in the Indian oleo-chemicals and surfactants industries.

### R E – Real Estate (GPL)

Our properties business has had a good year and our pace of growth is very encouraging. We have been expanding our presence across India and establishing ourselves as a national property developer. In fiscal year 2011, GPL saw expanding volumes as a result of successful launches in high

growth cities and strong progress across existing projects as well. Our unique business model insulates the business from downside risks inherent to the cyclical nature of the real estate sector. We are well poised to grow this business in the years ahead.

## A – Agri Business (GAVL)

We have just concluded a strong year of growth in our agri business, especially in our animal feed segment. The oil-palm and agri-inputs segments are poised for tremendous growth in the years to come. In fact, the scope for oil palm business in India is tremendous given the increasing thrust by the government on meeting edible oil requirements internally. We also completed the acquisition of the 51% stake in our Aqua Feed joint-venture, Godrej Gold Coin Aquafeed Limited. We expect the strong growth to continue and will drive focus on this in the year ahead.

## T – Transformation

Our transformation is built on harnessing the power of Brand Godrej and implementing our Brighter Living vision. Five Godrej brands featured in Brand Equity's Most Trusted Brands Survey 2010, which is the highest ever for any Indian Group. The Godrej brand was voted the second most trusted consumer durables brand in India, while Good Knight jumped to a historic high at rank 12 and continues to be the most trusted household care brand in the country.

As a Group, we have always actively championed social responsibility. We have spent the last few months working out what we can do to further our commitment through 'shared value' initiatives that create both social and business benefits. In line with this, we have crafted a vision for playing our part in creating a more inclusive and greener India. We have named this effort 'Godrej Good & Green'. As part of 'Good & Green' by 2020, we will aspire to create an employable workforce, build a greener India and innovate for good and green products. I believe that this will play a vital role in charting the course ahead for our Group.

Our people are our most valuable asset and we will continue to focus on being an employer of choice. This year too, we were recognized as being among India's Top 50 best places to work for by the Economic Times and Great Place to Work Institute.

## E – Emergent Businesses

We continue to devote attention to incubating 2 key businesses within the Group – Godrej Hershey Limited (GHL) and Natures Basket.

GHL's new product launches this year have reinvigorated our portfolio. While we have already exerted tighter control on costs, our focus will now also be on moving faster on new innovations and reaching profitability.

Our Natures Basket business, the foray into gourmet food retailing, has been ramping up very well with a strong expansion in Mumbai and beyond. We currently have 14 stores and plan for 8 new stores in the coming year.

I would like to take this opportunity to thank our employees for their contributions towards building a brighter Godrej. I would also like to extend my gratitude to the Government, our business partners, vendors, other business associates and all shareholders for their continued interest, support, trust and encouragement.

Yours sincerely,

**Adi Godrej**  
Chairman

# Financial Highlights

All figures in ₹ crore

2010-11    2009-10    2008-09    2007-08    2006-07    2005-06

## BALANCE SHEET

### SOURCE OF FUNDS:

Shareholders' Funds:

- Share Capital	31.76	31.76	31.98	31.98	29.19	29.19
- Reserves & Surplus	1,058.40	990.93	995.15	1,026.44	381.43	342.17
Secured Loans	83.23	204.19	232.82	249.48	330.92	249.10
Unsecured Loans	470.99	343.42	368.14	186.19	136.77	78.03
Deferred Tax Liability	35.92	31.98	32.78	36.19	39.80	38.18
	<b>1,680.30</b>	<b>1,602.28</b>	<b>1,660.87</b>	<b>1,530.28</b>	<b>918.11</b>	<b>736.67</b>

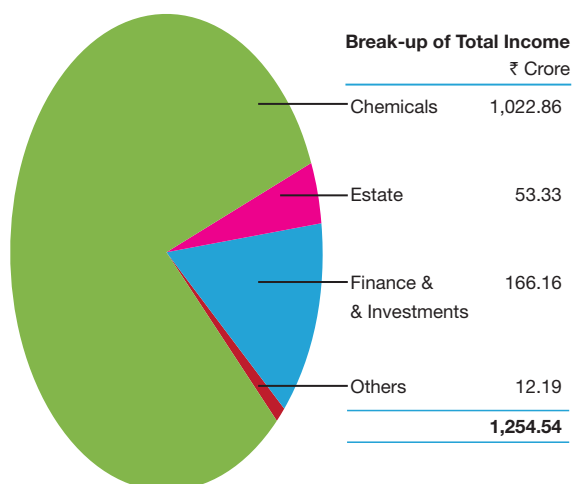
### APPLICATION OF FUNDS:

Fixed Assets	319.62	298.62	288.71	271.42	287.04	285.94
Investments	1,233.75	1,147.63	1,148.08	775.48	485.67	371.35
Net Working Capital	126.93	156.03	220.22	472.70	129.37	57.19
Miscellaneous Expenditure	-	-	3.86	10.68	16.02	22.19
	<b>1,680.30</b>	<b>1,602.28</b>	<b>1,660.87</b>	<b>1,530.28</b>	<b>918.11</b>	<b>736.67</b>

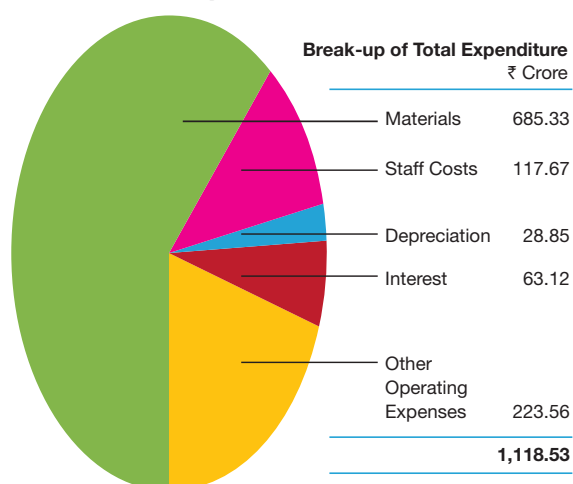
### INCOME & PROFIT

Total Income	1,254.54	991.70	971.48	838.82	782.91	802.70
Expenditure other than Interest and Depreciation	1,026.56	823.07	867.46	671.19	640.78	696.61
Profit before Depreciation, Interest and Tax	227.98	168.63	104.02	167.62	142.13	106.09
Depreciation	28.85	28.39	26.46	25.47	24.26	22.59
Profit before Interest and Tax	199.13	140.24	77.56	142.15	117.87	83.50
Interest (net)	63.12	60.25	61.06	34.44	38.31	28.37
Profit before Tax	136.01	79.99	16.50	107.72	79.56	55.13
Provision for Tax	2.58	(0.93)	(2.18)	2.01	2.45	18.61
Net Profit after Tax	133.43	80.92	18.68	105.71	77.11	36.52
<b>Net Profit after taxes, Prior Period, exceptional items and adjustments</b>	<b>133.43</b>	<b>80.92</b>	<b>18.08</b>	<b>108.81</b>	<b>78.06</b>	<b>71.13</b>

Total Income 2010-2011



Total Expenditure 2010-2011



# Notice to Shareholders

NOTICE is hereby given that the TWENTY-THIRD ANNUAL GENERAL MEETING of the members of GODREJ INDUSTRIES LIMITED will be held on Saturday, July 30, 2011 at 4.30 P.M. at Y.B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai – 400 021, to transact the following business:-

## ORDINARY BUSINESS:

1. To consider and adopt the Audited Profit & Loss Account and Cash Flow Statement for the year ended March 31, 2011, the Balance Sheet as at that date, the Auditors' Report thereon, the Directors' Report along with Management Discussion and Analysis Report and the Statement of Corporate Governance.
2. To declare dividend for the financial year ended March 31, 2011.
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. K.N. Petigara, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. J.N. Godrej, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Ms. T.A. Dubash, who retires by rotation and being eligible, offers herself for re-appointment.
7. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to authorise the Board of Directors of the Company to fix their remuneration. M/s. Kalyaniwalla & Mistry, Chartered Accountants (Registration No.104607W), the retiring Auditors, are eligible for re-appointment.

## SPECIAL BUSINESS:

**To consider and if thought fit, to pass with or without modification(s), the following resolutions:-**

8. **To revise the terms of appointment and remuneration of Ms. Nisaba A. Godrej as a Special Resolution.**

RESOLVED THAT subject to the provisions of Section 314(1B) and other applicable provisions, if any of the Companies Act, 1956, (including any statutory modification, amendment or re-enactment thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as 'the Act'), approval of the Company be and is hereby accorded to the revision in the terms of remuneration payable to Ms. Nisaba A. Godrej (daughter of Mr. A.B. Godrej, Chairman of the Company and sister of Ms. T.A. Dubash, Executive Director & President (Marketing) of the Company) currently holding an office or place of profit in the Company as President, Human Capital & Innovation with effect from April 1, 2011 on the terms and conditions as detailed in the Explanatory Statement hereto.

RESOLVED FURTHER THAT the Board of Directors of the Company and the Company Secretary be and are hereby severally authorised to make and submit applications to the Central Government or any other statutory authority as may be required, settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto.

9. **Investment in Godrej Consumer Products Ltd. u/s 372A of the Companies Act, 1956, as a Special Resolution.**

RESOLVED THAT pursuant to the provisions of Section 372A and the other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as 'the Act'), and/or any other approvals, as may be required, the Company be and is hereby

authorised to invest in securities of Godrej Consumer Products Ltd. or acquire by way of subscription, purchase or otherwise, in addition to the limits already sanctioned, upto a sum of ₹ 200 crore, notwithstanding that the aggregate of the loans and investments so far made in or to be made in and the guarantees so far given or to be given to all bodies corporate, exceeds the limits laid down by the Act.

RESOLVED FURTHER THAT the Management Committee of the Board of Directors and/or Mr. A.B. Godrej, Chairman, Mr. N.B. Godrej, Managing Director, Ms. T.A. Dubash, Executive Director & President (Marketing), Mr. M. Eipe, Executive Director & President (Chemicals), Mr. V. Srinivasan, Executive Vice-President (Finance & Estate) & Company Secretary and Mr. C.G. Pinto, Vice-President (Finance), be and are hereby severally authorised to take from time to time all decisions and steps necessary or expedient or proper in respect of the above investment including the timing, the amount and other terms and conditions of such transactions and also to take all other decisions including varying any of them through recall, renewal, transfer, sale, disinvestment or otherwise, either in part or in full, as they may, in their absolute discretion, deem appropriate, subject to

the specified limits, for effecting the above transactions.

RESOLVED FURTHER THAT this resolution be valid for the period from the date of approval of the Shareholders to March 31, 2015 and that during this period, the limits indicated hereinabove in case of divestment, renewal, withdrawal, transfer or sale of investment/ guarantee as the case may be, be restored to the original sanctioned limit of ₹ 200 crore.

10. **Notice received from Mr. Shyamsunder S. Jaipuria for his appointment as Director, as a Special Resolution.**

RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956, Mr. Shyamsunder S. Jaipuria, be and is hereby appointed a Director of the Company.

By Order of the Board of Directors

**V. SRINIVASAN**

Executive Vice-President (Finance & Estate)  
& Company Secretary

Mumbai, May 30, 2011

**Registered Office:**

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

**NOTES:**

1. The relative Explanatory Statement in respect of business under Item Nos. 8 to 10 as set out in the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will be closed from July 23, 2011 to July 30, 2011 (both days

inclusive) for ascertaining the names of the shareholders to whom the dividend, if declared at the Annual General Meeting, is payable. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., for this purpose.

4. Those Members who have so far not encashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the 'Investor Education and Protection Fund' of the Central Government, pursuant to Section 205C of the Companies Act, 1956 on the respective dates mentioned there against. Please note that as per Section 205C of

the Companies Act, 1956, no claim shall lie against the Company or the aforesaid Fund in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the date the dividend became due for payment and no payment shall be made in respect of such claims.

<b>Dividend for the Financial Year ended</b>	<b>Due date for transfer</b>
31.03.2004	26.07.2011
31.03.2005	26.07.2012
31.03.2006	24.07.2013
31.03.2007	27.07.2014
31.03.2008	29.07.2015
31.03.2009	29.07.2016
31.03.2010	27.07.2017

5. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
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.

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

### Item No. 8

Ms. Nisaba A. Godrej was appointed as an employee of the Company with effect from October 1, 2001. The shareholders of the Company at the Annual General Meeting held on July 29, 2008, approved payment of revised fixed compensation in the scale of ₹ 1,78,750 – ₹ 2,98,750 per month and perquisites and allowances as per the scheme of the Company as admissible to similarly placed employees which was subsequently approved by the Ministry of Corporate Affairs vide its letter dated May 13, 2010.

Ms. Nisaba A. Godrej is a Bachelor of Science in Economics from the Wharton School, University of Pennsylvania, USA and a Master of Business Administration from Harvard Business School, Harvard University, Boston. Ms. Nisaba A. Godrej has more than 10 years

of industrial and business experience. At present she is designated as President, Human Capital & Innovation. Considering the educational qualifications, experience and other relevant factors it is proposed to revise the remuneration payable to Ms. Nisaba A. Godrej w.e.f. April 1, 2011.

The proposed revised terms of remuneration payable to Ms. Nisaba A. Godrej w.e.f. April 1, 2011 are as follows:

#### i. Fixed Compensation:

Fixed Compensation shall include Basic Salary and the Company's contribution to Provident Fund and Gratuity Fund. The Basic Salary shall be in the range of ₹ 4,00,000/- to ₹ 7,00,000/- per month, payable monthly. The Annual Basic Salary and increments will be decided by the Selection Committee/Compensation Committee/Board of Directors depending on her performance, the profitability of the Company and other relevant factors. The Basic Salary approved by the Selection/Compensation Committee for the period from April 1, 2011 to March 31, 2012 is ₹ 4,00,000/- per month plus Company's contribution to Provident Fund plus Gratuity Fund.

#### ii. Performance Linked Variable Remuneration (PLVR):

Performance Linked Variable Remuneration according to the Scheme of the Company for each of the financial years as may be decided by the Compensation Committee/Board of Directors of the Company based on Economic Value Added in the business and other relevant factors and having regard to her performance for each year. For the financial year ended March 31, 2011, she will be paid PLVR of ₹ 52,75,208/- in June 2011. Depending on the performance of the Company and her contribution, the PLVR payable for financial year 2011-12 can be upto ₹ 1,07,30,000/-.

#### iii. Flexible Compensation:

In addition to the Fixed Compensation and PLVR, Ms. Nisaba A. Godrej will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per rules of the Company and subject to the

relevant provisions of the Companies Act, 1956 (collectively called “perquisites and allowances”). These perquisites and allowances may be granted to Ms. Nisaba A. Godrej in the manner as the Selection/Compensation Committee/Board of Directors of the Company may decide as per the Rules of the Company.

- Housing (i.e. unfurnished residential accommodation OR House Rent Allowance at 85% of Basic Salary);
- Furnishing at residence;
- Supplementary Allowance;
- Leave Travel Assistance;
- Payment/reimbursement of domiciliary medical expenses for self and family;
- Payment/reimbursement of Food Vouchers and Petrol;
- Company cars with driver for official use, provision of telephone(s) at residence;
- Payment/reimbursement of telephone expenses;
- Housing Loan, Contingency Loan as per rules of the Company;
- Earned/privilege leave, Casual/Sick leave as per Company policy prevailing from time to time;
- Such other perquisites and allowances as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time.

The maximum cost to the Company per annum for the aggregate of the allowances listed above for Ms. Nisaba A. Godrej shall be in the range of ₹ 5,50,000/- p.m. to ₹ 8,00,000/- p.m. (Presently ₹ 5,60,260/- p.m.) plus car (including driver's salary, fuel, maintenance and other incidental expenses).

In addition to the above, Ms. Nisaba A. Godrej shall be eligible to encashment of leave, club facilities, group insurance cover, group hospitalisation cover, and/or any other allowances, perquisites and facilities as per the Rules of the Company.

**Explanation:** For the Leave Travel Assistance and reimbursement of medical and hospitalisation expenses, ‘family’ means the spouse, dependent children and dependent parents.

**Notes:**

- I. Unless otherwise stipulated, for the purpose of the above, the perquisites shall be evaluated as per Income Tax Rules wherever actual cost cannot be determined.
- II. The limits specified above are the maximum limits and the Selection/Compensation Committee/Board may in its absolute discretion pay to Ms. Nisaba A. Godrej lower remuneration and revise the same from time to time within the maximum limits stipulated above.
- III. In the event of any re-enactment or re-codification of the Companies Act, 1956 or the Income Tax Act, 1961 or amendments thereto, the foregoing shall continue to remain in force and the reference to various provisions of the Companies Act, 1956 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued thereunder.

The Board recommends passing of the resolution as set out at Item No. 8 of the Notice.

Mr. A.B. Godrej and Ms. T.A. Dubash being relatives may be deemed to be interested in the resolution. None of the other Directors of the Company are concerned or interested in the resolution.

## Item No. 9

Particulars of the Company where investment is proposed:-

Name & Regd. Office of the Company	Investments as on date (₹ Crore) & % of holding	Maximum amount of proposed investment (₹ Crore)	Principal business of the Company	Purpose of investment	Source of funds	Nature of concern/ interest of Directors
Godrej Consumer Products Ltd.	495 & 21.6%	200	Manufacturing & marketing of Fast Moving Consumer Products in the category of Home care, Hair care and personal wash.	A good investment opportunity	Internal sources/ long term funding	Mr. A.B. Godrej, Mr. J.N. Godrej, Mr. N.B. Godrej and Ms. T.A. Dubash, being directors in the investee company may be deemed to be interested. None of the other directors are interested.

The Board recommends passing of the resolution.

## Item No. 10

Mr. Shyamsundar S. Jaipuria, a shareholder of the Company, has, by his letter dated May 3, 2011 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 for Mr. Jaipuria is being included in the Notice of the Annual General Meeting as required by the provision of Section 257 of the Companies Act, 1956.

It must, however, be made clear that the Directors do not recommend the Resolution.

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

By Order of the Board of Directors

**V. SRINIVASAN**

Executive Vice-President (Finance & Estate)  
& Company Secretary

Mumbai, May 30, 2011

### Registered Office:

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

**Brief Resume of Directors/persons seeking appointment/re-appointment at this Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)**

<b>Name of the Director</b>	<b>Mr. V.M. Crishna</b>	<b>Mr. K.N. Petigara</b>	<b>Mr. J.N. Godrej</b>	<b>Ms. T.A. Dubash</b>	<b>Mr. Shyamsunder S. Jaipuria</b>
Age	66	62	62	42	64
Nationality	Indian	Indian	Indian	Indian	Indian
Date of appointment on the Board	03-01-1995	30-01-2002	07-03-1988	01-08-1996	
Shareholding in the Company	Nil	Nil	Nil	42,68,783	180
Qualification(s)	B.A. (Eco.)	B.S., M.S., Ch.E., MIT - USA	B.E. Mechanical, MBA, Illinois Institute of Technology, USA	AB, Economics & Political Science, Brown University, USA, Advanced Management Program, Harvard Business School	B.E. (Electrical)
Expertise in specific functional area	Economics	Chemicals	Engineering and Management	Marketing	
Directorships held in other companies	Godrej Agrovet Ltd.; Godrej & Boyce Mfg. Co. Ltd.; Precision Wires India Ltd.; Naoroji Godrej Centre for Plant Research	Godrej & Boyce Mfg. Co. Ltd.; Godrej Agrovet Ltd.; Swadeshi Detergents Ltd.; Vora Soaps Ltd.	Geometric Ltd.; Godrej Consumer Products Ltd.; Bajaj Auto Ltd.; Godrej Agrovet Ltd.; Godrej & Boyce Mfg. Co. Ltd.; Godrej Properties Ltd.; Haldia Petrochemicals Ltd.; Tata Trustee Company Ltd.; Godrej Investments Pvt. Ltd.; Antrix Corporation Ltd.; Illinois Institute of Technology (India) Pvt. Ltd.; Godrej (Malaysia) Sdn. Bhd.; Godrej (Singapore) Pte. Ltd.; Godrej (Vietnam) Company Ltd.; Godrej & Khimji (Middle East) LLC; Singapore-India Partnership Foundation; Climate Works Foundation; World Resources Institute, USA; Asia Business Council; Breach Candy Hospital Trust; Singapore-India Partnership Foundation (India); Great Lakes Institute of Management; Indian Institute for Human Settlements; Shakti Sustainable Energy Foundation	Ensemble Holdings & Finance Ltd.; Godrej Agrovet Ltd.; Godrej Hygiene Products Ltd.; Natures Basket Ltd.; Keyline Brands Ltd.; Rapidol (Pty) Ltd.; Essence Consumer Care Products Pvt. Ltd.; Naturesse Consumer Care Products Pvt. Ltd.; Godrej Holdings Pvt. Ltd.	

Name of the Director	Mr. V.M. Crishna	Mr. K.N. Petigara	Mr. J.N. Godrej	Ms. T.A. Dubash	Mr. Shyamsunder S. Jaipuria
Chairmanships/ Memberships of committees in other companies	Nil	<b>Godrej &amp; Boyce Mfg. Co. Ltd.</b> Member, Audit Committee. <b>Godrej Agrovat Ltd.</b> Chairman, Audit Committee	<b>Geometric Ltd.</b> Chairman of Shareholders/ Investor Grievances Committee. <b>Godrej Consumer Products Ltd.</b> Member of Shareholders' Committee. <b>Bajaj Auto Ltd.</b> Member of Shareholders/ Investors Grievances Committee.	<b>Godrej Hygiene Products Ltd.</b> Member of Audit Committee.	

By Order of the Board of Directors

**V. SRINIVASAN**

Executive Vice-President (Finance & Estate)  
& Company Secretary

Mumbai, May 30, 2011

**Registered Office:**

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

# Directors' Report

To the Shareholders,

Your Directors have pleasure in submitting the Annual Report along with the Audited Accounts for the year ended March 31, 2011.

## Review Of Operations

Your Company's performance during the year as compared with that during the previous year is summarized below.

	₹ Crore	
	Year ended March 31,	
	2011	2010
Sales of products and services	1,058.83	816.37
Other Income	195.71	175.33
<b>Total Income</b>	<b>1,254.54</b>	991.70
Total Expenditure other than Interest and Depreciation	1,026.56	823.07
Profit before Interest, Depreciation and Tax	227.98	168.63
Depreciation	28.85	28.39
Profit before Interest and Tax	199.13	140.24
Interest and Financial Charges (net)	63.12	60.25
Profit before Tax	136.01	79.99
Provision for Current Tax	(1.36)	(0.13)
Provision for Deferred Tax	3.94	(0.80)
<b>Net Profit</b>	<b>133.43</b>	80.92
Surplus brought forward	311.46	294.18
<b>Profit after Tax available for appropriation</b>	<b>444.89</b>	375.10
Appropriation		
Your Directors recommend appropriation as under:		
Dividend on Equity Shares	55.58	47.64
Tax on distributed profits	9.02	7.91
Transfer to General Reserve	13.34	8.09
Surplus Carried Forward	366.95	311.46
<b>Total Appropriation</b>	<b>444.89</b>	375.10

The Total Income increased by ₹ 262.84 crore from ₹ 991.70 crore to ₹ 1254.54 crore, a growth of 27%. The Net Profit for the year was ₹133.43 crore as compared to ₹ 80.92 crore in the previous year, a growth of 65%.

## Dividend

The Board of Directors of your Company recommends a final dividend of ₹ 1.75 per equity share of ₹ 1/- each, aggregating ₹ 55.58 crore (previous year ₹ 1.50 per equity share).

## Management Discussion And Analysis

There is a separate section on Management Discussion and Analysis appended as Annexure A to this Report, which includes the following:

- Industry Structure and Developments
- Discussion on financial performance with respect to operational performance
- Segmentwise performance
- Human Resources and Industrial Relations
- Opportunities and Threats
- Internal Control Systems and their adequacy
- Risks and Concerns
- Outlook

## Subsidiary, Associate And Joint Venture Companies

Your Company has interests in several industries including animal feeds, agri-inputs, oil palm plantation and poultry, property development, personal and home care, beverages and confectionery, etc. through its subsidiary / associate / joint venture companies.



# Godrej Agrovet Limited (GAVL)

Fiscal year 2011 has been an excellent year for GAVL. Consolidated Turnover increased to ₹ 1,897.47 crore, a 20% jump over the previous year and the Consolidated Profit after tax but before extra ordinary income increased from ₹ 32.58 crore to ₹ 59.57 crore, an increase of 83%.

The core businesses of Animal Feeds and Agri Inputs have had a very good year. The Animal Feeds business broke out of flat tonnages and registered a volume growth of over 10%. Several initiatives undertaken over the last few years – separating the poultry and cattle feed sales forces, building a strong marketing team, implementing SAP and investing in R&D – have begun to deliver substantial results and contributed to improving business performance. In fact, GAVL won an award for Customer Excellence from SAP for the excellent SAP implementation at GAVL.

GAVL also completed acquisition of the 51% stake in their Aqua Feed joint-venture, Godrej Gold Coin Aquafeed Limited, this year, and has since been merged with GAVL.

The Animal Feed business recorded a strong growth of 12% in volumes and 13% in revenue. Profitability too grew significantly by 63%, due to measures undertaken for margin expansion. GAVL also launched 'Summer Kool', a heat stress preventive cattle feed additive and 'Super Star,' a high performance broiler feed. Both these products were well accepted and received overwhelming response from the market.

The Agricultural Inputs business had a very good year and grew by 20% in revenue and 40% in profit. Hitweed, our herbicide for broad leaf crops was a great success, with volumes growing from 21 KL in 2009-10 to 71 KL this year.

The Oil Palm business has attained a major milestone by crossing one lac MT of Fresh Fruit Bunches crushed during the year. During the year about 4,000 ha. were covered under Oil Palm Plantation taking the total to about 38,000 ha. Improvement in operational efficiencies and additional arrivals from newly emerging areas helped the business to post improved results during the year. Turnover increased to ₹ 115 crore, a jump of 80% over the previous year. Operating profit increased from ₹ 8 crore to ₹ 21 crore. During the year, the business successfully completed a capital expenditure programme including acquiring of Land at Chintampalli, Andhra Pradesh, for a new Palm Oil Mill and augmentation of capacity of existing Mill from 30 TPH to 40 TPH. The Union budget has allocated ₹ 300 crore towards the development of Oil Palm sector which is expected to boost performance of the business going forward.

Revenues from Poultry increased by 40% in FY 2010-11 as compared to the previous year.



# Godrej Properties Limited (GPL)

GPL continues to take substantial strides towards its ambition of becoming a leading national real estate developer. GPL reported excellent financial and operational performance for fiscal year 2011. Consolidated total income increased by 43% over the previous year to ₹558.9 crore and net profit increased by 7% to ₹130.9 crore.

This business has unprecedented growth opportunities ahead with the scale rapidly increasing. The organization is also becoming more complex as it develops a pan India footprint.

GPL registered notable volumes this year, with successful launches in high growth cities and reported healthy construction progress across all existing projects, including Ahmedabad, Gurgaon, Kolkata, Bangalore and Mumbai.

Bookings grew by 132% over the previous year to 3.2 million square feet. Godrej Garden City, our township project in Ahmedabad, continued to receive a strong response with bookings of 1.6 million square feet. Godrej Frontier, our foray into the National Capital Region, registered bookings of 0.68 million square feet and Godrej Prakriti, our residential project in Kolkata, saw bookings of 0.63 million square feet in the year.

In January 2011, the 35 acre, 2.8 million square feet mixed-use development, at Vikhroli, **'The Trees'**, was launched. GPL also entered into a joint development agreement with Bombay Footwear to develop 0.15 million square feet of residential space in Chembur, Mumbai and formed a separate subsidiary to focus on redevelopment opportunities in Mumbai.

Planet Godrej, Mumbai, was awarded the first Seven Star rating to any project by CRISIL and Godrej Eternia, Chandigarh received a Leadership in Energy and Environmental Design (LEED)-Platinum pre-certification. GPL also won the Construction World Award 2010 and was recognised as being among India's top ten builders for the fifth consecutive year. GPL continues to focus on being an employer of choice and was ranked in the Top 100 in 'India's Best Companies to Work For', a study conducted by the Economic Times.



## Godrej International Limited (GINL)

Godrej International Limited is our subsidiary company, which trades worldwide in vegetable oils. In fiscal year 2011, GINL turnover increased by about 34% over the previous year to US\$ 161.70 million and profits increased by about 46% to US\$ 2.23 million. This performance has been noteworthy, given that it comes at a time of difficult and volatile markets. The lagging impact of the economic crisis seems to be reversing and we expect GINL to continue to do well in the year ahead.

## Natures Basket Limited (NBL)

Our foray into gourmet food retailing, Natures Basket, has been ramping up very well with a strong expansion in Mumbai and beyond. We currently have 14 stores and plan for 8 new stores in the coming year. The business is well positioned as 'the' retail destination for gourmet and fine food and is an excellent rub off on the Godrej brand.

The gross turnover of this business for the fiscal year 2011 was ₹56 crore, a growth of 63% over the previous year. We intend to focus on growing this business and its profitability over the next few years.





## Godrej Hershey Limited (GHL)

Godrej Hershey, our food and beverages business is a Joint Venture between The Hershey Company (USA) and the Godrej Group, with your Company holding a 43.4% stake. This JV operates in multiple categories such as confectionery, beverages, and grocery items.

The Beverages portfolio consists of Jumpin (fruit drinks), Xs (juices and nectars) and Sofit (soya milk). Sofit is the market leader in the niche but fast growing soya milk market.

During fiscal year 2011, beverages grew 10% over the previous year and chocolate syrup grew by 47%. Both beverage brands, Jumpin and Sofit were made stronger with a consumer relevant re-stage exercise.

## Nutrine Confectionery Company Limited (NCCL)

Nutrine Confectionery Company Limited, a wholly owned subsidiary of GHL, is a major player in the sugar confectionery business in

India. Its product portfolio includes strong brands like Maha Lacto, Maha Coffee Eclairs, Maha Choco, Nutrine Eclairs, Nutrine Lollipop, Aamras and Honeyfab.

NCCL has maintained its position as a leading player in confectionary market and the new product launches this year have reinvigorated its portfolio. During the last year, NCCL re-staged its flagship brand, Maha Lacto and launched Maha Coffee Eclairs and Maha Lacto Hattrick. Maha Coffee Eclairs is a highly differentiated innovation, which gives the consumer a unique coffee and chocolate experience in an éclairs format. The big thrust has been investment in brand building and the core brands and innovations have been aggressively supported in mass media.

The steep increase in input costs, primarily sugar, has put severe pressure on margins and NCCL has undertaken some major cost savings projects during the year, which have yielded benefits. NCCL is also aiming at addressing the issue of margins by launching differentiated product innovations that offer the consumer a marked jump in experience at higher price points.



## Financial Position

The financial position of your Company continues to be sound. The loan funds at the end of the year stand at ₹554.22 crore as compared to ₹547.61 crore in the previous year. The debt equity ratio is 0.49 as compared to 0.52 last year. Your Company continues to hold the topmost rating of A1+ from ICRA for its commercial paper program (₹160 crore, enhanced from ₹140 crore). ICRA has reaffirmed an A1+ rating for the short term debt instruments/other banking facilities (₹595 crore). This rating of ICRA represents highest-credit quality carrying lowest-credit risk. ICRA also reaffirmed LAA rating for long-term debt, working capital and other banking facilities (₹470 crore). This rating represents high-credit quality carrying low-credit risk.

ICRA Online has assigned a rating of the Fundamental Grade '4+' and the valuation Grade 'B' to the Equity Research rating program of your Company. The Fundamental Grade '4' assigned to your Company implies that the Company has 'strong fundamentals' relative to other listed securities in India, while '+' indicates relatively stronger position within the grading category. The Valuation grade 'B' assigned implies that your Company is "moderately undervalued on a relative basis".

## Manufacturing Facilities

The chemicals division of your Company has manufacturing units at Vikhroli and Valia.

**Vikhroli:** Vikhroli factory has successfully completed two surveillance audits of the Integrated Management System (ISO 9001 : 2008, Environment Management Systems – ISO 14001 : 2004, Occupational Health & Safety Assessment Series – OHSAS 18001 : 2007) conducted by Bureau Veritas.

**Valia:** Valia factory, which is already certified for ISO-9001:2008 and ISO 14001:2004 standards, has also implemented OHSAS 18001:2007 and after Certification Audit by Bureau Veritas, it is now recommended for the certificate.

New products C20-90%, C22-98% Fatty Alcohols and Emulsifying Wax were successfully produced on commercial scale, new spray dryer plant commissioned for the production of SLS powder and needles.

The factory has implemented and is monitoring the GMP systems for the surfactant plant.

**Vegoils Division (Wadala):** This division continues as a contract processor of edible oils and vanaspati. The division recorded a turnover of ₹ 2.86 crore as against ₹ 2.44 crore in the previous year.

### **New manufacturing facilities at Ambernath**

Your Company has acquired 17 acres of Industrial land at Additional Ambernath MIDC. The project involves expansion (and relocation of some of the existing facilities from Vikhroli) at Additional Ambernath Industrial Area, Thane district with a modern plant with state of the art technology.

The proposed manufacturing facilities at Ambernath will have suitable energy efficient technologies to reduce specific energy consumption.

In continuation of the environment friendly initiatives, your Company has additionally acquired 4 acres of land for GREEN BELT development.

## Research And Development

In the current year, we have incorporated a separate R&D Centre, catering exclusively to the Chemicals business. The GIL Research Centre will soon be a recognized In-House R&D Unit, post its approval from the DSIR.

Activities have been initiated to develop new processes and modify existing processes for the manufacturing of premium quality fatty acids from economy grade raw materials. We will continue to focus our attention on high value fractionated fatty acids for the polymer, oilfield and lubricant industries. This year we have launched value added, upstream products, based on fatty alcohols, and continue to develop processes for high value derivatives of glycerine and fatty acids. Parallel to these activities, R&D has also taken up initiatives to develop and customize specialty surfactants specifically for the oral care and personal care markets, thus meeting customers' specific needs.

## Human Resource Development and Industrial Relations

Your Company was recognised among India's Best 50 Companies to Work in a survey conducted by Great Place to Work Institute, India for inspiring trust among people, instilling pride in them and creating an environment within the workplace that promotes camaraderie.

Your Company has always emphasized on quality and its employees are encouraged to get involved in the continuous process of improving quality through TQM and quality circles. Two quality circles from the Vikhroli Factory viz, Shilpakar Quality Circle and Navanirman Quality Circle were recognized as "Excellent Quality Circle" and "Distinguished Quality Circle" respectively by the Quality Circle Forum of India in the 24th National Convention on Quality Circles held in Visakhapatnam.

Industrial relations at all plant locations remained harmonious. Your company entered into a 3-year wage agreement for Vikhroli Factory. Regular structured safety meetings were held with employees and safety programmes were conducted for them throughout the year.

## Sustainability Update

There is a separate report on sustainability update as Annexure B to this Report.

## Information Systems

Your Company had entered into a strategic alliance with Hewlett Packard (HP) for a comprehensive IT outsourcing and transformation project. The transition to HP services has been smooth and without any disruption to business operations. Application and Infrastructure maintenance services are improving on an ongoing basis. Several initiatives were taken on improvement of business processes for increasing business efficiency on the SAP and the CRM systems. These systems are now widely used across the organization as well as by customers.

## Employee Stock Option Plan (ESOP)

During the financial year 2010-11, 10 employees of the Company were granted ESOPs based on their leadership responsibility and potential

Date of Grant of ESOP	No. of ESOP	No. of Employees
June 25, 2010	50,000	4
August 6, 2010	65,000	6
<b>Total</b>	<b>1,15,000</b>	<b>10</b>

Disclosure in compliance with clause 12 of the Securities and Exchange Board of India (Employees Stock Purchase Scheme) Guidelines, 1999 is given in Annexure C attached and forms a part of this report.

## Employee Stock Grant Scheme 2011

The Shareholders had vide resolution passed through postal ballot on January 17, 2011 approved Employee Stock Grant Scheme 2011. Under the said scheme, the Company, based on performance criteria, will offer and allot shares of the Company for the benefit of employees and directors of the Company and its Subsidiary Companies (except those who are promoters or belong to the promoter group), not exceeding 25,00,000 (Twenty five lac only) shares on such terms and conditions as may be fixed or determined by the Board. The main objectives of the scheme are :

- To recognize and reward the efforts of employees and their continued association with the Company;
- To introduce an objective component of employee compensation, which would provide a direct linkage to the efforts of the employees with a measurable and widely accepted criterion i.e. the equity share price of the Company. This could act as a motivational tool for the employees of the Company;
- To keep long association with the Company;
- To have employee participation in equity shareholding of the Company;
- To provide the employees an incentive to continue and strengthen their association with the Company so as to result in long term benefits to the Company as well as the employee – shareowner;
- Bring long-term value to the equity shareholders;
- Motivate employees to better the Company's performance continuously.

On May 30, 2011, the Compensation Committee approved 3,61,797 stock grants equivalent to 3,61,797 equity shares of the Company to eligible employees in terms of the said Scheme. The grants would vest in three equal parts every year over the next three years. The exercise price is ₹ 1/- per equity share as provided in the Scheme.

## Group for interse transfer of shares

As required under Clause 3(1) (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons constituting Group (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of the aforesaid SEBI Regulations are given in Annexure D attached herewith and forms a part of this Report.

## Fixed Deposits

Your Company continues to accept public deposits for 13, 24 and 36 months' tenor. The Fixed Deposits scheme has received an overwhelming response and the management of the company is thankful to all the investors for participating in the scheme and for the trust reposed in the company. During the year ended March 31, 2011, deposits aggregating to ₹57.38 crore have been mobilised and deposits aggregating to ₹ 7.87 crore have been repaid on maturity. The Company has no overdue deposits other than unclaimed deposits.

## Depository System

Your Company's equity shares are available for dematerialization through National Securities Depository Limited and Central Depository Services (India) Limited. As of March 31, 2011, 99.70 % of the equity shares of your Company were held in demat form.

## Directors

During the year, Mr. V. F. Banaji and Mr. M. P. Pusalkar, Executive Directors, retired from the Company with effect from April 30, 2010 and ceased to be directors of the Company. Mr. V. N. Gogate, Independent Director, ceased to be a director with effect from July 27, 2010.

In accordance with Article 127 of the Articles of Association of the Company, Mr. V. M. Crishna, Mr. K. N. Petigara, Mr. J. N. Godrej and Ms. T. A. Dubash retire by rotation at the ensuing Annual General Meeting and offer themselves for reappointment.

## Auditors

You are requested to appoint Auditors for the current year and to authorise the Board to fix their remuneration. The retiring auditors, Kalyaniwalla and Mistry, Chartered Accountants, are eligible for reappointment. A certificate from the Auditors has been received to the effect that their reappointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

## Audit committee

The Audit Committee, which was constituted pursuant to the provisions of Section 292A of the Companies Act, 1956 and the listing agreement, has reviewed the Accounts for the year ended March 31, 2011. The members of the Audit Committee are Mr. F.P. Sarkari (Chairman), Mr. S.A. Ahmadullah, Mr. K.N. Petigara and Mr. K.K. Dastur, all Independent Directors.

## Directors' responsibility statement

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

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

The Directors of your Company further confirm that proper systems are in place to ensure compliance of all laws applicable to the Company.

## Corporate governance

As required by the existing clause 49 of the Listing Agreements with the Stock Exchanges, a detailed report on Corporate Governance is included in the Annual Report. The Auditors have certified the Company's compliance of the requirements of Corporate Governance in terms of clause 49 of the Listing Agreement and the same is annexed to the Report on Corporate Governance.

## Additional information

Annexure E to this Report gives 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.

In the context of a globalizing Indian economy, increased number of subsidiaries and the introduction of accounting standards on consolidated financial statements, the Ministry of Corporate Affairs vide its circular no.2/2011 dated February 8, 2011 has granted a general exemption from publishing the accounts of subsidiaries provided certain conditions are fulfilled.

In line with the above Circular and as per the Accounting Standard 21 (AS 21) issued by the Institute of Chartered Accountants of India, the consolidated financial statements of the Company along with its subsidiaries forms a part of this Annual Report. Accordingly, this Annual Report of your Company does not contain the financial statements of its subsidiaries.

The Audited Annual Accounts and related information of the Company's subsidiaries will be made available upon request. These documents will also be available for inspection during business hours at the Company's registered office in Mumbai, India. All these reports / documents are available on the Company's website, [www.godrejinds.com](http://www.godrejinds.com). The subsidiary companies' documents will also be available for inspection at the respective registered offices of the subsidiary companies during business hours.

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forms a part of the Directors' Report. As per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to the Shareholders of the Company, excluding the statement of particulars of employees u/s 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary at the registered office of the Company.

The Notes to the Accounts referred to in the Auditors' Report is self-explanatory. Details of related party transactions are presented in Schedule 20, Note No. 19 to Annual Accounts of the Annual Report. In respect of the qualifications in the Audit Report, we state as follows:

Loans and Advances include ₹ 10.33 crore (Previous year ₹ 10.33 crore) advanced by the Company to certain individuals against pledge by way of deposit of equity shares of Gharda Chemicals Ltd. The Company has enforced its security and lodged the shares for transfer in its name, however, the transfer application has been rejected by Gharda Chemicals Ltd. and the Company filed an appeal before the Company Law Board against the rejection. The investee company had in the meanwhile, moved the Bombay High Court and the Court remanded the matter back to CLB. The CLB has advised that the parties may approach the Bench after final disposal of the suit filed by the investee company and the application made by minority shareholders under section 397/398 before the Hon'ble High Court. The Company has filed an appeal with the Hon'ble High Court against the order of the Company Law Board under Section 10 F of the Companies Act 1956, which is pending for final disposal. The recoverability of the advance is contingent upon the transfer and/or disposal of the said shares. It is the opinion of the management that the underlying value of the said shares is substantially greater than the amount of the loan.

## Acknowledgement

Your Directors thank the Union Government, the Governments of Maharashtra and Gujarat as also all the Government agencies, banks, financial institutions, shareholders, customers, employees, fixed deposit holders, vendors and other business associates, who, through their continued support and co-operation, have helped as partners in your Company's progress.

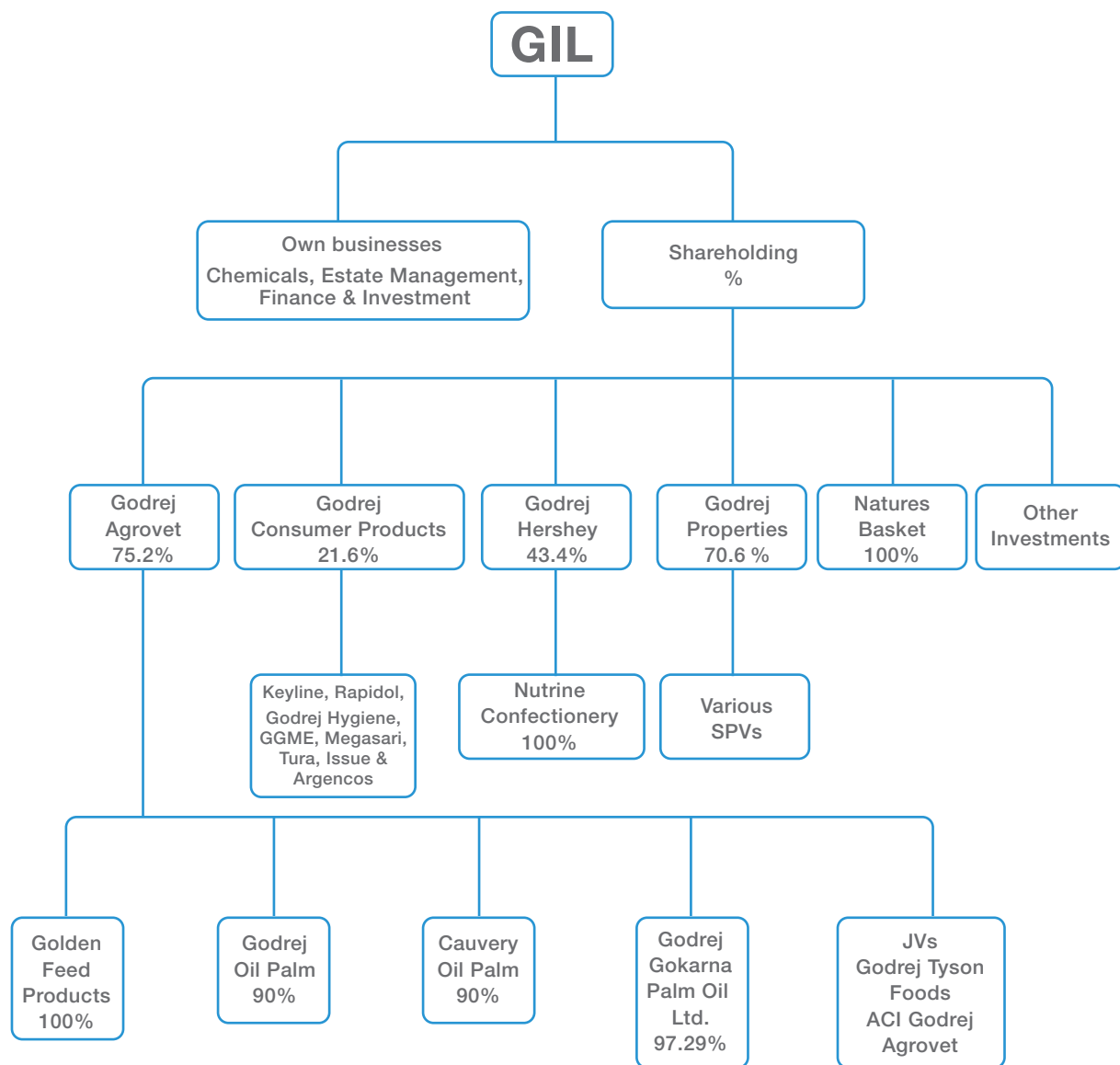
For and on behalf of the Board of Directors

**Adi Godrej**  
Chairman

Mumbai, May 30, 2011

# Annexure “A” Forming Part of the Directors’ Report Management Discussions and Analysis

## Business Structure



## Industry Structure and Developments

As developed economies report a moderate expansion in output, emerging economies have witnessed marked growth in economic output. Economic outlook for India continues to be robust, with GDP growth rate estimated at 8.6% in FY 2011 as compared to 8% for FY 2010, as per the advance estimate by Central Statistical Organization (CSO). At a disaggregated level, this is attributable to a 5.4 per cent growth in agriculture and allied activities, a growth of 8.1 per cent in industry and 9.6 per cent in services as compared to a growth of 0.4 per cent, 8.0 per cent and 10.1 per cent respectively during FY 2009-10. Amidst strong growth, concerns related to inflation and high interest rates continue to persist. Definite measures adopted under the monetary and fiscal policies are expected to ease inflationary pressures. An expansion in agriculture output is further expected to abet the process of curbing food inflation.

The agriculture sector, which is the largest employer in India, benefitted from favorable monsoons in FY 2011. FY 2012 Union Budget provided the agriculture sector a boost, by funding enablers for facilitating productivity increase, strengthening agri-distribution and storage as well as providing additional access to credit for farmers. Oil palm remains critical for India's food security and the Union Budget has provided an allocation of ₹ 300 crore for the development of 60,000 hectares of palm oil plantations.

Oleo chemicals are used in a variety of applications including personal care (hair care, skin care, oral care, cosmetics), home care (laundry detergents), and pharmaceuticals. The growth in India's GDP/per capita has led to a strong growth in the personal and home care market. Additionally, the significant size of the global personal and home care ingredients markets also represents a potential opportunity. The current environment has however, seen fluctuating raw material costs (i.e, crude oil, palm and vegetable oil) which impact the oleo chemicals business.

The animal feed industry in India is evolving towards being a more organized sector with multi-national feed millers also entering the market. The industry's growth and potential are supported by the fact that India is among the largest livestock-producing countries and that the feed industry has been traditionally comprised of home mixers.

The real estate sector witnessed a mixed year in FY 2011. General improvement in economic growth led to strong demand for real estate across most parts of the country. Rising inflation and the tightening of lending norms increased borrowing costs of the industry. Demand for housing in India continues to be healthy as the fundamentals seem to be positive and improving. Rising interest rate and spiraling construction costs will continue to act as dampeners. The recovery in the commercial sector will be led by volume, while rentals are likely to remain stable.

# Financial Performance with Respect to Operational Performance

The highlights of overall performance are as follows:

₹ Crore		
Particulars	2010-11	2009-10
Sales	1058.83	816.37
Total Income	1254.54	991.70
Profit Before Taxation	136.01	79.99
Profit After Current Taxation	137.37	80.12
Profit After Current & Deferred Taxation	133.43	80.92
Earnings per Equity Share (₹)	4.20	2.54
<b>Profitability ratios are as follows:</b>		
PBDIT/Total Income	18.17%	17.00%
PBT/Total Income	10.84%	8.07%
PAT/Total Income	10.64%	8.16%
Return on Capital Employed	12.13%	8.61%
Return on Net Worth	12.24%	7.67%
Basic EPS (₹)	4.20	2.54
<b>The Financial risk ratios are as follows:</b>		
Debt/Equity	0.49	0.52
Interest coverage	3.15	2.33
<b>Segment Performance</b>		
<b>1. Segment Revenue</b>		
Chemicals	1022.86	781.24
Estate	53.33	27.75
Finance & Investments	166.16	170.82
Others	12.19	11.89
<b>Total</b>	<b>1254.54</b>	<b>991.70</b>
<b>2. Segment Results (PBIT)</b>		
Chemicals	89.84	48.46
Estate	42.08	18.19
Finance & Investments	155.68	158.28
Others	(2.52)	(5.39)
<b>Total</b>	<b>285.08</b>	<b>219.54</b>
Less: Interest (net)	(63.12)	(60.25)
Less: Unallocated expenses (net)	(85.95)	(79.30)
<b>Profit Before Tax</b>	<b>136.01</b>	<b>79.99</b>
<b>3. Segment Capital Employed</b>		
Chemicals	231.48	266.01
Estate	107.86	61.11
Finance & Investments	1,345.97	1,276.62
Others	23.10	22.95
Unallocated	(618.25)	(604.00)
<b>Total</b>	<b>1,090.16</b>	<b>1,022.69</b>

## Chemicals Division

The Chemicals division operates in the oleo-chemical and surfactant industries. The division has a blend of domestic and international operations and continued its leadership position in the Indian market. The division achieved export turnover of ₹403 crore in this fiscal, accounting for about 40% of its turnover.

The recovery of the global economy leading to a robust increase in demand helped the growth in this division. The product category-wise review follows:



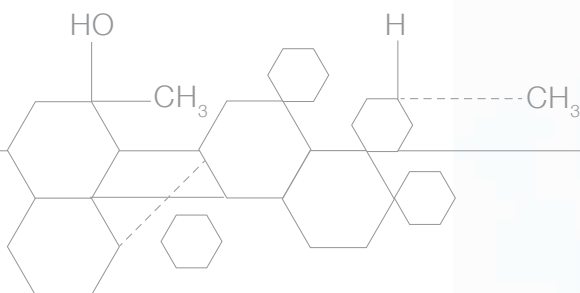
## Fatty Alcohol

Fatty Alcohol contributed 42% to turnover of this division. The sales revenue increased by around 48% with the revival of demand in the market and increasing commodity prices.

Through effective product mix and customer focus, the division could manage good growth and also increased its share of business with some major multinational companies. This category saw a growth of 25% in revenues from sale to BRIC territories, which are fast growing markets and have been identified as focus regions for expansion of the business.

With customer centric business strategies, it is expected that the revenues and margins from this segment will be maintained and improved.

The European Commission has levied a 'provisional' duty of 9.36% on Fatty Alcohols imported from the Company into the European Union from May 2011. Besides India, import duty varying from 4.3% to 13.8% has been imposed on imports of Fatty Alcohol from Indonesia and Malaysia. Your Company proposes to appeal strongly against this levy, which we think is unjustified and against free trade.



## Surfactants

Surfactants contributed 16% to the turnover of the division.

We have continued to grow our Sodium Lauryl Ethoxy Sulphate (SLES) and Sodium Lauryl Sulphate (SLS) sales in the domestic as well as international markets.

Sales grew by 20% in value terms as compared to the previous year. Our products have been approved by several multi-national companies and we can now strongly participate in their global sourcing programs. As an integrated manufacturer of fatty alcohols and its derivatives, we have been able to retain our competitiveness despite shortage and high prices of Lauryl Alcohol.

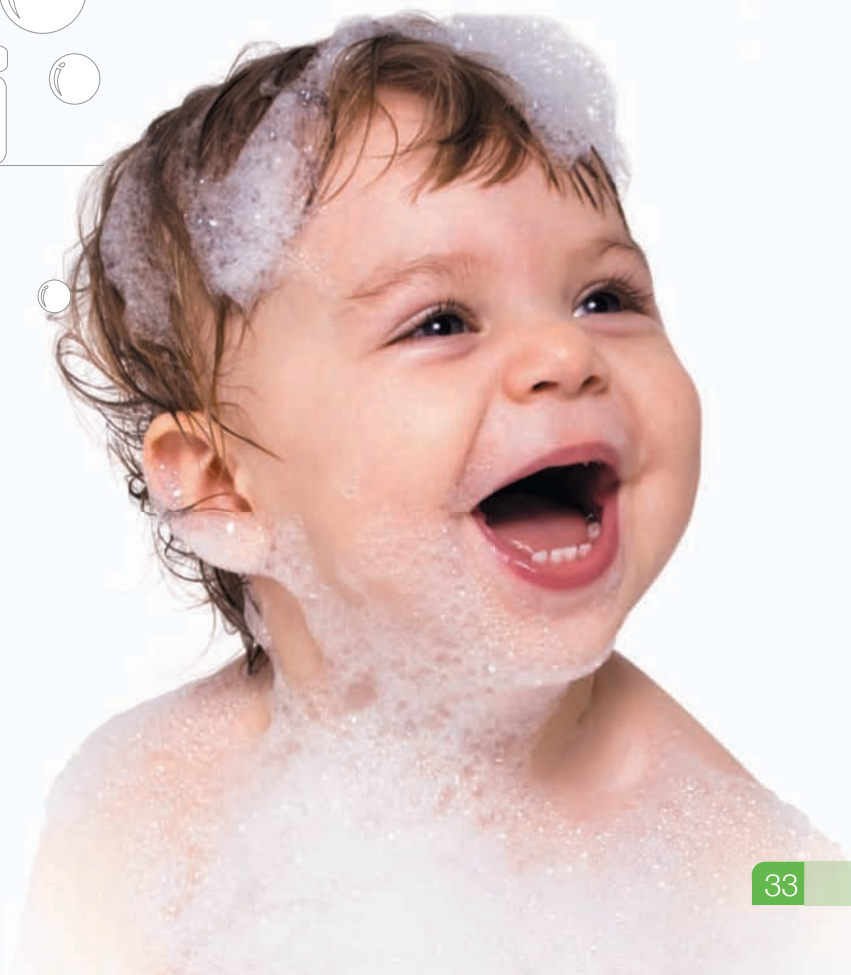


## Fatty Acids

The Fatty Acids portfolio, comprising stearic acid, as well as other specialty fatty acids, accounted for about 38% of the turnover of the division. Continuous cost reduction and market development initiatives have helped grow this category by about 23% in value terms and 6% in volume terms. The division plans to further enhance the sales of its specialty fatty acids in the domestic as well as export markets.

## Glycerin

Glycerin accounted for 4% of the turnover of this division. Revenues increased by 33% in view of higher unit price of Glycerin. Being largely a byproduct, additional sales are mostly opportunistic, depending on market conditions. Market conditions in the second half were favorable in view of high vegetable oil prices which discouraged the manufacture of Bio-Diesel thereby tightening the supply of Glycerin.



## Other Initiatives

Your Company's continued strong focus on cost reduction and operational efficiency improvement initiatives, which included reduction in the net working capital employed and reduction in the variable costs of production have been yielding good results.

The specialty and value added products have contributed to the improvement in margins and expected to improve further going forward. Such products accounted for 33% of the turnover of the division.

Your Company has developed a customer relationship management website (eCRM) that enables customers to track their orders and transactions as also receive updates through personalized web pages 24x7. This has now been extended to international customers also.

Your Company has been awarded Frost & Sullivan Best Managed Company of the Year award at Frost & Sullivan CMF Awards.

## Outlook

The outlook for the coming year 2011-12 looks good for the oleochemicals business at this point in time. International demand is showing signs of improvement and with the advantage of locally sourced raw materials, have an edge over competition.

Your Company continues to focus on specialty fatty acids and their co products, which will improve its leadership position in terms of market share as also profitability. We plan to commission the specialty fatty acid plant in the next few quarters expanding capacity of grades, which are in good demand.

## Estate Management

The real estate development activity in Mumbai city and suburbs has continued to maintain the pace of the preceding periods, with developers continuing to launch major projects of mixed use. The areas around the registered office of your Company at Vikhroli have the added benefit of being an incidental beneficiary of major infrastructure projects that are underway and nearing completion.

Your Company has foreseen the tremendous potential of maximizing the value from this developmental activity and entered into an arrangement with Godrej Properties Limited for joint development of the said property. The LLP will develop approximately 2.8 million square feet on 35 acres of prime land. It will be a mixed use project comprising of grade A commercial office space, residential apartments, high-street retail and a 5 star hotel. The project is spread over 3 phases and planned to be completed in 6 years. Due to its strategic location it has excellent connectivity with nearby public services utilities, current as well as proposed, and easy access to the east-west corridor. The Godrej One building, part of phase 1, will house corporate offices of all Godrej Group companies. It has taken on board internationally acclaimed agencies for its master planning, building architecture, interior planning & design, engineering consulting, sustainable design consulting, cladding and facade.

In view of this development activity, your Company has been gradually phasing out the renewal of leave and license agreements, which has been resulting in decline of revenues from this business. Your Company however continues to ensure optimum usage of available space and revenue earnings during this transition phase of its development activity.

The total income from this business for the year was ₹53.83 crore as compared to ₹27.75 crore in the previous year.

## Finance and Investments

During the year, your Company continued to earn return from its investments in the form of dividend of ₹53.50 crore (previous year ₹42.81 crore) and realised capital appreciation of ₹88.09 crore (previous year ₹104.38 crore).

During the year, your Company invested ₹15.5 crore in Natures Basket Limited and ₹43.4 crore in Godrej Hershey Limited to support their growth plans. Your Company also acquired an additional stake in Godrej Properties Limited. The stake of your Company in Godrej Properties Limited now stands at 70.63%.

Your Company, during the year, received shares in MedQuist Holdings Inc, (a company listed on NASDAQ stock exchange) in exchange of shares held by your Company in CBaySystems Holdings Limited, British Virgin Island (CBay, BVI) in the ratio of 1 share in MedQuist Holdings Inc. for every 4.5 shares held in CBay, BVI.

## Human Resources and Industrial Relations

Industrial Relations at all locations were cordial. The total number of persons employed in your Company as on March 31, 2011 was 1427.

## Internal Control Systems and Their Adequacy

Your Company has a proper and adequate system of Internal Controls, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposal and that transactions are authorized, recorded and reported correctly. Your Company's Corporate Audit and Assurance Department which is ISO 9001 certified, issues well documented operating procedures and

authorities with adequate built-in controls at the beginning of any activity and revised procedures if there is any major change. The internal control is supplemented by an extensive programme of internal, external audits and periodic review by the management. The system is designed to adequately ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets.

Corporate Audit & Assurance Dept, during the year, facilitated a review of your Company's risk management programme. The risks and mitigation measures were reviewed by your Company's Risk Committee and corrective measures initiated.

During the year, the Corporate Audit & Assurance Dept carried out various reviews and provided assurance on compliances to laid down policies, process and internal controls.

## Information Security

Your Company accords great importance to the security of its information assets. To ensure that this gets desired focus and attention, a Chief Information Security Officer, who is attached to the Corporate Audit and Assurance Department, is entrusted with the task of ensuring that your Company has the requisite security posture.

Your Company has in place, all the procedures and practices that are in line with the ISO Security Standards. Your Company is now ISO 27001 certified.

# Opportunities and Threats

The improvement in the global economic and liquidity situation coupled with more stable commodity prices, the stimulus package by the Indian Government and various Governments globally, provides an opportunity for growth for the Chemicals division. At the same time, if new capacity additions announced earlier go on stream, there could be an over-supply situation in the market, which can put pressure on margins. Specialty products are expected to improve margin and strengthen your Company's position in the oleo chemicals space.

The Estate Management business can continue to accrue revenues by optimizing the available space usage in the campus and leveraging the benefits of the location such as assured power supply, better connectivity and infrastructural benefits. The over-supply situation for commercial space in the Real Estate market continues to put pressure on the rentals and the margins.

## Risks and Concerns

Your Company has put a risk management framework in place post a comprehensive review of its risk management process. The review involved understanding the existing risk management initiatives, zero-based identification and assessment of risks in the various businesses as also the relative control measures and arriving at the desired counter measures keeping in mind the risk appetite of the organization. The Risk Committee has periodically reviewed the risks in the various businesses and recommended appropriate risk mitigating actions.

The Commodity based businesses are likely to be affected by vagaries of the weather, demand for edible oil, oilseed production, etc. The increase in bio-diesel manufacturing capacity is expected to impact vegetable oil prices. The business is exposed to commodity

price risks relating to raw materials, which account for the largest portion of the costs of both the Chemicals and Vegoils businesses. The Chemicals business growth will also depend on the growth of end user industries like polymer, detergent, cosmetics and personal care.

As a significant employer and chemicals producer, to ensure occupational safety, employment standards, production safety, and environmental protection, your Company maintains strict safety, health, environmental protection and quality control programs to monitor and control these operational risks.

Macro economic factors including economic and political developments, natural calamities which affect the industrial sector generally would also affect the businesses of your Company. Legislative changes resulting in a change in the taxes, duties and levies, whether local or central, also impact business performance and relative competitiveness of the businesses.

## Cautionary Statement

Some of the statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in industry, significant changes in political and economic environment in India and abroad, tax laws, import duties, litigation and labour relations.



## Annexure “B” Forming Part of the Directors’ Report Sustainability Report

Your Company as part of the Godrej Group aims to build a brighter, more sustainable India. The Godrej Group has been at the forefront of philanthropic and social activities for several decades. 25% of the shares of the Godrej Group’s holding company Godrej & Boyce are held in a trust that invests back in initiatives that support the environment, and improve the quality and availability of healthcare and education. Through the investment and oversight by the trust, a large tract of mangrove forests in Mumbai have been protected, developed and maintained for several years and have served as a second set of lungs for the city. The Godrej Group has supported education for all through its support of the Udayachal pre-primary and primary schools which focus on all round development of children.

Additionally, the Godrej Group has supported initiatives in healthcare, through its Godrej Memorial Hospital (GMH), which aims to provide

quality healthcare at affordable costs. One such initiative is GMH’s partnership with a US based NGO ‘Smile Train’, which helps in performing corrective cleft lip and palate surgeries for low income children. GMH offers surgery and hospitalization to the patients free of cost.

Through active employee engagement and involvement, your Company continues to support the Indian chapter of “Table for Two”, which it initiated at the World Economic Forum India Summit in December 2009. The initiative is targeted at addressing hunger and malnutrition in the developing world by combining our organization’s tradition of serving society and individual involvement.

Your Company continues to support Heroes AIDS Project (HAP). HAP is a nationwide HIV/AIDS initiative launched in July 2004 to work with media organizations and societal leaders in India. It seeks to develop coordinated campaigns to address the spread of HIV/AIDs and reduce stigma and discrimination by influencing public perception and policy through two platforms, advocacy and communications.

# Environmental Initiatives

Your Company is a signatory to the Confederation of Indian Industry's (CII) Mission of Sustainable Growth, which proposes to promote and champion conservation of natural resources in Indian industry without compromising on high and accelerated growth. The CII has outlined ten codes under the mission for attaining ecologically sustained growth, which include reduction in specific consumption of water and energy, reduction in specific generation of waste and green house gas emissions and increased use of renewable energy and other recyclables. Your Company has put initiatives in place at its factories in order to meet the codes. In the last year, these initiatives have included the use of catalysts to improve conversions and thereby reduce energy usage as well as waste generation.

Your Company continued "rain water harvesting" initiatives undertaken at its factory and in the staff quarters at Vikhroli. 20,000 cubic meters of water have been collected at Vikhroli factory and staff quarters during the Year 2010-11. Your Company is also using a Reverse Osmosis plant to recycle and upgrade ETP treated water to boiler feed water at both the Vikhroli and Valia factories.

To prevent pollution to the environment, efforts are made to convert waste from the factories into an environmentally friendly product and then disposed safely. Your Company continued its arrangement with Trans Thane Creek Waste Water Management Association for the treatment of solid waste being generated at the Company's factory at Vikhroli. The Vikhroli factory also continues to convert the bio degradable waste into bio compost with the help of an NGO. The Vikhroli factory focused on waste elimination and also continued energy conservation measures.

Biodegradable vegetable oils are used as the raw material for the manufacture of fatty acids, glycerin, fatty alcohols and surfactants.

Your Company has installed five windmills of 1.25 MW each in Dhulia, Maharashtra, which generated 7.3 million units during the

Year 2010-11 as a renewable energy source.

Godrej Properties has also demonstrated its support to sustainable growth by committing that every new development will be planned in a manner that enables it to receive a LEED (Leadership in Energy and Environmental Design) green building certification – the pre-eminent global green building rating. A number of Godrej Properties projects have already received a LEED certification.

As part of our sustainability drive, this annual report is being emailed to shareholders who registered their email addresses and opted for online delivery, instead of a physical copy. All physical copies of this annual report have been printed on recycled paper.

# Social Concern and Inclusiveness Initiatives

Your company recognizes that diversity in the workplace positively impacts business. As a result, it continues to endeavor to provide opportunities to socially and economically underprivileged persons, including those belonging to Scheduled Castes, Scheduled Tribes and physically challenged individuals. Recruitment drives for prospective employees from each of the above mentioned categories were conducted in the last year. Furthermore, career advancement and development of individuals from within the affirmative category is also an area of focus.

Your Company has also put in place measures to support physically challenged employees, such as lower deck buses, remote controlled access doors, and hardship allowances.

In its efforts to support education, your Company distributed scholarships and uniforms to scheduled caste and scheduled tribe primary school children in a number of underdeveloped communities. The Valia factory supports 35 children in the Kanerao village with annual scholarships and other educational material. Nearly 1,500 underprivileged school going children were also provided with mid-day meal services by the Company.

With an estimated 165 million women over the age of 15 illiterate, and only one in 100 girls finishing secondary school, India is still a long way from achieving the Prime Minister's vision and is at risk of missing the UN's Millennium Development Goal of quality education for all by 2015. Your Company commissioned a study to identify a strategic philanthropic investment in the area of girls' education. As part of the study, a detailed mapping of the status of girls' education in India was conducted along with identification of key issue areas, gaps in current funding and potential partners. After evaluating over 200 organizations, two organizations (Teach for India and Foundation to Educate Girls Globally) were chosen to receive strategic un-restricted three-year grants by the Company.

To improve the overall level of employability, the Company has partnerships with institutes such as the Industrial Training Institutes (ITI), which focus on skills based education. Through factory visits for ITI students, the Company aims to improve the overall understanding and application of their knowledge. Apprentices are actively recruited from these institutes and later converted to employees.

In order to improve livelihoods in a number of underdeveloped communities, over 1,650 meetings were organized with dairy farmers by our GAVL business to educate them on balanced feed, dairy animal management and disease prevention. The GAVL business has also piloted low cost drip irrigation systems in certain regions addressing a segment of farmers in India that is largely underserved.

## Looking Forward

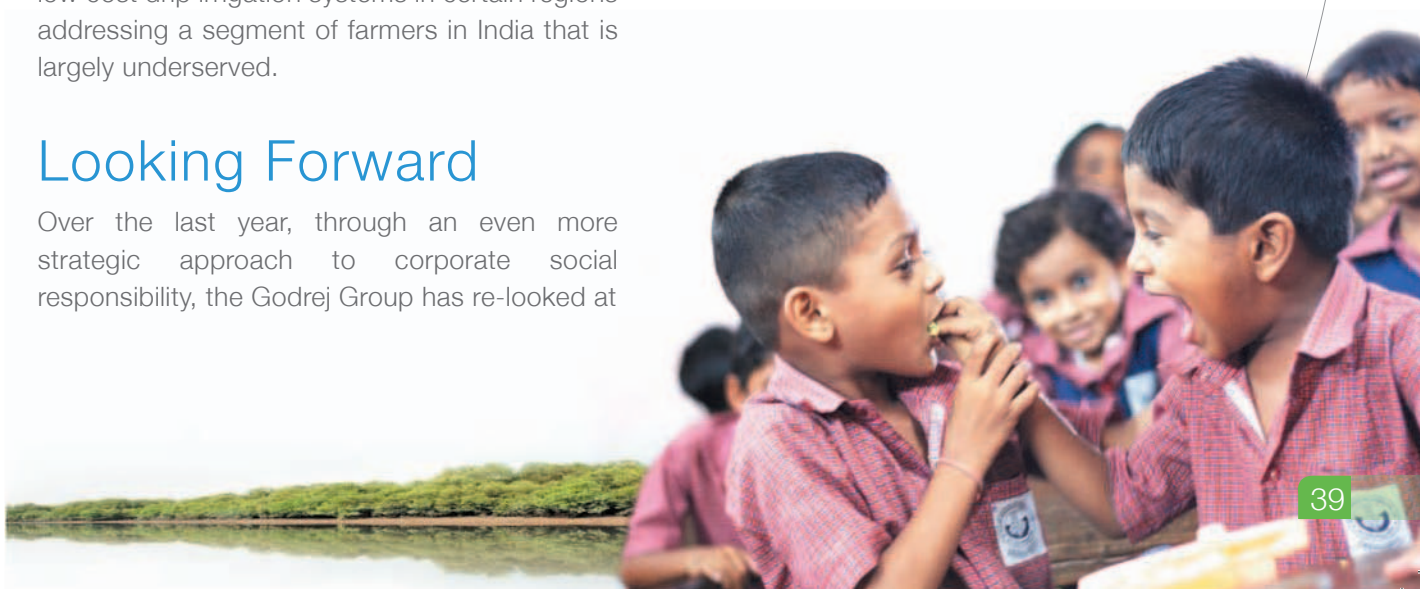
Over the last year, through an even more strategic approach to corporate social responsibility, the Godrej Group has re-looked at

how it can drive more meaningful impact and further its commitment through shared value initiatives that create both social and business benefits.

In conjunction with your Company's vision for "brighter living" for all its stakeholders, it has developed a long-term vision for playing an active part in creating a more inclusive and greener India. This vision has been named "**Godrej Good & Green**". As part of Good & Green, the Group aspires by 2020, to create a more employable Indian workforce, a greener India and innovate for good and green products. Specifically, our goals for 2020 as part of this vision are:

- Training **1 million** rural and urban youth in skilled employment
- Achieving **zero waste, carbon neutrality, positive water balance and a 30% renewable energy** source
- Having a **third of our portfolio revenues** comprising of good and/or green products and services – defined as products that are environmentally superior or address a critical social issue (e.g., health, sanitation, disease prevention) for consumers at the bottom of the income pyramid

The Good and Green vision and continued execution towards that vision will be a strong focus for the Company going forward.



# Annexure "C" Forming Part of the Directors' Report

As per the Securities & Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 following information is disclosed in respect of Godrej Industries Limited Employee Stock Option Plan I and II:

Sr. No.	Heading	Particulars
A	Options granted during the year	ESOP II : 1,15,000
B	The pricing formula	<p>ESOP I :</p> <p>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 Grant of the Option and ending on the date of intimating Exercise of the Option to the Company.</p> <p>ESOP II :</p> <p>Grant Price* plus Interest at such a rate as may be decided from time to time compoundable on an annual basis for the period commencing from the date of Granting of the Options and ending on the date of intimating Exercise of the Option to the Company.</p> <p>* Grant Price means higher of market price or average cost of shares purchased by the Trust for that specific grant, including any unallotted shares lying with the Trust if utilized for that specific grant, plus interest on the loan taken to purchase the said shares at such rate as may be decided from time to time and compoundable on annual basis till the date of grant.</p>
C	Options vested during the year	ESOP I : 2,57,950
D	Options exercised during the year	Nil
E	The total number of shares arising as a result of exercise of option	<p>Nil.</p> <p>As shares purchased from secondary market, there is no further issue of shares as a result of exercise of options.</p>
F	Options lapsed/revoked during the year	<p>ESOP I : 5,08,000</p> <p>ESOP II: 25,000</p>
G	Variation of terms of options	Annexure 2
H	Money realized by exercise of options	Nil
I	Total number of options in force	<p>ESOP I : 50,72,700 equity shares of nominal value of ₹ 1/- each</p> <p>ESOP II : 9,50,000 equity shares of nominal value of ₹ 1/- each.</p>

Sr. No.	Heading	Particulars
J	Employee-wise details of options granted to:- i) senior managerial personnel; ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Annexure 1 Annexure 1  NIL
K	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	There is no fresh issue of shares hence, not applicable.
L	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted the employee compensation cost would have been higher by ₹ 7.21 crore, Profit after tax lower by ₹ 7.21 crore and basic EPS would have been lower by ₹ 0.23.
M	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted average exercise price of the options granted during the year is ₹ 307.95 plus interest. Weighted Average fair value of the option granted during the year is ₹ 78.81.
N	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: i) risk-free interest rate, ii) expected life, iii) expected volatility, iv) expected dividends, and  v) the price of the underlying share in market at the time of option grant.	The fair value of the options granted has been calculated using Black-Scholes Options pricing formula and the significant assumptions made in this regard are as follows: 7.13% 4 years 80% 0.82% ₹ 1.5 per share Weighted average market price at the time of grant of option ₹ 184.57 per option.

# Annexure 1

## Senior Managerial Personnel

Name of senior managerial person	Options granted
Ashok Padhye	50,000
N.D. Elavia	25,000

\*Options granted to all above employees is in excess of 5% of the total options granted during the year.

# Annexure 2

## Amendment to the Godrej Industries Limited Employees Stock Option Plan

1. The following amendments are applicable to the options granted by the Compensation Committee on January 23, 2008, March 31, 2008, May 2, 2008, May 26, 2008 and June 3, 2008 under the Plan:-

### (i) Clause No. 5.4:

#### Existing Clause:

The Employee Stock Options granted under GIL ESOP shall vest as follows:

The Options shall vest in the eligible Employees within such period as may be prescribed by the Compensation Committee, which period shall be not less than one year and may extend upto three years from the date of grant of Options. Vesting may occur in tranches, subject to the terms and conditions of Vesting, as may be stipulated by the Compensation Committee.

#### Amended Clause:

The Employee Stock Options granted under GIL ESOP shall vest as follows:

The Options shall vest in the eligible Employees within such period as may be prescribed by the Compensation Committee, which period shall be not less than one year and may extend upto five years from the date of grant of options. Vesting may occur in tranches,

subject to the terms and conditions of vesting, as may be stipulated by the Compensation Committee.

In the event that, during the 4th and 5th year of the vesting period, the average of the closing market price of the shares of the Company on the Bombay Stock Exchange and National Stock Exchange on each day exceeds the Exercise Price by not less than ₹ 50/- for a consecutive period of thirty days, the options shall be deemed to have vested on the day immediately following the thirtieth day, as determined by the Compensation Committee.

### (ii) First paragraph of Clause No. 5.5

#### Existing Clause:

From the date of Vesting of the Options, the Option Grantee shall be entitled to Exercise the Options within such period as may be prescribed by the Compensation Committee which period shall not exceed a period of two years from the date of the respective Vesting of the Options.

#### Amended Clause:

From the date of Vesting of the Options, the Option Grantee shall be entitled to Exercise the Options within such period as may be prescribed by the Compensation Committee which period shall not exceed a period of three years from the date of the respective Vesting of the Options.

2. RESOLVED THAT subject to approval of the Board of Directors and the shareholders' of the Company and pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and any other applicable law for the time being in force and as may be amended from time to time, approval be and is hereby granted to increase the exercise period of the options from 2 years or 3 years, as the case may be, to 4 years.

# Annexure “D” Forming Part of the Directors’ Report

The following is the list of persons constituting Group (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of regulation 10 to 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 (“the said Regulations”), provided Clause 3(1)(e) of the said Regulations:

1. Godrej & Boyce Mfg. Co. Ltd.
2. Cartini India Ltd.
3. Godrej Investments Pvt. Ltd.
4. Godrej Efacec Automation & Robotics Ltd.
5. Godrej Holdings Pvt. Ltd.
6. Godrej (Malaysia) Sdn. Bhd.
7. Godrej (Singapore) Pte. Ltd.
8. J T Dragon Pte. Ltd.
9. Mercury Mfg. Co. Ltd.
10. Veromatic International BV
11. Water Wonder Benelux BV
12. Geometric Ltd.
13. Godrej & Khimji (Middle East) LLC
14. Godrej Infotech Ltd.
15. Veromatic Services B.V.
16. Wadala Commodities Ltd.
17. Godrej International Ltd.
18. Ensemble Holdings & Finance Ltd.
19. Swadeshi Detergents Ltd.
20. Vora Soaps Ltd.
21. Godrej Properties Ltd.
22. Godrej Realty Pvt. Ltd.
23. Godrej Waterside Properties Pvt. Ltd.
24. Godrej Real Estate Pvt. Ltd.
25. Godrej Developers Pvt. Ltd.
26. Godrej Sea View Properties Pvt. Ltd.
27. Godrej Estate Developers Pvt. Ltd.
28. Happy Highrises Ltd.
29. Godrej Buildcon Pvt. Ltd.
30. Godrej Project Development Pvt. Ltd.
31. Godrej Buildwell Pvt. Ltd.
32. Godrej Premium Builders Pvt. Ltd.
33. Godrej Garden City Properties Pvt. Ltd.
34. Udhay GK Realty Pvt. Ltd.
35. Godrej Agrovvet Ltd.
36. Golden Feed Products Ltd.
37. Godrej Oil Palm Ltd.
38. Cauvery Palm Oil Ltd.
39. Godrej Tyson Foods Ltd.
40. Bahar Agrochem & Feeds Pvt. Ltd.
41. Godrej Gokarna Oil Palm Ltd.
42. Polchem Hygiene Laboratories Pvt. Ltd.
43. Creamline Dairy Products Ltd.
44. ACI Godrej Agrovvet Pvt. Ltd.
45. Natures Basket Ltd.
46. Godrej Hershey Ltd.
47. Nutrine Confectionery Co. Ltd.
48. Tahir Properties Ltd.
49. Godrej Consumer Products Ltd.
50. Rapidol (Pty) Ltd.

51. Godrej Netherlands BV
52. Godrej Global Mid East FZE
53. Godrej Consumer Products Mauritius Ltd.
54. Godrej Hygiene Products Ltd.
55. Godrej Consumer Products Holdings Mauritius Ltd.
56. Godrej Mauritius Africa Holdings Ltd.
57. Godrej Consumer Products Bangladesh Ltd.
58. Godrej Household Products Bangladesh Pvt. Ltd.
59. Godrej Household Products Lanka Pvt. Ltd.
60. Essence Consumer Care Products Pvt. Ltd.
61. Naturesse Consumer Care Products Pvt. Ltd.
62. Mr. Adi B. Godrej
63. Ms. Parmeshwar A. Godrej
64. Ms. Tanya A. Dubash
65. Mr. Pirojsha A. Godrej
66. Ms. Nisaba A. Godrej
67. Mr. Nadir B. Godrej
68. Ms. Rati N. Godrej
69. Mr. Burjis N. Godrej
70. Master Sohrab N. Godrej
71. Master Hormuzd N. Godrej
72. Mr. Jamshyd N. Godrej
73. Ms. Phiroza J. Godrej
74. Mr. Navroze J. Godrej
75. Ms. Raika J. Godrej
76. Ms. Smita V. Crishna
77. Mr. Vijay M. Crishna
78. Ms. Freyan Crishna
79. Ms. Nyrika Crishna
80. Mr. Rishad K. Naoroji
81. Godrej & Boyce Enterprise LLP
82. ABG Enterprise LLP
83. JNG Enterprise LLP
84. SVC Enterprise LLP
85. RKN Enterprise LLP
86. NBG Enterprise LLP

# Annexure “E” 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 and outgo.

## A. Conservation of Energy

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

#### Vikhroli:

1. Maintaining Power Factor to 0.99/unit- Savings accrued ₹ 0.30 Crore.
2. Improvement in steam distribution system & monitoring O<sub>2</sub> level in boiler resulted in fuel saving.
3. Continued working in consultation with OI for the Mission for Sustainable Growth.
4. Installation of High Efficiency motors in Boiler house and Fat Splitting plant resulted in saving of ₹ 0.01 Crore.
5. Generated 21,672 cu. meter of RO water from ETP recycled water & used in boilers for steam generation, resulted in conservation of BMC water.

#### Valia:

1. Installation of VFD and right sizing of cooling tower pump in Sulphonation plant resulting in power saving of ₹ 0.31 crore.
2. Saving of ₹ 0.25 crore by maintaining power factor and getting night hours rebate.
3. Optimum utilization of VAM instead of Glycol chiller resulting in saving of ₹ 0.36 crore.
4. Reduction in NG consumption in various sections by improvement of process resulting in savings of ₹ 0.26 crore per annum.
5. Installation of VFDs in EOU plant

resulting in power savings worth ₹ 0.08 crore per annum.

6. Installation of lighting transformer in DTA plant resulting in power savings worth ₹ 0.02 crore per annum.
7. Installation of powerless wind ventilators in all godowns of Valia and thereby saving power consumed by the exhaust fans.
8. Savings due to optimizing usage of filter aid resulting into saving of ₹ 0.2 crore per annum and minimization of waste generation.

### (B) Proposed Energy Conservation Measures:

1. Change of Vacuum System in Fractionation plant to save fuel cost at Vikhroli and Valia factory.
2. Installation of VFDs for process pumps in Valia Factory.
3. Installation of high efficiency motors, solar streetlight fittings and LED tube lights in Vikhroli and Valia factory to conserve electrical energy.
4. To improve steam distribution network at Valia factory to eliminate steam wastages.
5. Replacement of feed pumps running in series by higher capacity pump with savings in power consumption.

### 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. Details of energy consumption

The details of energy consumption are given below. These details cover the operations of your Company’s factories at Vikhroli, Valia and Wadala.

## (A) Power and Fuel consumption

Electricity		
	This Year	Previous Year
i) Purchased		
Units (KWH in lac)	<b>386.39</b>	313.27
Total Amount (₹ in crore)	<b>24.61</b>	20.55
Rate per Unit (₹)	<b>6.37</b>	6.56
ii) Own generated through D.G. Sets		
Units (KWH in lac)	<b>1.12</b>	0.54
Cost (₹ in crore)	<b>0.16</b>	0.08
Rate per Unit (₹)	<b>14.34</b>	15.42
iii) Own generated through Steam Turbine Generator - Co-generation		
Units (KWH in lac)	<b>168.66</b>	202.90
Cost (₹ in crore)	<b>15.84</b>	16.22
Rate per Unit (₹)	<b>9.39</b>	7.99

Fuel Oil (LSHS, FO and LDO)		
Total Quantity (KL)	<b>194.28</b>	2,309.93
Total Amount (₹ in crore)	<b>0.43</b>	3.85
Rate per Unit (₹ per litre)	<b>22.09</b>	16.67

Natural Gas		
Total Quantity (SM <sup>3</sup> lac)	<b>307.79</b>	270.49
Total Amount (₹ in lac)	<b>50.44</b>	38.98
Rate per Unit (₹ per SM <sup>3</sup> )	<b>16.39</b>	14.41

Pitches		
Total Quantity (MT)	<b>44.35</b>	683.05
Total Cost (₹ in crore)	<b>0.08</b>	0.88
Rate per Unit (₹ per MT)	<b>18,180</b>	12,870

## (B) Consumption per unit of production

Particulars	Natural Gas (SM <sup>3</sup> /MT)		Electricity (KWH/MT)		Furnace Oil (Litre/MT)		Pitches	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Fatty Acid	<b>104.08</b>	79.28	<b>74.86</b>	77.07	<b>1.23</b>	18.82	<b>0.29</b>	-
Fatty Alcohol	<b>113.02</b>	96.49	<b>451.62</b>	429.96	-	3.24	-	-
A.O.S.	<b>26.11</b>	22.12	<b>138.26</b>	142.89	<b>0.84</b>	1.26	<b>0.02</b>	-
Glycerine	<b>401.14</b>	343.74	<b>598.55</b>	606.30	<b>3.31</b>	58.17	<b>0.96</b>	-
Oils & Vanaspati	-	-	<b>149.61</b>	144.09	-	-	<b>34.29</b>	54.28

### B. Technology Absorption, Adaptation and Innovation :

#### 1. Specific areas in which R&D carried out by the Company:

During the year under review, Research & Development efforts in the following areas strengthened the Company's operation through technology absorption, adaptation and innovation:

- Oils and Fatty Acids
- Fatty Alcohol
- Surfactants
- Glycerine
- Fatty Alcohol Derivatives & Formulations

#### 2. Benefits derived as a result of the above R&D:

- Premium quality fatty acids from economy grade raw materials
- Understanding the impact of raw material quality and manufacturing process on the quality of the finished goods.
- Manufacture of high value pure cut fatty acids, specifically for the polymer, oil field and lubricant industries.
- Qualification of specialty surfactants for oral care and personal care products.

- Value added derivatives of fatty alcohols so as to enter certain niche markets in India and abroad.
- Customer specific high purity fatty acids, so as to target the uppermost end of the international markets.

### 3. Future Plan of Actions:

- Specialty chemicals from Glycerin, so as to enter niche markets in the field of Pharmaceuticals, Personal Care and Industrial Lubricants.
- Specialty chemicals used in personal care formulations – foam boosters, conditioning agents, co-surfactants, viscosifying and pearling agents.

### 4. Expenditure on R&D:

	₹ Crore	
	This Year	Previous Year
(a) Capital	-	-
(b) Recurring	2.87	3.27
(c) Total	2.87	3.27

	₹ Crore	
	This Year	Previous Year
(d) Total R&D expenditure as a percentage of total sales turnover	0.28	0.42

### C. Foreign Exchange earnings and outgo

The Chemicals Division's exports were ₹ 428.13 crore in the current year (including deemed exports of ₹ 25.30 crore) as compared to ₹ 339.26 crore in the previous year (including deemed exports ₹ 39.62 crore). Your Company continues to export refined glycerine, fatty alcohol and other chemicals to over 62 countries including U.S.A., U.A.E., Japan, South Africa, Germany, U.K., France, Malaysia, China, Australia, Mexico, Singapore and Sri Lanka.

	₹ Crore	
	This Year	Previous Year
Foreign exchange used	362.71	242.11
Foreign exchange earned	416.09	299.70

# Report on Corporate Governance

Clause 49 of the Listing Agreement with the Indian Stock Exchanges stipulates the norms and disclosure standards that have to be followed on the Corporate Governance front by listed Indian companies.

## 1. The Company's Philosophy

The Company is part of the Godrej Group which has established a reputation for honesty and integrity. The Company's philosophy of corporate governance is to achieve business excellence by enhancing the long-term welfare of all its stakeholders. The Company believes that corporate governance is about creating outperforming organisations, i.e. organisations that consistently succeed in the marketplace against competition and thereby enhance the value for all its stakeholders.

## THE GOVERNANCE STRUCTURE

### 2. Board of Directors

#### a) Board Structure

The Board of Directors of the Company comprises thirteen Directors, which includes one Managing Director i.e. : Mr. N. B. Godrej and two Whole-time Executive Directors i.e. : Ms. T.A. Dubash and Mr. M. Eipe. The remaining ten are

Non-Executive Directors, with seven of them being Independent Directors. On July 27, 2010 Mr. V.N. Gogate, one of the Non-Executive Independent Directors, retired from the Board of the Company and hence ceased to be Director. No Director is related to any other Director on the Board in terms of the definition of "relative" given under the Companies Act, 1956, except (1) Mr. A.B. Godrej and Mr. N.B. Godrej, who are brothers, (2) Ms. T.A. Dubash who is the daughter of Mr. A.B. Godrej and (3) Mr. J.N. Godrej and Mr. V.M. Crishna, who are brothers-in-law. The details are given in Table 1 and 2 respectively.

#### b) Board meetings held and Directors' attendance record

The Board meets atleast once in a quarter to consider among other businesses, quarterly performance of the Company and financial results. To enable the Board to discharge its responsibilities effectively and take informed decisions, necessary information is made available to the Board. During the year four Board meetings were held on May 26, 2010, July 27, 2010, October 27, 2010 and January 24, 2011. The details are given in Table 1:

**Table1: Details about the Company's Board of Directors & meetings attended by the Directors during the year**

Name of Director	Category	Board meetings held during the year	Board meetings attended during the year	Whether attended last AGM	Directorships held in other public companies incorporated in India as at year-end <sup>\$</sup>	Number of Chairmanship/ membership in Board Committees in other companies as at the year-end <sup>@</sup>	
						Chairmanship	Membership
A.B. Godrej	Chairman – Non-Executive	4	4	Yes	10(3)	4	1
J.N. Godrej	Non-Executive	4	2	Yes	10(5)	1	2
N.B. Godrej	Managing Director	4	4	Yes	12(5)	1	2
S.A. Ahmadullah	Non-Executive – Independent	4	4	Yes	1(1)	-	1
J. S. Billimoria	Non-Executive – Independent	4	4	Yes	10(7)	5	3
V.M. Crishna	Non-Executive	4	1	Yes	4(2)	-	-

Name of Director	Category	Board meetings held during the year	Board meetings attended during the year	Whether attended last AGM	Directorships held in other public companies incorporated in India as at year-end <sup>§</sup>	Number of Chairmanship/ membership in Board Committees in other companies as at the year-end <sup>@</sup>	
K.K. Dastur	Non-Executive – Independent	4	4	Yes	6(3)	2	2
N.D. Forbes	Non-Executive – Independent	4	3	Yes	3(2)	-	-
V.N. Gogate*	Non-Executive – Independent	2	2	Yes	N.A.	N.A.	N.A.
A.B. Choudhury	Non-Executive – Independent	4	4	Yes	6(3)	-	4
K.N. Petigara	Non-Executive – Independent	4	4	Yes	5(1)	1	1
F.P. Sarkari	Non-Executive – Independent	4	4	Yes	2(1)	2	-
T.A. Dubash	Whole-Time	4	3	Yes	5(1)	-	2
M. Eipe	Whole-Time	4	4	Yes	4(2)	1	2
M.P. Pusalkar*	Whole-Time	Nil	N.A.	N.A.	N.A.	N.A.	N.A.
V.F. Banaji*	Whole-Time	Nil	N.A.	N.A.	N.A.	N.A.	N.A.

#### Notes:

- (i) <sup>§</sup>Alternate Directorships and Directorships in private companies, foreign companies and associations are excluded.
- (ii) Figures in ( ) denote listed companies.
- (iii) \* Mr. V.N. Gogate ceased to be a director with effect from July 27, 2010. Mr. V.F. Banaji and Mr. M.P. Pusalkar ceased to be Directors with effect from April 30, 2010.
- (iv) Board Meetings held during the year represent the number of meetings held during the tenure of that director.
- (v) <sup>@</sup>In accordance with Clause 49, Membership/ Chairmanship of only the Audit Committees and Shareholders Committee in all public limited companies (except Godrej Industries Limited) have been considered.

None of the Directors is a member of more than 10 Board-level committees, or a Chairman of more than five such committees, as required under Clause 49 of the Listing Agreement.

#### c) Information supplied to the Board

Among others, this includes:

- Annual operating plans and budgets, capital budgets, and any updates thereon,

- Quarterly results of the Company,
- Minutes of meetings of audit committee and other committees,
- Information on recruitment and remuneration of senior officers just below the Board level,
- Materially important show cause, demand, prosecution and penalty notices,
- Fatal or serious accidents or dangerous occurrences,
- Any materially significant effluent or pollution problems,
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company,
- Any issue which involves possible public or product liability claims of a substantial nature,
- Details of any joint venture or collaboration agreement,
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property,

- Significant labour problems and their proposed solutions,
- Significant development in the human resources and industrial relations front,
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business,
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement,
- Non-compliance of any regulatory, statutory nature or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

The Board of the Company is presented with all information under the above heads, whenever applicable. These are submitted either as part of the agenda papers well in advance of the Board meeting or are tabled in the course of the Board meeting.

**d) Directors with materially significant related party transactions, pecuniary or business relationship with the Company**

Except for drawing remuneration, none of the Directors have any other materially significant related party transactions, pecuniary or business relationship with the Company. Attention of Members is drawn to the disclosures of transactions with related parties set out in Notes to Accounts – Schedule 20, Note No. 19, forming part of the Annual Report.

**e) Remuneration of Directors: sitting fees, salary, perquisites and commissions and Number of Shares held by Non-Executive Directors**

The details of remuneration of Directors and their relationships with each other are given in Table 2. The number of shares held and dividend paid are given in Table 3.

**Table 2: Remuneration in ₹ paid or payable to Directors for the year ended March 31, 2011**

							Amt. in ₹
Name of Director	Relationship with Directors	Sitting fees	Commission on profits	Salary	Perquisites	Provident Fund	Total
A.B. Godrej	Brother of N.B. Godrej Father of T.A. Dubash	1,70,000	Nil	Nil	Nil	Nil	1,70,000
J.N. Godrej	Brother-in-law of V.M. Crishna	Nil	Nil	Nil	Nil	Nil	Nil
N.B. Godrej	Brother of A.B. Godrej	Nil	Nil	1,49,97,208	1,18,58,085	9,26,640	2,77,81,933
S.A. Ahmadullah	None	1,10,000	Nil	Nil	Nil	Nil	1,10,000
J.S. Bilimoria	None	80,000	Nil	Nil	Nil	Nil	80,000
A.B. Choudhury	None	85,000	Nil	Nil	Nil	Nil	85,000
V.M. Crishna	Brother-in-law of J.N. Godrej	20,000	Nil	Nil	Nil	Nil	20,000
K.K. Dastur	None	95,000	Nil	Nil	Nil	Nil	95,000
N.D. Forbes	None	60,000	Nil	Nil	Nil	Nil	60,000
V.N. Gogate	None	55,000	Nil	Nil	Nil	Nil	55,000
K.N. Petigara	None	1,10,000	Nil	Nil	Nil	Nil	1,10,000
F.P. Sarkari	None	1,00,000	Nil	Nil	Nil	Nil	1,00,000
T.A. Dubash	Daughter of A.B. Godrej	Nil	Nil	1,30,81,408	83,08,455	6,96,744	2,20,86,607
M. Eipe	None	Nil	Nil	2,43,90,766	85,49,919	7,91,424	3,37,32,109
M.P. Pusalkar	None	Nil	Nil	55,63,650	69,66,153	43,008	1,25,72,811
V.F. Banaji	None	Nil	Nil	36,84,403	81,56,750	75,150	1,19,16,303

## Notes:

1. Remuneration to Mr. N.B. Godrej, Ms. T.A. Dubash, Mr. M. Eipe, Mr. M. P. Pusalkar and Mr. V. F. Banaji includes a performance linked variable remuneration of ₹ 72,75,208/-, ₹ 72,75,208/-, ₹ 1,77,95,566/-, ₹ 5,38,950/- and ₹ 5,29,066/- respectively for the year ended March 31, 2011 payable in 2011-12.
2. The service contracts of the Whole-time Directors are for a period of three years with a notice period of three months.

**Table 3: Number of shares held by Non-Executive Directors and dividend paid**

Name of Non-Executive Director	Shares held as on March 31, 2011	Dividend paid during the year (₹)
A.B. Godrej *	1,121,226	Nil
J.N. Godrej *	3,221,472	Nil
F.P. Sarkari	20,000	30,000
F.P. Sarkari *	54,000	Nil
S.A. Ahmadullah	6,000	9,000
S.A. Ahmadullah *	11,700	Nil
V.M. Crishna	0	Nil
J.S. Bilimoria	0	Nil
N.D. Forbes	5,000	7,500
A.B. Choudhury	0	Nil
K.N. Petigara	0	Nil
K.K. Dastur	3,606	5,409
K.K. Dastur **	9,570	Nil
K.K. Dastur *	27,900	Nil

\* Shares held as second holder

\*\* Shares held as third holder

## COMMITTEES OF THE BOARD

### 3. Audit Committee

The Company's Audit Committee comprises of four Independent and Non-Executive Directors. They are Mr. F.P. Sarkari (Chairman), Mr. S.A. Ahmadullah, Mr. K. K. Dastur, Mr. K.N. Petigara, all Independent Directors. Mr. F.P. Sarkari is the Chairman of the Committee, a Chartered Accountant and is knowledgeable in finance, accounts, taxation and company law. All the members of the committee are eminent professionals and draw upon their experience and expertise across a wide spectrum of functional areas such as finance and corporate strategy. Minutes of each of the

Audit Committee meetings are placed before the Board Meeting. Mr. V. Srinivasan, Executive Vice-President (Finance & Estate) & Company Secretary acts as a secretary to the Audit Committee. The Audit Committee met four times during the year i.e. on May 26, 2010, July 27, 2010, October 27, 2010 and January 24, 2011. Table 4 gives the attendance record.

**Table 4: Attendance record of Audit Committee members**

Name of Director	No. of meetings held	Meetings attended
Mr. F.P. Sarkari	4	4
Mr. S.A. Ahmadullah	4	4
Mr. K.K. Dastur <sup>\$</sup>	3	3
Mr. K.N. Petigara	4	4
Mr. V.N. Gogate <sup>@</sup>	2	2

<sup>\$</sup> Mr. K. K. Dastur - Appointed as a member of the Committee w.e.f. May 26, 2010.

<sup>@</sup> Mr. V.N. Gogate - Ceased to be a member of the Committee w.e.f. July 27, 2010.

## Note:

Committee Meetings held during the year represents the no. of meetings held during the tenure of that director.

The Audit Committee of the Company performs the following functions:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment/removal of external auditor, fixation of audit fees and approval for payment for any other services.
- Reviewing with management the annual financial statements before submission

to the Board for approval with particular reference to:

- Matters that needs to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of the Section 217 of the Companies Act, 1956.
- Change, if any, in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on exercise of judgement by the management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other requirements relating to financial statements.
- Disclosure of any related party transactions.
- Any qualification in the draft audit report.
- Reviewing with the management, the quarterly financial statement before submission to the Board for approval.
- Reviewing with the management, performance of the statutory and internal auditors, and adequacy of the internal control system.
- Reviewing the adequacy of internal audit function, if any, including the structure of Internal Audit Department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
- Looking into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case

of non-payment of declared dividend) and creditors.

- Reviewing the functioning of Whistle Blower mechanism.

## 4. Compensation Committee

Setting up of a Compensation/Remuneration Committee for determining a Company's policy on remuneration packages for Executive Directors constitutes a non-mandatory provision of Clause 49. The Company set up its Remuneration Committee on February 22, 2002 to review the human resources policies and practices of the Company and in particular, policies regarding remuneration of Whole-Time Directors. The Committee discusses human resources policies such as compensation and performance management. The Remuneration Committee was renamed as Compensation Committee by the Board of Directors at its meeting held on October 24, 2005.

The Compensation Committee consists of the following directors: Mr. S.A. Ahmadullah (Chairman and Independent Director); Mr. A.B. Choudhury (Independent Director); Mr. K.N. Petigara (Independent Director) and Mr. N.B. Godrej (Managing Director). During the year ended March 31, 2011, the committee met on May 26, 2010, and October 27, 2010. The attendance details are given in Table 5.

**Table 5: Attendance record of Compensation Committee members**

Name of Director	No. of meetings held	Meetings attended
Mr. S.A. Ahmadullah	2	2
Mr. A.B. Choudhury <sup>\$</sup>	1	1
Mr. K.N. Petigara	2	2
Mr. N.B. Godrej	2	2
Mr. V.N. Gogate <sup>@</sup>	1	1

<sup>\$</sup> A.B. Choudhury - Appointed as a member of the Committee w.e.f. May 26, 2010.

<sup>@</sup> Mr. V.N. Gogate - Ceased to be a member of the Committee w.e.f. July 27, 2010.

Mr. V. Srinivasan, Executive Vice-President (Finance & Estate) & Company Secretary acts as the secretary to the Committee.

The Company has adopted EVA as a tool for driving performance and has linked improvements in EVA to Performance Linked Variable Remuneration (PLVR) of Managing Director, Whole-Time Directors, Managers and Officers of the Company.

## 5. Shareholders Committee

Among other functions, this committee looks into redressal of shareholder complaints regarding transfer of shares, non-receipt of Balance Sheet and non-receipt of declared dividends, as required in Clause 49 of the Listing Agreement. The Committee consists of the following members: Mr. A. B. Godrej (Chairman), Ms. T.A. Dubash, and Mr. M. Eipe. During the year, 12 meetings of the Committee were held.

Mr. V. Srinivasan, Executive Vice-President (Finance & Estate) & Company Secretary acts as the secretary to the Committee.

### **Name and designation of Compliance Officer:**

Mr. V. Srinivasan, Executive Vice-President (Finance & Estate) & Company Secretary.

### **Number of complaints for the year ended March 31, 2011**

Complaints outstanding as on April 1, 2010	Nil
Complaints received during the year ended March 31, 2011	45
Complaints resolved during the year ended March 31, 2011	45
Complaints outstanding as on March 31, 2011	Nil

There are no pending share transfers as on March 31, 2011.

## 6. Management

### **a) Management discussion and analysis**

This annual report has a detailed chapter on management discussion and analysis.

### **b) Disclosures by management to the Board**

All details relating to financial and commercial transactions where

Directors may have a potential interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

## 7. Disclosures

### **a) Materially significant related party transaction that may have potential conflict with the interests of the Company at large**

During the year 2010-11, there were no materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Attention of Members is drawn to the disclosures of transactions with related parties set out in Notes to Accounts – Schedule 20, Note No. 19, forming part of the Annual Report.

### **b) Whistle Blower Policy**

With a view to establish a mechanism for protecting the employees reporting unethical behaviour, fraud, violation of Company's Code of Conduct, the Board of Directors has adopted a Whistle Blower Policy. During the year 2010-11, no personnel has been denied access to the Audit Committee.

### **c) Policy to Prevent Sexual Harassment at the workplace**

The Company is committed to creating and maintaining an atmosphere in which employees can work together, without fear of sexual harassment, exploitation or intimidation. Every employee is made aware that the Company is strongly opposed to sexual harassment and that such behaviour is prohibited both by law and by the Godrej group. To redress complaints of sexual harassment, a Complaint Committee has been formed which is headed by Ms. T. A. Dubash, Executive Director & President (Marketing).

#### d) Details of compliance with mandatory requirement

Particulars	Clause of Listing Agreement	Compliance Status Yes/No
<b>I. Board of Directors</b>	<b>49 (I)</b>	<b>Yes</b>
(A) Composition of Board	49 (IA)	Yes
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes
(C) Other provisions as to Board and Committees	49 (IC)	Yes
(D) Code of Conduct	49 (ID)	Yes
<b>II. Audit Committee</b>	<b>49 (II)</b>	
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes
(B) Meeting of Audit Committee	49 (IIB)	Yes
(C) Powers of Audit Committee	49 (IIC)	Yes
(D) Role of Audit Committee	49 (IID)	Yes
(E) Review of Information by Audit Committee	49 (IIE)	Yes
<b>III. Subsidiary Companies</b>	<b>49 (III)</b>	<b>Yes</b>
<b>IV. Disclosures</b>	<b>49 (IV)</b>	
(A) Basis of related party transactions	49 (IVA)	Yes
(B) Board disclosures	49 (IVB)	Yes
(C) Proceeds from public issues, rights issues, preferential issues etc.	49 (IVC) 49 (IVD)	Not applicable at present
(D) Remuneration of Directors	49 (IVE)	Yes
(E) Management	49 (IVF)	Yes
(F) Shareholders	49 (IVG)	Yes
<b>V. CEO/CFO Certification</b>	<b>49 (V)</b>	<b>Yes</b>
<b>VI. Report on Corporate Governance</b>	<b>49 (VI)</b>	<b>Yes</b>
<b>VII. Compliance</b>	<b>49 (VII)</b>	<b>Yes</b>

#### e) Details of Non-compliance

There has not been any non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets.

#### f) Declaration by Chairman & Managing Director

The declaration by the Managing Director stating that all the Board Members and senior management personnel have affirmed their compliance with the laid down code of conduct for the year ended March 31, 2011, is annexed to the Corporate Governance Report.

## 8. General Body Meetings

### a) Details of last three AGMs

Year	Venue	Date	Time
2007-08	Y.B. Chavan Centre, Nariman Point, Mumbai 400 021.	July 29, 2008	4.30 P.M.
2008-09	- do -	July 29, 2009	4.30 P.M.
2009-10	- do -	July 27, 2010	4.30 P.M.

### b) Details of Special Resolutions Passed in previous three Annual General Meetings

Date of AGM	Number of Special Resolutions passed	Details of Special Resolutions Passed
July 29, 2008	6	<ol style="list-style-type: none"> <li>1) To further invest in securities of and/or place inter-corporate deposits with and/or make loans or any other form of debt to and/or investment in Godrej Properties Ltd., upto a sum of ₹ 25 crore, u/s 372A of the Companies Act, 1956.</li> <li>2) To further invest in securities of and/or place inter-corporate deposits with and/or make loans or any other form of debt to and/or investment in Godrej Agrovet Ltd., upto a sum of ₹ 20 crore, u/s 372A of the Companies Act, 1956.</li> <li>3) To further invest in securities of and/or place inter-corporate deposits with and/or make loans or any other form of debt to and/or investment in Ensemble Holdings &amp; Finance Ltd., upto a sum of ₹ 10 crore, u/s 372A of the Companies Act, 1956.</li> <li>4) To further invest in securities of and/or place inter-corporate deposits with and/or make loans or any other form of debt to and/or investment in Boston Analytics Inc., upto a sum of ₹ 15 crore, u/s 372A of the Companies Act, 1956.</li> <li>5) Revision in the terms of remuneration payable to Ms. Nisaba A. Godrej.</li> <li>6) Amendment to Articles of Association of the Company.</li> </ol>
July 29, 2009	5	<ol style="list-style-type: none"> <li>1) Re-appointment and remuneration of Ms. T.A. Dubash as a Whole-Time Director of the Company.</li> <li>2) Re-appointment and remuneration of Mr. V.F. Banaji as a Whole-Time Director of the Company.</li> <li>3) Re-appointment and remuneration of Mr. M. Eipe as a Whole-Time Director of the Company.</li> <li>4) Re-appointment and remuneration of Mr. M.P. Pusalkar as a Whole-Time Director of the Company.</li> <li>5) To approve New Employees Stock Option Scheme and to authorize persons in this regard.</li> </ol>
July 27, 2010	2	<ol style="list-style-type: none"> <li>1) Re-appointment of and remuneration payable to Mr. N.B. Godrej, Managing Director.</li> <li>2) Approval to invest in CBay Infotech Ventures Pvt. Ltd. under Section 372A of the Companies Act, 1956.</li> </ol>

### c) Postal Ballot

During the year, pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001, certain resolutions were passed by shareholders by postal ballot. The

Notice of postal ballot were mailed to all shareholders alongwith postage prepaid envelopes. Mr. Bharat Shemlani, Chartered Accountant, had been appointed as scrutinizer for the postal ballots, who submitted his reports to the Chairman, Mr. A.B. Godrej. The details of the postal ballots are given below :-

Sr. No.	Date of announcement of results	Nature of resolution	Item	Total no. of votes polled	No. of votes in favour %	No. of votes against %	No. of invalid votes %
1.	September 27, 2010	Special	To invest in and/or place inter-corporate deposits with and/or make loans and/or investment in the securities of the Limited Liability Partnership(s) upto a limit not exceeding ₹ 1 crore.	1934	99.96	0.01	0.03
2.	January 17, 2011	Special	1) Modification of Godrej Industries Limited Employee Stock Option Plan- I.	1852	99.91	0.07	0.02
			2) Approval of Employees Stock Grant Scheme and allotment of equity shares thereunder to the Employees of the Company and its subsidiaries.	1852	99.13	0.84	0.03
			3) Increase in remuneration payable to Mr. N.B. Godrej for the financial year 2010-2011.	1852	99.95	0.02	0.03
			4) Waiver of refund of remuneration paid to Mr. V.F. Banaji	1852	99.88	0.09	0.03
			5) Waiver of refund of remuneration paid to Mr. M.P. Pusalkar.	1852	99.88	0.09	0.03

### d) Procedure adopted for Postal Ballot

(i) The Board at its meeting approves the items to be passed through postal ballot and authorizes one of the functional Directors and the Company Secretary to be responsible for the entire process of postal ballot.

(ii) A professional such as a Chartered Accountant/Company Secretary, who is not in employment of the Company, is appointed as the Scrutinizer for the poll process.

(iii) Notice of postal ballot alongwith the ballot papers are sent to the shareholders alongwith a

self addressed postage prepaid envelope addressed to the Scrutinizer.

- (iv) An advertisement is published in a National newspaper about the dispatch of ballot papers and notice of postal ballot.
- (v) The duly completed postal ballot papers are received by the Scrutinizer.
- (vi) Scrutinizer gives his report to the Chairman.
- (vii) The Chairman announces the results of the postal ballot in a meeting convened for the same.
- (viii) Results are intimated to the Stock Exchange and are put up on the Notice Board of the Company as well as on the Company's website.

## 9. Shareholders and Means of Communication

### a) Disclosures regarding appointment or re-appointment of Directors

According to the Articles of Association of the Company, at every Annual General Meeting of the Company one-third of the Directors are liable to retire by rotation. Mr. J.N. Godrej, Ms. T.A. Dubash, Mr. K.N. Petigara, Mr. V.M. Crishna shall retire at this Annual General Meeting of the Company and being eligible offer themselves for re-appointment. Information about the Directors who are being appointed/re-appointed is given as an annexure to the Notice of the AGM.

### b) Communication to shareholders

All vital information relating to the Company and its performance, including quarterly results, official press releases are posted on the website of the Company. The Company's website address is [www.godrejinds.com](http://www.godrejinds.com). The quarterly and annual results of the Company's performance are published in leading

dailies like Economic Times, Business Standard, Business Line, Maharashtra Times, etc. The Company has also posted information relating to its financial results, shareholdings pattern and Corporate Governance Report on the Corporate filing website at [www.corpfiling.co.in](http://www.corpfiling.co.in).

### c) Investor grievances

As mentioned before, the Company has constituted a Shareholders Committee to look into and redress Shareholders and investor complaints. Mr. V. Srinivasan, Executive Vice-President (Finance & Estate) & Company Secretary is the compliance officer.

### d) Share transfer

The Company has outsourced its share transfer function to Computech Sharecap Ltd., which is registered with the SEBI as a Category 1 Registrar and Transfer Agent.

### e) Details of non-compliance

There has been no instance of the Company not complying with any matter related to capital markets.

## 10. Corporate Governance Voluntary Guidelines – 2009

Your Company is committed to maintaining highest standards of Corporate Governance by adhering to the requirements set out by SEBI.

With a view to strengthening the Corporate Governance framework, the Ministry of Corporate Affairs has issued voluntary guidelines in December 2009 for adoption by the companies. These guidelines are intended to serve as a benchmark for Corporates to help them to adopt the highest standards. Corporate Governance guidelines do not substitute any extant law or regulation but are essentially for voluntary adoption by Corporates.

Your Company is already in compliance with most of these requirements and continually reviews for enhancements as appropriate.

## Declaration by Managing Director

I, N.B. Godrej, Managing Director of Godrej Industries Limited (GIL), hereby confirm pursuant to Clause 49(1)(D) of the Listing Agreement that:

The Board of Directors of GIL has laid down a code of conduct for all Board members and senior management of the Company. The said code of conduct has also been posted on the Company's website viz. [www.godrejinds.com](http://www.godrejinds.com). All the Board members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended March 31, 2011.

Mumbai, May 30, 2011

**N.B. Godrej**  
Managing Director

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## Auditors' Certificate on Corporate Governance

To the Members of  
Godrej Industries Limited

We have examined the compliance of conditions of Corporate Governance by Godrej Industries Limited (the Company) for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of  
**KALYANIWALLA & MISTRY**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 104607W

**Daraius Z. Fraser**  
**PARTNER**  
Membership No. 42454

Mumbai, May 30, 2011

# Shareholders' Information

## i. Annual General Meeting

Date : July 30, 2011

Time : 4.30 p.m.

Venue : Y.B. Chavan Centre, Gen.  
Jagannathrao Bhonsle Marg,  
Nariman Point, Mumbai - 400 021.

## ii. Financial Calendar

Financial year: April 1 to March 31

For the year ended March 31, 2011, results were announced on:

- July 27, 2010 : First quarter
- October 27, 2010 : Half year
- January 24, 2011 : Third quarter
- May 30, 2011 : Annual

## iii. Record Date/Book Closure

A dividend of ₹ 1.75 per equity share of ₹ 1/- each has been recommended by the

Board of Directors of the Company. For payment of dividend, the book closure is from July 23, 2011 to July 30, 2011 (both days inclusive).

## iv. Listing information

The Company's equity shares are listed on The Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd.

Name of the Stock Exchange	Stock Code
The Bombay Stock Exchange Ltd. (BSE)	500164
National Stock Exchange of India Ltd. (NSE)	GODREJIND

## v. Stock Data

Tables 1 and 2 respectively give the monthly high and low prices and volumes of equity shares of the Company at BSE and the NSE for the year ended March 31, 2011. Chart A compares the Company's share price at the BSE versus the Sensex.

**Table 1: Monthly high and low prices and trading volumes of equity shares of the Company at BSE for the year ended March 31, 2011:**

Month	High (₹)	Low (₹)	Volume (No. of Shares)
April 2010	173.90	140.65	49,02,439
May 2010	167.85	144.00	39,81,289
June 2010	173.75	142.70	45,92,510
July 2010	197.85	165.00	69,92,055
August 2010	213.70	190.60	60,18,398
September 2010	247.70	197.00	57,56,907
October 2010	237.25	206.10	40,65,849
November 2010	238.00	165.10	38,74,188
December 2010	196.25	164.25	26,03,639
January 2011	206.00	167.60	24,29,944
February 2011	177.50	155.00	15,39,664
March 2011	187.10	163.15	17,35,100

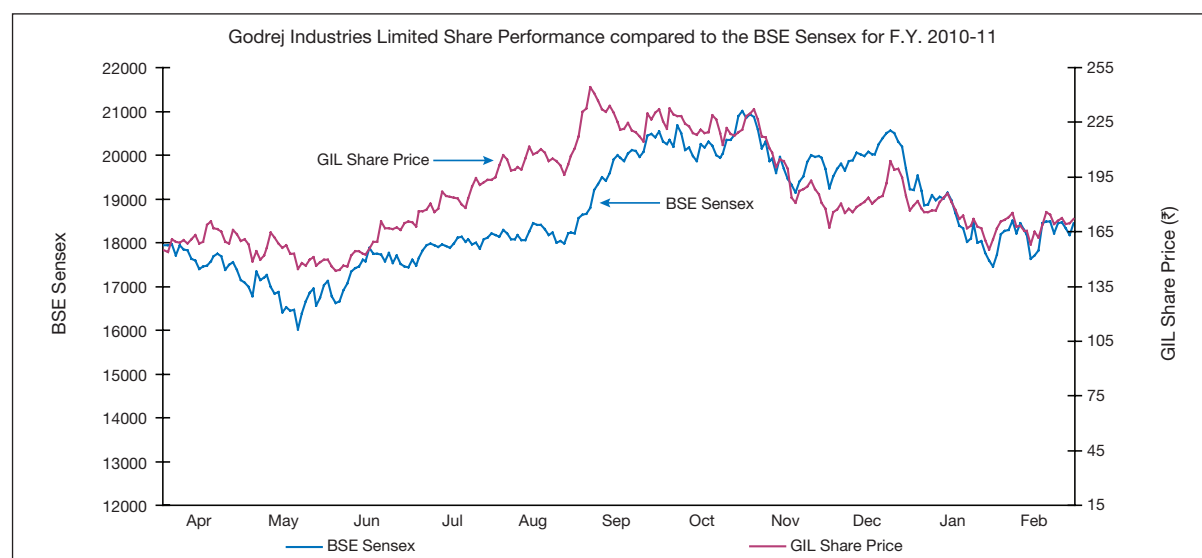
**Note:** High and low are in ₹ per traded share. Volume is the total monthly volume of trade (in numbers) in equity shares of the Company on the BSE.

**Table 2: Monthly high and low prices and trading volumes of equity shares of the Company at NSE for the year ended March 31, 2011:**

Date	High (₹)	Low (₹)	Volume (No. of Shares)
April 2010	173.25	140.55	1,25,21,955
May 2010	167.95	144.00	1,07,61,178
June 2010	173.75	142.50	1,19,29,512
July 2010	197.85	165.00	2,00,76,300
August 2010	213.60	189.90	2,05,14,549
September 2010	248.10	196.65	2,13,34,648
October 2010	237.25	205.50	1,89,05,419
November 2010	238.00	165.75	1,60,71,173
December 2010	196.30	164.00	74,37,403
January 2011	206.00	167.45	87,50,520
February 2011	177.40	154.30	54,54,783
March 2011	187.20	162.15	59,09,491

**Note:** High and low are in ₹ per traded share. Volume is the total monthly volume of trade (in numbers) in equity shares of the Company on the NSE.

**Chart A – The Company’s share performance compared to the BSE Sensex for FY 2010-2011:**



#### vi. Distribution of shareholding:

Tables 3 and 4 give the distribution pattern of shareholding of the Company by size and ownership respectively as on March 31, 2011.

**Table 3: Distribution of shareholding by size as on March 31, 2011:**

Number of shares	Number of shareholders	Shareholders %	Number of shares held	Shareholding %
1 - 500	57,526	87.95%	66,61,558	2.10%
501 - 1000	4,250	6.50%	33,00,420	1.04%
1001 - 2000	1,842	2.82%	27,51,510	0.87%
2001 - 3000	618	0.94%	16,00,677	0.50%
3001 - 4000	251	0.38%	9,03,937	0.28%

Number of shares	Number of shareholders	Shareholders %	Number of shares held	Shareholding %
4001 - 5000	197	0.30%	9,29,128	0.29%
5001 - 10000	338	0.52%	24,76,121	0.78%
10001 & above	385	0.59%	29,90,01,541	94.14%
<b>Total</b>	<b>65,407</b>	<b>100.00%</b>	<b>31,76,24,892</b>	<b>100.00%</b>

**Table 4: Distribution of shareholding by ownership as on March 31, 2011:**

Category (as being reported to Stock Exchanges)	Shares held (nos.)	% of holding
<b>Promoter's holding</b>		
Promoters	25,12,34,174	79.10
Persons deemed to act in concert with promoters	0	0
<b>Institutional investors</b>		
Mutual funds & UTI	57,16,139	1.80
Banks, financial institutions & insurance companies	69,33,331	2.18
Foreign institutional investors	1,06,88,285	3.37
<b>Others</b>		
Private corporate bodies	1,03,57,253	3.26
Indian public	3,12,56,387	9.84
NRI/OCBs	14,39,323	0.45
<b>Total</b>	<b>31,76,24,892</b>	<b>100.00</b>

**vii. Shares held in physical and dematerialised form**

As on March 31, 2011, 99.71 percent of the Company's shares were held in dematerialised form and the remaining 0.29 percent in physical form. The break-up is listed below:

Category	Number of shareholders	Shareholders %	Number of shares held	Shareholding %
Physical	2,500	3.82%	9,35,157	0.29%
Electronic	62,907	96.18%	31,66,89,735	99.71%
<b>Total</b>	<b>65,407</b>	<b>100.00%</b>	<b>31,76,24,892</b>	<b>100.00%</b>

**viii. Outstanding GDRs/ADRs/Warrants/Convertible instruments and their impact on equity**

The Company does not have any outstanding GDRs/ADRs/warrants/convertible instruments.

**ix. Share Transfer**

Share transfers and related operations for the Company are conducted by Computech Sharecap Limited, which is registered with the SEBI as a Category 1 Registrar. Share transfer is normally effected within the maximum period of 30 days from the date of receipt, if all the required documentation is submitted.

**x. Investor correspondence should be addressed to:**

Computech Sharecap Limited  
147, M.G. Road, Opp. Jehangir Art Gallery,  
Mumbai - 400 001.  
Tel: 022-22635000/22635001  
E-mail: helpdesk@compuetechsharecap.com  
Fax: 022-22635001

## Report of the Auditors to the Members of Godrej Industries Limited

1. We have audited the attached Balance Sheet of **GODREJ INDUSTRIES LIMITED** as at March 31, 2011 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, both 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 the 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 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The Branch Auditor's Report has been forwarded to us and has been appropriately dealt with.
  - 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 and with the audited returns from the branches.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and 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) Without qualifying our opinion, we draw attention to Note 10 (b) of Schedule 20 – Notes to Accounts regarding a loan and interest thereon of ₹ 84.86 crores (previous year ₹ 81.13 crores), (net of provision of ₹ 5.47 crores (previous year ₹ 3.29 crores)) to a Trust for purchase of the Company's shares from the market equivalent to the options granted under an Employee Stock Option Plan. As at March 31, 2011, the market value of the shares held by the ESOP Trust is lower than the holding cost of these shares by ₹ 25.47 crores (previous year ₹ 34.56 crores) (net of provision of ₹ 5.47 crores (previous year ₹ 3.29 crores)). The repayment of the loans granted to the ESOP Trust and the interest payable by the Trust on the said loans is dependent on the exercise of options by the employees during the exercise period 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 market volatility and the loss, if any, can be determined only at the end of the exercise period, in view of which, provision for the diminution is not considered necessary in the financial statements.
  - f) *Reference is invited to Note 8 (a) of Schedule 20 - Notes to Accounts, regarding the recoverability of advances given to certain individuals amounting to ₹ 10.33 crores (previous year ₹ 10.33 crores) being contingent upon the transfer and / or disposal of the shares pledged against the loan. The said shares were lodged for transfer, which application was rejected and the Company has preferred an appeal to the Company Law Board. The investee company had in the mean while moved the High Court but the matter was referred back to the Company Law Board where the matter is awaiting hearing. The impact thereof on the profit for the year and the reserves as at March 31, 2011, could not be ascertained.*

## Report of the Auditors to the Members of Godrej Industries Limited

- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to paragraph (f) above*, and 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, 2011;
  - 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 of the Company as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of

**Kalyaniwalla & Mistry**  
**Chartered Accountants**  
Firm Regn. No.: 104607W

**Daraius Z. Fraser**  
Partner  
M. No.: 42454

Mumbai: May 30, 2011.

## Annexure to the Auditor's 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 is generally maintaining proper records showing full particulars, including quantitative details and situation of fixed assets, except in case of certain continuous process plants where item-wise values are not available and in case of furniture, fittings and equipment where the records maintained show quantitative details with their situation and values based on valuation by an approved valuer.
  - 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.
  - b) In our opinion, 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. The discrepancies noticed on verification between physical inventories and book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
3. Loans and Advances:
  - a) The Company had granted unsecured loans to two companies listed in the register maintained under section 301 of the Companies Act, 1956, of which two loans of ₹ 2.59 crores were outstanding at the year end. The maximum amount of loans granted to the said companies during the year was ₹ 6.74 crores.
  - b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which the unsecured loans have been granted to the parties listed in the register maintained under section 301 of the Companies Act, 1956, are not prima facie prejudicial to the interest of the Company.
  - c) The loans outstanding at the year end are at call and have not been recalled during the year. The companies are generally regular in payment of interest.
  - d) There are no overdue amounts exceeding ₹ one lakh.
  - e) The Company has taken unsecured loans from two companies listed in the register maintained under section 301 of the Companies Act, 1956, of which one loan of ₹ 2.50 crores was outstanding at the year end. The maximum amount of loans taken from the said companies during the year was ₹ 5.50 crores.
  - f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of loans taken are prima facie not prejudicial to the interest of the Company.
  - g) The loans outstanding at the year end are at call and have not been recalled during the year. The company is generally regular in payment of interest.
  - h) There are no overdue amounts exceeding ₹ one lakh.
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.

## Annexure to the Auditor's Report

- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 500,000 in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time, where comparable market prices exist. We have been informed that many of the items are of a special nature and their prices cannot be compared with alternative quotations.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under in respect of the deposits accepted from the public. 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. In our opinion and 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 of the products of the Company.
9. Statutory Dues
- a) According to the information and explanation given to us, the Company is generally regular in depositing undisputed statutory dues, including dues pertaining to Investor Education and Protection Fund, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and any other statutory dues with the appropriate authorities. We have been informed that there are no undisputed dues which have remained outstanding as at the end of the financial year, for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us and the records examined by 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 crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty / Service Tax demands relating to disputed classification, post manufacturing expenses, assessable values, etc.	0.08	2002-03, 2006-07, 2010-11	Assistant Commissioner
		1.39	1996-97, 2005-06, 2009-10, 2010-11	Commissioner
		0.03	2009-10	Deputy Commissioner
		0.73	1982-83, 1998-99, 1999-02, 1993-94	CESTAT
		5.83	1978-79, 1976-85, 1995-96	High Court
		3.91	1993-97	The Supreme Court
Custom Duty	Custom Duty demands relating to lower charge, differential duty, classifications etc.	0.24	1978-83, 1991-92, 2003-04	Assistant Commissioner
		0.09	1987-93	Commissioner
		0.25	1978-79, 2003-04	CESTAT
		1.09	1978-93	High Court

## Annexure to the Auditor's Report

Name of Statute	Nature of Dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Sales Tax	Sales Tax demands relating to purchase tax on Branch Transfer / Non availability of C Forms, etc. at various levels.	11.66	1996-97, 1997-98, 2001-02, 2002-06	Sales Tax Officer
		0.42	1996-00, 2001-02, 2003-05, 2006-07	Assistant Commissioner
		5.83	2000-03, 2004-05, 2006-07	Commissioner
		0.71	1990-92, 1994-96, 1997-98, 2003-05	Tribunal
		0.10	2003-04	High Court
Others:				
Octroi	Octroi demand relating to classification issue on import of Palm Stearine and interest thereon.	12.84	1984-2002	The Bombay High Court
		0.04	1997-99	Dy. Commissioner
		0.24	1997-2003	Tribunal
		0.01	2000-01	The Supreme Court
Stamp Duty	Stamp Duties claimed on certain properties which are under appeal by the Company.	1.82	2000-01	Controlling Revenue Authority

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, 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 maintained adequate documents and records in respect of loans and advances granted on the basis of security by way of pledge of shares and other securities, *except for the shares referred to in Note 8 (b) of Schedule 20 - Notes to Accounts, which have not been transferred in the name of the Company.*
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. In our opinion, the Company has maintained proper records of the transactions and contracts in respect of investments purchased and sold during the year and timely entries have been made therein. The investments made by the Company are held in its own name *except for the shares referred to in Note (d) of Schedule 6.*

## Annexure to the Auditor's Report

15. According to the information and explanations given to us and the records examined by us, the terms and conditions of guarantees given by the Company for loans taken by others from banks or financial institutions 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 loan obtained by the Company was applied for the purpose for which the loan was 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 not raised any money through a public issue during the year.
21. Based upon the audit procedures performed by us, to the best of our knowledge and belief and according to the information and explanations given to us by the Management, no fraud on, or by the company, has been noticed or reported during the year.

For and on behalf of

**Kalyaniwalla & Mistry**  
**Chartered Accountants**  
Firm Regn. No.: 104607W

**Daraius Z. Fraser**  
Partner  
M. No.: 42454

Mumbai: May 30, 2011.

## Balance Sheet as at March 31, 2011

	Schedule	₹ in Crore	This Year ₹ in Crore	Previous Year ₹ in Crore
<b>SOURCES OF FUNDS</b>				
1. Shareholders' Funds				
(a) Share capital	1	31.76		31.76
(b) Reserves and surplus	2	1,058.40	1,090.16	990.93
				1,022.69
2. Loan Funds				
(a) Secured loans	3	83.23		204.19
(b) Unsecured loans	4	470.99	554.22	343.42
			35.92	547.61
3. Deferred Tax Liability				31.98
<b>TOTAL</b>			<b>1,680.30</b>	<b>1,602.28</b>
<b>APPLICATION OF FUNDS</b>				
4. Fixed Assets	5			
(a) Gross block		677.51		615.13
(b) Less: Depreciation/Impairment		363.34		338.82
(c) Net block		314.17		276.31
(d) Capital work-in-progress		5.45	319.62	22.31
				298.62
5. Investments	6		1,233.75	1,147.63
6. Current Assets, Loans and Advances				
(a) Inventories	7	185.09		134.77
(b) Sundry debtors	8	127.75		110.87
(c) Cash and bank balances	9	44.11		15.09
(d) Loans and advances	10	192.99		175.03
		549.94		435.76
Less: Current Liabilities and Provisions				
(a) Current Liabilities	11	348.07		210.40
(b) Provisions	12	74.94		69.33
		423.01		279.73
Net Current Assets			126.93	156.03
7. Miscellaneous Expenditure (To the extent not written off or adjusted)	13		-	-
<b>TOTAL</b>			<b>1,680.30</b>	<b>1,602.28</b>
Significant Accounting Policies	19			
Notes to Accounts	20			

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

As per our Report attached

Signatures to Balance Sheet and Schedules  
1 to 13, 19 and 20

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

For and on behalf of the Board  
**A. B. Godrej**  
Chairman

**N. B. Godrej**  
Managing Director

**Daraius Z. Fraser**  
Partner

**M. Eipe**  
Executive Director  
& President (Chemicals)

**V. Srinivasan**  
Executive Vice President  
(Finance & Estate) &  
Company Secretary

Mumbai, May 30, 2011.

## Profit and Loss Account for the year ended March 31, 2011

	Schedule	₹ in Crore	This Year ₹ in Crore	Previous Year ₹ in Crore
<b>INCOME</b>				
Turnover (gross) (Refer Note 14 of Schedule 20)			1,121.56	856.29
Less: Excise duty			62.73	39.92
Turnover (net)			1,058.83	816.37
Other Income	14		195.71	175.33
			1,254.54	991.70
<b>EXPENDITURE</b>				
Materials consumed and purchase of goods	15		708.49	534.17
Expenses	16		341.23	306.26
Inventory change	17		(23.16)	(17.36)
Interest and financial charges (net)	18		63.12	60.25
Depreciation			28.85	28.39
(Net of transfer from Revaluation Reserve ₹ 0.99 crore, Previous year ₹ 0.99 crore)			1,118.53	911.71
<b>Profit before Tax</b>			136.01	79.99
Provision for Taxation				
- Current Tax			19.48	8.77
- MAT credit			(19.48)	(8.77)
- Deferred Tax			3.94	(0.80)
- Adjustment for tax of previous years (net)			(1.36)	(0.13)
			2.58	(0.93)
<b>Net Profit</b>			133.43	80.92
Surplus brought forward		311.46		293.88
Add: Excess provision for proposed dividend		-		0.26
Add: Excess provision for tax on distributed profit		-		0.04
			311.46	294.18
<b>Amount Available For Appropriation</b>			444.89	375.10
<b>Appropriations</b>				
Proposed Dividend - Final			55.58	47.64
Tax on distributed profits			9.02	7.91
Transfer to General Reserve			13.34	8.09
Surplus carried forward			366.95	311.46
<b>TOTAL</b>			444.89	375.10
Basic and Diluted Earnings per share before Extraordinary Items			4.20	2.54
Basic and Diluted Earnings per share after Extraordinary Items (refer Note 17 of Schedule 20)			4.20	2.54
Significant Accounting Policies	19			
Notes to Accounts	20			

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 14 to 20

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

For and on behalf of the Board  
**A. B. Godrej**  
Chairman

**N. B. Godrej**  
Managing Director

**Darius Z. Fraser**  
Partner

**M. Eipe**  
Executive Director  
& President (Chemicals)

**V. Srinivasan**  
Executive Vice President  
(Finance & Estate) &  
Company Secretary

Mumbai, May 30, 2011.

## Cash Flow Statement for the year ended March 31, 2011

	This year ₹ in Crore	Previous year ₹ in Crore
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	136.01	79.99
Adjustments for:		
Depreciation	28.85	28.39
Unrealised Foreign exchange	0.26	(1.83)
Profit on sale of investments	(89.13)	(105.39)
Profit on sale of fixed assets	(24.83)	(0.09)
Dividend income	(53.50)	(42.81)
Interest income	(15.81)	(12.74)
Interest expense	63.18	60.42
Deferred expenditure written off	-	3.86
Provision for diminution in value of investments	10.48	12.54
Provision/(Write back) for doubtful debts & sundry balances (net)	2.07	(0.26)
Operating Profit before working capital changes	57.58	22.08
Adjustments for:		
Inventories	(50.32)	(41.21)
Trade and other receivables	(14.71)	44.83
Trade payables	133.44	63.21
Cash generated from operations	125.99	88.91
Direct taxes paid	(23.48)	(12.27)
Direct taxes refund / received	13.16	0.13
<b>Net Cash from operating activities</b>	<b>115.67</b>	<b>76.77</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(60.43)	(39.88)
Proceeds from sale of fixed assets	34.10	0.50
Purchase of investments	(871.81)	(825.78)
Proceeds from sale of investments	864.32	919.09
Intercompany deposits / Loans (net)	(8.47)	(9.22)
Interest received	15.15	11.93
Dividend received	53.50	42.81
<b>Net Cash from investing activities</b>	<b>26.36</b>	<b>99.45</b>

## Cash Flow Statement for the year ended March 31, 2011

	This year ₹ in Crore	Previous year ₹ in Crore
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	736.04	825.00
Repayments of borrowings	(733.39)	(846.21)
Equity share capital bought back	-	(28.87)
Bank overdrafts (net)	4.04	(31.93)
Interest paid	(64.19)	(61.16)
Dividend paid	(47.60)	(39.72)
Tax on distributed profits	(7.91)	(6.75)
<b>Net Cash used in financing activities</b>	<b>(113.01)</b>	<b>(189.64)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>29.02</b>	<b>(13.42)</b>
Opening Balance of Cash and Cash Equivalents	15.09	28.51
Closing Balance of Cash and Cash Equivalents	44.11	15.09
<b>Notes:</b>		
1. Cash and Cash equivalents.		
Cash on hand and balances with banks	44.11	15.05
Effect of exchange rate changes	-	0.04
Cash and cash equivalents	44.11	15.09
2. Cash and Cash equivalents include Deposits with Bank as security against guarantees issued amounting to ₹ 0.19 crore (Previous year ₹ 0.19 crore).		
3. To finance working capital requirements, the Company's Bankers have sanctioned a total fund-based limit of ₹ 90.00 crore. Of this, limits utilised as on March 31, 2011 is ₹ 18.23 crore.		
4. The figures of previous year have been regrouped wherever necessary to conform to current years presentation.		

As per our Report attached

For and on behalf of

**Kalyaniwalla & Mistry**

Chartered Accountants

**Daraius Z. Fraser**

Partner

Mumbai, May 30, 2011.

For and on behalf of the Board

**A. B. Godrej**

Chairman

**M. Eipe**Executive Director  
& President (Chemicals)

Signatures to Cash Flow Statement

**N. B. Godrej**

Managing Director

**V. Srinivasan**Executive Vice President  
(Finance & Estate) &  
Company Secretary

## Schedules forming part of the Accounts for the year ended March 31, 2011

### SCHEDULE 1 : SHARE CAPITAL

#### Authorised:

800,000,000	Equity shares of ₹ 1 each
100,000,000	Unclassified shares of ₹ 10 each

#### Issued, Subscribed and Paid Up:

317,624,892	(previous year 317,624,892) Equity shares of ₹ 1 each fully paid
-------------	--

Of the above ,

- (i) 187,202,388 (Previous Year 187,202,388) shares are held by Godrej & Boyce Mfg. Co. Limited, the holding company.
- (ii) 155,547,816 (Previous Year 155,547,816) shares are allotted for consideration other than cash pursuant to schemes of amalgamation / arrangement.
- (iii) 95,705,718 (Previous Year 95,705,718) shares are allotted as fully paid bonus shares by way of capitalisation of Securities premium account.

This Year ₹ in Crore	Previous Year ₹ in Crore
80.00	80.00
100.00	100.00
<b>180.00</b>	<b>180.00</b>
31.76	31.76
<b>31.76</b>	<b>31.76</b>

### SCHEDULE 2: RESERVES AND SURPLUS

#### Securities Premium Account

As per last Balance Sheet	₹ in Crore	556.51	
Less : Premium paid on buy back of shares		-	

#### Capital Investment Subsidy Reserve

#### Capital Redemption Reserve

As per last Balance Sheet	₹ in Crore	31.46	
Add : Transfer from General Reserve on buy back of shares		-	

#### Revaluation Reserve

As per last balance sheet	₹ in Crore	12.86	
Less : Depreciation on revalued component and deduction due to sale/discard of fixed assets		(1.36)	

#### General Reserve

As per last Balance Sheet	₹ in Crore	78.39	
Less : Transfer to Capital Redemption Reserve		-	
Add : Transferred from profit and Loss Account		13.34	

#### Profit and Loss Account

	₹ in Crore	This Year ₹ in Crore	Previous Year ₹ in Crore
		556.51	585.16
			(28.65)
		<b>556.51</b>	<b>556.51</b>
		<b>0.25</b>	<b>0.25</b>
		31.46	31.25
		-	0.21
		<b>31.46</b>	<b>31.46</b>
		12.86	14.10
		(1.36)	(1.24)
		<b>11.50</b>	<b>12.86</b>
		78.39	70.51
		-	(0.21)
		13.34	8.09
		<b>91.73</b>	<b>78.39</b>
		<b>366.95</b>	<b>311.46</b>
		<b>1,058.40</b>	<b>990.93</b>

## Schedules forming part of the Accounts for the year ended March 31, 2011

### SCHEDULE 3 : SECURED LOANS

	This Year ₹ in Crore	Previous Year ₹ in Crore
Term loans from banks	-	100.00
Bank Overdrafts, Packing Credits, etc.	18.23	14.19
Commercial Paper	-	25.00
Other loans	65.00	65.00
	<b>83.23</b>	<b>204.19</b>

Particulars of securities (Refer Note 4 of Schedule 20)

### SCHEDULE 4 : UNSECURED LOANS

Term Loans from Banks	235.00	185.00
Commercial Paper	95.00	60.00
Fixed Deposits	138.49	97.42
Inter Corporate Borrowing	2.50	1.00
	<b>470.99</b>	<b>343.42</b>
Amount repayable within one year	<b>273.27</b>	<b>256.10</b>

### SCHEDULE 5 : FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION / IMPAIRMENT				NET BLOCK	
	As on 01.04.2010	Additions	Deductions/ Adjustments	As on 31.03.2011	Upto 31.03.2010	Deductions/ Adjustments	For the Year	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
<b>Tangible Assets</b>										
Land - Freehold	1.14	-	-	1.14	-	-	-	-	1.14	1.14
- Leasehold	1.48	15.35	-	16.83	0.27	-	0.18	0.45	16.38	1.21
Buildings	97.30	50.99	9.86	138.43	26.87	0.65	2.85	29.07	109.36	70.43
Plant and Machinery	447.16	4.06	0.75	450.47	277.80	0.91	21.90	298.79	151.68	169.36
Research Centre	1.27	-	0.96	0.31	0.61	0.51	0.02	0.12	0.19	0.66
Furniture & Fixtures	12.33	1.42	1.05	12.70	7.24	0.75	0.75	7.24	5.46	5.09
Office and Other Equipments	10.77	1.10	0.51	11.36	4.93	0.24	0.54	5.23	6.13	5.84
Vehicles / Vessels	25.94	4.90	0.96	29.88	5.80	0.60	2.31	7.51	22.37	20.14
<b>Intangible Assets</b>										
Trademarks	4.63	-	-	4.63	4.24	-	0.39	4.63	-	0.39
Software	10.33	0.38	-	10.71	8.70	-	0.64	9.34	1.37	1.63
<b>Assets Acquired under Finance Lease</b>										
Vehicles	2.78	-	1.73	1.05	2.36	1.66	0.26	0.96	0.09	0.42
<b>TOTAL - This Year</b>	<b>615.13</b>	<b>78.20</b>	<b>15.82</b>	<b>677.51</b>	<b>338.82</b>	<b>5.32</b>	<b>29.84</b>	<b>363.34</b>	<b>314.17</b>	<b>276.31</b>
- Previous Year	578.55	42.64	6.06	615.13	314.68	5.24	29.38	338.82		
Capital Work-in-Progress									5.45	22.31
<b>TOTAL</b>									<b>319.62</b>	<b>298.62</b>

- Buildings, Plant & Machinery and Research Centre at Vikhroli Factory were revalued on 30th June, 1992, on the basis of a valuation report submitted by professional valuers.
- Depreciation for the year includes ₹ 0.99 crore (previous year ₹ 0.99 crore) being depreciation on revalued component of the fixed assets.
- Gross block deductions includes ₹ 0.72 crore (previous year ₹ 0.83 crore) being the revalued component of assets sold/discarded during the year.
- Accumulated depreciation includes impairment loss of ₹ 5.10 crore (previous year ₹ 5.10 crore) on certain plant and machinery.
- Capital work-in-progress is net of impairment loss of ₹ 2.04 crore (previous year ₹ 2.04 crore) provided on an infructuous asset under construction.

## Schedules forming part of the Accounts for the year ended March 31, 2011

### SCHEDULE 6 : INVESTMENTS

#### PARTICULARS OF INVESTMENTS :

Investee Company / Entity	Face value		Number		Qty. as on 31.03.11	Notes	Amount	
	(₹)	Qty. as on 01.04.10	Acquired during the year	Sold/adjusted during the year			As on 31.03.11 ₹ in Crore	As on 31.03.10 ₹ in Crore
LONG TERM INVESTMENTS : At Cost								
A. TRADE INVESTMENTS								
Equity Shares : Fully Paid								
Bharuch Eco-Aqua Infrastructure Ltd.	10	440,000	-	-	440,000		0.44	0.44
Preference Shares: Partly paid								
Wadala Commodities Ltd. (8% Redeemable Cumulative Preference Shares, 2012)	10	5,000,000	-	-	5,000,000	(a)	4.50	4.50
B. OTHER INVESTMENTS: Fully paid unless stated otherwise								
Equity Shares								
Quoted:								
Godrej Consumer Products Ltd.	1	72,444,620	-	2,650,000	69,794,620	(b)	494.94	513.73
Unquoted:								
Avesthagen Limited	7	288,861	180,538	-	469,399	(c)	12.43	12.43
CBay Infotech Ventures Pvt. Ltd.	10	32,258	80,321	-	112,579		2.33	1.00
Gharda Chemicals Ltd.	100	114	-	-	114	(d)	0.12	0.12
Godrej Hershey Ltd.	10	32,587,046	-	-	32,587,046		177.40	177.40
HyCa Technologies Pvt. Ltd.	10	12,222	-	-	12,222		1.25	1.25
Swadeshi Detergents Ltd.	10	209,370	-	-	209,370		1.91	1.91
Tahir Properties Ltd. (Partly paid)*	100	25	-	-	25	(a)	-	-
Common Stock/Membership Units :								
Quoted								
CBaySystems Holdings Ltd., BVI	\$0.10	8,182,148	-	8,182,148	-	(e)	-	38.09
MedQuist Holdings Inc. (Formerly CBaySystems Holdings Ltd., BVI)	\$0.10	-	1,818,255	-	1,818,255	(e)	38.09	-
Unquoted:								
Boston Analytics Inc.	\$1	1,055,629	-	-	1,055,629		6.88	6.88
CBay Systems Ltd., USA	\$0.01	4,091,073	-	-	4,091,073		2.54	2.54
Verseon Corporation - Class A Preferred Shares	\$1.90	2,631,578	-	-	2,631,578		11.42	11.42
Preference Shares:								
Unquoted:								
Tahir Properties Ltd. (Class - A) (partly paid)*	100	25	-	-	25	(a)	-	-
Optionally Convertible Loan Notes/ Promissory Notes/Debentures:								
Unquoted:								
Boston Analytics Inc. (15%)	\$750,000	-	-	-	-	(g)	3.00	3.00
Boston Analytics Inc. (20%)	\$1,550,000	-	-	-	-	(g)	6.73	6.73
Boston Analytics Inc. (12%)	\$950,000	-	-	-	-	(h)	4.69	4.69
Godrej Hershey Limited	100	-	4,337,000	-	4,337,000		43.37	-
Verseon Corporation (13%)	\$1,000,000	-	-	-	-	(f)	3.98	3.98
Shares in Co-operative Society: Fully Paid								
Unquoted:								
The Saraswat Co-op. Bank Ltd.*	10	1,000	-	-	1,000		-	-
Investment in the capital of Partnership Firm:								
View Group LP*		-	-	-	-		-	

## Schedules forming part of the Accounts for the year ended March 31, 2011

Investee Company / Entity	Face value (₹)	Qty. as on 01.04.10	Number		Qty. as on 31.03.11	Notes	Amount	
			Acquired during the year	Sold/adjust- ed during the year			As on 31.03.11 ₹ in Crore	As on 31.03.10 ₹ in Crore
<b>C. INVESTMENT IN SUBSIDIARY COMPANIES</b>								
<b>Equity Shares:</b>								
<b>Quoted:</b>								
Godrej Properties Ltd.	10	48,495,209	840,000	-	49,335,209	(i)	236.49	185.29
<b>Unquoted:</b>								
Ensemble Holdings & Finance Ltd.	10	3,774,160	-	-	3,774,160		13.19	13.19
Godrej Agrovet Ltd.	10	9,112,956	-	-	9,112,956		163.18	163.18
Godrej Gokarna Oil Palm Limited	10	2,584	-	-	2,584		0.42	0.42
Godrej International Ltd.	₹1	2,355,000	-	250,000	2,105,000		14.76	16.52
Natures Basket Limited	10	7,050,000	15,500,000	-	22,550,000		20.51	5.01
<b>D. CURRENT INVESTMENTS</b>								
<b>Units of Mutual Fund:</b>								
<b>Unquoted:</b>								
DWS Insta Cash Plus Fund Super Institutional Plan Growth	-	-	314,317		314,317		4.00	-
Kotak Liquid (Institutional Premium) - Growth	-	-	880,636		880,636		1.75	-
							1,270.32	1,173.72
<b>Less: Provision for diminution in value of Investments</b>							(36.57)	(26.09)
							1,233.75	1,147.63
<b>Aggregate book value of Investments</b>								
Quoted							769.52	737.11
Unquoted							464.23	410.52
							1,233.75	1,147.63
Market Value of Quoted Investments							5,899.52	4,430.52

Market Value of Quoted Investments

\* Amount less than ₹ 0.01 crores.

### NOTES:

- Uncalled Liability on partly paid shares
  - Tahir Properties Ltd. - Equity - ₹ 80 per share.
  - Tahir Properties Ltd. - Preference - ₹ 30 per share.
  - Wadala Commodities Limited - Preference - ₹ 1 per share.
- 65,00,000 equity shares (previous year 97,50,000 shares) of Godrej Consumer Products Limited have been pledged as security against loan and 52,34,852 equity shares received under a Scheme of Arrangement are locked in till November 24, 2012.
- 202,203 equity shares of ₹ 10 each were split into 288,861 equity shares of ₹ 7 each. Thereafter, 180,538 equity shares of ₹ 7 each were received as bonus shares in the ratio of 5 bonus equity shares for every 8 equity shares held.
- The said shares have been refused for registration by the investee company.
- 8,182,148 common stock of US \$ 0.10 each in CBay Systems Holdings Ltd. BVI, were converted into 1,818,255 common stock of US \$ 1 and the name of the company was changed to MedQuist Holdings Inc.
- Optionally Convertible Notes issued by Verseon Corporation - are convertible after December 1, 2008 until the due date but not later than September 15, 2012.
- The Optionally Convertible Promissory Notes (15%) of Boston Analytics Inc. in respect of which the Company did not exercise the conversion option and Boston Analytics Inc. promissory notes (20%) where there was a partial conversion option which the Company has not exercised were due for redemption on June 30, 2009 and August 21, 2009, respectively. The said promissory notes have not been redeemed as of the Balance Sheet date and have been fully provided for.
- 12% promissory notes are repayable on or before December 31, 2011, along with interest on maturity.
- 1,39,70,002 equity shares (previous year 4,84,95,209 equity shares) of Godrej Properties Limited are locked in till December 22, 2012.

## Schedules forming part of the Accounts for the year ended March 31, 2011

	This Year ₹ in Crore	Previous Year ₹ in Crore
<b>SCHEDULE 7: INVENTORIES</b>		
(at lower of cost and net realisable value)		
Stores and Spares	13.22	11.93
Raw Materials	76.17	50.30
Work-in-Progress	47.12	42.38
Finished Goods	48.58	30.16
	<b>185.09</b>	<b>134.77</b>
<b>SCHEDULE 8: SUNDRY DEBTORS</b>		
(Unsecured)		
Debts outstanding over six months		
Considered Doubtful	1.02	1.02
Other Debts		
Considered Good	127.75	110.87
	<b>128.77</b>	<b>111.89</b>
Less: Provision for Doubtful Debts	1.02	1.02
	<b>127.75</b>	<b>110.87</b>
<b>SCHEDULE 9: CASH AND BANK BALANCES</b>		
Cash and Cheques on Hand	0.11	0.16
Balances with Scheduled Banks		
- on Current Account	27.92	14.60
- on Deposit Account (Refer Note 7 of Schedule 20)	16.08	0.33
	<b>44.11</b>	<b>15.09</b>
<b>SCHEDULE 10: LOANS AND ADVANCES</b>		
(Unsecured and considered good unless otherwise stated)		
Loans and Advances (refer Note 8a & 8b of Schedule 20)	31.10	24.83
Loan to GIL ESOP Trust	84.86	73.02
(net of provision for doubtful loan ₹ 5.47 crore, previous year ₹ 3.29 crore)		
Advances recoverable in cash or in kind or for value to be received		
(net of provision for doubtful advances ₹ 5.73 crore, previous year ₹ 5.86 crore)	13.99	19.31
Intercompany Deposits	11.73	13.88
Deposits and balances with		
- Customs and Excise Authorities	4.17	5.41
- Others	4.64	7.77
MAT Credit Entitlement	39.20	11.71
Advance Payment of Taxes (Net of Provision for tax ₹ 43.90 crore, previous year ₹ 16.71 crore)	3.30	19.10
	<b>192.99</b>	<b>175.03</b>

## Schedules forming part of the Accounts for the year ended March 31, 2011

	This Year ₹ in Crore	Previous Year ₹ in Crore
<b>SCHEDULE 11: CURRENT LIABILITIES</b>		
Sundry Creditors (refer Note 9 of Schedule 20)		
- Outstanding dues of Micro Enterprises and Small Enterprises	0.53	0.85
- Others	322.52	184.05
Advances from Customers	4.01	3.07
Sundry Deposits	15.25	15.22
Investor Education and Protection Fund *		
- Unclaimed Dividend	0.21	0.17
- Unclaimed Matured Deposits	0.32	0.09
- Unclaimed Interest on Matured Deposits	0.03	0.05
Other liabilities	3.53	4.23
Interest Accrued but not Due on Loans	1.67	2.67
	<b>348.07</b>	<b>210.40</b>
* There is no amount due and outstanding to be credited to the Investor Education and Protection Fund.		
<b>SCHEDULE 12: PROVISIONS</b>		
Proposed dividend	55.58	47.64
Provision for Tax on Distributed Profits	9.02	7.91
Provision for Retirement Benefits	10.34	13.78
	<b>74.94</b>	<b>69.33</b>
<b>SCHEDULE 13: MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Voluntary Retirement Compensation		
Balance at the Beginning of the Year	-	3.86
Less: Amortised During the year	-	(3.86)
	<b>-</b>	<b>-</b>

## Schedules forming part of the Accounts for the year ended March 31, 2011

	This Year ₹ in Crore	Previous Year ₹ in Crore
<b>SCHEDULE 14: OTHER INCOME</b>		
Interest (Gross):		
- Debentures	1.97	0.76
- Deposits	13.78	11.81
(Tax deducted at source ₹ 1.23 crore, previous year ₹ 1.21 crore)		
Business Support Service	4.86	0.30
Dividend		
- From Subsidiary Companies	23.11	13.85
- from Long Term Investments	30.39	28.96
Profit on Sale of Fixed Assets (Net)	24.83	0.09
Profit on Sale of Long Term Investments (Refer Note 5 and 15 of Schedule 20)	88.09	104.38
Profit on Sale of Current Investments	1.04	1.01
Bad Debt Recovered	-	7.48
Miscellaneous Income	7.64	6.69
	<b>195.71</b>	<b>175.33</b>
<b>SCHEDULE 15: MATERIALS CONSUMED AND PURCHASE OF GOODS</b>		
Raw materials consumed:		
Stocks at the Commencement of the year	50.30	25.04
Add: Purchases (net)	732.39	555.57
	<b>782.69</b>	<b>580.61</b>
Less: Stocks as at the Close of the Year	76.17	50.30
Raw Materials Consumed During the Year	<b>706.52</b>	<b>530.31</b>
Purchase of Goods for Resale	1.97	3.86
	<b>708.49</b>	<b>534.17</b>

## Schedules forming part of the Accounts for the year ended March 31, 2011

	This Year ₹ in Crore	Previous Year ₹ in Crore
<b>SCHEDULE 16: EXPENSES</b>		
Salaries, Wages and Allowances	103.22	92.74
Contribution to Provident Fund and Other Funds	7.92	7.31
Employee Welfare Expenses	6.53	5.78
Stores and Spares Consumed	9.34	7.97
Power and Fuel	76.77	65.62
Processing Charges	3.30	6.48
Rent	4.39	4.40
Rates and Taxes	3.86	5.35
Repairs and Maintenance		
- Machinery	6.71	5.02
- Buildings	8.37	7.06
- Other Assets	1.72	3.79
Insurance	1.13	1.41
Freight	29.87	25.58
Commission	4.31	3.88
Discount	4.73	3.79
Advertisement and Publicity	9.42	12.65
Selling and Distribution Expenses	6.69	6.27
Bad Debts Written Off	0.01	-
Provision for Doubtful Debts and Advances	2.06	(0.26)
Provision for Diminution in Value of Investments	10.48	12.54
Excise Duty	2.60	1.95
(Including ₹ 1.82 crore, previous year ₹ 0.39 crore on inventory change)		
Foreign Exchange Loss	0.88	0.05
Miscellaneous Expenses	36.92	29.05
Less: Expenses Recovered under cost sharing agreement for use of common facilities	-	(2.17)
	<b>341.23</b>	<b>306.26</b>

## Schedules forming part of the Accounts for the year ended March 31, 2011

	₹ in Crore	This Year ₹ in Crore	Previous Year ₹ in Crore
<b>SCHEDULE 17: INVENTORY CHANGE</b>			
Stocks at the Commencement of the Year			
- Finished Goods	30.16		28.42
- Work-in-Progress	42.38		26.76
		72.54	55.18
Less: Stocks at the Close of the Year			
- Finished Goods	(48.58)		(30.16)
- Work-in-Progress	(47.12)		(42.38)
		(95.70)	(72.54)
(Increase) / Decrease in Inventory		(23.16)	(17.36)
<b>SCHEDULE 18: INTEREST AND FINANCIAL CHARGES (Net)</b>			
Interest paid			
- on Fixed Loans	33.05		43.68
- on Bank Overdrafts	0.03		0.25
- other Interest	11.90		6.68
		44.98	50.61
Less: Misc. Interest Received		0.06	0.17
Net Interest		44.92	50.44
Other Financial Charges		18.20	9.81
		63.12	60.25

## Schedules forming part of the Accounts for the year ended March 31, 2011

### SCHEDULE 19: SIGNIFICANT ACCOUNTING POLICIES

#### 1 Accounting Convention

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India, the Accounting Standards prescribed in the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

#### 2 Use of Estimates

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

#### 3 Fixed Assets

Fixed Assets are stated at cost or as revalued as the case may be, less accumulated depreciation. Cost includes expenses related to acquisition and any directly attributable cost of bringing the assets to its intended working condition.

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

#### 4 Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortisation. The cost of acquisition of trade marks is amortised equally over a period of ten years. Computer software is amortised over a period of six years on the straight line method.

#### 5 Impairment of Assets

The Company reviews the carrying amounts of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment loss, if any, is recognised in the period in which impairment takes place.

#### 6 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition / construction of the qualifying asset are capitalised as a part of the cost of such asset, upto the date of acquisition / completion of construction.

#### 7 Investments

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

Current investments are stated at lower of cost and fair value.

#### 8 Inventories

Inventories are valued at lower of cost and net realisable value. Cost is computed on 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. Provision is made for the cost of obsolescence and other anticipated losses, wherever considered necessary.

#### 9 Provisions and Contingent Liabilities

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

## Schedules forming part of the Accounts for the year ended March 31, 2011

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

### 10 Foreign Exchange Transactions

- (i) Transactions in foreign currency are recorded at exchange rates prevailing on the day of the transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the period end are translated at closing rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions are recognised in the Profit and Loss Account.
- (ii) Forward exchange contracts other than those entered into to hedge foreign currency risk of firm commitments or highly probable forecast transactions are translated at period end exchange rates. Premium or discount on such forward exchange contracts is amortised as income or expense over the life of the contract.
- (iii) Realised gain or losses on cancellation of forward exchange contracts are recognised in the Profit and Loss Account of the period in which they are cancelled.
- (iv) Exchange differences in respect of other unexpired foreign currency derivative contracts, which have been entered into to hedge foreign currency risks are marked to market and losses, if any, are recognised in the Profit and Loss Account.

### 11 Revenue Recognition

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

Income from processing operations is recognised on completion of production / dispatch of the goods, as per the terms of contract.

Export incentives receivable under the Duty Entitlement Pass Book Scheme and Duty Drawback Scheme are accounted on accrual basis.

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

Interest income is recognised on a time proportion basis.

Income on assets given on operating lease is recognised on a straight line basis over the lease term.

### 12 Research and Development Expenditure

Revenue expenditure on Research & Development is charged to the Profit and Loss Account of the year in which it is incurred. Capital expenditure incurred during the year on Research & Development is included under additions to fixed assets.

### 13 Depreciation

Leasehold land and Leasehold improvements are amortised equally over the lease period.

Depreciation is provided on the straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, except for computer hardware which is depreciated over its estimated useful life of 4 years.

Depreciation on assets acquired during the year is provided for the full accounting year and no depreciation is charged on the assets sold/discarded during the year, except in case of major additions and deductions exceeding rupees one crore in which case, proportionate depreciation is provided.

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

## Schedules forming part of the Accounts for the year ended March 31, 2011

### 14 Employee Benefits

Liability is provided for the retirement benefits of provident fund, gratuity, leave encashment and pension benefit in respect of all eligible employees of the Company.

#### (i) Defined Contribution Plan

Employee benefits in the form of Provident Fund and Family Pension which are paid to EPFO are considered as defined contribution plans and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.

#### (ii) Defined Benefit Plan

Retirement benefits in the form of Provident Fund which are paid to PF Trust, Gratuity and Pension plan for eligible employees are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

#### (iii) Other Long-Term Benefits

Long-term Compensated Absences and Long Service Awards are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Actuarial gain/losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognized in the Profit and Loss Account.

### 15 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 improvement made in EVA over the previous year when compared with expected improvements.

### 16 Hedging

The company uses forward exchange contracts to hedge its foreign exchange exposures and commodity futures contracts to hedge the exposure to oil price risks. Gains or losses on settled contracts is recognized in the profit and loss account. Futures contracts not settled as on the Balance Sheet date are marked to market and losses, if any, are recognized in the profit and loss account, whereas, the unrealized profit is ignored. Gains or losses on the commodity futures contracts is recorded in the profit & loss account under cost of materials consumed.

### 17 Taxes on Income

Tax expense comprises both current and deferred tax. Current tax is the amount of tax payable on the assessable income for the year determined in accordance with the provisions of the Income tax Act, 1961.

Deferred tax is recognized on timing differences, being the differences between the 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 recognized only when there is virtual certainty of their realisation and on other items when there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The tax effect is calculated on the accumulated timing differences at the year end based on the tax rate and laws enacted or substantially enacted on the balance sheet date.

### 18 Segment Reporting

The Accounting Policies adopted for segment reporting are in line with the Accounting Policies of the Company. Segment assets include all operating assets used by the business segments and consist principally of fixed assets, debtors and inventories. Segment liabilities include the operating liabilities that result from the operating activities of the business. Segment assets and liabilities that cannot be allocated between the segments are shown as part of unallocated corporate assets and liabilities respectively. Income / Expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income / expenses.

## Schedules forming part of the Accounts for the year ended March 31, 2011

### SCHEDULE 20: NOTES TO ACCOUNTS

#### 1. Background

The Company was incorporated under the Companies Act, 1956 on March 7, 1988 under the name of Gujarat-Godrej Innovative Chemicals Limited. The business and undertaking of the erstwhile Godrej Soaps Limited was transferred to the Company under a scheme of amalgamation with effect from April 1, 1994 and the Company's name was changed to Godrej Soaps Limited. Subsequently, under a scheme of arrangement the Consumer Products division of the Company was demerged with effect from April 1, 2001 into a separate company, Godrej Consumer Products Limited (GCPL) and the vegetable oils and processed foods manufacturing business of Godrej Foods Limited was transferred to the Company with effect from June 30, 2001. The Foods division (except Wadala factory) was then sold to Godrej Hershey Limited, on March 31, 2006 The Company's name was changed to Godrej Industries Limited on April 2, 2001.

The Company is engaged in the businesses of manufacture and marketing of oleo-chemicals, their precursors and derivatives, bulk edible oils, estate management and investment activities.

#### 2. Contingent Liabilities

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
a) Claims against the Company not acknowledged as debts:		
(i) Excise duty demands relating to disputed classification, post manufacturing expenses, assessable values, etc. which the Company has contested and is in appeal at various levels.	11.97	11.92
(ii) Customs Duty demands relating to lower charge, differential duty, classification, etc.	1.67	2.86
(iii) Sales Tax demands relating to purchase tax on Branch Transfer / Non availability of C Forms, etc. at various levels.	18.72	2.16
(iv) Octroi demand relating to classification issue on import of Palm Stearine and interest thereon.	13.12	12.18
(v) Stamp duties claimed on certain properties which are under appeal by the Company	1.82	1.82
(vi) Income Tax demands against which the company has preferred appeals	18.00	14.98
(vii) Industrial relations matters under appeal	1.91	2.00
(viii) Others	1.31	1.31
b) Guarantees issued by banks, excluding guarantees issued in respect of matters reported in (a) above.	13.01	7.33
c) Guarantees given by the Company in respect of credit / guarantee limits sanctioned by banks to subsidiary and other companies.	7.81	14.31
d) Letter of credit issued by bank on behalf of the Company.	0.55	6.18
e) Uncalled liability on partly paid shares / debentures	0.50	0.50

#### 3. Capital Commitments

	This Year ₹ Crore	Previous Year ₹ Crore
Estimated value of contracts remaining to be executed on capital account, to the extent not provided for (Net of Advances amounting to ₹ 1.04 crore, previous year ₹ 0.56 crore)	4.65	0.86

## Schedules forming part of the Accounts for the year ended March 31, 2011

### 4 Loans

- Working capital facilities sanctioned by banks under consortium arrangement are secured by hypothecation of stocks and book debts.
- Other loans are secured by pledge of 65,00,000 equity shares (previous year 97,50,000 equity shares) of Godrej Consumer Products Limited so as to result in a collateral cover of three times the loan facility.

### 5 Investments

- The Company had sold its entire holding in Godrej Hicare Limited (GHCL), a subsidiary company, in March 2009. The profit thereon based on the minimum consideration received was recognised in the accounts for the year ended on 31st March 2009. In the year 2009-10, the company had received an additional consideration of ₹ 27.59 crore (net) on GHCL achieving certain financial performance parameters and was recognised as exceptional income. During the year, the company has provided ₹ 1.27 crore as amount payable to ISS Facility Services India Pvt. Ltd. towards non recovery of debtors outstanding on the date of sale of GHCL.
- The Company has acquired and sold the following mutual fund investments during the year:

Particulars	This Year		Previous Year	
	No. of Units	Cost ₹ Crore	No. of Units	Cost ₹ Crore
Birla Cash Plus Liquid	68,649,385	102.90	88,296,420	127.15
Prudential ICICI Liquid	11,176,424	157.90	141,505,480	257.42
KMMF Liquid	64,141,260	121.00	18,592,371	34.55
UTI Liquid Fund	167,379	26.45	545,617	77.10
SBI Magnum Liquid	26,955,718	56.60	55,087,628	110.00
Deutsche Insta Cash Plus Fund	6,395,901	16.35	4,364,601	5.00
HDFC Liquid Fund	54,074,788	102.40	87,569,997	158.69
Reliance Liquid Fund - Cash Plan	27,875,348	43.90	-	-
Templeton India TMA - Super IP	896,363	127.15	-	-

### 6 Sundry Debtors

	This Year ₹ Crore	Previous Year ₹ Crore
Sundry Debtors include the following amounts due from Companies under the Same Management:		
Godrej Agrovet Ltd.	0.34	-
Godrej Hershey Ltd.	1.76	0.05
Godrej Properties Ltd.	0.37	-
Godrej International Ltd.	0.02	0.02
Natures Basket Ltd.	-	0.18
Godrej Oil Palm Ltd.	0.05	0.05

### 7. Cash and Bank Balances

	This Year ₹ Crore	Previous Year ₹ Crore
Balances with Scheduled Banks in Deposit Accounts include: - deposits held by bank as security against guarantees issued.	0.19	0.19

## Schedules forming part of the Accounts for the year ended March 31, 2011

### 8 Loans and Advances

- a) Loans and Advances include ₹ 10.33 crore (previous year ₹ 10.33 crore) advanced by the Company to certain individuals against pledge by way of deposit of equity shares of Gharda Chemicals Ltd. The Company has enforced its security and lodged the shares for transfer in its name, however, the transfer application has been rejected by Gharda Chemicals Ltd. and the Company filed an appeal before the Company Law Board (CLB) against the rejection. The investee company had in the meanwhile, moved the Bombay High Court and the Court remanded the matter back to CLB. The CLB has advised that the parties may approach the Bench after final disposal of the suit filed by the investee company and the application made by minority shareholders under section 397/398 before the Hon'ble High Court. The Company has filed an appeal with the Hon'ble High Court against the order of the Company Law Board under section 10 F of the Companies Act, which is pending for final disposal.

Interest on the aforesaid loan amounting to ₹ 3.15 crore was accrued upto March 31, 2000 and has been fully provided for, no interest is being accrued thereafter. The recoverability of the advance is contingent upon the transfer and/ or disposal of the said shares. It is the opinion of the Management that the underlying value of the said shares is substantially greater than the amount of the loan.

- b) Loans and Advances include a loan of ₹ 20.16 crore (previous year ₹ 13.82 crore) to an individual secured by pledge of 38,97,454 shares of Godrej Hershey Limited and 6,60,000 shares of Aadhaar Retailing Limited.

c)

Particulars	Maximum Balance during the year ₹ Crore	<b>This Year</b>  ₹ Crore	Previous Year  ₹ Crore
<b>I. Loans &amp; Advances to subsidiary companies</b> Natures Basket Ltd.	6.55	<b>2.40</b>	4.55
<b>II. Loans and Advances to associate companies</b> Swadeshi Detergents Ltd.	0.19	<b>0.19</b>	0.19
<b>III. Loans and Advances where there is no repayment schedule or repayment is beyond seven years</b> D. Kavasmanek and Others (refer (a) above).	10.33	<b>10.33</b>	10.33
<b>IV. Investments by the loanee in the shares of parent company and subsidiary company</b> GIL ESOP Trust	84.44	<b>82.09</b>	76.31

- 9 Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Amount overdue as on 31st March, 2011 to Micro, Small and Medium Enterprises on account of principal amount together with interest, aggregates to ₹ Nil (previous year – ₹ Nil)

### 10 Employee Stock Option Plans

- a) In December 2005, the Company had instituted an Employee Stock Option Plan (GIL ESOP) as approved by the Board of Directors and the Shareholders, for the allotment of 15,00,000 options, increased to 90,00,000 options on split of shares convertible into 90,00,000 equity shares of ₹1 each to eligible employees of participating companies.

In July 2009, the Company had instituted an Employee Stock Option Plan II (GIL ESOP II) as approved by the Board of Directors and the Shareholders, for the allotment of 90,00,000 options convertible into 90,00,000 shares of ₹ 1 each to eligible employees of participating companies.

## Schedules forming part of the Accounts for the year ended March 31, 2011

The scheme is administered by an independent ESOP Trust created with ILFS Trust Co. Ltd which purchases from the market shares equivalent to the number of options granted by the Compensation Committee. The particulars of the scheme and movements during the year are as under:

### ESOP I

Particulars	This Year		Previous Year	
	No. of Options	Wt. average exercise price ₹ ( * )	No. of Options	Wt. average exercise price ₹ ( * )
Options outstanding at the Beginning of the year	5,580,700	295.44	7,799,950	221.30
Options Granted During the Year	-	-	-	-
Options Exercised During the Year	-	-	2,100,000	91.84
Options Forfeited / Expired During the Year	508,000	318.59	119,250	284.45
Options Outstanding at the Year End	5,072,700	325.62	5,580,700	295.44

### ESOP II

Particulars	This Year		Previous Year	
	No. of Options	Wt. average exercise price ₹ ( * )	No. of Options	Wt. average exercise price ₹ ( * )
Options Outstanding at the Beginning of the Year	860,000	191.65	-	-
Options Granted During the Year				
10 August, 2009	-	-	860,000	191.65
25 June, 2010	50,000	362.67	-	-
06 August, 2010	65,000	304.37	-	-
Options Exercised During the Year	-	-	-	-
Options Forfeited / Expired During the Year	25,000	210.80	-	-
Options Outstanding at the Year end	950,000	225.20	860,000	191.65

( \* ) The Wt. average exercise price stated above is the price on the grant date increased by the interest cost at the prevailing rates upto the current year end.

The overall weighted average balance life of options outstanding as on March 31, 2011 is 4.33 years

The weighted average balance life of options outstanding as on March 31, 2011 for ESOP I is 4.85 years and for ESOP II is 3.01 years.

The vesting period for options granted on January 23, 2008, March 31, 2008, May 2, 2008, May 26, 2008 and June 3, 2008 was increased to a maximum of 5 years from 3 years and the exercise period of options granted on April 5, 2007, April 11, 2007, January 23, 2008, March 31, 2008, May 2, 2008, May 26, 2008 and June 3, 2008 from 2 years to 4 years from vesting.

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.

The fair value of the share options has been determined using the Black-Scholes Option Pricing Model. Had the fair value method of accounting been used, the net profit and earnings per share would have been as per the pro forma amounts indicated below.

## Schedules forming part of the Accounts for the year ended March 31, 2011

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
Net Profit (as reported)	133.43	80.92
Less : Stock based compensation expense determined under fair value based method (Proforma)	7.21	11.02
Net Profit (Proforma)	126.22	69.90
	Amt ₹	Amt ₹
Basic & Diluted Earnings per share before Extraordinary Items (as reported)	4.20	2.54
Basic & Diluted Earnings per share before Extraordinary Items (Proforma)	3.97	2.20
Basic & Diluted Earnings per share after Extraordinary Items (as reported)	4.20	2.54
Basic & Diluted Earnings per share after Extraordinary Items (Proforma)	3.97	2.20

- b) The independent ESOP trust has purchased shares of the Company from the market against the options granted. The purchases are financed by loans from the Company which alongwith interest thereon amount to ₹ 84.86 crore, previous year ₹ 81.13 crore, (Net of provision ₹ 5.47 crore, previous year ₹ 3.29 crore). As on March 31, 2011, the market value of the shares purchased by the Trust is lower than the holding cost of these shares by ₹ 25.47 crore, previous year ₹ 34.56 crore (Net of provision ₹ 5.47 crore, previous year ₹ 3.29 crore).

The repayment of the loans granted to the ESOP trust is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period. The fall in value of the underlying equity shares is on account of market volatility and the loss, if any, can be determined only at the end of the exercise period. In view of the aforesaid, provision for diminution of ₹ 25.47 crore (previous year ₹ 34.56 crore) is not considered necessary in the financial statements.

### 11. Leases:

#### Leases granted by the Company

##### a) Operating Lease:

The Company has entered into leave and licence agreements in respect of its commercial and residential premises. The non-cancelable portion of the leases range between 3 months to 36 months and are renewable by mutual consent on mutually acceptable terms. Leave and licence arrangements being similar in substance to operating leases. The company has also granted lease for freehold land. The particulars of the operating lease arrangements are as under:

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
Gross carrying amount of premises	62.82	19.13
Accumulated Depreciation	8.56	8.70
Depreciation for the period	0.96	0.51

The aggregate future minimum lease payments are as under :

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
Lease payment recognised in the Profit and Loss Account	27.19	26.25
Future lease payments		
- Within one year	22.96	26.26
- Later than one year and not later than five years	18.95	47.19

## Schedules forming part of the Accounts for the year ended March 31, 2011

### Lease taken by the Company

#### b) Operating Lease:

The Company's significant leasing arrangements are in respect of operating lease for land, office premises, residential premises, machinery and storage tanks. The aggregate lease rentals paid by the Company are charged to Profit and Loss Account.

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
Lease payment recognised in the Profit and Loss Account	4.39	4.40
Future lease commitments		
- Within one year	1.69	4.00
- Later than one year and not later than five years	4.02	3.23

#### c) Finance Leases:

The Company has acquired vehicles under Finance Lease. 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, 2011, in respect of vehicles acquired under lease are as under:

Particulars	Total minimum lease payments outstanding as on March 31, 2011	Un-matured Interest	Present value of minimum lease payments
	₹ Crore	₹ Crore	₹ Crore
Within one year	0.11	0.02	0.10
Later than one year and not later than five years	0.01	0.00	0.01
	0.12	0.02	0.11

## 12 Deferred Tax

Major components of deferred tax arising on account of timing differences as at the year end are:

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
<b>Assets</b>		
Provision for Retirement Benefits	1.67	2.25
Provision for Doubtful Debts / Advances	3.97	3.38
VRS Expenses	1.03	2.15
Others	4.28	3.27
	10.95	11.05
<b>Liabilities</b>		
Depreciation	46.87	43.03
Net Deferred Tax Liability	35.92	31.98

## 13 Hedging Contracts

The Company uses forward exchange contracts to hedge its foreign exchange exposure relating to the underlying transactions and firm commitments in accordance with its forex policy as determined by a Forex Committee. The Company also uses commodity futures contracts to hedge its exposure to vegetable oil price risk. The Company does not use foreign exchange forward contracts or commodity future contracts for trading or speculation purposes.

## Schedules forming part of the Accounts for the year ended March 31, 2011

### i) Derivative instruments Outstanding:

#### a) Commodity Futures Contracts

Particulars	This Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Futures Contracts Outstanding	7	-	1	-
Number of units under above contracts in MT.	1,600	-	1,040	-

#### b) Forward Exchange contracts

Particulars	This Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Total number of Contracts Outstanding	69	5	31	9
Foreign Currency Value				
- US Dollar (million)	24.24	-	9.47	1.85
- Euro (million)	-	1.77	-	2.00

### ii) Un-hedged Foreign Currency Exposures

Particulars	This Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Uncovered Foreign Exchange Exposure as at the year end				
- US Dollar (million)	24.96	18.46	13.78	8.42
- Euro (million)	-	-	0.04	-
- GBP (million)	-	-	-	0.03

## 14. Turnover

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
<b>Turnover includes</b>		
i) Processing Charges	5.47	6.08
ii) Export Incentives	1.67	1.80
iii) Licence fee and service charges	27.11	28.03
	<b>34.25</b>	35.91

## 15 Exceptional Items

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
i) Profit on Sale of Long-Term Investments	88.09	104.38
ii) Provision for Depletion in Value of Investments	(10.48)	(12.54)

## 16 Profit and Loss Account

- Exchange differences recognised in the Profit and Loss Account for the year is a loss of ₹ 0.88 crore (previous year loss of ₹ 0.05 crore). The exchange difference in respect of forward exchange contracts to be recognised in subsequent accounting periods is ₹ 1.24 crore (previous year ₹ 0.26 crore).
- Research and Development Expenditure of revenue nature charged to the Profit and Loss Account amounts to ₹ 2.87 crore (previous year ₹ 3.27 crore).

## Schedules forming part of the Accounts for the year ended March 31, 2011

### 17. Earnings per share:

			This Year	Previous Year
a.	Calculation of weighted average number of equity shares			
	Number of shares at the beginning of the year	Nos.	317,624,892	319,758,602
	Number of equity shares outstanding at the end of the year	Nos.	317,624,892	317,624,892
	Weighted average number of equity shares outstanding during the year	Nos.	317,624,892	318,247,978
b.	Net profit after tax excluding extraordinary items	₹ Crore	133.43	80.92
c.	Net profit after tax available for equity shareholders (including extraordinary items)	₹ Crore	133.43	80.92
d.	Basic and Diluted Earnings per share of ₹ 1 each (excluding extraordinary items)	₹	4.20	2.54
e.	Basic and Diluted Earnings per share of ₹ 1 each (including extraordinary Items)	₹	4.20	2.54

Note: There is no impact on basic as well as diluted earnings per share on account of the ESOP, as the scheme does not envisage any fresh issue of share capital.

### 18. Segment Information

#### Information about primary business segments

₹ Crore

	Chemicals		Estate		Finance & Investments		Others		Total	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
<b>Revenue</b>										
External Sales	1,022.86	781.24	53.33	27.75	166.16	170.82	12.19	11.89	1,254.54	991.70
Inter Segment Sale	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	<b>1,022.86</b>	<b>781.24</b>	<b>53.33</b>	<b>27.75</b>	<b>166.16</b>	<b>170.82</b>	<b>12.19</b>	<b>11.89</b>	<b>1,254.54</b>	<b>991.70</b>
<b>Results</b>										
<b>Segment Result Before Interest and Tax</b>	<b>89.84</b>	<b>48.46</b>	<b>42.08</b>	<b>18.19</b>	<b>155.68</b>	<b>158.28</b>	<b>(2.52)</b>	<b>(5.39)</b>	<b>285.08</b>	<b>219.54</b>
Unallocated Expenses									<b>(85.95)</b>	<b>(79.30)</b>
Interest Expense (net)									<b>(63.12)</b>	<b>(60.25)</b>
<b>Profit Before Tax</b>									<b>136.01</b>	<b>79.99</b>
Taxes									<b>(2.58)</b>	<b>0.93</b>
<b>Net Profit</b>									<b>133.43</b>	<b>80.92</b>
<b>Segment Assets</b>	<b>561.87</b>	<b>448.49</b>	<b>124.25</b>	<b>79.43</b>	<b>1,353.65</b>	<b>1,294.55</b>	<b>27.08</b>	<b>28.36</b>	<b>2,066.85</b>	<b>1,850.83</b>
Unallocated Assets									<b>36.46</b>	<b>31.18</b>
<b>Total Assets</b>									<b>2,103.31</b>	<b>1,882.01</b>
<b>Segment Liabilities</b>	<b>330.39</b>	<b>182.48</b>	<b>16.39</b>	<b>18.32</b>	<b>7.68</b>	<b>17.93</b>	<b>3.98</b>	<b>5.41</b>	<b>358.44</b>	<b>224.14</b>
Unallocated Liabilities									<b>654.71</b>	<b>635.18</b>
<b>Total Liabilities</b>									<b>1,013.15</b>	<b>859.32</b>
Total Cost incurred during the year to acquire segment assets	<b>8.82</b>	<b>9.02</b>	<b>52.19</b>	<b>30.57</b>	<b>0.19</b>	<b>0.18</b>	<b>0.14</b>	<b>0.15</b>	<b>61.34</b>	<b>39.92</b>
Segment Depreciation	<b>21.53</b>	<b>20.84</b>	<b>1.80</b>	<b>1.09</b>	<b>1.56</b>	<b>1.55</b>	<b>2.37</b>	<b>2.37</b>	<b>27.26</b>	<b>25.85</b>
Unallocated depreciation									<b>1.59</b>	<b>2.54</b>
<b>Total Depreciation</b>									<b>28.85</b>	<b>28.39</b>

## Schedules forming part of the Accounts for the year ended March 31, 2011

₹ Crore

	Chemicals		Estate		Finance & Investments		Others		Total	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
<b>Information about Secondary Business Segments</b>										
<b>Revenue by Geographical Markets</b>										
India									838.45	692.00
Outside India									416.09	299.70
<b>Total</b>									<b>1,254.54</b>	<b>991.70</b>
<b>Carrying Amount of Segment Assets</b>										
India									2,103.31	1,882.01
Outside India									-	-
<b>Total</b>									<b>2,103.31</b>	<b>1,882.01</b>

**Notes:**

- The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the different risks and returns, the organisational structure and the internal reporting system.
- Chemicals segment includes the business of production and sale of Oleochemicals and surfactants such as Fatty Acids, Fatty Alcohols, Glycerin, Alpha Olefin Sulphonates, Sodium Lauryl Sulphate and Sodium Lauryl Ether Sulphate.  
Estate segment comprises the business of giving premises on leave and license basis.  
Finance & Investments segment comprises of investment in subsidiaries, associate companies & other investments.  
Others include business of refined vegetable oils, vanaspati and energy generation through windmills .
- The Geographical Segments are as follows :
  - Sales in India represent sales to customers located in India.
  - Sales outside India represent sales to customers located outside India.

## Schedules forming part of the Accounts for the year ended March 31, 2011

### 19 Related Party Disclosures

#### a) Names of Related Parties and Description of Relationship

##### Parties Where Control Exists

Godrej & Boyce Mfg. Co. Ltd., the holding company

##### Subsidiary Companies

Godrej Agrovat Ltd.  
 Golden Feeds Products Ltd.  
 Cauvery Palm Oil Ltd.  
 Godrej Oil Palm Ltd.  
 Godrej Gokarna Oil Palm Ltd., (formerly known as  
 Godrej IJM Palm Oil Ltd. from 24.11.2010)  
 Godrej Properties Ltd.  
 Godrej Developers P. Ltd.  
 Godrej Real Estate P. Ltd.  
 Godrej Realty P. Ltd.  
 Godrej Sea View Properties P. Ltd.  
 Godrej Waterside Properties P. Ltd.  
 Happy Highrises Ltd.  
 Godrej Estate Developers P. Ltd.  
 Godrej Buildwell P. Ltd.  
 Godrej Buildcon P. Ltd.  
 Godrej Project Development P. Ltd.  
 Godrej Premium Builders P. Ltd.  
 Godrej Garden City Properties P. Ltd.  
 Udhay - GK Reality P. Ltd. (from 07.03.2011)  
 Natures Basket Ltd.  
 Ensemble Holdings & Finance Ltd.  
 Godrej International Ltd.

##### Fellow Subsidiaries:

Wadala Commodities Ltd.  
 Godrej (Malaysia) Sdn Bhd  
 G & B Enterprises (Mauritius) P. Ltd.  
 Godrej (Singapore) Pte Ltd.  
 Godrej Infotech Ltd.  
 Veromatic International BV  
 Veromatic Services BV  
 Water Wonder Benelux BV

##### Other related parties with whom the Company had transactions during the year

##### Associate / Joint Venture Companies

Godrej Consumer Products Ltd.  
 Godrej Hershey Ltd.  
 Nutrine Confectionery Co. Ltd.  
 Swadeshi Detergents Ltd.  
 Godrej Gokarna Oil Palm Ltd., (formerly known as Godrej  
 IJM Palm Oil Ltd. upto 23.11.2010)

##### Key Management Personnel

Mr. A.B. Godrej	Chairman
Mr. N.B. Godrej	Managing Director
Ms. T.A. Dubash	Executive Director & President (Marketing)
Mr. M. Eipe	Executive Director & President (Chemicals)
Mr. V. Banaji	Executive Director & President (Group Corporate Affairs) (till 30th April, 2010)
Mr. M.P. Pusalkar	Executive Director & President (Corporate Projects) (till 30th April, 2010)

##### Relatives of Key Management Personnel

Ms. P.A. Godrej	Wife of Mr. A.B. Godrej
Ms. N.A. Godrej	Daughter of Mr. A.B. Godrej
Mr. P.A. Godrej	Son of Mr. A.B. Godrej
Ms. R.N. Godrej	Wife of Mr. N.B. Godrej
Mst. B.N. Godrej	Son of Mr. N.B. Godrej
Mst. S.N. Godrej	Son of Mr. N.B. Godrej
Mst. H.N. Godrej	Son of Mr. N.B. Godrej

##### Enterprises over which Key Management personnel exercise significant influence

Rapidol (Pty) Ltd.  
 Laboratorio Cuenca S.A.  
 Godrej Global Mideast F.Z.E.  
 Godrej Investments P. Ltd.  
 Bahar Agrochem & Feeds P. Ltd.  
 Vora Soaps Ltd.  
 Godrej Tyson Foods Ltd.

## Schedules forming part of the Accounts for the year ended March 31, 2011

## b) Transactions with Related Parties

Nature of Transaction	Holding Company	Subsidiary Companies	Fellow Subsidiaries	Associate/ Joint Venture Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	₹ Crore
								Total
Sale of Goods	-	0.06	-	13.42	-	-	1.89	15.37
Previous Year	-	0.06	-	9.36	-	-	0.13	9.55
Purchase of Goods*	0.00	0.21	-	10.21	-	-	-	10.42
Previous Year	0.01	0.18	-	7.54	-	-	-	7.73
Purchase of Fixed Assets	-	-	-	-	-	-	-	-
Previous Year	0.46	8.83	-	-	-	-	-	9.29
Processing charges received	-	-	-	1.77	-	-	-	1.77
Previous Year	-	-	-	1.58	-	-	-	1.58
Commission / Royalty received	-	2.28	-	1.88	-	-	-	4.16
Previous Year	-	1.24	-	1.83	-	-	-	3.07
Licence fee / Service charges / Storage Income	-	2.48	-	4.41	-	-	-	6.89
Previous Year*	0.00	2.03	-	4.27	-	-	-	6.30
Other Income	0.01	0.17	-	0.84	-	-	-	1.02
Previous Year*	0.00	0.23	-	0.18	-	-	-	0.41
Recovery of establishment & Other Expenses	-	4.05	-	4.73	-	0.01	-	8.79
Previous Year	-	1.76	0.01	7.56	-	-	-	9.33
Rent, Establishment & other expenses paid	2.19	1.15	0.09	1.73	-	0.68	0.01	5.85
Previous Year*	2.95	0.50	0.07	2.43	-	0.65	0.00	6.60
Interest received	-	0.15	-	1.99	-	-	-	2.14
Previous Year	-	0.62	-	0.02	-	-	-	0.64
Interest paid	-	0.14	0.08	-	-	-	-	0.22
Previous Year	-	0.13	0.08	0.06	-	-	-	0.27
Dividend income	-	23.11	-	30.39	-	-	-	53.50
Previous Year	-	13.03	-	28.96	-	-	-	41.99
Dividend paid	28.08	-	-	-	0.82	3.02	-	31.92
Previous Year	23.40	-	-	-	0.71	2.49	-	26.60
Remuneration	-	-	-	-	10.33	1.87	-	12.20
Previous Year	-	-	-	-	10.24	0.87	-	11.11
Purchase of Investments	-	15.50	-	43.37	-	-	-	58.87
Previous Year	-	52.45	-	-	-	-	-	52.45
Sale of Investments	-	11.28	-	-	-	-	-	11.28
Previous Year	-	0.18	-	-	-	-	-	0.18
Other Deposits refunded	-	0.44	-	0.20	-	-	-	0.64
Previous Year	-	-	-	-	-	-	-	-
Intercompany Deposits - Accepted	-	7.00	-	-	-	-	-	7.00
Previous Year	-	5.25	-	4.05	-	-	-	9.30
Intercompany Deposits Repaid during the year	-	4.50	1.00	-	-	-	-	5.50
Previous Year	-	5.75	-	4.05	-	-	-	9.80
Intercompany Deposits - Advanced	-	5.90	-	-	-	-	-	5.90
Previous Year	-	10.05	-	-	-	-	-	10.05
Intercompany Deposits Repayment received during the year	-	8.55	-	-	-	-	-	8.55
Previous Year	-	5.50	-	0.16	-	-	-	5.66
Shares in Associate Company acquired under a scheme of arrangement	-	-	-	-	-	-	-	-
Previous Year	-	-	-	47.48	-	-	-	47.48
Directors Fees	-	-	-	-	0.02	-	-	0.02
Previous Year	-	-	-	-	0.02	-	-	0.02
Balance Outstanding as on March 31, 2011								
Receivables	-	1.28	-	2.00	-	-	0.86	4.14
Previous Year	-	0.18	0.03	0.05	-	-	0.13	0.39
Payables	0.02	0.54	-	0.75	-	-	-	1.31
Previous Year	0.23	2.44	-	1.08	-	-	0.00	3.75
Guarantees Outstanding	-	-	-	7.81	-	-	-	7.81
Previous Year	-	5.00	-	14.31	-	-	-	19.31

\* Amount less than ₹ 0.01 crores

## Schedules forming part of the Accounts for the year ended March 31, 2011

### c) The significant Related Party transactions are as under:

Nature of Transaction	This Year ₹ Crore	Previous Year ₹ Crore	Nature of Transaction	This Year ₹ Crore	Previous Year ₹ Crore
Sale of goods			Interest paid		
- Godrej Consumer Products Ltd.	13.42	9.28	- Ensemble Holdings & Finance Ltd	0.14	0.13
- Laboratorio Cuenca S.A.	1.74	-	- Wadala Commodities Ltd.	0.08	0.08
- Rapidol PTY Ltd.	0.13	0.12	- Godrej Consumer Products Ltd.	-	0.06
- Godrej Properties Ltd.	0.04	0.04			
Purchase of Fixed Assets			Processing Charges received		
- Godrej Properties Ltd.	-	8.83	- Godrej Hershey Ltd.	1.77	1.58
- Godrej & Boyce Mfg. Co. Ltd.	-	0.45	Inter Corporate Deposits - Accepted		
Purchase of goods			- Ensemble Holdings & Finance Ltd.	4.50	5.25
- Godrej Consumer Products Ltd.	7.86	5.38	- Wadala Commodities Ltd.	1.00	-
- Godrej Hershey Ltd.	2.35	2.15	- Godrej Consumer Products Ltd.	-	4.05
- Godrej IJM Palm Oil Ltd.	0.21	-	Inter Corporate Deposits - Repaid		
- Godrej & Boyce Mfg. Co. Ltd.*	0.00	0.01	- Ensemble Holdings & Finance Ltd.	7.00	5.75
- Godrej Oil Palm Ltd	-	0.18	- Godrej Consumer Products Ltd.	-	4.05
Commission / Royalty received			Inter Corporate Deposits - Advanced		
- Godrej Properties Ltd.	2.26	1.22	- Natures Basket Ltd.	5.90	4.55
- Godrej Hershey Ltd.	1.88	1.80	- Godrej Properties Ltd.	-	5.50
- Natures Basket Ltd.	0.03	0.01	Inter Corporate Deposits -		
- Godrej Consumer Products Ltd.	-	0.03	Repayment Received		
Licence fee / Service charges /			- Natures Basket Ltd.	8.55	-
Storage income			- Godrej Properties Ltd.	-	5.50
- Godrej Consumer Products Ltd.	3.84	2.22	- Swadeshi Detergents Ltd.	-	0.16
- Godrej Agrovet Ltd.	1.16	1.03	Other Deposits Refunded		
- Godrej Properties Ltd.	1.01	0.74	- Godrej Agrovet Ltd.	0.38	-
- Godrej Hershey Ltd.	0.57	0.50	- Godrej Consumer Products Ltd.	0.20	-
- Natures Basket Ltd.	0.27	0.22	- Godrej Properties Ltd.	0.07	-
- Godrej Oil Palm Ltd.	0.04	0.04	Dividend income		
- Compass BPO Ltd.	-	1.55	- Godrej Consumer Products Ltd.	30.39	28.96
Other Income			- Godrej Properties Ltd.	19.40	12.12
- Godrej Consumer Products Ltd.	0.45	0.12	- Godrej Agrovet Ltd.	1.82	0.91
- Godrej Hershey Ltd.	0.39	0.06	- Ensemble Holdings & Finance Ltd.	1.89	-
- Godrej Agrovet Ltd.	0.13	0.20	Dividend paid		
- Godrej Properties Ltd.	0.03	0.01	- Godrej & Boyce Mfg. Co. Ltd.	28.08	23.40
- Natures Basket Ltd.	0.01	0.01	Remuneration to Key Management		
			Personnel		

## Schedules forming part of the Accounts for the year ended March 31, 2011

Nature of Transaction	This Year ₹ Crore	Previous Year ₹ Crore	Nature of Transaction	This Year ₹ Crore	Previous Year ₹ Crore
- Godrej & Boyce Mfg. Co. Ltd.	0.01	-	- Mr. M. Eipe	3.05	1.77
Recovery of Establishment & other expenses			- Mr. N.B. Godrej	2.72	2.41
- Godrej Consumer Products Ltd.	3.91	6.93	- Ms. T.A. Dubash	2.15	1.95
- Godrej Agrovet Ltd.	2.20	1.21	- Mr. M.P. Pusalkar	1.28	2.00
- Godrej Properties Ltd.	1.83	0.55	- Mr. V.F. Banaji	1.14	2.11
- Godrej Hershey Ltd.	0.81	0.63	Remuneration to Relatives of Key Management Personnel		
- Natures Basket Ltd.	0.02	-	- Ms. N. A. Godrej	1.87	0.87
Rent, Establishment & other exps paid			Sale of Investments / Buyback		
- Godrej & Boyce Mfg. Co. Ltd.	2.19	2.94	- Godrej International Ltd.	11.29	-
- Godrej Consumer Products Ltd.	1.66	2.32	- Godrej Oil Palm Ltd.	-	0.18
- Ms. R.N. Godrej	0.68	0.65	Purchase of Investments		
- Godrej Properties Ltd.	0.66	0.43	- Godrej Hershey Ltd.	43.37	-
- Godrej Agrovet Ltd.	0.42	0.04	- Natures Basket Ltd.	15.50	-
- Natures Basket Ltd.	0.08	0.03	- Godrej Hygiene Care Ltd.	-	47.44
- Wadala Commodities Ltd.	0.06	0.06	- Godrej Agrovet Ltd.	-	5.01
- Godrej Hershey Ltd.	0.06	0.07	Shares in Associate Company acquired under a scheme of arrangement		
- Godrej Infotech Ltd.	0.02	0.02	- Godrej Consumer Products Ltd.	-	47.48
Interest received					
- Godrej Hershey Ltd.	1.97	-			
- Natures Basket Ltd.	0.15	0.26			
- Swadeshi Detergents Ltd.	0.02	0.02			
- Godrej Properties Ltd.	-	0.36			

## Schedules forming part of the Accounts for the year ended March 31, 2011

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

	₹ Crore	This Year ₹ Crore	Previous Year ₹ Crore
Profit for the year after tax as per Profit & Loss Account		<b>133.43</b>	80.92
Add: Depreciation as per accounts	28.85		28.39
Managerial Remuneration	10.90		10.34
Profit / (loss) on Sale of Assets under Section 349	0.26		0.09
Provision for Doubtful Debts / Advances	2.06		(0.26)
Provision for Depletion in Value of Investments	10.48		12.54
Provision for Tax (including tax on extraordinary items)	2.58		(0.93)
		<b>55.13</b>	50.17
		<b>188.56</b>	131.09
Less: Depreciation under Section 350 of the Companies Act, 1956	28.70		28.13
Profit / (loss) on Sale of Assets as per books	24.83		0.09
Profit on Sale of Investments	88.09		104.38
Brought forward loss u/s 349 of the Companies Act 1956	60.52		48.67
		<b>202.14</b>	181.27
Net Profit for the purpose of Directors' Remuneration		<b>(13.58)</b>	(50.18)
Managerial remuneration payable		-	-
Managerial remuneration paid / payable as per approval of Central Government		<b>10.90</b>	10.34

### 21. Managerial Remuneration

	This Year ₹ Crore	Previous Year ₹ Crore
Salaries and Allowances	<b>9.60</b>	9.02
Contribution to Provident Fund	<b>0.25</b>	0.33
Estimated Monetary Value of Perquisites	<b>0.96</b>	0.89
Directors Fees	<b>0.09</b>	0.10
<b>TOTAL</b>	<b>10.90</b>	10.34

The above does not include contribution to Gratuity Fund as separate figures are not available.

### 22. Auditors' Remuneration

	This Year ₹ Crore	Previous Year ₹ Crore
Audit fees (including ₹ 0.01 Crore to branch auditors, previous year ₹ 0.01 Crore)	<b>0.32</b>	0.32
Tax Audit Fees	<b>0.05</b>	0.05
Certification and Other Services	<b>0.16</b>	0.10
Tax Consultation and Representation	<b>0.13</b>	0.10
Consultation and Mmanagement Services	<b>0.05</b>	0.05
Out of Pocket Expenses	<b>0.01</b>	0.01
<b>TOTAL</b>	<b>0.72</b>	0.63

## Schedules forming part of the Accounts for the year ended March 31, 2011

### 23. Turnover (Net)

Item	Unit	This Year		Previous Year	
		Quantity	Value ₹ Crore	Quantity	Value ₹ Crore
Fatty Acids	MT	61952	385.04	58888	316.24
Glycerin	MT	10908	41.69	9120	31.92
Alpha Olefin and its precursors	MT	55819	427.23	49598	289.43
Synthetic Detergent	MT	19235	161.14	19089	134.40
Others			43.73		44.38
<b>Total</b>			<b>1058.83</b>		<b>816.37</b>

### 24. Inventories - Finished Goods

Item	Unit	March 31, 2011		March 31, 2010		March 31, 2009	
		Quantity	Value ₹ Crore	Quantity	Value ₹ Crore	Quantity	Value ₹ Crore
Fatty Acids	MT	1761	12.66	1653	8.56	1054	5.56
Glycerin	MT	296	1.35	250	0.91	140	0.55
Alpha Olefin and its precursors	MT	2924	27.29	2920	17.38	2822	18.76
Synthetic Detergent	MT	676	7.24	445	3.27	519	3.53
Others			0.04		0.04		0.02
<b>Total</b>			<b>48.58</b>		<b>30.16</b>		<b>28.42</b>

### 25. Raw Materials Consumed

	Unit	This Year		Previous Year	
		Quantity	Value ₹ Crore	Quantity	Value ₹ Crore
Oils and Fats	MT	127739	547.58	127646	397.32
Chemicals and Catalysts	MT	24379	107.07	22540	95.12
Packing Materials, etc.			51.87		37.87
<b>Total</b>			<b>706.52</b>		<b>530.31</b>

Raw materials consumption includes consumption for production of captively consumed items.

### 26. Purchase of Goods

	Unit	This Year		Previous Year	
		Quantity	Value ₹ Crore	Quantity	Value ₹ Crore
Refined oil, Soaps, Toiletries etc			1.97		3.86
<b>Total</b>			<b>1.97</b>		<b>3.86</b>

## Schedules forming part of the Accounts for the year ended March 31, 2011

### 27. Licensed, Installed and Utilised Capacity

Item	Unit	Licensed Capacity	Installed Capacity		Actual Production	
			This Year	Previous Year	This Year	Previous Year
Fatty Acids	MT	}	73300	73300	62060	59488
Glycerin	MT	}	8280	8280	10954	9230
Alpha Olefin and its precursors	MT	}	65000	65000	55823	49696
Refined Oils and Vanaspati	MT	}	30000	38700	6904	6354
Synthetic Detergents	MT	}	29250	29250	22862	23126

#### Notes:

- 1 The Licensed Capacities are not applicable in view of the exemption from licensing granted under Notification SO 477 ( E ) dated 25th July 1991, issued under the Industries ( Development & Regulation Act,1951).
- 2 Installed capacity excludes the installed capacity for manufacture of intermediates which are intended to be used for internal consumption to manufacture A.O. and its precursors and derivatives.
- 3 Production of Synthetic Detergent includes 3396 MT (Previous year 4111MT) produced under process contracts for third parties.
- 4 Production of Refined Oils & Vanaspati includes 6670 mt (Previous year 6354 Mt) produced under process contracts for third parties.

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

	This Year ₹ Crore	Previous Year ₹ Crore
Raw Materials	346.57	230.96
Stores and Spares	3.31	1.83
Capital Goods	-	0.02
<b>Total</b>	<b>349.88</b>	<b>232.81</b>

### 29. Expenditure in Foreign Currency

Travelling	0.68	0.83
Other Expenditure	10.56	6.76
Expenses for Foreign Branch:		
- Salaries and Allowance	1.29	1.36
- Rent	0.21	0.21
- Others	0.09	0.14
<b>Total</b>	<b>12.83</b>	<b>9.30</b>

## Schedules forming part of the Accounts for the year ended March 31, 2011

	This Year ₹ Crore		Previous Year ₹ Crore	
<b>30. Value of Consumption of Raw Materials and Spares</b>				
		%		%
Raw Materials				
Imported (including duty content)	348.53	49	258.98	49
Indigenous	357.99	51	271.33	51
	<b>706.52</b>	<b>100</b>	<b>530.31</b>	<b>100</b>
Spares				
Imported (including duty content)	4.50	48	2.33	29
Indigenous	4.84	52	5.64	71
	<b>9.34</b>	<b>100</b>	<b>7.97</b>	<b>100</b>
<b>31. Dividends Remitted in Foreign Currency</b> (subject to deduction of tax, as applicable) Final Dividend for Financial Year 2009-10 to five shareholders on 6,495 equity shares	0.00		0.01	
<b>Total</b>	<b>0.00</b>		<b>0.01</b>	
<b>32 Earnings in Foreign Exchange</b> Export of goods ( F.O.B. : this year ₹ 388.47 crore previous year ₹ 280.66 crore)	402.83		299.64	
Others	13.26		0.06	
<b>Total</b>	<b>416.09</b>		<b>299.70</b>	

**33. Employee Benefits**

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

	Gratuity		Pension	
	This Year ₹ Crore	Previous Year ₹ Crore	This Year ₹ Crore	Previous Year ₹ Crore
<b>a) Change in Present Value of Obligation</b>				
Present value of the obligation at the beginning of the year	27.36	24.36	0.44	1.07
Current Service Cost	0.96	1.06	-	-
Interest Cost	2.03	1.83	-	-
Actuarial (Gain) / Loss on Obligation	(1.48)	0.13	0.06	(0.51)
Benefits Paid	-	(0.02)	(0.10)	(0.12)
Present value of the obligation at the end of the year	<b>28.87</b>	<b>27.36</b>	<b>0.40</b>	<b>0.44</b>

## Schedules forming part of the Accounts for the year ended March 31, 2011

	Gratuity		Pension	
	This Year ₹ Crore	Previous Year ₹ Crore	This Year ₹ Crore	Previous Year ₹ Crore
<b>b) Change in Plan Assets</b>				
Fair value of Plan Assets at the beginning of the year	25.97	15.36	-	-
Expected return on Plan Assets	2.08	1.15	-	-
Actuarial (Gain) / Loss on Plan Assets	(0.14)	(0.46)	-	-
Contributions by the Employer	1.38	9.00	-	-
Fair value of Plan Assets at the end of the year	29.57	25.97	-	-
<b>c) Amounts Recognised in the Balance Sheet</b>				
Present value of Obligation at the end of the year	28.87	27.36	-	-
Fair value of Plan Assets at the end of the year	29.57	25.98	-	-
Net Obligation at the end of the year	(0.70)	1.38	-	-
<b>d) Amounts Recognised in the statement of Profit and Loss:</b>				
Current Service Cost	0.96	1.06	-	-
Interest cost on Obligation	2.03	1.83	-	-
Expected return on Plan Assets	(2.08)	(1.15)	-	-
Net Actuarial (Gain) / Loss recognised in the year	0.39	(0.33)	-	-
Net Cost Included in Personnel Expenses	1.30	1.41	-	-
<b>e) Actual return on Plan Assets</b>	2.21	1.62	-	-
<b>f) Estimated contribution to be made in next financial year</b>	1.33	1.00	-	-
<b>g) Actuarial Assumptions</b>				
i) Discount Rate	8.25% P.A.	8.00% P.A.	8.25% P.A.	8.00% P.A.
ii) Expected Rate of Return on Plan Assets	8.25% P.A.	8.00% P.A.	8.25% P.A.	8.00% P.A.
iii) Salary Escalation Rate	5.00% P.A.	5.00% P.A.	5.00% P.A.	5.00% P.A.
iv) Employee Turnover	-	-	-	-
v) Mortality	L.I.C 1994-96 ULTIMATE	L.I.C 1994-96 ULTIMATE	L.I.C 1994-96 ULTIMATE	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.

### h) Experience Adjustments

₹ Crore

Experience Adjustments (Gain) / Loss	On Plan Liabilities	On Plan Assets
April 10 to March 11	0.88	0.14

## Schedules forming part of the Accounts for the year ended March 31, 2011

### 34. Interest in Joint Ventures

The Company's interests, as a venturer, in jointly controlled entities are:

Name	Countries of Incorporation	Principal activities	Percentage of Ownership interest as at March 31, 2011	Percentage of Ownership interest as at March 31, 2010
Godrej Hersheys Ltd.	India	Beverages & Foods	43.37%	43.37%

The Company's interests in Joint Venture are reported as Long Term Investments (Schedule "6") 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, etc. related to its interests in these joint ventures are:

	This year ₹ Crore	Previous year ₹ Crore
<b>I. ASSETS</b>		
1. Fixed Assets	40.73	35.65
2. Investments	-	-
3. Current Assets, Loans and Advances		
a) Inventories	20.28	17.65
b) Sundry Debtors	6.35	6.33
c) Cash and Bank Balances	4.37	5.65
d) Other Current Assets	-	-
e) Loans and Advances	32.86	28.56
<b>II. LIABILITIES</b>		
1. Loan Funds		
a) Secured Loans	25.05	36.69
b) Unsecured Loans	80.40	40.31
2. Current Liabilities and Provisions		
a) Liabilities	26.87	24.93
b) Provisions	4.25	2.49
3. Deferred Tax - Net	-	-
<b>III. INCOME</b>		
1. Turnover (net of excise)	148.00	154.04
2. Other Income	8.03	7.75
<b>IV. EXPENSES</b>		
1. Material consumed and purchase of goods	103.61	101.95
2. Expenses	65.87	69.43
3. Inventory change	(2.53)	2.47
4. Depreciation	3.80	3.32
5. Interest	6.60	5.91
6. Provision for Taxation	-	-
<b>V. OTHER MATTERS</b>		
1. Contingent Liabilities	30.11	18.28
2. Capital Commitments	1.28	2.63

## Schedules forming part of the Accounts for the year ended March 31, 2011

35. Figures for the previous year have been regrouped / restated wherever necessary to confirm to current years presentation.

36. Additional information as required under Part IV of Schedule VI to the Companies Act, 1956

**1. Registration Details**

Registration No. :	97781
State Code :	11
Balance Sheet Date :	31/3/2011

**2. Capital raised during the year (Amount in ₹ Crore)**

Public Issue :	Nil
Rights Issue :	Nil
Bonus Issue :	Nil
Private Placement :	Nil

**3. Position of mobilisation and deployment of funds (Amount in ₹ Crore)**

Total Liabilities	1,680.30
Total Assets	1,680.30

**Sources of Funds**

Paid-up Capital	31.76
Reserves and Surplus	1,058.40
Secured Loans	83.23
Unsecured Loans	470.99
Deferred Tax Liability	35.92

**Application of Funds**

Net Fixed assets	319.62
Investments	1,233.75
Net Current Assets	126.93
Misc. Expenditure	-
Accumulated Losses	-

**4. Performance of Company (Amount in ₹ Crore)**

Turnover (Total Income)	1,254.54
Total Expenditure	1,118.53
Profit/(Loss) before tax (Including extra ordinary income)	136.01
Profit/(Loss) after tax	133.43
Earning per Share in ₹ (on an annualised basis)	4.20
Dividend rate %	175

**Generic Names of three principal products/services of Company**

Item Code No.	38.23 *
Product description	Fatty Acids / Fatty Alcohols
Item Code No.	15.16 *
Product description	Vanaspati / Refined Oils

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

## Report of the Auditors to the Board of Directors of the Godrej Industries Limited on Consolidated Financial Statements

1. We have audited the attached consolidated Balance Sheet of **GODREJ INDUSTRIES LIMITED** (the Company) and its subsidiaries (collectively referred to as the "Godrej Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended annexed thereto (Consolidated Financial Statements). These Consolidated Financial Statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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. We did not audit the financial statements of certain subsidiaries and a joint venture included in the Consolidated Financial Statement whose financial statements reflect the Group's share of total assets of Rs. 99.90 crores as at March 31, 2011, the Group's share of total revenues of Rs. 892.45 crores and net cash inflows amounting to Rs. 8.55 crores for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries and joint venture, is based solely on the report of the other auditors.
4. As stated in Note 2 of Schedule 21 to the Consolidated Financial Statements, the financial statements of a joint venture, whose financial statements reflect the Group's share of total assets of Rs. 30.45 crores as at March 31, 2011 and the Group's share of total revenues of Rs. 126.21 crores and net cash outflows amounting to Rs. 19.76 crores for the year ended on that date have not been audited and have been considered in the Consolidated Financial Statements based solely on the unaudited separate financial statements certified by Management.
5. As stated in Note 2 of Schedule 21 to the Consolidated Financial Statements, the financial statements of certain associates whose financial statements reflect the Group's share of associates' profit upto March 31, 2011 of Rs. 16.12 crores and the share of profit for the year of Rs 2.87 crores have not been audited and have been considered in the Consolidated Financial Statements based solely on the unaudited separate financial statements certified by Management.
6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21– Consolidated Financial Statements, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27– Financial Reporting of Interest in Joint Ventures issued by the Institute of Chartered Accountants of India.
7. Without qualifying our opinion, we draw attention to Note 13 (b) of Schedule 21 – Notes to Accounts, regarding a loan and interest thereon of Rs. 182.08 crores (*previous year Rs. 173.30 crores*) to a Trust for purchase of the Company's shares from the market equivalent to the options granted under an Employee Stock Option Plan. As at March 31, 2011, the market value of the shares held by the ESOP Trust is lower than the holding cost of these shares by Rs. 65.24 crores (*previous year Rs. 78.71 crores*) (net of provision of Rs. 8.34 crores (*previous year Rs. 3.29 crores*)). The repayment of the loans granted to the ESOP Trust and the interest payable by the Trust on the said loans is dependent on the exercise of options by the employees during the exercise period 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 market volatility and the loss, if any, can be determined only at the end of the exercise period, in view of which, provision for the diminution is not considered necessary in the financial statements.

## Report of the Auditors to the Board of Directors of the Godrej Industries Limited on Consolidated Financial Statements

8. *Reference is invited to note 12(a) of Schedule 21 - Notes to Accounts, regarding the recoverability of advances given to certain individuals amounting to Rs. 10.33 crores is contingent upon the transfer and / or disposal of the shares pledged against the loan. The said shares were lodged for transfer, which application was rejected and the Company has preferred an appeal to the Company Law Board. The investee company had in the mean while moved the High Court but the matter was referred back to the Company Law Board, where the matter is awaiting hearing. The impact thereof on the profit for the year and the reserves as at March 31, 2011, could not be ascertained.*
9. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the management's certification of the unaudited financial statements, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements, *subject to the observations in paragraphs 3, 4, 5, and 8 above*, give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Godrej Industries Limited Group, its subsidiaries and joint venture as at March 31, 2011;
  - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated profit for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

For and on behalf of

**Kalyaniwalla & Mistry**  
**Chartered Accountants**  
 Firm Regn. No.: 104607W

**Daraius Z. Fraser**  
 Partner  
 M. No.: 42454

Mumbai: May 30, 2011.

## Consolidated Balance Sheet as at March 31, 2011

	Schedule	₹ Crore	This Year ₹ Crore	Previous Year ₹ Crore
<b>SOURCES OF FUNDS</b>				
1. Shareholders' Funds				
(a) Share Capital	1	31.76		31.76
(b) Reserves and Surplus	2	1,898.80	1,930.56	1,733.82
			396.07	1,765.58
2. Minority Interest				315.47
3. Loan Funds				
(a) Secured Loans	3	711.07		714.95
(b) Unsecured Loans	4	1,061.32	1,772.39	766.24
			51.19	1,481.19
4. Deferred Tax Liability				50.79
<b>TOTAL</b>			<b>4,150.21</b>	<b>3,613.03</b>
<b>APPLICATION OF FUNDS</b>				
5. Fixed Assets	5			
(a) Gross Block		1,054.68		925.08
(b) Less: Depreciation/Impairment		494.26		448.41
(c) Net Block		560.42		476.67
(d) Capital Work-in-Progress		39.43	599.85	38.91
			565.83	515.58
6. Goodwill (on consolidation)			789.15	480.97
7. Investments	6			927.47
8. Current Assets, Loans and Advances				
(a) Inventories	7	1,403.69		1,035.81
(b) Sundry Debtors	8	551.60		423.05
(c) Cash and Bank Balances	9	275.73		147.88
(d) Other Current Assets		0.21		0.23
(e) Loans and Advances	10	1,082.08		844.65
		3,313.31		2,451.62
Less : Current Liabilities and Provisions				
(a) Current Liabilities	11	1,022.57		679.49
(b) Provisions	12	95.36		83.12
		1,117.93		762.61
Net Current Assets			2,195.38	1,689.01
9. Miscellaneous Expenditure (To the extent not written off or adjusted)	13		-	-
<b>TOTAL</b>			<b>4,150.21</b>	<b>3,613.03</b>
Significant Accounting Policies	20			
Notes to Accounts	21			

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

As per our Report attached

Signatures to Balance Sheet and Schedules  
1 to 13, 20 and 21

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

**A. B. Godrej**  
Chairman

**Darius Z. Fraser**  
Partner

**M. Eipe**  
Executive Director  
& President (Chemicals)

Mumbai, May 30, 2011.

For and on behalf of the Board  
**N. B. Godrej**  
Managing Director

**V. Srinivasan**  
Executive Vice President  
(Finance & Estate) &  
Company Secretary

# Consolidated Profit and Loss Account for the year ended March 31, 2011

	Schedule	₹ Crore	This Year ₹ Crore	Previous Year ₹ Crore
<b>INCOME</b>				
Turnover (gross) (refer note 16 of schedule 21)			4,415.81	3,458.02
Less: Excise duty			67.24	43.85
Turnover (net)			4,348.57	3,414.17
Other Income	14		253.47	301.36
			4,602.04	3,715.53
<b>EXPENDITURE</b>				
Materials Consumed and Purchase of Goods	15		3,049.13	2,497.71
Cost of Sales - Property Development	16		324.00	200.05
Expenses	17		784.56	687.41
Inventory Change	18		(21.35)	(16.71)
Interest and Financial Charges (net)	19		87.93	83.93
Depreciation			55.06	50.17
(Net of transfer from Revaluation Reserve ₹ 0.99 crore previous year ₹ 0.99 crore)			4,279.33	3,502.56
<b>Profit Before Tax</b>			322.71	212.97
Provision for Taxation				
- Current Tax		93.24		52.53
- MAT Credit Entitlement		(19.48)		(8.77)
- Deferred Tax		0.57		0.96
-Tax Adjustment for Previous Years (net)		(1.19)		0.05
			73.14	44.77
<b>Profit After Taxation</b>			249.57	168.20
Share of Profit in Associates			111.22	81.03
Profit Before Minority Interest			360.79	249.23
Share of Minority Interest			(67.40)	(45.99)
<b>Profit after Minority Interest</b>			293.39	203.24
Surplus Brought Forward		513.68		412.54
Excess Provision for Proposed Dividend		-		0.26
Excess Provision for Tax on Distributed Profit		-		0.04
Adjustment of Opening Profit of Subsidiaries/Jointly Controlled Entities on Acquisition/Deletion		(19.71)		(18.06)
			493.97	394.78
<b>Amount Available For Appropriation</b>			787.36	598.02
<b>APPROPRIATIONS:</b>				
Proposed Dividend on Equity Shares - Final			55.58	47.64
Tax on Distributed Profits			16.60	13.28
Transfer to Special Reserve under section 45IC of RBI Act, 1934			0.16	0.64
Transfer to General Reserve			30.54	22.78
Surplus Carried Forward			684.48	513.68
			787.36	598.02
Basic and Diluted Earnings per share Before Extra Ordinary Items			9.24	6.39
Basic and Diluted Earnings per share After Extra Ordinary Items (refer note 19 of schedule 21)			9.24	6.39
Significant Accounting Policies	20			
Notes to Accounts	21			

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 14 to 21

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

**A. B. Godrej**  
Chairman  
**M. Eipe**  
Executive Director  
& President (Chemicals)

**Daraius Z. Fraser**  
Partner

Mumbai, May 30, 2011.

For and on behalf of the Board  
**N. B. Godrej**  
Managing Director

**V. Srinivasan**  
Executive Vice President  
(Finance & Estate) &  
Company Secretary

## Consolidated Cash Flow Statement for the year ended March 31, 2011

	This year ₹ Crore	Previous year ₹ Crore
<b>A. Cash Flow from Operating Activities :</b>		
<b>Profit Before Tax</b>	<b>322.71</b>	212.97
Adjustments for :		
Depreciation	55.06	50.17
Unrealised Foreign Exchange	0.20	(3.61)
Profit on Sale of Investments	(169.86)	(246.53)
(Loss)/Profit on Sale of Fixed Assets	(24.29)	1.33
Dividend Income	(8.71)	(3.26)
Interest Income	(34.63)	(33.04)
Interest Expense	88.00	84.13
Deferred Expenditure Written Off	-	10.02
Provision for Diminution in Value of Investments	10.48	10.23
Provision/(Write back of Provision) for Doubtful Debts /Advances (net)	12.46	(0.58)
Others	(1.23)	-
Operating Profit Before Working Capital Changes	250.19	81.83
Adjustments for :		
Inventories	(364.61)	(305.95)
Trade and Other Receivables	(374.57)	378.20
Trade Payables	319.54	(202.86)
Cash Used in Operations	(169.46)	(48.78)
Direct Taxes Paid	(87.01)	(54.95)
Direct Taxes Refund Received	13.15	0.13
Voluntary Retirement Compensation Paid	-	(4.86)
<b>Net Cash Used in Operating Activities</b>	<b>(243.31)</b>	(108.46)
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets	(165.19)	(94.60)
Proceeds from Sale of Fixed Assets	38.65	1.77
Purchase of Investments	(835.10)	(1,126.64)
Proceeds from Sale of Investments	1,142.15	1,174.53
Intercompany Deposits/Loans (net)	(7.65)	(3.62)
Interest Received	30.98	32.39
Dividend Received	8.71	3.26
<b>Net Cash from / (used in) Investing Activities</b>	<b>212.55</b>	(12.91)

## Consolidated Cash Flow Statement for the year ended March 31, 2011

	This year ₹ Crore	Previous year ₹ Crore
<b>C. Cash Flow from Financing Activities :</b>		
Equity Share Capital Bought Back	-	(28.87)
Proceeds from Issue of Share Capital to Minority	10.47	428.17
Proceeds from Borrowings	994.17	1,070.63
Repayments of Borrowings	(983.27)	(1,069.40)
Bank Overdrafts (net)	293.25	(97.49)
Interest Paid	(88.35)	(94.76)
Dividend Paid	(56.66)	(42.84)
Tax on Distributed Profits	(13.28)	(11.00)
<b>Net Cash from Financing Activities</b>	<b>156.33</b>	<b>154.44</b>
Net Increase in Cash and Cash Equivalents	125.57	33.07
Opening Balance of Cash and Cash Equivalents	147.88	125.20
Add : Cash and Cash Equivalents taken over pursuant to Business Acquisition	4.37	-
Less : Cash and Cash Equivalents on Demerger/Transfer/Dilution	(2.09)	(10.39)
Closing Balance of Cash and Cash Equivalents (including share in jointly controlled entities - ₹ 10.62 crore)	<b>275.73</b>	<b>147.88</b>
<b>Notes :</b>		
1. Cash and Cash Equivalents		
Cash on Hand and Balances with Banks	275.73	146.30
Effect of Exchange Rate Changes	(0.00)	1.58
Cash and Cash Equivalents	<b>275.73</b>	<b>147.88</b>
2. Cash and Cash Equivalents include Deposits with Bank as security amounting to ₹ 0.22 crore (previous year ₹ 0.26 crore) and ₹ 2.69 crore (previous year ₹ 3.44 crore) received from flat buyers and held in trust.		
3. The above Cashflow Statement includes share of cashflows from jointly controlled entities as under:		
a. Net Cash from Operating Activities	13.02	
b. Net Cash used in Investing Activities	(23.93)	
c. Net Cash from Financing Activities	16.02	
4. The figures of previous year have been regrouped/restated wherever necessary to confirm to current years presentation.		

As per our Report attached

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

**Darius Z. Fraser**  
Partner

Mumbai, May 30, 2011.

**A. B. Godrej**  
Chairman

**M. Eipe**  
Executive Director  
& President (Chemicals)

Signature to Cash Flow Statement

For and on behalf of the Board  
**N. B. Godrej**  
Managing Director

**V. Srinivasan**  
Executive Vice President  
(Finance & Estate) &  
Company Secretary

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### SCHEDULE 1 : SHARE CAPITAL

#### Authorised:

800,000,000	Equity shares of ₹ 1 each
10,00,00,000	Unclassified Shares of ₹ 10 each

#### Issued, Subscribed and Paid Up:

317,624,892	(previous year 317,624,892) Equity shares of ₹ 1 each fully paid
-------------	--

Of the above,

- (i) 187,202,388 (previous year 187,202,388) shares are held by Godrej & Boyce Mfg. Co. Limited, the holding company
- (ii) 155,547,816 (previous year 155,547,816) shares are allotted for consideration other than cash pursuant to schemes of amalgamation/arrangement
- (iii) 95,705,718 (previous year 95,705,718) shares are allotted as fully paid bonus shares by way of capitalisation of Securities Premium Account.

### SCHEDULE 2 : RESERVES AND SURPLUS

	As at 01.04.2010	Additions	Deductions	Adjustment on Aquisition/ Deletion	₹ Crore As at 31.03.2011
Securities Premium Account	1,052.02	-	31.39	0.85	1,021.48
	802.00	319.35	69.33	-	1,052.02
Capital Investment Subsidy Reserve	0.71	-	-	-	0.71
	0.71	-	-	-	0.71
Revaluation Reserve	12.86	-	1.36	-	11.50
	14.10	-	1.24	-	12.86
Special Reserve u/s. 45IC of RBI Act, 1934	2.59	0.16	-	-	2.75
	1.95	0.64	-	-	2.59
Capital Redemption Reserve	31.46	-	-	-	31.46
	31.25	0.21	-	-	31.46
Capital Reserve	0.04	-	-	-	0.04
	0.04	-	-	-	0.04
General Reserve	120.14	25.82	-	(4.74)	145.96
	108.75	16.98	0.21	(5.38)	120.14
Foreign Exchange Fluctuation Reserve	0.32	0.31	0.21	-	0.42
	4.57	(4.32)	-	0.07	0.32
Profit and Loss Account	513.68	293.39	102.88	(19.71)	684.48
	412.54	203.54	84.34	(18.06)	513.68
<b>Total - This Year</b>	<b>1,733.82</b>	<b>324.42</b>	<b>135.84</b>	<b>(23.60)</b>	<b>1,898.80</b>
Total - Previous Year	1,375.91	536.40	155.12	(23.37)	1,733.82

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### SCHEDULE 3 : SECURED LOANS

	This Year ₹ Crore	Previous Year ₹ Crore
Term Loans from Banks	115.05	369.31
1% Secured Redeemable Optionally Convertible Debentures	21.56	21.56
Bank Overdrafts, Packing Credits, etc.	462.73	174.75
Commercial Paper	-	25.00
Other Loans	65.00	65.00
Share in Jointly Controlled Entities	46.73	59.33
	<b>711.07</b>	<b>714.95</b>

The Secured Redeemable Optionally Convertible Debentures issued by a Subsidiary company are redeemable at the end of 7 years from the date of allotment i.e. in 2013-14

### SCHEDULE 4 : UNSECURED LOANS

Fixed Deposits	222.49	172.31
Intercompany Deposits	14.19	7.51
Commercial Paper	95.00	60.00
Term Loans from Bank	687.94	476.56
Sales Tax Deferment Facility	4.67	4.67
Share in Jointly Controlled Entities	37.03	45.19
	<b>1,061.32</b>	<b>766.24</b>

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### SCHEDULE 5 : FIXED ASSETS

₹ Crore

ASSETS	GROSS BLOCK				DEPRECIATION/IMPAIRMENT				NET BLOCK	
	As on 01.04.2010	Additions	Deductions/ Adjustments	As on 31.03.2011	Upto 01.04.2010	Deductions/ Adjustments	For the Year	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
<b>Tangible Assets</b>										
Land - Freehold	13.85	10.39	0.38	<b>23.86</b>	-	-	-	-	<b>23.86</b>	13.85
- Leasehold	3.60	18.69	(0.14)	<b>22.43</b>	0.35	-	0.22	<b>0.57</b>	<b>21.86</b>	3.25
Buildings	127.54	61.38	10.32	<b>178.60</b>	39.34	0.46	6.37	<b>45.25</b>	<b>133.35</b>	88.20
Plant and Machinery	548.05	34.39	7.03	<b>575.41</b>	313.21	2.04	31.48	<b>342.65</b>	<b>232.76</b>	234.84
Research Centre	1.46	-	0.96	<b>0.50</b>	0.74	0.51	0.03	<b>0.26</b>	<b>0.24</b>	0.72
Furniture and Fixtures	18.65	3.45	1.67	<b>20.43</b>	9.83	0.92	1.34	<b>10.25</b>	<b>10.18</b>	8.82
Office and Other Equipments	20.77	4.29	2.22	<b>22.84</b>	8.78	1.76	1.21	<b>8.23</b>	<b>14.61</b>	11.99
Vehicles/Vessels	32.36	8.06	1.91	<b>38.51</b>	8.07	1.10	3.31	<b>10.28</b>	<b>28.23</b>	24.29
Trees Development Cost	1.17	0.68	-	<b>1.85</b>	0.60	(0.31)	0.30	<b>1.21</b>	<b>0.64</b>	0.57
<b>Intangible Assets</b>										
Trademarks	11.80	7.34	10.18	<b>8.96</b>	5.32	0.26	0.51	<b>5.57</b>	<b>3.39</b>	6.48
Technical Knowhow	2.00	-	-	<b>2.00</b>	2.00	-	-	<b>2.00</b>	-	-
Software	17.94	4.42	0.07	<b>22.29</b>	9.87	0.03	2.49	<b>12.33</b>	<b>9.96</b>	8.07
Vehicles	2.78	-	1.73	<b>1.05</b>	2.35	1.65	0.26	<b>0.96</b>	<b>0.09</b>	0.43
<b>Share in Jointly Controlled Entities</b>	123.11	25.69	12.85	<b>135.95</b>	47.95	1.78	8.53	<b>54.70</b>	<b>81.25</b>	75.16
<b>TOTAL - This Year</b>	<b>925.08</b>	<b>178.78</b>	<b>49.18</b>	<b>1,054.68</b>	<b>448.41</b>	<b>10.20</b>	<b>56.05</b>	<b>494.26</b>	<b>560.42</b>	<b>476.67</b>
- Previous Year	869.08	93.89	37.89	<b>925.08</b>	418.12	20.87	51.16	<b>448.41</b>		
Capital Work in-Progress									<b>39.43</b>	38.91
<b>TOTAL</b>									<b>599.85</b>	<b>515.58</b>

1. Buildings, Plant and Machinery and Research Centre at Vikhroli Factory were revalued on 30th June, 1992, on the basis of a valuation report submitted by professional valuers.
2. Depreciation for the year includes ₹ 0.99 crore (previous year ₹ 0.99 crore) being depreciation on revalued component of the fixed assets.
3. Gross block deductions includes ₹ 0.72 crore (previous year ₹ 0.83 crore) being the revalued component of assets sold/discarded during the year.
4. Accumulated depreciation includes impairment loss of ₹ 5.40 crore on plant and machinery in an earlier year.
5. Capital work-in-progress is net of impairment loss of ₹ 2.04 crore provided in an earlier year on an infructuous asset under construction.

# Schedules forming part of the Consolidated Accounts for the year ended

## March 31, 2011

### SCHEDULE 6 : INVESTMENTS

Investee Company/Entity	Face value (₹)	Number				Notes	Amount	
		Qty. as on 01.04.10	Acquired during the year	Sold/adjusted during the year	Qty. as on 31.03.11		As on 31.03.11 ₹ Crore	As on 31.3.10 ₹ Crore
LONG TERM INVESTMENTS : At Cost								
A. TRADE INVESTMENTS								
Equity Shares : Fully Paid								
Bharuch Eco-Aqua Infrastructure Ltd.	10	440,000	-	-	440,000		0.44	0.44
Preference Shares : Partly paid								
Wadala Commodities Ltd. (8% Redeemable Cumulative Preference Shares, 2012)	10	5,000,000	-	-	5,000,000	(a)	4.50	4.50
B. OTHER INVESTMENTS : Fully paid unless stated otherwise								
Equity Shares								
Quoted :								
Godrej Consumer Products Ltd.	1	72,444,620	-	2,650,000	69,794,620	(b)	638.15	580.41
Mafatlal Industries Ltd.	10	114,334	-	12,430	101,904		0.78	0.87
Others							0.01	0.08
Unquoted :								
Associate Companies								
Swadeshi Detergents Ltd.	10	209,370	-	-	209,370		-	-
Creamline Diary Products Ltd.	10	2,671,993	-	-	2,671,993		19.22	16.89
Polychem Hygine Laboratories Pvt. Ltd.	10	455,000	-	-	455,000		3.54	3.07
Personalitree Academy Ltd.	10	389,269	-	-	389,269		-	-
Joint Venture :								
Godrej Hershey Ltd.	10	32,587,046	-	-	32,587,046		-	-
Other Companies								
Avesthagen Ltd.	10	288,861	180,538	-	469,399	(c)	10.81	10.80
Cbay Infotech Ventures Pvt. Ltd.	10	32,258	80,321	-	112,579		2.33	1.00
Gharda Chemicals Ltd.	100	114	-	-	114	(d)	0.12	0.12
Tahir Properties Ltd. (Partly paid) *	100	25	-	-	25	(a)	0.00	0.00
KarRox Technologies Ltd.	10	250,000	-	-	250,000		1.01	1.01
HyCa Technologies Pvt. Ltd.	10	12,222	-	-	12,222		1.25	1.25
Aadhar Retailing Ltd.	10	4,465,000	-	-	4,465,000		23.37	20.99
Common Stock/Membership Units :								
Unquoted :								
CBay Systems Ltd., USA	\$0.01	4,091,073	-	-	4,091,073		2.54	2.54
Boston Analytics Inc.	\$1	1,067,754	-	-	1,067,754		6.88	6.88
Verseon Corporation - Class A Preferred Shares	\$1.90	2,631,578	-	-	2,631,578		11.42	11.42
Newmarket Ltd.	£1.00	100	-	-	100		9.16	9.23
Quoted								
CBaySystems Holdings Ltd., BVI	\$0.10	8,182,148	-	8,182,148	-	(e)	-	42.58
MedQuist Holdings Inc. (Formerly CBaySystems Holdings Ltd., BVI)	\$0.10	-	1,818,255	-	1,818,255	(e)	42.55	-
Preference Shares :								
Unquoted :								
Tahir Properties Ltd (Class - A) (partly paid) *	100	25	-	-	25	(a)	0.00	0.00
Optionally convertible Loan notes/ debentures :								
Unquoted :								
Verseon Corporation (13%)	\$1,000,000	-	-	-	-	(f)	3.98	3.98
Boston Analytics Inc. (15%)	\$750,000	-	-	-	-	(g)	3.00	3.00
Boston Analytics Inc. (20%)	\$1,550,000	-	-	-	-	(g)	6.73	6.73
Boston Analytics Inc. (12%)	\$950,000	-	-	-	-	(h)	4.69	4.69
Shares in Co-operative Society: Fully Paid								
Unquoted :								
The Saraswat Co-op Bank Ltd. *	10	1,000	-	-	1,000		0.00	0.00
Sachin Industrial Co-op Soceity *	500	3	-	-	3		0.00	0.00
Amitabh Bachhan Corporation Ltd. *	10	25,000	-	-	25,000		0.00	0.00

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### SCHEDULE 6 : INVESTMENTS (CONTINUED)

Investee Company/Entity	Face value (₹)	Number			Qty. as on 31.03.11	Notes	Amount	
		Qty. as on 01.04.10	Acquired during the year	Sold/adjusted during the year			As on 31.03.11 ₹ Crore	As on 31.3.10 ₹ Crore
<b>Investment in the capital of Partnership Firm :</b>								
View Group LP *	-	-	-	-	-		0.00	0.00
<b>CURRENT INVESTMENTS</b>								
<b>Units of Mutual Fund :</b>								
<b>Unquoted</b>								
SBI Mutual Fund - Cash option							0.90	4.78
National Savings certificate *							-	0.00
Kotak Floater - LT - Daily Dividend Reinvest							-	35.34
JPMorgan India Treasury Fund - Super IP - Daily Dividend Reinvest							-	19.48
Reliance Money Manager Fund - IP - Dly Dividend Reinvest							-	19.31
ICICI Prudential Flexible Income Plan - Premium - Daily Dividend Reinvest							14.13	35.33
LIC MF Savings Plus Fund - Dly Dividend Reinvest							-	35.35
HDFC Cash Mgmt Fund - Treasury Advantage - WP - Dly Div Reinvest							-	35.33
IDFC Money Manager - Treasury Plan - Plan C - Dly Dividend Reinvest							-	25.23
FORTIS Money Plus Fund - IP - Daily Dividend Reinvest							-	2.43
DWS Insta Cash Plus-Super IP- Growth	-	-	314,317		314,317		4.00	-
Kotak Liquid Inst Premium	-	-	880,636		880,636		1.75	-
<b>Less : Provision for Diminution in Value of Investments</b>							817.27 (28.12)	945.06 (17.59)
<b>Aggregate Book Value of Investments</b>							789.15	927.47
Quoted							681.48	623.94
Unquoted							107.67	303.53
<b>Market Value of Quoted Investments</b>							789.15	927.47
							5,899.52	1,943.89

\* Amount less than ₹ 0.01 crore.

#### NOTES:

- Uncalled Liability on partly paid shares
  - Tahir Properties Ltd. - Equity - ₹ 80 per share.
  - Tahir Properties Ltd. - Preference - ₹ 30 per share.
  - Wadala Commodities Limited - Preference - ₹ 1 per share.
- 65,00,000 equity shares (previous year 97,50,000 shares) of Godrej Consumer Products Limited have been pledged as security against loan and 52,34,852 equity shares received under a Scheme of Arrangement are locked in till November 24, 2012.
- 202,203 equity shares of ₹ 10 each were split into 288,861 equity shares of ₹ 7 each. Thereafter, 180,538 equity shares of ₹ 7 each were received as bonus shares in the ratio of 5 bonus equity shares for every 8 equity shares held.
- The said shares have been refused for registration by the investee company.
- 8,182,148 common stock of US \$ 0.10 each in CBay Systems Holdings Ltd. BVI, were converted into 1,818,255 common stock of US \$ 1 and the name of the company was changed to MedQuist Holdings Inc.
- Optionally Convertible Notes issued by Verseon Corporation - are convertible after December 1, 2008 until the due date but not later than September 15, 2012.
- The Optionally Convertible Promissory Notes (15%) of Boston Analytics Inc. in respect of which the Company did not exercise the conversion option and Boston Analytics Inc. promissory notes (20%) where there was a partial conversion option which the Company has not exercised were due for redemption on June 30, 2009 and August 21, 2009, respectively. The said promissory notes have not been redeemed as of the Balance Sheet date and have been fully provided for.
- 12% promissory notes are repayable on or before December 31, 2011 along with interest on maturity.

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### SCHEDULE 7: INVENTORIES

(at lower of cost and net realisable value)

	This Year ₹ Crore	Previous Year ₹ Crore
Stores and Spares	18.02	16.57
Raw Materials	181.81	137.25
Construction Work-in-Progress	1,015.08	724.61
Work-in-Progress	47.12	42.40
Stock Under Cultivation	11.53	7.79
Finished Goods	85.95	58.63
Stock-in-Trade	0.37	0.48
Poultry Stock	-	17.04
Share in Jointly Controlled Entities	43.81	31.04
	<b>1,403.69</b>	<b>1,035.81</b>

### SCHEDULE 8: SUNDRY DEBTORS

(Unsecured)

Debts outstanding over six months

Considered Good	27.30	25.06
Considered Doubtful	5.40	5.00
	<b>32.70</b>	<b>30.06</b>

Other Debts

Considered Good	513.47	385.93
-----------------	--------	--------

(Includes unbilled revenue of ₹ 248.82 crore, previous year ₹ 75.02 crore)

	<b>546.17</b>	<b>415.99</b>
Less: Provision for Doubtful Debts	<b>(5.40)</b>	<b>(5.00)</b>
	<b>540.77</b>	<b>410.99</b>
Share in Jointly Controlled Entities	10.83	12.06
	<b>551.60</b>	<b>423.05</b>

### SCHEDULE 9: CASH AND BANK BALANCES

Cash and Cheques on Hand	16.52	7.56
Balances with Scheduled Banks		
- on Current Accounts	88.25	63.56
- on Deposit Accounts (refer note 10 of schedule 21)	156.02	63.16
Share in Jointly Controlled Entities	14.94	13.60
	<b>275.73</b>	<b>147.88</b>

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### SCHEDULE 10: LOANS AND ADVANCES

(Unsecured and considered good unless otherwise stated)

Loans and Advances (refer note 12 a of schedule 21)

Loan to ESOP Trusts

(net of provision for doubtful loans ₹ 8.34 crore, previous year ₹ 3.29 crore)

Advances recoverable in cash or in kind or for value to be received

(net of provision for doubtful advances of ₹ 5.86 crore

previous year ₹ 8.76 crore)

Development Manager Fees Accrued but not due

Mobilisation Advances (secured against bank/corporate guarantee)

Intercompany Deposits

Deposits and Balances with

- Customs and Excise Authorities

- Others

Due on Management Projects (refer note 12 c of schedule 21)

Advance Payment of Taxes

(Net of Provision for Tax)

Share in Jointly Controlled Entities

### SCHEDULE 11 : CURRENT LIABILITIES

Acceptances

Sundry Creditors

Advances from Customers

Sundry Deposits

Investor Education and Protection Fund :

- Unclaimed Dividend

- Unpaid Matured Deposits

- Interest Accrued on above

Other Liabilities

Interest Accrued but not Due on Loans

Share in Jointly Controlled Entities

### SCHEDULE 12 : PROVISIONS

Proposed Dividend - Final

Provision for Tax on Distributed Profits

Provision for Retirement Benefits

Share in Jointly Controlled Entities

This Year ₹ Crore	Previous Year ₹ Crore
78.60	24.83
206.40	185.25
135.18	102.46
4.45	6.02
21.74	34.17
36.21	28.40
4.37	5.62
439.22	326.44
79.91	67.77
38.81	36.92
37.19	26.77
1,082.08	844.65
152.34	123.59
656.19	381.89
40.01	36.94
26.77	24.64
0.22	0.17
0.37	0.11
0.03	0.05
103.52	70.10
5.32	6.13
37.80	35.87
1,022.57	679.49
55.58	47.64
16.60	13.28
17.43	19.18
5.75	3.02
95.36	83.12

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### SCHEDULE 13: MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Voluntary Retirement Compensation

Balance at the beginning of the Year

Less : Amortised during the Year

This Year ₹ Crore	Previous Year ₹ Crore
-	3.86
-	(3.86)
-	-

### SCHEDULE 14: OTHER INCOME

Interest :

- Debentures

- Deposits

- From Projects, Landlords and Others

Dividend

Profit on Sale of Fixed Assets (net)

Profit on Sale of Long Term Investments (refer note 17 of schedule 21)

Profit on Sale of Current Investments

Bad Debt Recovered

Miscellaneous Income

Share in Jointly Controlled Entities

1.97	0.15
24.55	27.65
8.04	5.04
8.71	3.26
24.29	-
168.65	245.50
1.21	1.03
-	7.48
15.32	10.83
0.73	0.42
253.47	301.36

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

Raw Materials Consumed :

Stocks at the Commencement of the Year

Add : Purchases (net)

Less : Stocks as at the Close of the Year

Raw Materials Consumed During the Year

Purchase of Goods for Resale

Share in Jointly Controlled Entities

137.25	101.91
2,155.76	1,634.91
2,293.01	1,736.82
181.81	137.25
2,111.20	1,599.57
834.23	787.67
103.70	110.47
3,049.13	2,497.71

### Schedule 16 : Cost of Sales - Property Development

Stocks at the Commencement of the Year

Add : Construction Expenditure During the Year

Less : Stocks as at the Close of the Year

725.09	475.86
614.36	449.28
1,339.45	925.14
1,015.45	725.09
324.00	200.05

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### SCHEDULE 17: EXPENSES

	This Year ₹ Crore	Previous Year ₹ Crore
Salaries, Wages and Allowances	178.78	158.44
Contribution to Provident Fund and Other Funds	12.09	11.21
Employee Welfare Expenses	11.65	9.83
Stores and Spares Consumed	17.39	13.21
Power and Fuel	102.65	85.23
Processing Charges	57.09	52.30
Rent	13.89	11.90
Rates and Taxes	6.92	6.65
Repairs and Maintenance		
- Machinery	10.27	10.36
- Buildings	8.96	7.36
- Other Assets	1.56	3.02
Insurance	1.75	2.38
Freight	43.48	36.01
Commission	4.60	67.90
Discount	56.47	4.01
Advertisement and Publicity	11.01	13.49
Selling and Distribution Expenses	29.70	6.27
Bad Debts Written Off	5.36	4.04
Provision for Doubtful Debts and Advances	4.76	(4.62)
Provision for Depletion in the Value of Long Term Investments	10.48	10.22
Loss on Sale of Fixed Assets	-	1.33
Excise Duty on Inventory Change	2.60	1.95
Foreign Exchange Loss	0.99	1.18
Miscellaneous Expenses	84.59	61.51
Share in Jointly Controlled Entities	107.52	112.23
	<u>784.56</u>	<u>687.41</u>

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### SCHEDULE 18 : INVENTORY CHANGE

	This Year ₹ Crore	Previous Year ₹ Crore
Stocks at the Commencement of the Year		
Finished Goods	58.63	54.13
Work-in-Progress	42.40	26.81
Stock Under Cultivation	7.79	4.45
Poultry Stock	17.04	20.56
Share in Jointly Controlled Entities	18.18	21.38
	144.04	127.33
Less: Stock Adjustment for Joint Venture Deleted	9.34	-
Less: Stocks at the Close of the Year		
Finished Goods	85.95	58.63
Work-in-Progress	47.12	42.40
Stock Under Cultivation	11.53	7.79
Poultry Stock	-	17.04
Share in Jointly Controlled Entities	11.45	18.18
	156.05	144.04
(Increase)/Decrease in Inventory	(21.35)	(16.71)

### SCHEDULE 19 : INTEREST AND FINANCIAL CHARGES (NET)

Interest Paid		
- on Debentures and Fixed Loans	33.59	57.25
- on Bank Overdrafts	78.96	75.93
- to Financial Institutions	0.76	-
- on Inter Corporate Deposits	1.80	1.55
- Other Interest	22.11	16.84
	137.22	151.57
Less: Interest During Construction Period Capitalised	76.93	88.61
Less: Interest Received		
- on Customer Balances, etc.	0.06	0.17
- Others	0.01	0.03
	0.07	0.20
Net Interest	60.22	62.76
Other Financial Charges	20.71	14.24
Share in Jointly Controlled Entities	7.00	6.93
	87.93	83.93

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### SCHEDULE 20: SIGNIFICANT ACCOUNTING POLICIES

#### a) Accounting Convention

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India and the Accounting Standards prescribed in the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

#### b) Use of Estimates

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

#### c) Fixed Assets

Fixed Assets are stated at cost or as revalued as the case may be, less accumulated depreciation. Cost includes expenses related to acquisition and any directly attributable cost of bringing the assets to its intended working condition.

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

#### d) Intangible Assets

The group has evaluated the useful lives of the Intangible Assets – Trademarks, etc. based on the nature of business, growth rates and estimated discounted cash flows. The intangible assets are amortised over the estimated useful lives as follows:

Particulars	Estimated useful lives
Trade marks	8 - 15 years
Technical Know how	6 - 10 years
Computer software	4 - 6 years

#### e) Impairment of Assets

The group reviews the carrying amounts of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment loss, if any, is recognised in the period in which impairment takes place.

#### f) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition / construction of the qualifying asset are capitalised as a part of the cost of such asset, upto the date of acquisition / completion of construction. Borrowing costs incurred for the development of long term projects are included under Construction work in progress / Management Project Receivables at weighted average of the borrowing cost / rates as per agreement respectively.

#### g) Investments

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

Current investments are carried at lower of cost and fair value.

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### h) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is computed on 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. Provision is made for the cost of obsolescence and other anticipated losses, wherever considered necessary.

Construction work-in-progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Group.

### i) Provisions and Contingent Liabilities

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

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

### j) Foreign Exchange Transactions

- i) Transactions in foreign currency are recorded at exchange rates prevailing on the day of the transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the period end are translated at closing rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions are recognised in the Profit and Loss Account.
- ii) Forward exchange contracts other than those entered into to hedge foreign currency risk of firm commitments or highly probable forecast transactions are translated at period end exchange rates. Premium or discount on such forward exchange contracts is amortised as income or expense over the life of the contract.
- iii) Realised gain or losses on cancellation of forward exchange contracts are recognised in the Profit and Loss Account of the period in which they are cancelled.
- iv) Exchange differences in respect of other unexpired foreign currency derivative contracts, which have been entered into to hedge foreign currency risks are marked to market and losses, if any, are recognised in the Profit and Loss Account.

### k) Revenue Recognition

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

Income from processing operations is recognised on completion of production / dispatch of the goods, as per the terms of contract.

Export incentives receivable under the Duty Entitlement Pass Book Scheme and the Duty Drawback Scheme are accounted on accrual basis.

Revenue from construction activity is recognized on "Percentage of Completion Method" of accounting. As per this method, revenue is recognised in proportion to the actual cost incurred for the work completed as against the total estimated cost of project under execution with the Company.

Determination of revenues under the percentage of completion method necessarily involves making estimates, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion. Such estimates have been relied upon by the auditors.

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

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

Interest income is recognised on a time proportion basis.

Income on assets given on operating lease is recognised on a straight line basis over the lease term.

### **l) Research and Development Expenditure**

Revenue expenditure on Research & Development is charged to the Profit and Loss Account of the year in which it is incurred. Capital expenditure incurred during the year on Research & Development is included under additions to fixed assets.

### **m) Depreciation**

Leasehold land and Leasehold improvement are amortised equally over the lease period.

Depreciation is provided on the straight line method at the rates specified in Schedule XIV to the Companies Act, 1956, except in some subsidiary companies, where depreciation has been provided on the written down value method. The impact of the differing method of depreciation has not been ascertained but is not likely to be material. Computer hardware is depreciated over its estimated useful life of 4 years.

Depreciation on assets acquired during the year is provided for the full accounting year and no depreciation is charged on the assets sold/discarded during the year, except in case of major additions and deductions exceeding rupees one crore in which case, proportionate depreciation is provided.

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

### **n) Employee Benefits**

Liability is provided for the retirement benefits of provident fund, gratuity, leave encashment and pension benefit in respect of all eligible employees of the Group.

#### **i) Defined Contribution Plan**

Employee benefits in the form of Provident Fund and Family Pension which are paid to EPFO are considered as defined contribution plans and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.

#### **ii) Defined Benefit Plan**

Retirement benefits in the form of Provident Fund which are paid to PF Trust, Gratuity and Pension plan for eligible employees are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

#### **iii) Other long-term benefits**

Long-term Compensated Absences and Long Service Awards are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Actuarial gain/losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognized in the Profit and Loss Account.

### **o) Incentive Plans**

The Group 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 improvement made in EVA over the previous year when compared with expected improvements.

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### p) Hedging

The group uses forward exchange contracts to hedge its foreign exchange exposures and commodity futures contracts to hedge the exposure to oil price risks. Gains or losses on settled contracts is recognized in the profit and loss account. Futures contracts not settled as on the Balance Sheet date are marked to market and losses, if any, are recognized in the profit and loss account, whereas, the unrealized profit is ignored. Gains or losses on the commodity futures contracts is recorded in the Profit and Loss Account under cost of materials consumed.

### q) Taxes on Income

Tax expense comprises both current and deferred tax. Current tax is the amount of tax payable on the assessable income for the year determined in accordance with the provisions of the Income tax Act, 1961.

Deferred tax is recognized on timing differences, being the differences between the 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 recognized only when there is virtual certainty of their realisation and on other items when there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The tax effect is calculated on the accumulated timing differences at the year end and based on the tax rate and laws enacted or substantially enacted on the balance sheet date.

### r) Segment Reporting

The Accounting Policies adopted for segment reporting are in line with the Accounting Policies of the Company. Segment assets include all operating assets used by the business segments and consist principally of fixed assets, debtors and inventories. Segment liabilities include the operating liabilities that result from the operating activities of the business. Segment assets and liabilities that cannot be allocated between the segments are shown as part of unallocated corporate assets and liabilities respectively. Income / Expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income / expenses.

## SCHEDULE 21: NOTES TO ACCOUNTS

### 1. Principles of Consolidation

The consolidated financial statements relate to Godrej Industries Limited, the Holding Company, its majority owned subsidiaries, Joint Ventures and Associates (collectively referred to as the Group). The consolidation of accounts of the Company with its subsidiaries has been prepared in accordance with Accounting Standard (AS) 21 'Consolidated Financial Statements'. The financial statements of the parent and its subsidiaries are combined on a line by line basis and intra group balances, intra group transactions and unrealized profits or losses are fully eliminated.

In the consolidated financial statements, 'Goodwill' represents the excess of the cost to the Company of its investment in the subsidiaries and/or joint ventures over its share of equity, at the respective dates on which the investments are made. Alternatively, where the share of equity as on the date of investment is in excess of cost of investment, it is recognised as 'Capital Reserve' in the consolidated financial statements.

Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the respective dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investment as stated above.

Investments in Joint Ventures are dealt with in accordance with Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Ventures'. The Company's interest in jointly controlled entities are reported using proportionate consolidation, whereby the Company's share of jointly controlled assets and liabilities and the share of income and expenses of the jointly controlled entities are reported as separate line items.

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

Investments in Associates are dealt with in accordance with Accounting Standard (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements'. Effect has been given to the carrying amount of investments in associates using the 'Equity Method'. The Company's share of the post acquisition profits or losses is included in the carrying cost of investments.

### 2. Financial Statements of Subsidiaries / Joint Ventures / Associates

The financial statements of the subsidiaries, joint ventures and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e. year ended March 31, 2011.

The accounts of Creamline Dairy Products Ltd, Polychem Hygiene Laboratories Pvt. Ltd, Al Rahba International Trading Ltd., and ACI Godrej Agrovet Pvt Ltd. a joint venture with Godrej Agrovet Ltd, and associate companies, have not been audited for the year ended March 31, 2011 as of the Balance Sheet date and have been consolidated on the basis of the accounts as certified by their respective management.

### 3. Information on Subsidiaries, Joint Ventures and Associates

(a) The Subsidiary Companies Considered in the Consolidated Financial Statements are:

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			This Year	Previous Year
1	Godrej Agrovet Ltd.	India	75.26%	75.26%
2	Golden Feed Products Ltd. (100% subsidiary of Godrej Agrovet Ltd.)	India	75.26%	75.26%
3	Godrej Oil Palm Ltd. (formerly known as Godrej Aquafeed Ltd.) (90% subsidiary of Godrej Agrovet Ltd.from 01-07-10) (80% subsidiary of Godrej Agrovet Ltd.upto 30-06-10)	India	67.73%	60.21%
4	Cauvery Palm Oil Ltd. (90% subsidiary of Godrej Agrovet Ltd)	India	67.73%	67.73%
5	Godrej Gokarna Oil Palm Ltd. (formerly known as Godrej IJM Palm Oil Ltd.) (99.22% subsidiary of Godrej Agrovet Ltd from 25-11-10) (48.22% joint venture upto 24-11-10)	India	74.67%	-
6	Natures Basket Ltd	India	100.00%	100.00%
7	Godrej Properties Ltd.	India	71.62%	70.42%
8	Godrej Realty Pvt. Ltd. (51% subsidiary of Godrej Properties Ltd.)	India	36.53%	35.91%
9	Godrej Waterside Properties Pvt. Ltd. (51% subsidiary of Godrej Properties Ltd.)	India	36.53%	35.91%
10	Godrej Developers Pvt. Ltd. (51% subsidiary of Godrej Properties Ltd.)	India	36.53%	35.91%
11	Godrej Real Estate Pvt. Ltd. (100% subsidiary of Godrej Properties Ltd.)	India	71.62%	70.42%
12	Godrej Seaview Properties Pvt. Ltd. (50.10% subsidiary of Godrej Properties Ltd from 04-05-10) (77.73% subsidiary of Godrej Properties Ltd. upto 03-05-10)	India	35.88%	54.74%
13	Happy Highrises Ltd. (51% subsidiary of Godrej Properties Ltd.)	India	36.53%	35.91%

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			This Year	Previous Year
14	Godrej Estate Developers Pvt. Ltd. (51% subsidiary of Godrej Properties Ltd.)	India	36.53%	35.91%
15	Godrej Buildwell Pvt. Ltd. (49% subsidiary of Godrej Properties Ltd.) (Subsidiary by virtue of control over composition of Board of Directors) (100% subsidiary of Godrej Properties Ltd. upto 29-09-10)	India	34.61%	-
16	Godrej Buildcon Pvt. Ltd. (100% subsidiary of Godrej Properties Ltd.)	India	71.62%	-
17	Godrej Project Development Pvt. Ltd. (100% subsidiary of Godrej Properties Ltd.)	India	71.62%	-
18	Godrej Premium Builders Pvt. Ltd. (100% subsidiary of Godrej Properties Ltd.)	India	71.62%	-
19	Godrej Garden City Properties Pvt. Ltd. (100% subsidiary of Godrej Properties Ltd.)	India	71.62%	-
20	Udhay - G K Realty Pvt. Ltd. (100% subsidiary of Godrej Properties Ltd. From 07-03-11)	India	71.62%	-
21	Godrej Hygiene Care Ltd. (up to 31-05-09)	India	-	100%
22	Ensemble Holdings & Finance Ltd.	India	100%	100%
23	Godrej International Ltd.	Isle of Man	100%	100%

### (b) Interests in Joint Ventures:

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			This Year	Previous Year
1	Godrej Sara Lee Ltd. (Shares held by 100% subsidiary Godrej Hygiene Care Ltd., upto 31-05-09)	India	-	20.00%
2	Godrej Sara Lee Bangladesh Pvt. Ltd. (100% subsidiary of Godrej Household Products Ltd.- Formerly Godrej Sara Lee Ltd.) (up to 31-05-09)	Bangladesh	-	20.00%
3	Godrej Sara Lee Lanka Pvt. Ltd. (100% subsidiary of Godrej Household products Ltd.- Formerly Godrej Sara Lee Ltd.) (up to 31-05-09)	Sri Lanka	-	20.00%
4	ACI Godrej Agrovet Pvt. Ltd. (joint venture partner of Godrej Agrovet Ltd.)	Bangladesh	37.63%	37.63%
5	Godrej Gold Coin Acqafeed Ltd (joint venture partner of Godrej Agrovet Ltd.) (merged with Godrej Agrovet on 05-01-11 wef 01-04-10)	India	36.88%	36.88%

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			This Year	Previous Year
6	Godrej Gokarna Oil Palm Ltd. (formerly known as Godrej IJM Palm Oil Ltd.) (joint venture partner of Godrej Agrovet Ltd. Up to 23-11-10 and 99.22% subsidiary from 24-11-10)	India	-	36.29%
7	Godrej Tyson Foods Ltd (joint venture partner of Godrej Agrovet Ltd.)	India	36.88%	36.88%
8	Godrej Hershey Ltd.	India	43.37%	43.37%
9	Nutrine Confectionery Company Ltd. (100% subsidiary of Godrej Hershey Limited)	India	43.37%	43.37%

### (c) Investment in Associates:

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			This Year	Previous Year
1	Swadeshi Detergents Ltd.	India	41.08%	41.08%
2	Godrej Consumer Products Ltd.	India	21.57%	23.51%
3	Personalitree Academy Ltd. (associate of Ensemble Holdings & Finance Ltd.)	India	26.00%	26.00%
4	Creamline Dairy Products Ltd. (associate of Godrej Agrovet Ltd.)	India	19.57%	19.57%
5	Al Rahba International Trading LLC (associate of Godrej Agrovet Ltd.)	U.A.E.	33.87%	33.87%
6	Polychem Hygiene Laboratories Pvt. Ltd. (associate of Godrej Agrovet Ltd.)	India	19.57%	19.57%
7	Compass BPO Ltd. (up to 08-03-10)	U.K.	-	20.71%

### 4. Differences in Accounting Policies

The accounting policies of certain subsidiaries, joint ventures and associates, especially regarding the method of depreciation, amortization of technical know how and accounting for retirement benefits, are not in consonance with the group accounting policies. No effect has been given in the consolidated financial statements on account of such differing accounting policies, where the impact is not expected to be material.

### 5. The break-up of Investment in Associates is as under

₹ Crore						
S. No.	Name of the Company	Cost of Acquisition	Goodwill Included in Cost of Acquisition	Share in Profits / (Loss) of Associates Post Acquisition	Provision for Diminution in the Value of Investments	Carrying Cost of Investments
1	Swadeshi Detergents Ltd.	1.91	0.91	(0.51)	1.40	-
		1.91	0.91	(1.30)	0.61	-
2	Godrej Consumer Products Ltd.	494.94	358.04	143.21	-	638.15
		513.73	355.40	66.68	-	580.41
3	Personalitree Academy Ltd.	1.10	0.43	(0.42)	0.68	-
		1.10	0.43	(0.42)	0.68	-

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

₹ Crore

S. No.	Name of the Company	Cost of Acquisition	Goodwill Included in Cost of Acquisition	Share in Profits / (Loss) of Associates Post Acquisition	Provision for Diminution in the Value of Investments	Carrying Cost of Investments
4	Creamline Dairy Products Ltd.	<b>10.38</b> 10.38	<b>3.98</b> 3.98	<b>8.84</b> 6.51	- -	<b>19.22</b> 16.89
5	Al Rahba International Trading LLC	<b>0.08</b> 0.08	<b>(2.46)</b> (2.46)	<b>(1.67)</b> (0.08)	<b>(1.59)</b> -	- -
6	Polychem Hygiene Lab Pvt. Ltd.	<b>1.63</b> 1.63	<b>0.89</b> 0.89	<b>1.91</b> 1.44	- -	<b>3.54</b> 3.07
	Total this year	<b>510.04</b>	<b>361.79</b>	<b>151.36</b>	<b>0.49</b>	<b>660.91</b>
	Total previous year	528.83	359.15	72.83	1.29	600.37

### 6. Contingent Liabilities

S. No.	Description	This Year Rs. Crore	Previous Year Rs. Crore
(a)	Claims against the Company not acknowledged as debts:		
i)	Excise duty demands relating to disputed classification, post manufacturing expenses, assessable values, etc. which the Company has contested and is in appeal at various levels.	<b>26.86</b>	23.89
ii)	Customs Duty demands relating to less charge, differential duty, classification, etc.	<b>1.67</b>	2.86
iii)	Sales Tax demand relating to purchase tax on Branch Transfer / Non availability of C Forms, etc at various levels.	<b>20.67</b>	5.58
iv)	Octroi demand relating to classification issue on import of Palm Stearine and interest thereon.	<b>13.12</b>	12.18
v)	Stamp duties claimed on certain properties which are under appeal by the Company	<b>3.31</b>	3.31
vi)	Income Tax demands against which the company has preferred appeals	<b>19.03</b>	15.61
vii)	Industrial relations matters under appeal	<b>2.11</b>	2.20
viii)	Others	<b>4.77</b>	2.38
(b)	Guarantees issued by banks, excluding guarantees issued in respect of matters reported in (a) above	<b>17.96</b>	7.33
(c)	Guarantees given by the Company in respect of credit / guarantee limits sanctioned by banks to subsidiary and other companies.	<b>56.50</b>	69.33
(d)	Letters of credit issued by bank on behalf of the company	<b>6.87</b>	6.18
(e)	Uncalled liability on partly paid shares/debentures	<b>0.50</b>	0.50
(f)	Case/Claim filed by Processors for claiming various expenses	<b>5.14</b>	0.42
(g)	Share in Jointly Controlled Entities	<b>30.11</b>	18.28

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### 7. Capital Commitments

S. No.	Description	This Year ₹ Crore	Previous Year ₹ Crore
1	Estimated value of contracts remaining to be executed on capital account, to the extent not provided	10.62	7.55
2	Share in Jointly Controlled Entities	1.28	3.79

### 8. Loans

- Working capital facilities sanctioned by banks under consortium arrangement are secured by hypothecation of stocks and book debts.
- Other loans are secured by pledge of 65,00,000 equity shares (previous year 97,50,000 equity shares) of Godrej Consumer Products Limited so as to result in a collateral cover of three times the loan facility.
- The Secured Redeemable Optionally Convertible Debentures are secured to the extent of specific immovable assets of the Group disclosed under the head "Fixed Assets".

### 9. Investments

The Company had sold its entire holding in Godrej Hicare Limited (GHCL), a subsidiary company, in March 2009. The profit thereon based on the minimum consideration received was recognised in the accounts for the year ended on 31st March 2009. In the year 2009-10, the company had received an additional consideration of ₹ 27.59 crore (net) on GHCL achieving certain financial performance parameters and was recognised as exceptional income. During the year, the company has provided ₹ 1.27 crore as amount payable to ISS Facility Services India Pvt. Ltd. towards non recovery of debtors outstanding on the date of sale of GHCL.

### 10. Cash and Bank Balances

Balances with Scheduled Banks on Deposit Accounts include ₹ 2.69 crore (previous year ₹ 3.44 crore) received from flat buyers and held in trust on their behalf in a corpus fund and ₹ 0.22 crore (previous year ₹ 0.26 crore) deposit pledged with government authorities.

### 11. Deferred Tax

Major components of Deferred Tax arising on account of timing differences as at March 31, 2011 are:

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
<b>Assets</b>		
Provision for Retirement Benefits	1.71	2.28
Provision for Doubtful Debts / Advances	7.18	5.48
VRS Expenses	1.03	2.15
Others	7.65	5.81
	17.57	15.72
<b>Liabilities</b>		
Depreciation	68.72	66.49
Share in Jointly Controlled Entities	0.04	0.02
	68.76	66.51
Net Deferred Tax Liability	51.19	50.79

### 12. Loans and Advances

- Loans and Advances include Rs. 10.33 crore (previous year Rs. 10.33 crore) advanced by the Company to certain individuals against pledge by way of deposit of equity shares of Gharda Chemicals Ltd. The Company

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

has enforced its security and lodged the shares for transfer in its name, however, the transfer application has been rejected by Gharda Chemicals Ltd. and the Company filed an appeal before the Company Law Board (CLB) against the rejection. The investee company had in the meanwhile, moved the Bombay High Court and the Court remanded the matter back to CLB. The CLB has advised that the parties may approach the Bench after final disposal of the suit filed by the investee company and the application made by minority shareholders under section 397/398 before the Hon'ble High Court. The Company has filed an appeal with the Hon'ble High Court against the order of the Company Law Board under section 10 F of the Companies Act to the High Court, which is pending for final disposal.

Interest on the aforesaid loan amounting to ₹ 3.15 crore was accrued upto 31st March, 2000 and has been fully provided for, no interest is being accrued thereafter. The recoverability of the advance is contingent upon the transfer and/ or disposal of the said shares. It is the opinion of the Management that the underlying value of the said shares is substantially greater than the amount of the loan.

- b) The Group has been entering into Development Agreements with landlords. Development Manager Fees amounting to ₹ 4.45 crore (previous year ₹ 6.02 crore) accrued as per terms of the Agreement are receivable by the Group based upon progress milestones specified in the respective agreements and have been disclosed as Development Manager Fees Accrued but not Due in Schedule 10.
- c) Due on Management Projects include a sum of ₹ 2.16 crore (previous year ₹ 2.16 crore) on account of a project, where the matter is sub-judice with arbitrators.

### 13 Employee Stock Option Plans

- a) In December 2005, the Group had instituted an Employee Stock Option Plan (GIL ESOP) as approved by the Board of Directors and the Shareholders, for the allotment of 15,00,000 options, increased to 90,00,000 options on split of shares convertible into 90,00,000 equity shares of Re.1 each to eligible employees of participating companies.

In July 2009, the Company had instituted an Employee Stock Option Plan II (GIL ESOP II) as approved by the Board of Directors and the Shareholders, for the allotment of 90,00,000 options convertible into 90,00,000 equity shares of the nominal value of Re.1 each to eligible employees of participating companies.

In F.Y. 2007-08, Godrej Properties Limited (GPL) instituted an Employee Stock Option Plan (GPL ESOP) approved by the Board of Directors, Shareholders and the Remuneration Committee which provides for the allotment of 442,700 options convertible into 442,700 equity shares of Rs. 10/- each to eligible employee of Godrej Properties Limited and its subsidiary companies (the participating companies).

The schemes are administered by an independent ESOP Trust created with ILFS Trust Co. Ltd which purchases from the market, shares equivalent to the number of options granted by the Compensation Committee. The particulars of the scheme and movements during the year are as under:

#### ESOP I

Particulars	This Year		Previous Year	
	No. of Options	Wt. average exercise price ₹ ( * )	No. of Options	Wt. average exercise price ₹ ( * )
Options Outstanding at the Beginning of the Year	5,580,700	295.44	7,799,950	221.30
Options Granted During the Year	-	-	-	-
Options Exercised During the Year	-	-	2,100,000	91.84
Options Forfeited / Expired During the Year	508,000	318.59	119,250	284.45
Options Outstanding at the Year End	5,072,700	325.62	5,580,700	295.44

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### ESOP II

Particulars	This Year		Previous Year	
	No. of Options	Wt. average exercise price ₹ ( * )	No. of Options	Wt. average exercise price ₹ ( * )
Options Outstanding at the Beginning of the Year	860,000	191.65	-	-
Options Granted During the Year				
10 August, 2009	-	-	860,000	191.65
25 June, 2010	50,000	362.87	-	-
06 August, 2010	65,000	304.37	-	-
Options Exercised During the Year	-	-	-	-
Options Forfeited / Expired During the Year	25,000	210.80	-	-
Options Outstanding at the Year End	950,000	225.20	860,000	191.65

### GPL ESOP

Particulars	This Year		Previous Year	
	No. of Options	Wt. average exercise price ₹ ( * )	No. of Options	Wt. average exercise price ₹ ( * )
Options Outstanding at the Beginning of the Year	403,700	785.38	412,700	707.53
Options Granted During the Year	-	-	-	-
Options Exercised During the Year	-	-	-	-
Options Forfeited / Expired During the Year	31,000	812.87	9,000	766.98
Options Outstanding at the Year End	372,700	863.92	403,700	785.38

( \* ) The Wt. average exercise price stated above is the price on the grant date increased by the interest cost at the prevailing rates at current year end.

The overall weighted average balance life of options outstanding as on 31st March, 2011 is 4.63 years.

The weighted average balance life of options outstanding as on 31st March, 2011 for ESOP I is 4.92 years and for ESOP II is 3.02 years.

The vesting period for options granted on January 23, 2008, March 31, 2008, May 2, 2008, May 26, 2008 and June 3, 2008 was increased to a maximum of 5 years from 3 years and the exercise period of options granted on April 5, 2007, April 11, 2007, January 23, 2008, March 31, 2008, May 2, 2008, May 26, 2008 and June 3, 2008 from 2 years to 4 years from vesting.

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.

The fair value of the share options has been determined using the Black-Scholes Option Pricing Model. Had the fair value method of accounting been used, the net profit and earnings per share would have been as per the proforma amounts indicated below.

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

Particulars	This Year ₹ crore	Previous Year ₹ crore
Net Profit (as reported)	293.39	203.24
Less : Stock based compensation expense determined under fair value based method (Proforma)	15.21	26.66
Net Profit (Proforma)	278.18	176.58
	Amount ₹	Amount ₹
Basic & Diluted Earnings per share before Extraordinary Items (as reported)	9.24	6.39
Basic & Diluted Earnings per share before Extraordinary Items (Proforma)	8.76	5.56
Basic & Diluted Earnings per share after Extraordinary Items (as reported)	9.24	6.39
Basic & Diluted Earnings per share after Extraordinary Items (Proforma)	8.76	5.56

- b) The independent ESOP Trusts has purchased shares of GIL from the market against the options granted. The purchases are financed by loans from the group companies which alongwith interest thereon amount to ₹ 182.08 crore, previous year ₹ 173.30 crore (Net of provision ₹ 8.34 crore, previous year ₹ 3.29 crore). As on 31st March, 2011, the market value of the shares purchased by the Trusts is lower than the holding cost of these shares by ₹ 65.24 crore, previous year ₹ 78.71 crore (Net of provision ₹ 8.34 crore, previous year ₹ 3.29 crore).

The repayment of the loans granted to the ESOP trust is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period. The fall in value of the underlying equity shares is on account of market volatility and the loss, if any, can be determined only at the end of the exercise period. In view of the aforesaid, provision for diminution of ₹ 65.24 crore (previous year ₹ 78.71 crore) is not considered necessary in the financial statements.

### 14. Leases

Leases Granted by the Group

#### a) Operating Lease

The Group has entered into leave and licence agreements in respect of its commercial and residential premises. The non-cancelable portion of the leases range between 3 months to 36 months and are renewable by mutual consent on mutually acceptable terms. Leave and licence arrangements being similar in substance to operating leases. The Group has also granted lease for freehold land. The particulars of the operating lease arrangements are as under:

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
Gross Carrying Amount of Premises	62.82	19.13
Accumulated Depreciation	8.56	8.70
Depreciation for the Period	0.96	0.51

The aggregate future minimum lease payments are as under:

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
Lease payment recognised in the Profit and Loss Account	23.56	31.58
Future Lease Payments		
- Within one year	22.96	34.85
- Later than one year and not later than five years	18.96	66.23

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### Lease Taken by the Group

#### b) Operating Lease

The Group's significant leasing arrangements are in respect of operating lease for land, office premises, residential premises, machinery and storage tanks. The aggregate lease rentals paid by the Group are charged to Profit and Loss Account

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
Lease Payment Recognised in the Profit and Loss Account	13.89	11.90
Future Lease Commitments		
- Within one year	10.79	4.00
- Later than one year and not later than five years	26.04	3.23

#### c) Finance Lease

The Group has acquired vehicles under Finance Lease. 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, 2011, in respect of vehicles acquired under lease are as under:

Particulars	Total minimum lease payments outstanding as on March 31, 2011 ₹ Crore	Un-matured Interest ₹ Crore	Present value of minimum lease payments ₹ Crore
Within one year	0.11	0.02	0.10
Later than one year and not later than five years	0.01	0.00	0.01
	0.12	0.02	0.11

### 15. Hedging Contracts

The group uses forward exchange contracts to hedge its foreign exchange exposure relating to the underlying transactions and firm commitments in accordance with its forex policy as determined by a Forex Committee. The group also uses commodity futures contracts to hedge its exposure to vegetable oil price risk. The group does not use foreign exchange forward contracts or commodity future contracts for trading or speculation purposes.

#### i) Derivative Instruments Outstanding

##### a) Commodity Futures Contracts

Particulars	This Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Futures Contracts Outstanding	7	-	1	-
Number of units under above contracts in MT.	1,600	-	1,040	-

##### b) Forward Exchange Contracts

Particulars	This Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Total Number of Contracts Outstanding	69	5	31	9
Foreign Currency Value				
- US Dollar (million)	24.24	-	9.47	1.85
- Euro (million)	-	1.77	-	2.00

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### ii) Un-hedged Foreign Currency Exposures

Particulars	This Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Uncovered Foreign Exchange Exposure as at the Year End				
- US Dollar (million)	26.38	18.50	13.78	8.42
- Euro (million)	-	-	0.04	-
- GBP (million)	-	-	-	0.03

### 16. Turnover

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
Turnover includes		
i) Processing Charges	12.05	5.40
ii) Export Incentives	1.67	1.80
iii) Licence Fees and Service Charges	23.56	24.94
iv) Project / Development Management Fees	0.83	22.30
v) Claims	5.00	7.18
vi) Other Income from Customers	4.44	1.46
vii) Share in Jointly Controlled Entities	185.37	126.05
	232.92	189.13

### 17. Exceptional Items

Particulars	This Year ₹ Crore	Previous Year ₹ Crore
i) Profit on Sale of Long Term Investments	88.09	105.64
ii) Provision for Diminution in Value of Investment	(10.48)	(12.54)

### 18. Profit and Loss Account

- a) Exchange differences recognised in the Profit and Loss Account for the year is a loss of ₹ 0.99 crore (previous year loss of ₹ 1.18 crore). The exchange difference in respect of forward exchange contracts to be recognised in subsequent accounting periods is ₹ 1.24 crore (previous year ₹ 0.31 crore).
- b) Research and Development Expenditure of revenue nature charged to the Profit and Loss Account amounts to ₹ 2.86 crore (previous year ₹ 3.27 crore).

### 19. Earnings Per Share

Particulars		This Year	Previous Year
a. Calculation of Weighted Average Number of Equity Shares			
Number of Shares at the Beginning of the Year	Nos.	317,624,892	319,758,602
Number of Equity Shares Outstanding at the end of the year	Nos.	317,624,892	317,624,892
Weighted Average Number of Equity Shares Outstanding During the Year	Nos.	317,624,892	318,247,978
b. Net Profit After Tax Excluding Extraordinary Items	₹ cr	293.39	203.24
c. Net Profit After Tax Available for Equity Shareholders Including Extraordinary Items	₹ cr	293.39	203.24

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

Particulars		This Year	Previous Year
d. Basic and Diluted Earnings per share of ₹ 1 each Excluding Extraordinary Items	₹	9.24	6.39
e. Basic and Diluted Earnings per share of ₹ 1 each Including Extraordinary Items	₹	9.24	6.39

**Note:** There is no impact on basic as well as diluted earnings per share on account of the ESOP, as the scheme does not envisage any fresh issue of share capital.

### 20 Related Party Disclosures

#### a) Names of Related Parties and Description of Relationship

<b>Parties Where Control Exists</b> Godrej & Boyce Mfg. Co. Ltd., the holding company  <b>Fellow Subsidiaries</b> Wadala Commodities Ltd. Godrej (Malaysia) Sdn Bhd G & B Enterprises (Mauritius) Pvt. Ltd. Godrej (Singapore) Pte Ltd. Godrej Infotech Ltd. Veromatic International BV Veromatic Services BV Water Wonder Benelux BV  <b>Other Related Parties with whom the Company had Transactions During the Year</b> <b>Associate / Joint Venture Companies</b> Godrej Consumer Products Ltd. Godrej Hershey Ltd. Nutrine Confectionery Co. Ltd. Swadeshi Detergents Ltd. HDFC Venture Trustee Co. Ltd. HDFC PMS Milestone Real Estate Fund Red Fort India Real Estate India Reality Excellence Fund ACI Godrej Agrovat Pvt. Ltd. Al Rahaba Trading International LLC Creamline Dairy Products Ltd. Polchem Hygiene Laboratories Pvt. Ltd.  <b>Enterprises over which Key Management Personnel Exercise Significant Influence</b> Rapidol (Pty) Ltd. Laboratorio Cuenca S.A. Godrej Global Mideast F.Z.E. Godrej Investments Pvt. Ltd. Bahar Agrochem & Feeds Pvt. Ltd. Vora Soaps Ltd. Godrej Tyson Foods Ltd.	<b>Key Management Personnel</b> Mr. A.B. Godrej Chairman Mr. N.B. Godrej Managing Director Ms. T.A. Dubash Executive Director & President (Marketing) Mr. M. Eipe Executive Director & President (Chemicals) Mr. V. Banaji Executive Director & President (Group Corporate Affairs) (up to 30.04.2010) Mr. M.P. Pusalkar Executive Director & President (Corporate Projects) (up to 30.04.2010) Mr. B.S. Yadav Managing Director (Godrej Agrovat Ltd.) Mr. M.S. Korde Managing Director (Godrej Properties Ltd.) Mr. P.A. Godrej Executive Director (Godrej Properties Ltd.) Mr. K.T. Jithendran Executive Director (Godrej Properties Ltd.) Mr. A. Mahendran Managing Director (Godrej Consumer Products Ltd.) (from 01.07.2010) Mr. H.K. Press Vice-Chairman (Godrej Consumer Products Ltd.) (upto 30.04.2010) Mr. D. Sehgal Managing Director (Godrej Consumer Products Ltd.) (up to 30.06.2010) Mr. V. Mathur Managing Director (Godrej Hershey Ltd.) (up to 19.01.2011) Mr. M. Lindsay Managing Director (Godrej Hershey Ltd.) (from 19.01.2011)  <b>Relatives of Key Management Personnel</b> Ms. P.A. Godrej Wife of Mr. A.B. Godrej Ms. N.A. Godrej Daughter of Mr. A.B. Godrej Mr. P.A. Godrej Son of Mr. A.B. Godrej Ms. R.N. Godrej Wife of Mr. N.B. Godrej Mst. B.N. Godrej Son of Mr. N.B. Godrej Mst. S.N. Godrej Son of Mr. N.B. Godrej Mst. H.N. Godrej Son of Mr. N.B. Godrej
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## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### b) Transactions with Related Parties

₹ Crore

Nature of Transaction	Holding Company	Fellow Subsidiaries	Associate/ Joint Venture Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	Total
Sale of Goods	0.24	-	13.31	-	-	1.89	15.44
<i>Previous Year</i>	0.20	-	9.46	-	-	0.13	9.79
Advance given	0.41	-	-	-	-	-	0.41
<i>Previous Year</i>	1.40	-	-	-	-	-	1.40
Purchase of goods	5.60	-	8.90	-	-	22.15	36.65
<i>Previous Year</i>	0.77	-	6.88	-	-	12.19	19.84
Purchase of Fixed Assets	0.51	-	-	-	-	-	0.51
<i>Previous Year</i>	2.33	-	-	-	-	-	2.33
Processing charges received	-	-	1.00	-	-	-	1.00
<i>Previous Year</i>	-	-	0.90	-	-	-	0.90
Commission / Royalty received	-	-	1.06	-	-	-	1.06
<i>Previous Year</i>	-	-	1.06	-	-	-	1.06
Licence fees / Service charges / Storage Income	-	-	3.33	-	-	-	3.33
<i>Previous Year *</i>	0.00	-	3.97	-	-	-	3.97
Other Income	0.01	-	0.57	-	-	5.88	6.46
<i>Previous Year *</i>	0.00	-	0.15	-	-	-	0.15
Recovery of establishment & Other Expenses	-	-	4.86	0.01	0.01	-	4.88
<i>Previous Year</i>	-	0.02	7.72	0.02	-	0.02	7.78
Rent, Establishment & other exps paid	11.57	0.13	1.91	-	2.21	0.01	15.83
<i>Previous Year *</i>	16.57	0.52	2.68	-	1.94	0.00	21.71
Interest received	-	-	1.67	-	-	-	1.67
<i>Previous Year</i>	-	-	0.02	-	-	-	0.02
Interest paid	-	0.08	0.22	-	-	-	0.30
<i>Previous Year</i>	-	0.08	0.28	-	-	-	0.36
Dividend income	-	-	23.92	-	-	-	23.92
<i>Previous Year</i>	-	-	28.96	-	-	-	28.96
Dividend paid	70.83	-	-	2.74	6.26	0.51	80.34
<i>Previous Year</i>	73.34	-	-	1.35	2.64	0.32	77.65
Remuneration	-	-	-	26.60	1.87	-	28.47
<i>Previous Year</i>	-	-	-	18.31	0.87	-	19.18
Purchase of Investments	-	-	24.56	-	-	-	24.56
<i>Previous Year</i>	-	-	-	-	-	-	-

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

Nature of Transaction	Holding Company	Fellow Subsidiaries	Associate/ Joint Venture Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	Total
Sale of Investments	-	-	0.90	-	-	-	0.90
<i>Previous Year</i>	-	-	203.58	-	-	-	203.58
Other Deposits refunded	-	-	0.16	-	-	-	0.16
<i>Previous Year</i>	-	-	-	-	-	-	-
Intercompany Deposits -Accepted	-	-	0.67	-	-	-	0.67
<i>Previous Year</i>	-	-	4.05	-	-	-	4.05
Intercompany Deposits Repaid during the year	-	1.00	-	-	-	-	1.00
<i>Previous Year</i>	-	-	4.05	-	-	-	4.05
Intercompany Deposits -Advanced	-	-	11.33	-	-	-	11.33
<i>Previous Year</i>	-	-	-	-	-	-	-
Intercompany Deposits Repayment received during the year	-	-	-	-	-	-	-
<i>Previous Year</i>	-	-	0.16	-	-	-	0.16
Issue of equity shares	-	-	-	-	-	-	-
<i>Previous Year</i>	3.03	-	-	-	-	-	3.03
Directors Fees	-	-	-	0.03	-	-	0.03
<i>Previous Year</i>	-	-	-	0.02	-	-	0.02
Balance Outstanding as on March 31, 2011							
Receivables	-	-	3.20	-	-	6.98	10.18
<i>Previous Year</i>	-	0.03	0.05	-	-	0.12	0.20
Payables	0.69	-	4.19	(1.67)	(1.57)	-	1.64
<i>Previous Year *</i>	2.13	0.00	4.50	-	-	0.33	6.96
Debentures Outstanding	-	-	21.56	-	-	-	21.56
<i>Previous Year</i>	-	-	21.56	-	-	-	21.56
Guarantees Outstanding	-	-	7.81	-	-	-	7.81
<i>Previous Year</i>	-	-	14.31	-	-	-	14.31

\* Amount less than ₹ 0.01 crores

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### c) The significant Related Party transactions are as under

Nature of Transaction	This Year ₹ Crore	Previous Year ₹ Crore	Nature of Transaction	This Year ₹ Crore	Previous Year ₹ Crore
Sale of goods			Processing Charges received		
- Godrej Consumer Products Ltd.	10.52	9.34	- Godrej Hershey Ltd.	1.00	0.90
- Laboratorio Cuenca S.A.	1.74	-			
- Polchem Hygiene Laboratories Pvt. Ltd.	1.40	-	Inter Corporate Deposits - Accepted		
- Creamline Dairy Products Ltd.	1.30	-	- Godrej Consumer Products Ltd.	0.67	4.05
- Godrej & Boyce Mfg. Co. Ltd.	0.24	0.20			
- Rapidol Pty Ltd.	0.13	0.12	Inter Corporate Deposits - Repaid		
- Godrej Hershey Ltd.	0.08	0.11	- Wadala Commodities Ltd	1.00	-
- Godrej Tyson Foods Ltd.	0.02	-	- Godrej Consumer Products Ltd.	-	4.05
Purchase of Fixed Assets			Inter Corporate Deposits - Advanced		
- Godrej & Boyce Mfg. Co. Ltd.	0.51	2.33	- Godrej Hershey Ltd.	11.33	-
Purchase of goods			Inter Corporate Deposits - Repayment Received		
- Bahar Agrochem & Feeds Pvt. Ltd.	22.15	12.19	- Swadeshi Detergents Ltd.	-	0.16
- Godrej & Boyce Mfg. Co. Ltd.	5.60	0.77			
- Godrej Consumer Products Ltd.	6.16	5.39	Other Deposits Refunded		
- Polchem Hygiene Laboratories Pvt. Ltd.	1.40	-	- Godrej Consumer Products Ltd.	0.16	-
- Godrej Hershey Ltd.	1.33	1.49			
Commission / Royalty received			Dividend income		
- Godrej Hershey Ltd.	1.06	1.03	- Godrej Consumer Products Ltd.	23.84	28.96
- Godrej Consumer Products Ltd.	-	0.03	- Polchem Hygiene Laboratories Pvt. Ltd.	0.08	-
Licence fees / Service charges / Storage income			Dividend paid		
- Godrej Consumer Products Ltd.	3.01	2.14	- Godrej & Boyce Mfg. Co. Ltd.	70.83	73.34
- Godrej Hershey Ltd.	0.32	0.28	- Mr. N. B. Godrej	1.92	0.64
- Compass BPO Ltd.	-	1.55	- Mr. P. A. Godrej	1.57	0.65
Other Income			- Ms. T. A. Dubash	2.21	0.53
- Bahar Agrochem & Feeds Pvt. Ltd.	5.88	-	- Ms. N. A. Godrej	1.34	0.53
- Godrej Consumer Products Ltd.	0.35	0.12	- Bahar Agrochem & Feeds Pvt. Ltd.	0.50	0.31
- Godrej Hershey Ltd.	0.22	0.03	Remuneration to Key Management Personnel		
- Godrej & Boyce Mfg. Co. Ltd.	0.01	-	- Mr. A. Mahendran	3.72	-
Recovery of Establishment & other expenses			- Mr. M. Eipe	3.05	1.77
- Godrej Consumer Products Ltd.	4.40	7.24	- Mr. N. B. Godrej	2.72	2.41
- Godrej Hershey Ltd.	0.46	0.50	- Mr. A.B. Godrej	2.50	1.33
- Compass BPO Ltd. *	-	0.00	- Mr. M.S. Korde	2.42	1.49
			- Mr. P. A. Godrej	2.42	0.85
			- Ms. T. A. Dubash	2.15	1.95
			- Mr. B.S. Yadav	2.08	1.30

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

Nature of Transaction	This Year ₹ Crore	Previous Year ₹ Crore	Nature of Transaction	This Year ₹ Crore	Previous Year ₹ Crore
Rent, Establishment & other exps paid			- Mr. H.K. Press	<b>1.45</b>	1.18
- Godrej & Boyce Mfg. Co. Ltd.	<b>11.57</b>	16.57	- Mr. M. P. Pusalkar	<b>1.28</b>	2.00
- Godrej Consumer Products Ltd.	<b>1.69</b>	2.64	- Mr. V. F. Banaji	<b>1.14</b>	2.11
- Ms. P A Godrej	<b>1.25</b>	1.29	- Mr. V. Mathur	<b>0.97</b>	0.79
- Ms. R.N. Godrej	<b>0.68</b>	0.65	- Mr. D. Sehgal	<b>0.64</b>	1.05
- Ms. M. Mahendran	<b>0.28</b>	-	- Mr. M. Lindsay	<b>0.07</b>	-
- Godrej Hershey Ltd.	<b>0.22</b>	0.04	- Mr. C.H. Gopal	-	0.07
- Godrej Infotech Ltd.	<b>0.07</b>	0.47			
- Wadala Commodities Ltd	<b>0.06</b>	0.06	Remuneration to Relatives of Key Management Personnel		
			- Ms. N. A. Godrej	<b>1.87</b>	0.87
Advance given			Sale of Investments		
- Godrej & Boyce Mfg. Co. Ltd.	<b>0.41</b>	1.40	- India Reality Excellence Fund	<b>0.50</b>	86.10
			- HDFC PMS	<b>0.40</b>	70.00
Issue of equity shares			Purchase of Investments		
- Godrej & Boyce Mfg. Co. Ltd.	-	3.03	- Godrej Hershey Ltd.	<b>24.56</b>	-
Interest received			Shares in Associate Company acquired under a scheme of arrangement		
- Godrej Hershey Ltd.	<b>1.65</b>	-	- Godrej Consumer Products Ltd.	-	47.48
- Swadeshi Detergents Ltd.	<b>0.02</b>	0.02			
Interest paid					
- HDFC Venture Trustee Co. Ltd.	<b>0.22</b>	0.22			
- Wadala Commodities Ltd	<b>0.08</b>	0.08			
- Godrej Consumer Products Ltd.	-	0.06			

\* Amount less than Rs.0.01 crores

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### 21. Segment Information

Information about primary business segments	Chemicals		Animal Feed		Veg Oils		Estate & Property Development		Household Insecticides		Beverages & Foods		Finance & Investments		Others		Total	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
<b>(A) Revenue</b>																		
External Sales	1022.80	781.30	1292.60	1141.79	741.16	576.43	608.64	414.44	0.00	19.59	154.95	160.63	96.31	126.86	685.58	494.49	4602.04	3715.53
Intersegment Sales	0.06	-	-	-	0.76	0.68	3.55	3.09	-	0.00	1.01	0.93	69.85	43.96	0.71	7.98	75.94	56.64
Total Sales	1022.86	781.30	1292.60	1141.79	741.92	577.11	612.19	417.53	0.00	19.59	155.96	161.56	166.16	170.82	686.29	502.47	4677.98	3772.17
Less: Intersegment Sales	(0.06)	-	-	-	(0.76)	(0.68)	(3.55)	(3.09)	-	(0.00)	(1.01)	(0.93)	(69.85)	(43.96)	(0.71)	(7.98)	(75.94)	(56.64)
<b>Total Revenue</b>	<b>1022.80</b>	<b>781.30</b>	<b>1292.60</b>	<b>1141.79</b>	<b>741.16</b>	<b>576.43</b>	<b>608.64</b>	<b>414.44</b>	<b>0.00</b>	<b>19.59</b>	<b>154.95</b>	<b>160.63</b>	<b>96.31</b>	<b>126.86</b>	<b>685.58</b>	<b>494.49</b>	<b>4602.04</b>	<b>3715.53</b>
<b>(B) Results</b>																		
Segment Result Before Interest, and Tax	89.99	48.58	51.21	38.79	5.28	0.68	251.50	178.11	0.00	1.65	(13.96)	(15.62)	85.83	114.32	79.89	55.88	549.74	422.39
Unallocated Expenses																	(139.10)	(125.49)
Interest Expense (net)																	(87.93)	(83.93)
<b>Profit Before Tax</b>																	322.71	212.96
Taxes																	(73.14)	(44.77)
<b>Profit After Taxes</b>																	249.57	168.20
Share of Profit in Associates																	111.22	81.03
Profit before Minority Interest																	360.79	249.23
Share of Minority Interest																	(67.40)	(45.99)
<b>Net Profit after Minority Interest</b>	<b>561.87</b>	<b>448.49</b>	<b>261.32</b>	<b>195.83</b>	<b>30.03</b>	<b>29.36</b>	<b>2243.62</b>	<b>1733.92</b>	<b>0.00</b>	<b>0.00</b>	<b>101.65</b>	<b>90.35</b>	<b>1450.27</b>	<b>1353.45</b>	<b>434.66</b>	<b>324.47</b>	<b>5083.42</b>	<b>4175.87</b>
Segment Assets																	184.72	199.77
Unallocated Assets																	5288.14	4375.64
Total Assets																	1025.48	713.08
Segment Liabilities	330.39	182.48	210.76	218.21	4.12	5.48	316.22	187.05	0.00	0.00	30.82	27.11	7.68	17.93	125.49	74.82	2312.10	1896.98
Unallocated Liabilities																	3337.58	2610.06
Total Liabilities																	176.92	82.73
Cost incurred during the year to acquire segment assets	8.82	9.02	11.34	12.08	0.14	0.15	60.71	31.85	0.00	0.00	8.85	4.24	0.19	0.18	86.87	25.21		
Cost incurred on unallocated assets																	2.38	11.38
Total Cost incurred during the year to acquire segment assets																	179.30	94.11
Segment Depreciation	21.53	20.84	11.34	3.96	0.73	0.73	5.68	3.60	-	0.28	3.80	3.32	1.56	1.56	7.34	12.99	51.98	47.28
Unallocated Depreciation																	3.08	2.89
Total Depreciation																	55.06	50.17
<b>Information about Secondary Business Segments</b>																		
Revenue by Geographical markets																		
India																	3321.37	2767.70
Outside India																	1280.67	947.82
<b>Total Carrying Amount of Segment assets</b>																	4602.04	3715.53
India																	5197.35	4324.48
Outside India																	70.79	51.16
<b>Total</b>																	5288.14	4375.64

#### Notes:

- The Company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the different risks and returns, the organisational structure and the internal reporting system.
- Chemicals segment includes the business of production and sale of Oleochemicals and surfactants such as Fatty Acids, Fatty Alcohols, refined glycerine, Alpha Olefin Sulphonates, Sodium Lauryl Sulphate and Sodium Lauryl Ether Sulphate.
- Animal Feed segment includes the business of production and sale of compound feeds for cattle, poultry, shrimp and fish.
- Veg oils segment includes the business of processing and bulk trading of refined vegetable oils & vanaspati and International vegetable oil trading.
- Estate & property development segment includes the business of development and sale of real estate and leasing and leave and licensing of properties.
- Household Insecticides segment includes the business of production and sale of household insecticides.
- Beverages and Foods segment includes the business of processing, production and sale of fruit pulp, tomato puree, fruit juices, nectors and drinks, other beverages and confectionary products and sale of refined vegetable oils, vanaspati and tea.
- Finance & Investments includes investments in subsidiaries, associates companies and other investments
- Others includes Integrated Poultry, Agri Inputs and tissue culture, Oil Palm Plantations, energy generation through windmills.
- The geographical segments are as follows - Sales in India represent sales to customers located in India. - Sales outside India represent sales to customers located outside India.

## Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

### 22. Employee Benefits

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

Particulars	Gratuity		Leave Encashment		Pension	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
<b>a) Change in Present Value of Obligation</b>						
Present value of the obligation at the beginning of the year	34.50	31.09	1.17	1.27	0.44	1.07
Current Service Cost	1.89	1.73	0.12	0.14	-	-
Interest Cost	2.60	2.33	0.08	0.09	-	-
Actuarial (Gain) / Loss on Obligation	-	1.00	0.07	(0.11)	0.06	(0.51)
Effect of Liability Transfer in	-	0.02	-	-	-	-
Benefits Paid	(1.41)	(1.76)	(0.30)	(0.21)	(0.10)	(0.12)
Past Service Cost	0.08	-	-	-	-	-
Settlements	-	0.09	-	0.01	-	-
Plan Amendments	0.07	-	-	(0.02)	-	-
Present value of the obligation at the end of the year	37.73	34.50	1.14	1.17	0.40	0.44
<b>b) Change in Plan Assets</b>						
Fair value of Plan Assets at the beginning of the year	29.83	18.73	-	-	-	-
Expected return on Plan Assets	2.40	1.43	-	-	-	-
Actuarial (Gain) / Loss on Plan Assets	(0.15)	(0.66)	-	-	-	-
Contributions by the Employer	3.20	10.36	-	-	-	-
Benefits Paid	(1.14)	(1.40)	-	-	-	-
Fair value of Plan Assets at the end of the year	34.44	29.78	-	-	-	-
<b>c) Amounts Recognised in the Balance Sheet</b>						
Present value of Obligation at the end of the year	37.73	33.69	-	-	-	-
Fair value of Plan Assets at the end of year	34.44	29.85	-	-	-	-
Net Obligation at the end of the year	3.29	3.84	-	-	-	-
<b>d) Amounts Recognised in the statement of Profit and Loss:</b>						
Current Service Cost	1.89	1.73	0.12	0.14	-	-
Interest cost on Obligation	2.60	2.33	0.08	0.09	-	-
Expected return on Plan Assets	(2.40)	(1.43)	-	-	-	-
Net Actuarial (Gain) / Loss recognised in the year	1.80	0.31	0.07	(0.11)	-	-
Past Service Cost	0.15	-	-	-	-	-
Effect of Curtailment or Settlement	-	0.09	-	0.01	-	-
Net Cost Included in Personnel Expenses	4.04	3.03	0.27	0.13	-	-
<b>e) Actual return on Plan Assets</b>	2.55	2.09	-	-	-	-
<b>f) Actuarial Assumptions</b>						
i) Discount Rate	7.55%- 8.00% P.A.	7.55%- 8.00% P.A.	8.10% P.A.	8.00% P.A.	8.25% P.A.	8.00% P.A.
ii) Expected Rate of Return on Plan Assets	7.55%- 8.00% P.A.	7.55%- 8.00% P.A.			8.25% P.A.	8.00% P.A.
iii) Salary Escalation Rate	5.00%- 6.00% P.A.	5.00%- 6.00% P.A.	5.00%- 6.00% P.A.	4.00% P.A.	5.00% P.A.	5.00% P.A.
iv) Employee Turnover	-	-	-	-	-	-

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.

## Statement regarding Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956

All figures except exchange rates in ₹ Crore

Sr. No.	Name of Company	Currency	Exchange Rate	Accounting Period		Capital		Reserves		Total Assets		Total Liabilities		Details of Investments (except in case of investment in the subsidiaries)		Turnover		Profit before taxation		Provision for taxation		Profit after taxation		Proposed Dividend		Country	
				Current Period	Previous Period	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010		31st March 2011
1	Godrej Agrovet Ltd	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	12.12	12.12	246.21	275.11	782.55	663.34	782.55	663.34	215.23	194.97	1,598.36	1,391.61	30.26	24.93	0.46	3.23	29.80	21.71	14.54	2.42	India
2	Godrej Oil Palm Ltd	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.07	0.07	86.38	70.80	112.17	87.50	112.17	87.50	-	-	111.21	63.88	22.72	10.68	(7.14)	(3.88)	15.58	6.80	-	-	India
3	Godrej Gokarna Oil Plant Ltd	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.14	0.14	13.81	13.81	17.40	13.66	17.40	13.66	-	-	2.48	2.23	(1.11)	(1.09)	-	0.12	(1.11)	(0.97)	-	-	India
4	Golden Feed Products Ltd	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.05	0.05	-	-	0.06	0.04	0.06	0.04	0#	0#	0.15	0.04	0.01	0.02	-	-	0.01	0.02	-	-	India
5	Cauvery Palm Oil Ltd	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	3.80	3.80	2.47	2.57	7.83	8.59	7.83	8.59	-	-	3.34	2.16	(3.05)	(3.29)	-	-	(3.05)	(3.29)	-	-	India
6	Godrej International Ltd.	\$	44.58	44.90	April 10 to Mar 11	April 09 to Mar 10	15.16	17.09	18.96	23.22	39.06	40.37	39.06	40.37	13.62	13.72	720.84	540.00	9.94	6.87	-	-	9.94	6.87	-	-	Isle of Man
7	Natures Basket Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	22.55	7.05	(24.80)	(15.25)	20.83	13.36	20.83	13.36	0 #	0 #	54.09	33.39	(9.70)	(8.53)	(0.14)	(0.27)	(9.55)	(8.25)	-	-	India
8	Ensemble Holdings & Finance Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	3.77	3.77	4.79	4.53	9.11	10.52	9.11	10.52	3.45	7.40	0.93 *	3.32 *	0.91	3.31	0.12	0.13	0.79	3.18	0.47	1.89	India
9	Godrej Properties Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	69.85	69.85	815.19	745.57	1988.52	1,433.85	1988.52	1,433.85	14.14	207.81	443.82	321.10	155.56	158.75	49.32	36.90	106.15	31.43	27.94	India	
10	Godrej Developers Pvt.Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.07	0.07	0.89	(0.01)	158.05	101.16	158.05	101.16	-	-	8.81	-	1.40	(0.01)	0.49	0#	0.91	(0.01)	0#	-	India
11	Godrej Estate Developers Pvt Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.05	0.05	0.45	(0.01)	121.11	59.22	121.11	59.22	-	-	4.65	0#	0.67	0#	0.22	0#	0.46	0#	-	-	India
12	Godrej Real Estate Pvt.Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.05	0.05	(0.08)	(0.05)	116.70	99.55	116.70	99.55	-	-	-	-	(0.04)	(0.04)	0#	0#	(0.03)	(0.04)	-	-	India
13	Godrej Realty Pvt.Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	1.00	1.00	1.08	0.62	20.60	20.02	20.60	20.02	-	-	0.98	0.97	0.83	0.82	0.27	0.26	0.46	0.55	-	-	India
14	Godrej Sea View Properties Pvt.Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.05	0.05	(0.17)	(0.02)	44.80	14.21	44.80	14.21	-	-	0.01	0#	(0.16)	0#	(0.01)	0#	(0.15)	0#	-	-	India
15	Godrej Waterside Properties Pvt.Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	1.00	1.00	1.63	1.69	339.25	290.69	339.25	290.69	-	-	13.82	87.39	(0.05)	0.58	0#	0.19	(0.05)	0.39	-	-	India
16	Happy Highrises Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.20	0.20	23.96	1.45	208.64	136.09	208.64	136.09	-	-	108.81	12.11	34.49	2.27	11.97	0.82	22.52	1.45	-	-	India
17	Godrej Buildwell Pvt.Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.05	NA	0#	NA	79.62	NA	79.62	NA	-	NA	0.58	NA	0#	NA	-	NA	0#	NA	-	-	India
18	Godrej Buildcon Pvt.Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.05	NA	(0.02)	NA	0.07	NA	0.07	NA	-	NA	-	(0.02)	NA	-	NA	(0.02)	NA	-	-	India	
19	Godrej Projects Development Pvt.Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.05	NA	(0.14)	NA	1.76	NA	1.76	NA	-	NA	-	(0.14)	NA	-	NA	(0.14)	NA	-	-	India	
20	Godrej Garden City Properties Pvt.Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.05	NA	(0.02)	NA	0.07	NA	0.07	NA	-	NA	-	(0.02)	NA	-	NA	(0.02)	NA	-	-	India	
21	Godrej Premium Builders Pvt.Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.05	NA	(0.02)	NA	0.07	NA	0.07	NA	-	NA	-	(0.02)	NA	-	NA	(0.02)	NA	-	-	India	
22	Udhay GK Realty Pvt.Ltd.	₹	1.00	1.00	April 10 to Mar 11	April 09 to Mar 10	0.10	0.10	21.83	34.39	22.46	87.02	22.46	87.02	-	-	28.18	22.94	(12.44)	12.13	0.01	4.00	(12.46)	8.12	0.08	-	India

\* Turnover includes other incomes  
# Amount is less than 0.01 Crores

Statement regarding Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956

1.	Name of the Subsidiary Company	Godrej Agrovet Limited	Godrej Properties Limited	Ensemble Holdings & Finance Limited	Godrej International Limited	Natures Basket Limited	Godrej Oil Palm Ltd.	Golden Feed Products Limited	Cauvery Palm Oil Limited	Godrej Gokarna Oil Palm Limited	Godrej Estate Developers Pvt. Ltd.	Godrej Developers Pvt. Ltd.	Godrej Real Estate Pvt. Ltd.	Godrej Realty Pvt. Ltd.	Godrej Seaview Properties Limited	Godrej Waterside Properties Pvt. Ltd.	Happy Highrises Limited	Godrej Buildcon Pvt. Ltd.	Godrej Projects Development Pvt. Ltd.	Godrej Garden City Properties Pvt. Ltd.	Godrej Premium Builders Pvt. Ltd	Godrej GK-Buildwell Realty Pvt. Ltd.
2.	The company's interest in the subsidiaries as on March 31, 2011	9,112,956	49,335,209	3,774,160	2,105,000	22,550,000																
a.	Number of Equity Shares	12,118,752	89,850,009	3,774,160	2,105,000	22,550,000																
	Total Number of Shares	10	10	10	10	10																
b.	Face Value	75.20%	70.63%	100.00%	100.00%	100.00%																
c.	Extent of Holding	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore																
3.	Net aggregate profit/(Loss) of the subsidiary company so far it concerns the members of the Company	44.83	93.73	0.80	10.16	(9.60)																
A.	For the financial year ended on March 31, 2011																					
	i. Not dealt with in the books of Account of the Company	-	-	-	-	-																
	ii. Dealt with in the books of Account of the Company	54.66	169.17	(2.16)	272.36	(6.24)																
B.	For the subsidiary company's previous financial years since it became a subsidiary	34.77	95.46	7.50	113.48	-																
	i. Not dealt with in the books of Account of the Company																					
	ii. Dealt with in the books of Account of the Company																					

Notes:

The Financial Year of the subsidiary companies have ended on March 31, 2011

- 63,450 Equity Shares of ₹ 10 each in Godrej Oil Palm Ltd. (formerly Godrej Oil Plantations Ltd.) (representing 90% of the share capital) are held by Godrej Agrovet Ltd.
- 50,000 Equity Shares of ₹ 10 each in Golden Feed Products Ltd. (representing 100% of the share capital) are held by Godrej Agrovet Ltd.
- 34,20,000 Equity Shares of ₹ 10 each in Cauvery Palm Oil Ltd. (representing 90% of the share capital) are held by Godrej Agrovet Ltd.
- 1,34,711 Equity Shares of ₹ 10 each in Godrej Gokarna Oil Palm Ltd. (representing 99.20%) are held by Godrej Agrovet Ltd., Godrej Industries Ltd. and Ensemble Holdings & Finance Ltd.
- 2,55,000 Equity Shares of ₹ 1 each in Godrej Estate Developers Pvt. Ltd. (representing 51% of the share capital) are held by Godrej Properties Ltd.
- 34,031 Equity Shares of ₹ 10 each in Godrej Developers Pvt. Ltd. (representing 51% of the share capital) are held by Godrej Properties Ltd.
- 49,999 Equity Shares of ₹ 10 each in Godrej Real Estate Pvt. Ltd. (representing 99.99% of the share capital) are held by Godrej Properties Ltd.
- 5,10,000 Equity Shares of ₹ 10 each in Godrej Realty Pvt. Ltd. (representing 51% of the share capital) are held by Godrej Properties Ltd.
- 2,50,500 Equity Shares of ₹ 1 each in Godrej Sea View Properties Pvt. Ltd. (representing 50.10% of the share capital) are held by Godrej Properties Ltd.
- 5,10,000 Equity Shares of ₹ 10 each in Godrej Waterside Properties Pvt. Ltd. (representing 51% of the share capital) are held by Godrej Properties Ltd.
- 1,03,592 Equity Shares of ₹ 10 each in Happy Highrises Ltd. (representing 51% of the share capital) are held by Godrej Properties Ltd.
- 49,999 Equity Shares of ₹ 10 each in Godrej Projects Development Pvt. Ltd. (representing 99.99% of the share capital) are held by Godrej Properties Ltd.
- 49,999 Equity Shares of ₹ 10 each in Godrej Garden City Properties Pvt. Ltd. (representing 99.99% of the share capital) are held by Godrej Properties Ltd.
- 49,999 Equity Shares of ₹ 10 each in Godrej Premium Builders Pvt. Ltd. (representing 99.99% of the share capital) are held by Godrej Properties Ltd.
- 1,00,000 Equity Shares of ₹ 10 each in Udhay GK-Realty Pvt. Ltd. (representing 100% of the share capital) are held by Godrej Properties Ltd.
- 24,499 Class A Equity Shares of ₹ 10 each in Godrej Buildwell Pvt. Ltd. (representing 49% of the Class A equity share capital) are held by Godrej Properties Ltd. The majority composition of the Board of Directors of Godrej Buildwell Pvt. Ltd. is being controlled by Godrej Properties Ltd.
- 691,155 Equity Shares of ₹ 10 each in Godrej Properties Ltd. are held by Ensemble Holdings & Finance Ltd.
- 8,100 Equity Shares of ₹ 10 each in Godrej Agrovet Ltd. are held by Ensemble Holdings & Finance Ltd.

For and on behalf of the Board

A.B. Godrej  
Chairman

N.B. Godrej  
Managing Director

M. Elpe  
Executive Director &  
President (Chemicals)

V. Srinivasan  
Executive Vice-President  
(Finance & Estate) &  
Company Secretary

Mumbai, May 30, 2011.



## Godrej Industries Limited

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

### ATTENDANCE SLIP

Folio No. ....

Client ID No. ....

DP ID No. ....

I hereby record my presence at the TWENTY-THIRD ANNUAL GENERAL MEETING of the Company to be held at Y.B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai – 400 021 on Saturday, July 30, 2011 at 4.30 p.m.

.....  
Name of attending Member/Proxy

.....  
Member's/Proxy's Signature  
(To be signed at the time of handing over this slip)

#### Notes :

1. Shareholder/Proxyholder wishing to attend the Meeting must bring the Attendance Slip to the Meeting and hand-over at the entrance duly signed.
2. Shareholder/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.



## Godrej Industries Limited

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

### PROXY FORM

Folio No. ....

Client ID No. ....

DP ID No. ....

I/We.....  
 of ..... being a member/  
 members of the abovementioned Company, hereby appoint .....  
 or failing him ..... as my/our proxy to vote for me/us on my/our behalf at  
 the TWENTY-THIRD ANNUAL GENERAL MEETING of the Company to be held on Saturday, July 30, 2011 at 4.30 p.m. and at any  
 adjournment thereof. This form is to be used in favour of the resolution(s).....  
 /against the resolution/s..... Unless otherwise  
 instructed the proxy will act as he thinks fit.  
 Signed this ..... day of ..... 2011.

Signature .....

Affix ₹ 1/- Revenue Stamp
------------------------------------

**Note :** Proxy Forms must reach the Company's Registered Office not less than 48 hours before the Meeting.



# Mangroves



**Location:** Mangrove (Pirojshanagar, Creek Side Colony, Vikhroli East)

The Godrej Group has been at the forefront of Corporate Social Responsibility ever since its inception over a century ago. Its various initiatives create a deep and abiding respect for the environment, society and the belief that economic success and societal progress should be closely linked in order to create a brighter world. As part of its environmental efforts, the group maintains the western bank of Mumbai's Thane creek, the city's single largest mangrove belt.



**Godrej Industries Ltd.**  
[www.godrejinds.com](http://www.godrejinds.com)