

BREAKING
NEW
FRONTIERS

ANNUAL REPORT
2011-2012

BREAKING NEW FRONTIERS

With a proven business track record of systemic value creation, Godrej Industries is now at the helm of Breaking New Frontiers for an exciting future!

The nine dot puzzle as represented in the visual embodies overcoming challenges and creating opportunities with the help of lateral thinking.

The dots here depict our business drivers that enable Godrej to gear towards being India's Most Professionally Admired Diversified Business Group

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Board of Directors



1 K.N. Petigara

2 N.D. Forbes

3 S.A. Ahmadullah

4 V.M. Crishna

5 T.A. Dubash

6 A.B. Godrej

7 J.N. Godrej

8 N.B. Godrej

9 M. Eipe

10 A.B. Choudhury

11 J.S. Bilimoria

12 K.K. Dastur



Corporate Information

COMPANY SECRETARY	:	K.R. Rajput
AUDITORS	:	Kalyaniwalla & Mistry, Chartered Accountants
BOARD COMMITTEES		
Audit Committee	:	K.K. Dastur (Chairman) S.A. Ahmadullah K.N. Petigara
Compensation Committee	:	S.A. Ahmadullah (Chairman) A.B. Choudhury K.N. Petigara N.B. Godrej
Shareholders Committee	:	A.B. Godrej (Chairman) T.A. Dubash M. Eipe
Management Committee	:	A.B. Godrej (Chairman) N.B. Godrej T.A. Dubash M. Eipe
REGISTRARS & TRANSFER AGENT	:	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@compu-techsharecap.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
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	Block B, 2nd floor, 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.
Kotak Mahindra Bank Ltd.



Chairman's Statement

Chairman's Statement



Dear Shareholders,

I am extremely pleased to share with you the events and developments of your Company during the course of 2011-12. Strong operating results have been achieved across all our core businesses despite a challenging macro-economic environment. The year gone by is representative of the value that Godrej Industries has and would endeavor to create for all the stakeholders. Though the economic slow-down and uncertainty particularly in the developed countries can impact emerging nations, we are confident of navigating this turbulent environment through well-defined strategies adapted to match the dynamics of a changing environment.

As a multi-business group with diverse business interests, growth at the consolidated level is pursued through competitively growing our core businesses, building an environment to enable transformation while also nurturing and investing in emergent businesses of the future. This approach is captured in our approach called CREATE which stands for:



Let me summarize the year at GIL for each dimension of our CREATE approach:

C – Consumer and Chemicals

Consumer (GCPL)

Godrej Consumer Products, in FY2012, has not only maintained leadership position in India in the three core categories – Home Care, Hair Care and Personal Wash, but has also recorded significant traction on the international front. As we focus on integrating the acquisitions made during the year, we have witnessed meaningful growth in the emerging geographies in Asia, Africa and Latin America. While we recognize the challenges posed by an uncertain global market environment, we are confident that consistent efforts at innovating to cater to the changing consumer needs and strengthening our brands, will translate into improved performance in the future as in the past.

Chemicals

During the year, our Chemicals business enhanced the top-line and stable margins with increasing contribution from exports and specialty chemicals. Our strong distribution network and differentiated manufacturing process make us the preferred supplier to key players across industries we cater to, enabling us to capture value from healthy demand in the domestic and international markets. Our diversified end-user industries and concerted efforts at moving towards specialty chemicals give us confidence in maintaining our performance in the future as well.

R E – Real Estate (GPL)

Despite a challenging environment for the real estate sector, Godrej Properties recorded the highest number of Joint Development Agreements in its history, thereby significantly augmenting its development portfolio. In a significant development during the year, Godrej Properties entered into a landmark deal with Godrej and Boyce for all future development on the Vikhroli land parcel. This will prove to be a highly value accretive deal, and is expected to generate significant risk free cash flow for Godrej Properties. With a pan-India presence and a business model that provides down-side protection while enabling capture of upside potential, we firmly believe that in the coming years we will be able to achieve bigger milestones to take GPL to the next level.

I would like to take this opportunity to discuss the change in leadership at Godrej Properties. The Board has appointed Pirojsha Godrej as the Managing Director and Chief Executive Officer of GPL with effect from April 1, 2012. Pirojsha has played an integral part in the growth of GPL since he first joined the Company in 2004 and the Board is very confident that he will successfully lead the Company through its next phase of growth. In addition, the Board has appointed Mr. V. Srinivasan as an Executive Director at GPL with effect from April 1st, 2012. Mr. Srinivasan has played several leadership roles across various Godrej companies and the Board believes that he will add tremendous value to GPL.

I am also glad to share with you that in March 2012, GPL successfully concluded the first IPP in India and raised ~ ₹ 4.71 billion in the midst of a capital scarce market environment.

A – Agri Business (GAVL)

We have come a long way since we started operations with the animal feed segment and have progressed to a diversified agri-business Company with interests in animal feed, oil palm plantations, agri-inputs and poultry. The Company concluded the year on a strong note with robust performance delivered across verticals. Further, the outlook for oil-palm and agri-input segments remains extremely optimistic. During the year, we successfully launched Godrej Seeds and Genetics Limited (GSGL) to give shape to our plans of venturing into the seeds business. Given encouraging business prospects and a solid execution framework, we believe that our endeavor will contribute significantly to both the top-line and bottom-line in the years to come.

T – Transformation

As a group we believe in inclusive growth that aims at enhancing the competitiveness of our businesses while simultaneously advancing the economic and social conditions of the communities in which we operate. This focus is implemented Group wide through the shared value initiative called 'Godrej Good and Green'. As part of Good & Green, the Group aspires by 2020, to create a more employable Indian workforce, a greener India and innovate for products that are greener or cater to the bottom of the income pyramid. I am pleased to tell you that we have as a Group made good progress on this vision in the last fiscal year.

Building on our human capital has always been a priority and during the year we undertook various activities that assisted in enhancing leadership capabilities through specially designed programs. To help us objectively understand the progress made, in FY2012, we conducted a survey across both domestic and international businesses in association with Aon Hewitt, a leading HR consultancy firm. I am delighted to share with you that GILAC India (including the Consumer Product, Real Estate, Agrovat and Chemicals businesses of the group) employee engagement level is high (68%) and falls within the Aon Hewitt Best Employer Range.

E – Emergent Businesses

Through the years, we have incubated businesses successfully. Godrej Agrovat is one such example which today is contributing meaningfully to the consolidated performance and has tremendous future potential. Natures Basket, our gourmet food retailing business, has been ramping up very well with a spread of 20 stores across 5 key metros in India. I am pleased to share with you that a select portfolio is now available for online sale as well.

Before I conclude, I would like to say that as we enter into the next fiscal year, we stay committed to improving operational efficiencies, building and strengthening alliances, deriving value from group synergies and continuing to reward stakeholders with a shared commitment towards profitability and sustainability.

Finally, I would like to express my appreciation to all our employees, for their contributions towards the performance of Godrej Industries. I would also like to extend my gratitude towards our business partners and associates, vendors, and also the Central and the State governments for their continued support. And to all of our shareholders, I would like to express my sincere appreciation for their continued faith, trust, encouragement and support.

Yours sincerely,
Adi Godrej
Chairman



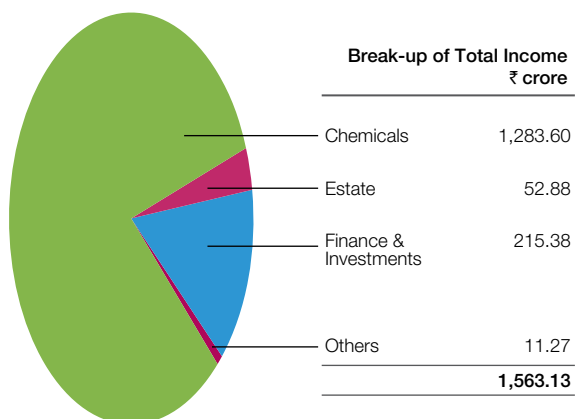
Financial Highlights

Financial Highlights

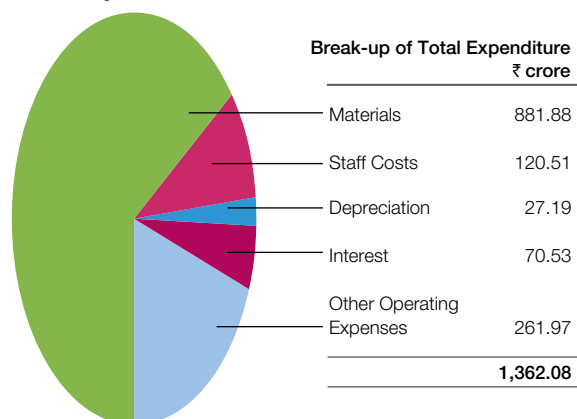
All figures in ₹ crore

	2011-12	2010-11	2009-10	2008-09	2007-08
BALANCE SHEET					
SOURCE OF FUNDS:					
Shareholders' Funds					
Share Capital	31.76	31.76	31.76	31.98	31.98
Reserve & Surplus	1,200.79	1,058.38	990.93	995.15	1,026.44
Secured Loans	17.49	83.23	204.19	232.82	249.48
Unsecured Loans	489.23	470.99	343.42	368.14	186.19
Deferred Tax Liability	35.76	35.92	31.98	32.78	36.19
	1,775.03	1,680.28	1,602.28	1,660.87	1,530.28
APPLICATION OF FUNDS :					
Fixed Assets	473.29	318.52	298.62	288.71	271.42
Investments	1,353.81	1,233.74	1,147.63	1,148.08	775.48
Net Working Capital	(52.07)	128.02	156.03	220.22	472.70
Miscellaneous Expenditure	-	-	-	3.86	10.68
	1,775.03	1,680.28	1,602.28	1,660.87	1,530.28
INCOME & PROFIT					
Total Income	1,563.13	1,254.54	991.70	971.48	838.82
Expenditure other than Interest and Depreciation	1,264.36	1,026.56	823.07	867.46	671.19
Profit before Interest, Depreciation and Tax	298.77	227.98	168.63	104.02	167.62
Interest (net)	70.53	63.12	60.25	61.06	34.44
Profit before Depreciation and Tax	228.24	164.86	108.38	42.96	133.19
Depreciation	27.19	28.85	28.39	26.46	25.47
Profit before Tax and exceptional items	201.05	136.01	79.99	16.50	107.72
Exceptional items - (expense)/income	-	-	-	(0.26)	(3.10)
Provision for Current Tax	(0.34)	(1.36)	(0.13)	1.23	5.62
Net Profit after Tax	201.39	137.37	80.12	15.53	105.20
Provision for Deferred Tax	(0.17)	3.94	(0.80)	(3.41)	(3.61)
Adjustment in respect of prior years - (expense)/income	-	-	-	(0.86)	-
Net Profit after taxes and adjustments	201.56	133.43	80.92	18.08	108.81

Total Income 2011-2012



Total Expenditure 2011-2012





Notice to Shareholders

Notice to Shareholders

NOTICE is hereby given that the TWENTY-FOURTH ANNUAL GENERAL MEETING of the members of GODREJ INDUSTRIES LIMITED will be held on Saturday, August 11, 2012 at 3.00 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, 2012, 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, 2012.
3. To appoint a Director in place of Mr. M. Eipe, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. A. Ahmadullah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. J. S. Bilimoria, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Dr. N. D. Forbes, who retires by rotation and being eligible, offers himself 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 authorize 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. Re-appointment of and remuneration payable to Ms. T. A. Dubash, as a Whole-time Director as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the reappointment of and terms of remuneration payable to including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of appointment of Ms. T. A. Dubash, as a Whole - Time Director of the Company designated as Executive Director & Chief Brand Officer, for a period of three years from April 1, 2013 to March 31, 2016 on the terms and conditions as contained in the Agreement to be entered into between the Company and Ms. T. A. Dubash, a draft of which is placed before the meeting and for the purpose of identification, initialled by the Chairman with liberty to the directors/compensation committee to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the directors and Ms. T. A. Dubash.

9. Re-appointment of and remuneration payable to Mr. M. Eipe, as a Whole-time Director as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the reappointment of and terms of remuneration payable to including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of appointment of Mr. M. Eipe, as a Whole - Time Director of the Company designated as Executive Director and President (Chemicals), for a period of one month

from April 1, 2013 to April 30, 2013 on the terms and conditions as contained in the Agreement to be entered into between the Company and Mr. M. Eipe, a draft of which is placed before the meeting and for the purpose of identification, initialled by the Chairman with liberty to the directors/compensation committee to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the directors and Mr. M. Eipe.

10. Modification of Godrej Industries Limited Employee Stock Option Plan as a Special Resolution

RESOLVED THAT pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") and any other applicable law for the time being in force and as may be amended from time to time, consent and approval of the Company be and is hereby granted to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including Compensation Committee, which the Board may constitute, to exercise its powers including the powers conferred by this resolution) for carrying out the following amendments / modifications in the Godrej Industries Limited Employee Stock Option Plan (hereinafter referred to as "GIL ESOP" / "the Plan"): The following amendment shall be applicable to all the options granted by the Compensation Committee under the Plan:-

- (a) Original Clause 8(a): Exercise Price and Pricing Formula :

The price at which the Option Grantee would convert Options Granted into Shares shall be the Market Price plus Interest at such a rate not being less than the Bank Rate then prevailing compoundable on an annual basis for the period commencing from the date of Granting of the Option and ending on the date of intimating Exercise of the Option to the Company.

- (b) Amended Clause 8(a): Exercise Price and Pricing Formula:

The price at which the Option Grantee would convert Options Granted into Shares shall be the Market Price plus Interest at such a rate not being less than the Bank Rate then prevailing compoundable on an annual basis for the period commencing from the date of Granting of the Option and ending on the date of intimating exercise of the option to the Company or March 31, 2012, whichever is earlier.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board and/or the Compensation Committee of the Board be and are hereby severally authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its sole and absolute discretion deem fit, necessary, desirable, expedient or proper for such purpose and with authority on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard or any other matter incidental or consequential thereto and its decision shall be final and binding on the members without requiring the Board to secure any further consent or approval of the members of the Company.

11. Modification of Godrej Industries Limited Employee Stock Option Plan – II as a Special Resolution

RESOLVED THAT pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") and any other applicable law for the time being in force and as may be amended from time to time, consent and approval of the Company be and is hereby granted to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including Compensation Committee, which the Board may constitute, to exercise its powers including the powers conferred by this resolution) for carrying

out the following amendments / modifications in the Godrej Industries Limited Employee Stock Option Plan – II (hereinafter referred to as “GIL ESOP” / “the Plan”): The following amendments shall be applicable to all the options granted by the Compensation Committee under the Plan:-

- (a) Original Clause 2.1 (p) : Definition of Grant Price:

“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.

Amended Clause 2.1 (p) : Definition of Grant Price:

“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 or March 31, 2012, whichever is earlier.

- (b) Original Clause 8(a): Exercise Price and Pricing Formula :

Exercise price shall be grant price plus interest at such 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.

Amended Clause 8(a): Exercise Price and Pricing Formula :

Exercise price shall be grant price plus interest at such 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 or March 31, 2012, whichever is earlier.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board and/or the Compensation Committee of the Board be and are hereby severally authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its sole and absolute discretion deem fit, necessary, desirable, expedient or proper for such purpose and with authority on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard or any other matter incidental or consequential thereto and its decision shall be final and binding on the members without requiring the Board to secure any further consent or approval of the members of the Company.

By Order of the Board of Directors

K. R. RAJPUT
Company Secretary

Mumbai, May 30, 2012

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 11 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 August 4, 2012 to August 11, 2012 (both days inclusive) for ascertaining the names of the shareholders to whom the dividend which 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.

Dividend for the Financial Year ended	Due date for transfer
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
31.03.2011	30.07.2018

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.

By Order of the Board of Directors

K. R. RAJPUT
Company Secretary

Mumbai, May 30, 2012

Registered Office:

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

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

Item Nos. 8 and 9

The tenure of the following Whole-time Directors with the Company will expire on March 31, 2013:-

- i) Ms. T. A. Dubash – Executive Director & Chief Brand Officer.
- ii) Mr. M. Eipe – Executive Director & President (Chemicals)

hereinafter collectively referred to as “the Whole-time Directors” or individually referred to as “the Whole-time Director”.

It is proposed to reappoint the Whole-time Directors as detailed herein below:-

Name of Whole-time Director	Tenure
Ms. T. A. Dubash	01-04-2013 to 31-03-2016
Mr. M. Eipe	01-04-2013 to 30-04-2013

The proposed remuneration and terms and conditions of appointment of each Whole-time Director are given below:-

- a) The Whole-time Director shall perform his/her duties subject to the superintendence, control and direction of the Board of Directors of the Company.

- b) In consideration of the performance of his/her duties, each Whole-time Director shall be entitled to receive remuneration as stated herein below :-

(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 ₹ 7,00,000 to ₹ 8,50,000 p.m., payable monthly. The Basic Salary approved by the Compensation Committee to the Whole-time Directors for the year 2012-13 is as under:-

Ms. T. A. Dubash ₹ 6,48,858 p.m.

Mr. M. Eipe ₹ 7,26,410 p.m.

The Annual Basic Salary and increments will be decided by the Compensation Committee/Board of Directors depending on the performance of the Whole-time Director, the profitability of the Company and other relevant factors.

(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 (EVA) in the business and other relevant factors and having regard to the performance of the Whole-time Director for each year.

(iii) Flexible Compensation:

In addition to the Fixed Compensation and PLVR, the Whole-time Director shall be entitled to the following allowances, perquisites, benefits, facilities and amenities as per the 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 the Whole-time Director in the

manner as the Board 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, fuel reimbursement;
- Company cars with drivers for official use, provision of telephone(s) at residence; payment/reimbursement of expenses thereof;
- Housing Loan and contingency loan as per rules of the Company. These loans shall be subject to Central Government approval, if any;
- Earned/privilege leave, on full pay and allowance, not exceeding 30 days in a financial year. Encashment/accumulation of leave will be permissible in accordance with the Rules specified by the Company. Casual/Sick leave as per the rules of the Company;
- 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 month for the aggregate of the allowances listed above for the Whole-time Director shall be ₹ 4,40,000 p.m. (presently ₹ 3,65,000 p.m.) plus cars (including drivers salary, fuel, maintenance and other incidental expenses) plus housing (i.e. furnished residential accommodation cost of which shall be at actuals OR House Rent Allowance at 85% of the basic monthly salary. In addition to the above, the Whole-time Director shall be eligible to encashment of leave, club facilities, group insurance cover, group hospitalization cover, and/or any other allowances,

perquisites and facilities as per the Rules of the Company.

Explanation:

- a) For the Leave Travel Assistance and reimbursement of medical and hospitalization expenses, 'family' means spouse, dependent children and dependent parents.
- b) Perquisites shall be evaluated at actual cost or if the cost is not ascertainable the same shall be valued as per Income Tax Rules.

(iv) Retirement Benefits:

In addition to the Fixed Compensation, PLVR and Flexible Compensation, Mr. M. Eipe shall be entitled to an ex-gratia amount of ₹ 30,00,000 and retirement benefits as per the Rules of the Company.

(v) Overall Remuneration:

The aggregate of salary and perquisites as specified above or paid additionally in accordance with the rules of the Company in any financial year, which the Board in its absolute discretion pay to the Whole-time Director from time to time, shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force, unless approved by the Central Government.

(vi) Loans:

- (a) Granting of loans according to Company's Scheme subject to Central Government's approval, if applicable.
- (b) Continuation of Loans, if already availed.

Notes:

- I. Unless otherwise stipulated, for the purpose of the above, the perquisites shall be evaluated as per Income Tax Rules wherever actual cost cannot be determined.
- II. Notwithstanding the foregoing, where in any Financial Year during the currency of the tenure of the Whole-time Director, the Company has no profits or its profits are inadequate, the remuneration by way of salary, commission and

perquisites shall not exceed, the maximum limits prescribed in Schedule XIII to the Companies Act, 1956, except with the approval of the Central Government.

- III. The limits specified above are the maximum limits and the Compensation Committee/ Board may in its absolute discretion pay to the Whole-time Director lower remuneration and revise the same from time to time within the maximum limits stipulated above.
- IV. In the event of any re-enactment or re-codification of the Companies Act, 1956 or the Income Tax Act, 1961 or amendments thereto, the foregoing shall continue to remain in force and the reference to various provisions of the Companies Act, 1956 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued there under.
- V. If at any time the Whole-time Director ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be the Whole-time Director of the Company.
- VI. The Whole-time Director is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1) of the Companies Act, 1956 while at the same time the Whole-time Director is liable to retire by rotation. The appointment is terminable by giving three months' notice in writing on either side.

The following additional information as required under Schedule XIII of the Companies Act, 1956 is given below:

I. General Information:

1. Nature of Industry

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

2. Date or expected date of commencement of commercial production: March, 1988.

3. **In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable.

4. **Financial Performance based on given indicators:**

(Amount in ₹ Crore)

Particulars	2011-12	2010-11
Income	1,563.13	1,254.54
Expenditure	1,334.89	1,089.68
Profit Before Depreciation, Amortization, Prior Period Adjustment and Extraordinary Item	228.24	164.86
Depreciation	27.19	28.85
Extraordinary Item	-	-
Add/(Less) Prior Period Adjustment	-	-
Profit Before Tax	201.05	136.01
Provision for Current Tax	(0.34)	(1.36)
Provision for Deferred Tax	(0.17)	3.94
Profit After Tax	201.56	133.43

5. **Export Performance and Net Foreign Exchange Collaborations:**

(Amount in ₹ Crore)

Particulars	This year	Previous year
Foreign Exchange Earnings	583.26	416.09
Foreign Exchange Outgo	414.61	362.71

6. **Foreign Investments and Collaborations:**

The Company has not made any Foreign Investments and neither entered into any collaborations during the last year.

II. Information About the Appointee :

1. **Background Details:**

Ms. T. A. Dubash

Ms. T. A. Dubash is designated as the Executive Director & Chief Brand Officer of the Company. Ms. T. A. Dubash, an Indian national, has been a Director since 1996.

Ms. T. A. Dubash has a degree in Economics & Political Science from Brown University, USA and has done the Advanced Management Program from the Harvard Business School. She has been with the Company for over 21 years.

Mr. M. Eipe

Mr. M. Eipe is designated as the Executive Director & President (Chemicals) of the Company. Mr. M. Eipe, an Indian national, has been a Director since 2001. Mr. M. Eipe is a B. Tech (Chem.) from IIT, Mumbai and PGDM from IIM, Kolkata. He has been with the Company for over 35 years.

2. **Past remuneration drawn by Ms. T. A. Dubash and Mr. M. Eipe during the financial year ended 31st March, 2012 :**

During the financial year ended March 31, 2012, a sum of ₹ 2,36,00,161 and ₹ 3,75,55,237 was paid to Ms. T. A. Dubash and Mr. M. Eipe respectively as remuneration.

3. **Recognition and Awards:**

Ms. T. A. Dubash was recognized by the World Economic Forum as a Young Global Leader in 2008.

4. **Job profile Suitability:**

Ms. T. A. Dubash

Ms. Tanya Dubash is on the board of several Godrej Group companies including Godrej Consumer Products Limited and Godrej Agrovet Limited. As an Executive Director & Chief Brand Officer, she is charged with the responsibility of enhancing the value of the Godrej Brand and evolving the Group to a more Brand driven organization.

She heads the Strategic Marketing Group (SMG) that guides the Godrej Masterbrand and portfolio strategy, and chairs a Marketing Council comprising of Group Marketing Heads. She also heads Corporate Communications and Media for the Group and oversees Godrej Nature's Basket, a gourmet food retailing chain.

She is a Trustee of the Brown University and a member of the Brown - India Advisory Council.

Mr. M. Eipe

Mr. Mathew Eipe, heads the Chemicals and Estates businesses of Godrej Industries Limited and is designated as Executive Director & President (Chemicals). He joined the erstwhile Godrej Soaps as a Management Trainee in 1977. He is also on the Board of several Godrej Group Companies.

With his tremendous experience and expertise he has contributed to the development of a variety of industries by participating keenly in industry bodies such as Committee of Administration of Basic Chemicals, and Pharmaceuticals & Cosmetics Export Promotion Council (CHEMEXIL).

5. Remuneration proposed:

Salary proposed to Ms. T. A. Dubash and Mr. M. Eipe in the basic scale of ₹ 7,00,000 to ₹ 8,50,000 per month and other perquisites, allowances, other benefits, etc. respectively, as fully set out in Item no. 8 and Item No. 9 of this notice.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Taking into consideration the size of the Company, the profile, knowledge, skills, and responsibilities shouldered by Ms. T. A. Dubash and Mr. M. Eipe, the remuneration proposed to be paid is commensurate with the remuneration packages paid to their similar counterparts in other companies.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:

Besides the Remuneration proposed to be paid to Ms. T. A. Dubash and Mr. M. Eipe, they do not have any other pecuniary relationship with the Company or relationships with any other managerial personnel and Directors; except that Ms. T. A. Dubash is the elder daughter

of Mr. A. B. Godrej, Chairman and sister of Ms. N. A. Godrej, President, Human Capital and Innovation.

III. Other Information:

1. Reasons of loss or inadequate profits:

Godrej Industries Limited (GIL) has interest in various businesses directly and through its subsidiaries, joint ventures and associates. GIL including its subsidiaries, joint ventures and associates has presence in oleo-chemicals, animal feeds, poultry and agro-products, oil palm plantation, property development, personal and home care, beverages and confectionery etc.

While GIL's investments in Group Companies are strategic investments, GIL does encash some of the value created from time to time by sale of such investments resulting in profits on sale of investments. This profit is to be necessarily excluded from the calculations for determining the net profits under section 349 in order to ascertain the limit for overall maximum managerial remuneration. If GIL was allowed to consider such profits (e.g. profit on sale of investments), the Company may be well within its limit.

2. Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:

As explained in the above point, if the profits on sale of investments are added then the Company may be well within the limits of Section 349.

IV. Disclosures:

The information and disclosures of the remuneration package of the managerial personnel have been mentioned in the Annual Report in the Corporate Governance Report under the heading 'Remuneration in Rupees paid or payable to Directors for the year ended March 31, 2012'.

The Board recommends passing of the resolutions as set out at items No. 8 to 9 of the Notice.

Ms. T.A. Dubash and Mr. M. Eipe may be deemed to be interested in the resolutions at item No. 8 and 9 respectively. Mr. A. B. Godrej being relative of Ms. T. A. Dubash, may be deemed to be interested in the resolution at item No. 8. None of the other Directors are interested in the resolutions.

Item 10 and 11

Godrej Industries Limited (GIL) and its subsidiaries have instituted ESOP scheme (ESOP - I and ESOP - II) for employees with effect from December 1, 2005 and July 29, 2009. Consequently, loans have been given to the ESOP trusts and interest of approx. 10% p.a. is being recovered from the trusts. Further loans are given every year to the extent of interest accrued to enable the trusts to pay interest. While the interest income is accrued, the loan amount also increases correspondingly. Parallely, interest is also being levied on the option price and the exercise price keeps increasing. As on March 31, 2012, the Weighted Average Price of GIL shares was ₹ 378.

In the last year the market price of GIL shares had been in the range of ₹ 170 to ₹ 270. Hence, there is a significant gap between the market price and the exercise price.

If GIL stops charging interest, the exercise price will be capped and this could be beneficial to the option grantees were continue to charge interest at 10%, there is a good chance that the options may not be exercised.

The Board has, therefore, on the recommendation of the Remuneration Committee and subject to the approval of the members, decided to cease levy of interest with effect from April 1, 2012 on the outstanding loan and correspondingly, extend this benefit to the option grantees.

The Board recommends passing of the resolutions as set out at items No.10 and 11 of the Notice.

None of the Directors are interested in the resolutions.

By Order of the Board of Directors
K. R. RAJPUT
Company Secretary

Mumbai, May 30, 2012

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)

Name of the Director	Ms. T.A. Dubash	Mr. M. Eipe	Mr. J.S. Bilimoria	Mr. N.D. Forbes	Mr. S.A. Ahmadullah
Age	43	59	65	52	72
Nationality	Indian	Indian	Indian	Indian	Indian
Date of appointment on the Board	01-08-1996	01-04-2001	27-01-2009	27-01-2009	03-01-1995
Shareholding in the company	42,68,783	1,20,300	Nil	5,000	6,000
Qualification	AB, Economics & Political Science, Brown University, USA. Advanced Management Program, Harvard Business School.	B.Tech (Chem.) from IIT – Mumbai and PGDM from IIM, Calcutta	B.Com, FCA, England & Wales	M.S. Industrial Engineering, Stanford University, PhD, Industrial Engineering, Stanford University. B.A.S.- Industrial Engineering, Stanford University	B.A. (Cantab.)
Expertise in specific functional area	Marketing	Chemical Engineering & Management	Financial Management & accounting	Industrial Engineering	Marketing and General Management
Directorships held in other companies	Ensemble Holdings & Finance Ltd., Godrej Agrovet Ltd., Godrej Consumer Products Ltd., Godrej Holdings Pvt. Ltd., Godrej Hygiene Products Ltd., Keyline Brands Ltd., Natures Basket Ltd., Rapidol (Pty) Ltd.	Ensemble Holdings & Finance Ltd., Godrej Hygiene Products Ltd., Wadala Commodities Ltd.	Champion Dai-Ichi Technologies India Ltd., Dai-Ichi Karkaria Ltd., eClerx Services Ltd., Infinity Retail Ltd. ING Investment Management (India) Pvt. Ltd., National Peroxide Ltd., Oberoi Realty Ltd., Tata Global Beverages Ltd., Tata Realty and Infrastructure Ltd., Voltas Ltd.	Codel International Inc., U.K.; Forbes Marshall (Hyd) Pvt. Ltd., Forbes Marshall (Lanka) Pvt. Ltd., Forbes Marshall Arca Pvt. Ltd., Forbes Marshall Canada, Inc.; Forbes Marshall Codel Pvt. Ltd., Forbes Marshall Pvt. Ltd., Forbes Polymetron Pvt. Ltd., Forbesvyncke Pvt. Ltd., J N Marshall Pvt. Ltd., Jump Associates, San Mateo, California; Kirloskar Oil Engines Ltd., Krohne Marshall Pvt. Ltd., Rapideffect Pvt. Ltd., Spirax Marshall Pvt. Ltd., Tata Autocomp Systems Ltd.,	Globe Theatres Pvt. Ltd., Motorsports Association of India, Nadir Company Pvt. Ltd.

Name of the Director	Ms. T.A. Dubash	Mr. M. Eipe	Mr. J.S. Bilimoria	Mr. N.D. Forbes	Mr. S.A. Ahmadullah
Chairmanships/ Memberships of committees in other companies	Nil	Nil	Dai-ichi Karkaria Ltd. Member of Audit Committee eClerx Services Ltd. Chairman of Audit Committee Infinity Retail Ltd. Chairman of Audit Committee National Peroxide Ltd. Chairman of Audit Committee Oberoi Realty Ltd. Member of Audit Committee Tata Global Beverages Ltd. Chairman of Audit Committee Tata Realty & Infrastructure Ltd. Member of Audit Committee Voltas Ltd. Chairman of Audit Committee,	Nil	Nil

By Order of the Board of Directors

K. R. RAJPUT

Company Secretary

Mumbai, May 30, 2012

Registered Office:

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



Directors' Report

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, 2012.

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	(₹ Crore) Year Ended March 31
	2012	2011
Sales of products and services	1,438.04	1,112.33
Other Income	125.09	142.21
Total Income	1,563.13	1,254.54
Total Expenditure other than Interest and Depreciation	1,264.36	1,026.56
Profit before Interest, Depreciation and Tax	298.77	227.98
Depreciation and Amortisation Expenses	27.19	28.85
Profit before Interest and Tax	271.58	199.13
Finance Cost (net)	70.53	63.12
Profit before Tax	201.05	136.01
Provision for Current Tax	(0.34)	(1.36)
Provision for Deferred Tax	(0.17)	3.94
Net Profit	201.56	133.43
Adjustments in respect of prior years		
Surplus brought forward	366.95	311.46
Profit after Tax available for appropriation	568.51	444.89
Appropriation		
Your Directors recommend appropriation as under:		
Dividend on Equity Shares	55.64	55.58
Tax on distributed profits	9.03	9.02
Transfer to General Reserve	20.16	13.34
Surplus Carried Forward	483.68	366.95
Total Appropriation	568.51	444.89

The Total income increased by ₹ 308.59 crore from ₹ 1,254.54 crore to ₹ 1,563.13 crore, a growth of 25%. The Net Profit for the year was ₹ 201.56 crore as compared to ₹ 133.43 crore in the previous year, a growth of 51%.

Dividend

The Board of Directors of your Company recommends a final dividend of ₹ 1.75 per equity share of ₹ 1/- each, aggregating ₹ 55.64 crore (previous year ₹ 1.75 per equity share).

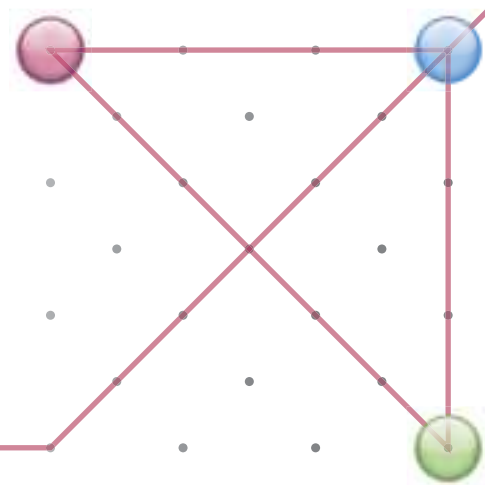
Management Discussion and Analysis

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
- Segment wise 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, poultry and agro-products, oil palm plantation, property development, personal and home care, beverages and confectionery, etc. through its subsidiary / associate / joint venture companies.



Godrej Agrovet Limited (GAVL)

GAVL has continued on an aggressive growth path and outperformed targets on all major parameters during the year under review. GAVL's revenue grew by 38% over last year and profits before Taxation has grown by 250%.

Based on the Order of the Hon'ble High Court of Judicature at Bombay, approving The scheme of arrangement between GAVL and Godrej Gokarna Oil Palm Ltd, Godrej Oil Palm Ltd and Cauvery Palm Oil Ltd (Oil Palm Companies), Oil palm Companies merged with Godrej Agrovet Limited with effect from April 1st, 2011.

The Animal Feed business posted an 18% growth in volumes and revenue grew by 35%, largely due to focus on R&D and Quality. The profits also grew by a strong 93% as a result of margin expansion.

The Agricultural Inputs business grew aggressively with sales increasing by 32% over last year and profits by 56%, backed by a superb performance by its products Hitweed and HBR.

The Oil Palm business surpassed all expectations, with processing of Fresh Fruit Bunches (FFBs) crossing 1.97 lac MT during the year under review. Sales during the year showed growth of 94% over last year, buoyed by high Crude Palm Oil (CPO) prices, and profits increased by 114%.

GAVL has incorporated Godrej Seeds & Genetics Limited (GSGL) during the second quarter of the year under review.

Godrej Properties Limited (GPL)

Godrej Properties Limited (GPL) is the real estate development arm of the Godrej Group. GPL brings the Group's philosophy of innovation and excellence to the real estate industry while aspiring to continue to be the most trusted name in the industry.

GPL ended the year on a positive note by reporting healthy financial performance in what has been a challenging year for Indian real estate. The consolidated total income increased by 47% to ₹ 8,198 million from ₹ 5,589 million in FY 11. Several factors including high interest rate regime, rising costs and slow regulatory approvals impacted sales volumes, profitability and new launches. Given the external environment, the performance is testimony of the Company's robust business model.

GPL successfully concluded its fund raising exercise by raising ₹ 4,707 million through the Institutional Placement Program (IPP). By doing so, GPL became the first Indian Company to take this route after it was introduced by SEBI earlier this year.



An important development for the year has been the appointment of Pirojsha Godrej as Managing Director and Chief Executive Officer with effect from April 1st, 2012. Ever since Pirojsha joined the Company in 2004, he has been closely involved in all the strategic initiatives and operations at GPL. He also anchored very successful the IPO and IPP of Godrej Properties. V Srinivasan has been appointed as Executive Director. His last role was the Chief Financial Officer and Company Secretary at Godrej Industries.

GPL continued to witness healthy demand momentum for all its projects. The total booking value this year was ₹ 15,625 million and the booking area was 2.4 million square feet.

GPL witnessed the highest number of strategic partnerships in a year in the history of the Company with the signing of 10 new projects of which seven are in high growth markets of Mumbai, NCR and Bengaluru. GPL also entered into a landmark alliance with Godrej & Boyce

during the year for all future development of Godrej & Boyce owned land in Vikhroli, Mumbai. The year 2011-12 marks GPL's foray into Mumbai's redevelopment space. There is tremendous opportunity for redevelopment in Mumbai where housing demand is high and there are severe constraints on the land availability within the city limits. In line with the asset light model of the company, GPL also executed two private equity deals at favorable valuations.

GPL continues to retain its emphasis towards achieving excellence in responsible and sustainable development by designing and building properties with high impetus on human and environmental health. Two of the new projects at Vikhroli, Mumbai, Godrej Platinum, a residential project and 'Godrej One', the first commercial building of our flagship project 'The Trees' received Platinum Pre-certification, which is the highest available rating for green building.



Godrej International Limited (GINL)

GINL is our Subsidiary Company, which trades in vegetable oils. In fiscal year 2012, GINL turnover increased by 27% to US\$ 205.287 million but profits fell to US\$ 1.513 million. Contrary to expectation, palm oil prices remained strong throughout the year inspite of a big increase in production. The company continues to expand volumes each year.

Godrej International Trading & Investments Pte. Limited (GITI)

GITI was established in Singapore as our wholly owned subsidiary. Singapore being strategically located, the intention is to consolidate all our vegetable oil trading activities and oil palm investments in South East Asia in this company which is strategically located in Singapore. During the year GITI commenced trading successfully with turnover of US\$ 3.904 million and after-tax profits of US\$ 176,488.

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. NBL

currently has 20 stores and plans for 8 new stores in the coming year. The business is well positioned as 'the' ultimate retail destination for gourmet and fine food and provides an excellent rub off on the Godrej brand.

The gross turnover of this business for the fiscal year 2012 was ₹ 82 crore with a growth of 50% over the previous year 2010 – 11. We intend to focus on growing this business and its profitability over the next few years.

Through its expansion across India, NBL now has operations in major cities of Mumbai, Pune, Delhi/NCR, Hyderabad and Bengaluru. Its product portfolio contains globally recognized brands.

NBL continues to register robust year on year growth and boasts of world best levels in terms of sales per sq. ft. amongst food retailers. Its strong model, high quality product assortment and in store service levels has helped it carve a distinctive niche in the food industry and paved the way for further expansion into newer cities.

NBL was recognized as the retailer of the year at the Asia Retail Congress in 2012 and also as the Most outstanding Foreign Food retailer of the year at the Food and Grocery Forum for the second successive year.





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 2012, beverages grew 7% over the previous year and chocolate syrup grew by 23%. 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 Eclair, Gold Eclair, Nutrine Eclair, Nutrine Lollipop, Aamras and Honeyfab, and newly launched Choco Roco at price point of ₹ 2 & ₹ 5. NCCL has maintained its position as a leading player in confectionery market in core states and the new product launches this year have reinvigorated its portfolio. Éclair category continues to do well across all variants and will be a big driver for the confectionery growth. 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 inputs 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 continues to focus and innovate products at higher price points with improved profitability.



Godrej Consumer Products Limited (GCPL)

FY 2012 had been an eventful and action packed year for GCPL. This year GCPL enjoyed healthy sales growth and market share gain in most of its categories.

GCPL continues to focus on growing ahead of the market, driving consumption & penetration and strengthening its portfolio. GCPL continues to be the Largest Indian Household and Personal Care Company. During the year Household Insecticide category delivered robust performance far ahead of the category growth. GCPL continues to enjoy market leadership position in the home insecticides and liquid detergents categories and we are very optimistic of the future growth opportunities in this category.

GCPL's domestic businesses performed impressively, led in particular by strong growth in soaps and household insecticides. Overseas too it has performed creditably with Indonesia and Africa doing particularly well. Consolidated Net Sales stood at ₹ 4,866 crore, as against last year's Sales of ₹ 3,693 Crore and Consolidated Profit After Tax increased by 41% from ₹ 515 Crore last year to ₹ 727 Crore (after minority interest) in the current year.

The just concluded fiscal has been a year of both consolidation and growth. Internationally, GCPL has further expanded its footprint by entering new geographies in Africa and Latin America. During the year under review, GCPL acquired rights for 51% stake in a pan-African leading hair care company, Darling Group Holdings. This acquisition enables GCPL to become a leading player in hair care across sub-Saharan Africa region with presence in 14 countries across the region. 38% of revenues in fiscal year 2012 came from international operations.

GCPL also expanded its presence in Latin America with the acquisition of a 60% stake in Cosmetica Nacional, a leading hair colorant and cosmetics company in Chile. This transaction apart from giving GCPL a foothold in the continent's fastest growing economy has also enabled GCPL to own some highly regarded heritage brands like "Pamela Grant" and "Illicit".

Financial Position

The financial position of your company continues to be sound. The loan funds at the end of the year stand at ₹ 506.72 crore as compared to ₹ 554.23 crore in the previous year. The debt equity ratio is 0.40 as compared to 0.49 last year. Your Company continues to hold the topmost rating of A1+ from ICRA for its commercial paper program (₹ 260 Crore) (enhanced from ₹ 160 Crore). ICRA has reaffirmed an A1+ rating for its short term debt instruments/other banking facilities (₹ 750 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 (₹ 540 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 by ICRA Online implies that the 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 continues to be recertified Integrated Management System (ISO 9001:2008, Environment Management System ISO 14001:2004, Occupational Health & Safety Assessment System OHSAS 18001:2007) conducted by Bureaus Veritas.

Valia: Valia factory, which has been already certified for ISO-9001:2008 and ISO 14001:2004 standards, has also been certified for OHSAS18001:2007 by Bureau Veritas and recertified for and ISO 27001:2005 by BSI.

New products C20-90%, C22-98% Fatty Alcohols were successfully Produced on commercial scale, new spray dryer plant was successfully commissioned for the production of SLS powder and needles. This Factory has achieved its full capacity. Strategy to convert sulphonation facility to produce only SLS and SLES was implemented successfully. Sulphonation plant has also achieved its rated capacity for SLS/SLES.

The factory has implemented and is maintaining the Current Good Manufacturing Practice systems for the Surfactant plant. This facility is also approved by multinationals for usage of SLS and SLES for oral and personal care applications.

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

New manufacturing facilities at Ambernath: Work on new site at Additional Ambernath has commenced and phase one (Land leveling, compound wall and underground water tank and fire water tank has been completed.)Phase two comprising of plant foundations and structures has begun and is in progress.

Research and Development

Your Company is proud to announce that Godrej Industries Limited Research Centre has been accorded the designation of a "Recognized In-House R&D Unit" by the Department of Scientific and Industrial Research (DSIR) Wing of the Department of Science and Technology.

Coinciding with the government recognition, our R&D activities have resulted in the launch of four new products, each of them being high value derivatives of fatty alcohols, having specialty applications in personal care products and textile auxiliaries. As this year comes to a close, we will be on the cusp of developing our first premium grade derivative of glycerine. Improvement of existing processes and the endeavor to develop new processes and technologies will be an ongoing activity. So too, will be our efforts to manufacture premium quality fatty acids from economy grade raw materials. We will also continue to focus our attention on high value fractionated fatty acids for the polymer, oilfield and lubricant industries. Parallel to all the above projects, R&D has taken up initiatives to develop and customize specialty surfactants, focussing on the oral care and personal care markets, thus delivering customer delight.

Human Resource Development and Industrial Relations

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 “Par Excellent Quality Circle” and “Excellent Quality Circle” respectively by the Quality Circle Forum of India in the 25th National Convention of Quality Circles held in Hyderabad.

Industrial relations at all plant locations remained harmonious. Your company entered into a 3 year wage agreement for Valia 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 has strategic alliance with Hewlett Packard (HP) for a comprehensive IT outsourcing and transformation project. As a result Application and Infrastructure maintenance services have improved. SAP system has been upgraded in order to make substantial improvement in technology as well as business processes. Adequate support is being provided for ensuring technology availability at the new Ambernath location.

Employee Stock Option Plan (ESOP) and Employee Stock Grant Scheme 2011(ESGS)

During the financial year 2011-12, 6 option grantees were granted ESOPs based on their leadership responsibility and potential.

Date and Grant of ESOP	No. of ESOPs	No. of Employees
July 30, 2011	2,97,250	6

On June 29, 2011 and July 30, 2011, the Compensation Committee approved a total of 2,25,516 stock grants equivalent to 2,25,516 equity shares of the Company to eligible employees in terms of the ESGS Scheme. The exercise price is ₹ 1 per equity share as provided in the Scheme.

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.

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, 2012, deposits aggregating to ₹ 10.10 crore have been mobilised and deposits

aggregating to Rs. 15.08 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, 2012, 99.73% of the equity shares of your Company were held in demat form.

Directors

In accordance with Article 127 of the Articles of Association of the Company, Mr. M. Eipe, Mr. J.S. Bilimoria, Dr. N.D. Forbes and Mr. S.A. Ahmadullah retire by rotation at the ensuing Annual General Meeting and offer themselves for reappointment. Mr. F. P. Sarkari ceases to be Director with effect from June 1, 2012. Mr. F. P. Sarkari has been a Director of the Company since January 30, 2002, and was also the Chairman of the Audit Committee of Directors. The Directors place on record their appreciation of the valuable contribution made by Mr. F. P. Sarkari during his tenure.

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, 2012. The members of the Audit Committee are Mr. F.P. Sarkari, 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 D 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 general 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 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. 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.

Details of related party transactions are presented in Note No. 46 to Annual Accounts of the Annual Report. The Notes to the Accounts referred to in the Auditors' Report is self-explanatory. In respect of the qualifications in the Audit Reports, 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. In the meantime, the minority shareholders have been restrained from transferring shares to a third party.

Non current investments include ₹ 0.12 crore for investment made in Gharda Chemicals Limited (GCL) which is not in the name of the Company. The Company had lodged the transfer deed for effecting transfer of shares in its name with GCL which was refused by them.

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

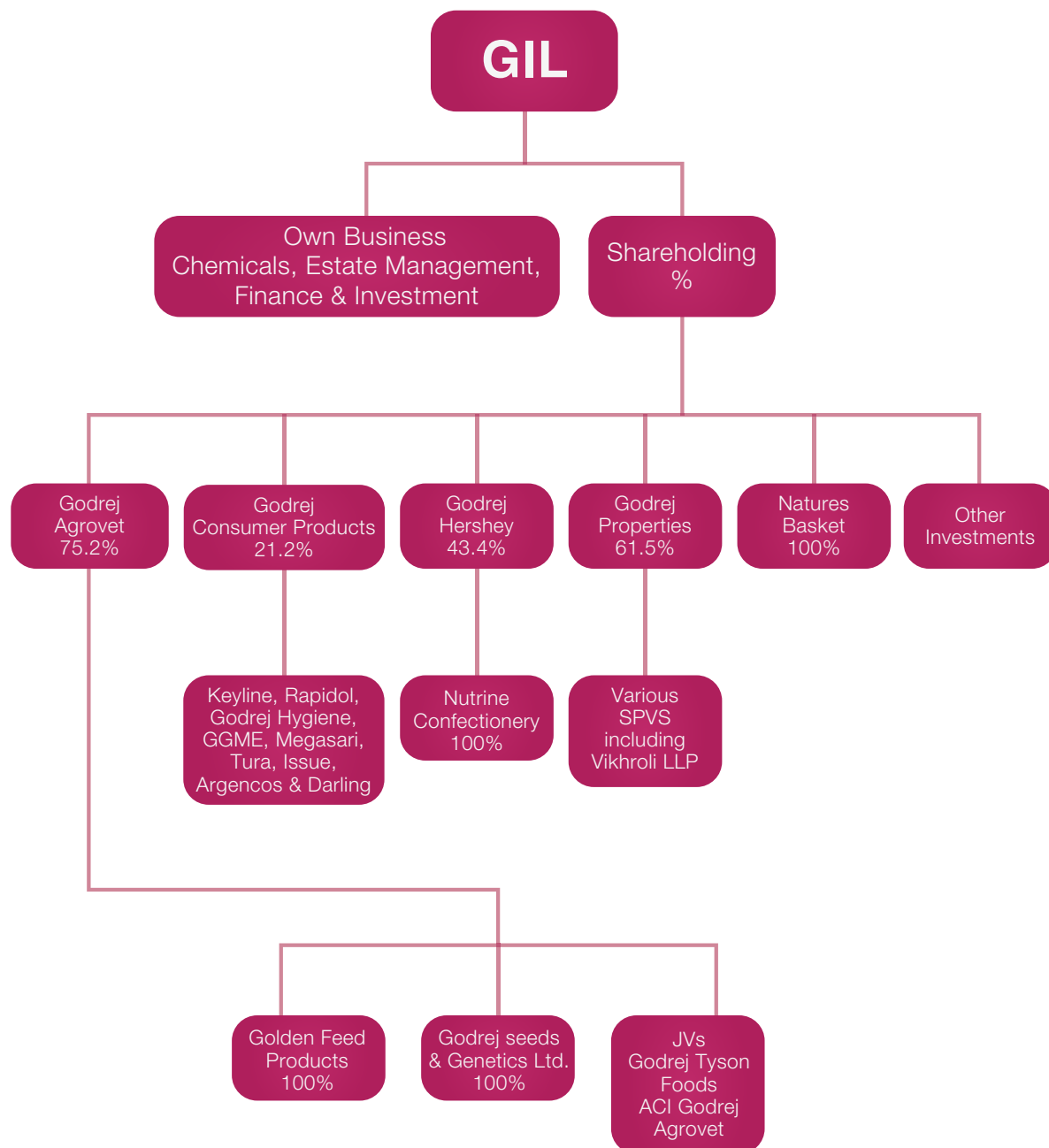
A.B. Godrej
Chairman

Mumbai, May 30, 2012

Annexure “A”

Forming Part of the Directors' Report
Management Discussions and Analysis

Business Structure



Industry Structure and Developments

With several developed nations struggling to come out of the economic crisis, the center of gravity has been shifting towards developing economies. While the overall economic outlook for India continues to be strong, GDP growth rate has moderated in recent quarters with FY 2012 growth projected at 6.5% as compared to 8.4% in FY 2011, as per the advance estimate by Central Statistical Organization (CSO). At a disaggregated level, this is attributable to a 2.5 per cent growth in agriculture and allied activities, a growth of 3.6 per cent in industry and 8.8 per cent in services as compared to a growth of 7.0 per cent, 6.8 per cent and 9.2 per cent respectively during 2010-11.

Global uncertainties, increased volatility in commodity prices and equity markets combined with slow progress on reforms has impacted economic growth, but the opportunity for India remains tremendous. Restoring growth through reforms and good governance will be a key imperative and will create a virtuous cycle of boosting production and consumption, enhancing investor confidence and reviving growth.

The agriculture sector, which is the largest employer in India, benefitted from favorable monsoons in FY 2012. The FY 2013 Union Budget has increased the outlay to the sector by 18% to enhance agriculture growth and back programs which have led to record food grain production in FY 2012. In the past years, the government has 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.

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.

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. Increase in India's GDP/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, palm and vegetable oil) which impact the oleo chemicals businesses.

The real estate sector witnessed a tough year in FY 2012. After reaching a peak in prices as a result of increased construction costs and anticipated demand, residential absorption rates fell significantly across many cities, while rentals for commercial projects remained stagnant. Availability of affordable financing is a key driver for consumer demand and high interest rates combined with high inflation in the last fiscal year have been a deterrent. Regulatory changes also resulted in project delays across the real estate sector. Going forward, overall demand and need for housing in India continues to be strong particularly due to rapid urbanization and migration.

Financial Performance with respect to Operational Performance

The highlights of overall performance are as follows:

(₹ Crore)		
Particulars	2011-12	2010-11
Sales	1,438.04	1,112.33
Total Income	1,563.13	1,254.54
Profit before Taxation	201.05	136.01
Profit After Current Taxation	201.39	137.37
Profit After Current & Deferred Taxation	201.56	133.43
Earnings per Equity Share (₹) - Basic	6.35	4.20
Earnings per Equity Share (₹) - Diluted	6.33	4.20

(₹ Crore)

Profitability ratios are as follows:	2011-12	2010-11
PBDIT/Total Income	19.11%	18.17%
PBT/Total Income	12.86%	10.84%
PAT/Total Income	12.89%	10.64%
Return on Capital Employed	15.72%	12.13%
Return on Net Worth	16.84%	12.24%
Basic EPS (Rs.)	6.35	4.20
Diluted EPS (Rs.)	6.33	4.20

The Financial Risk Ratios are as follows:

Debt/Equity	0.40	0.49
Interest coverage	3.85	3.15

Segment Performance

1 Segment Revenue		
Chemicals	1,283.60	1,022.50
Estate	52.88	52.87
Finance & Investments	215.38	166.42
Others	11.27	12.75
Total	1,563.13	1,254.54

2 Segment Results (PBIT)

Chemicals	119.88	89.42
Estate	39.69	41.62
Finance & Investments	215.38	155.94
Others	(4.00)	(1.62)
Total	370.95	285.36
Less: Finance Costs (Net)	(70.53)	(63.12)
Less: Unallocated Expenses (Net)	(99.37)	(86.23)
Profit Before Tax	201.05	136.01

3. Segment Capital Employed

Chemicals	51.21	189.29
Estate	106.59	68.41
Finance & Investments	1,526.58	1,417.30
Others	20.77	23.92
Unallocated	(472.60)	(608.78)
Total	1,232.55	1,090.14

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 ₹ 560 crore in this fiscal, accounting for about 42% of its turnover.

The recovery of the global economy resulted in healthy increase in demand and helped the growth in this division. The product category-wise review follows:



Fatty Acids

The Fatty Acids portfolio, comprising stearic acid, oleic acid, as well as speciality fatty acids, accounted for about 39% of the turnover of the division. Continuous cost reduction and market development initiatives have helped grow this category by about 26% in value terms and 4% in volume terms. The division plans to enhance the sales of its speciality fatty acids in the domestic as well as export markets.

Fatty Alcohol

Fatty alcohol contributed 41% to turnover of this division. The sales revenue increased by around 25% with the revival of demand in the market and increasing commodity prices.

Through effective product mix and customer focus, the division could manage growth in the market and also increased its share of business with some major multinational companies. This category saw a growth of 39% in revenues from sale to BRIC territories which are fast growing markets and have been identified as focus regions for expansion of the business.

The European Commission had levied a 'provisional' duty of 9.36% on Fatty Alcohols imported from the Company into the European Union from May 2011. In November 2011, the European Commission levied a 'definitive' duty of EUR 86.99 per MT. Your Company has appealed for the annulment of this levy.



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 21% 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 as well as their derivatives, we have been able to retain our competitiveness despite shortage and high prices of Lauryl Alcohol.

Glycerin

Glycerin accounted for 4% of the turnover of this division. Revenues increased by 23% 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 of the year 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 the margins and we will continue our efforts in this direction. It accounted for 36% of the turnover of the division.

Outlook

The outlook for the coming year 2012-13 is good for Specialty fatty acids at this point in time. International demand is showing signs of improvement and we have the advantage of using Indian raw material.

Your company is focusing on specialty fatty acids and their co products, which will improve its leadership position in terms of market share. This will also help improve the profitability of the business. We have commissioned a specialty fatty acid plant in the fourth quarter of FY 2011-12 which would expand capacity of grades which are in good demand.

Estate Management

Your Company, having foreseen the potential of maximizing the value from the real estate development activity in Mumbai city and its suburbs, had entered into an agreement with Godrej Properties Ltd, for joint development of the area around the registered office of your company at Vikhroli. The Limited Liability Partnership vehicle created for this joint development, Godrej Vikhroli Properties LLP, has now commenced the development on the 34.2 acres of prime land. A mixed use project, "The Trees", comprising Grade A commercial office buildings, residential apartments, high street retail and a five Star hotel, would be in 3 phases and would be completed in about 6 years' time.

The site, due to its strategic location, has excellent connectivity to the airports, railway networks and other public services - current and as well as ones being planned with easy access to the east-west corridor. "Godrej One" is the first commercial building of 750,000 sq. ft., now under construction, and would be the new

corporate headquarters for several of the Godrej group companies. This building having an area of 0.75 million sq. ft., would also accommodate other corporate clients apart from the Godrej group.

In order to facilitate this development, your Company has been gradually phasing out the renewal of leave and license arrangements resulting in decline of revenues from the estate management business. Your Company however continues to ensure optimum usage of available space and is maximizing the revenue during this transition phase.

The total income from this business for the year was ₹ 52.88 crore compared to ₹ 52.87 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 ₹ 95.32 crore (previous year ₹ 53.50 crore) and realised capital appreciation of ₹ 90.84 crore (previous year ₹ 88.09 crore).

During the year, your company established/formed a new company (100% subsidiary) in Singapore known as Godrej International Trading & Investments Pte. Ltd. Your company invested ₹ 20.9 crore in Natures Basket Limited to support their growth plans. Your company also acquired an additional stake in Godrej Consumer Products Limited (GCPL) by investing ₹ 87.7 crore. The stake of your company (post issuance of shares by GCPL to Baytree Investments (Mauritius) Pte. Ltd.) now stands at 21.15%.

Your Company has also invested ₹ 0.8 crore in Godrej Vikhroli Properties LLP as an initial capital contribution for development of Vikhroli land parcel.

Your Company, during the year, sold shares in M*Modal Inc. (formerly MedQuist Holdings Inc) (a company listed on NASDAQ stock exchange) and in Godrej Properties Limited to monetise investments and augment cash flows for the company.

Human Resources, Industrial Relations

Industrial Relations at all locations were cordial. The total number of persons employed in your Company as on March 31, 2012 was 1,393.

Internal Control Systemes 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 transaction 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

Specialty products are expected to improve margin and strengthen your company's position in the oleo chemicals space. 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.

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, cosmetic 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

Business Responsibility Report for Godrej Industries Limited

Part A: Godrej Industries Limited Overview

Godrej Industries Limited (GIL) is part of the Godrej group, one of the leading business groups in India and is in the businesses of Oleo-chemicals, surfactants, finance & investments and estate management. It has substantial interests in several industries including property development, oil palm plantation, animal feeds and agro-products, poultry, personal care and household care, confectionery, etc., through its subsidiaries, associate companies and joint ventures. Godrej Industries Limited is a public limited Company and is listed on BSE & NSE.

The Company is controlled by Godrej & Boyce Manufacturing Company Limited and Godrej Family members. The shareholding of promoter/promoter group constitutes 79.10% of the paid up capital of the Company as at March 31, 2012.

Financial data for GIL Standalone:

FY 2011 - 12	₹ Crore
Total Income	1,563.13
Net Profit	201.56
Total assets	2,618.08
Market capitalization (as on March 31, 2012)	8,212.19

For GIL, the number of employees at the end of FY 2011-12 was 1,393.

Locations of Operations for GIL:

1. Valia, Gujarat;
2. Vikhroli, Maharashtra; and
3. Wadala, Maharashtra

Sustainability Efforts by the Godrej Group

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 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. The Udayachal high school has recently been accredited with the International School Award in recognition of the school incorporating global education into its curriculum and innovation into classroom teaching.

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, the Group 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.

The Godrej Group also continues to support Heroes AIDS Project (HAP). HAP is nationwide HIV/AIDS initiative launched in 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.

Godrej Good & Green

In conjunction with our vision for "brighter living" for all stakeholders, we have 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".

Good & Green is founded on shared value initiatives. The concept of shared value is defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. 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 at the Group level 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 along with reducing our specific energy consumption and increasing proportion of renewable energy resources**
- Having a **third of our portfolio revenues** comprising 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

Part B: Business Responsibility Initiatives by Godrej Industries Limited

As per the Business Responsibility guidelines established by the Ministry of Corporate Affairs, following are updates for GIL on each of the Principles as stated in the Guidelines.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

GIL pursues good Corporate Governance by ensuring regulatory compliance, transparency in disclosures, efficient operational practices, strong internal controls, risk management systems, and by engaging and operating with fairness and integrity with all its stakeholders namely shareholders, customers, employees, suppliers, regulatory authorities and general public.

Organization Structure

At the Apex is the Board of Directors headed by a non-executive Chairman. The Board provides guidance and support to the management in terms of broad strategy, direction, governance and compliance.

GIL's Board of Directors has five committees of which the first four are statutory —

- Audit Committee
- Compensation Committee
- Shareholders' / Investors grievance Committee
- Selection Committee
- Management Committee of the Board

They monitor and provide direction to the senior leadership team. This ensures greater focus on specific aspects of Corporate Governance and expeditious resolution of issues of governance as and when they arise.

These Committees have clearly defined areas of operation and they operate as empowered by the Board.



Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Godrej Group's Good & Green vision supports the development of goods which are environmentally sustainable. As part of the vision, GIL aspires to develop products which consume fewer resources (energy, water), emit fewer greenhouse gases and include a hundred percent of recyclable, renewable, and/or natural materials.

Godrej Industries was the first Indian entity to become a member of the Roundtable on Sustainable Palm Oil (RSPO), a worldwide alliance of stake holders in the palm oil industry. Its aim is to prevent deforestation and to encourage sustainable oil palm plantations. Godrej Industries participates actively at the RSPO and sources palm products from suppliers who are themselves active members of the Roundtable.

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

Principle 3: Businesses should promote the well being of all employees

Godrej Industries focuses on ensuring well being of all employees. Safety and health of employees is extremely important to GIL and it is committed to building and maintaining a safe and healthy workplace and providing a safe and healthy working environment, equipment and systems of work for all employees.

Ensuring diversity, zero discrimination, safety and health and other attributes essential to a healthy and good working environment are part of GIL's Code of Conduct and employees in the organization are committed to this code. Examples of a few of these codes are listed below.

"Diversity and Anti-discrimination: We recognize merit and perseverance and encourage diversity in our company. We do not tolerate any form of discrimination on the basis of colour, gender, race, caste, nationality, age, marital status, sexual orientation or disability and will allow for equal opportunities for all team members.

Diversity and equal opportunities: We value diversity within the Godrej Group and are committed to offering equal opportunities in employment. We will not discriminate against any team member or applicant for employment on the basis of nationality, race, colour, religion, caste, gender, gender identity/expression, sexual orientation, disability, age, or marital status. Godrej Industries also subscribes to the CII-ASSOCHAM Code of Conduct for Affirmative Action.

Prevention of sexual harassment: The Company is committed to creating and maintaining an atmosphere in which our team members can work together, without fear of sexual harassment, exploitation or intimidation. Every team member is made aware that the Godrej Group is strongly opposed to sexual harassment and that such behaviour is prohibited both by law and the Group policy. We will take all necessary action(s) required to prevent, correct and if necessary, discipline behaviour which violates this policy."

The Good & Green office launched the Good & Green policy through a launch carnival in September 2011 whereby the employees were made aware of the Good & Green goals for 2020 and also encouraged to participate in achieving them. Constant communication during and after the event, raised the awareness of environmental issues among the employees and also equipped them with ways to make sustainable choices in their lives. The employees interacted with various NGOs (Non Governmental Organizations) that work in the space of employability or environmental issues and took back concrete ways to make their lifestyle at home and work 'good & green'.

The Good & Green office also conducted a 'Children's Day' event in November 2011 for the children of employees. The participating children learnt how to make their homes and classrooms 'good & green'.

Various other Human Resource policies – flexible working hours, work from home arrangements, part-time work, leave and benefits, adoption leave and benefits, maternity leave and benefits, paternity leave and benefits – to name a few – go a long way in ensuring that the employees successfully strike a work-life balance.

Principle 4: Businesses should respect the interests of, and be responsive, towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

Recruitment of candidates from the Scheduled Caste/Scheduled Tribe and Physically Challenged categories has been taken up as one of the major performance measures of the central recruitment process owner. GIL has also partnered with NGOs to provide employment opportunities and counselling to people that fall in one of those categories.

20 per cent of GIL's domestic manpower belongs to the Scheduled Caste/Scheduled Tribe and Physically Challenged categories. As part of the employee referral policy, referrals of Scheduled Class/Scheduled Tribe/Physically

Challenged candidates are offered higher referral amounts than that offered to the general category candidates. Furthermore, career advancement and development of individuals from within the affirmative category is also an area of focus.

GIL has partnered with the Ambedkar Institute for handicapped in Kanpur for recruiting physically challenged individuals and has organized workshops at the Institute on industrial practices for skills development. Measures to support physically challenged employees, such as lower deck buses, remote controlled access doors, and hardship allowances have also been put in place.

GIL also provides apprentice opportunities to students who have completed some form of technical education. In the past fiscal year, it offered job specific training to 14 Scheduled Caste/Scheduled Tribe trainees making them employable. Industrial visits and training of ITI students to the Valia factory also helped them understand the chemical industry.

In its effort to support education for all, GIL distributed scholarships and uniforms to scheduled caste and scheduled tribe primary school children in a number of underdeveloped communities. The Valia factory supports 35 Scheduled Caste/Scheduled Tribe children in the Kanerao village with annual scholarships and other educational material. The Vikhroli factory also supported 15 Scheduled Caste/Scheduled Tribe students with scholarships in the neighbouring community.

Principle 5: Businesses should respect and promote human rights

Godrej Industries respects and promotes human rights for all individuals. No violations in this regard have occurred.

Principle 6: Businesses should respect, protect and make efforts to restore the environment

Godrej Industries 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. Godrej Industries has put initiatives in place at its factories in order to meet the codes.

As part of the Good & Green vision there is a specific commitment to create a "Greener India". Our business is striving towards reducing specific energy consumption, utilizing a higher proportion of renewable energy sources, becoming carbon neutral and water positive and eliminating solid waste sent to landfills.

A number of initiatives have been undertaken by Godrej Industries to reduce energy consumption. These include debottlenecking some processes and increasing throughput, increasing the use of variable frequency drives in cooling air blowers and water pumps. A high efficiency vacuum system to reduce steam consumption has also been installed and waste heat is being used to generate low pressure steam for some processes.

GIL continued "rain water harvesting" initiatives undertaken at its factory and in the staff quarters at Vikhroli. 21,000 cubic meters of water have been collected at Vikhroli factory and staff quarters during the Year 2011-2012. GIL 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. GIL continued its arrangement with Trans Thane Creek Waste

Management Association for the treatment of solid waste being generated at the factory in Vikhroli. Initiatives have included the use of bio enzymes for sludge reduction and effluent steam segregation of lower sludge. These initiatives have helped in an 8% reduction in waste to landfill at the Vikhroli plant. The Vikhroli factory also continues to convert the bio degradable waste into bio compost with the help of an NGO.

GIL has also been using cleaner fuels such as Compressed Natural Gas (CNG) for lower CO₂ impact on the environment. In addition, a focus has also been on sequestering greenhouse gases and over 4,000 trees have been planted.

GIL has installed five windmills of 1.25 MW each near the village of Dhulia, Maharashtra, which generated 7 million units during the Year 2011-2012 as a renewable energy source. That represents nearly 14% of the total energy consumption between the two factories at Vikhroli and Valia. GIL is also looking at feasibility of other renewable energy sources including solar energy.

As part of our sustainability drive, this annual report was 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.

Going forward ensuring a “Greener India” is a key area of focus for Godrej Industries along with the rest of the Godrej Group.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

For any policy advocacy, Godrej Industries ensures that it does so with the highest degree of responsible and ethical behaviour and also works with collective platforms such as trade and industry chambers and associations. Godrej Industries was the first Indian entity

to become a member of the Roundtable on Sustainable Palm Oil (RSPO), a worldwide alliance of stake holders in the palm oil industry. It aims to prevent deforestation and to encourage sustainable oil palm plantations. Godrej Industries participates actively at the RSPO and sources palm products from suppliers who are themselves active members of the Roundtable.

Principle 8: Businesses should support inclusive growth and equitable development

The Godrej Group recognizes the importance and value of diversity in the workplace. As a result, it continues to endeavour to provide opportunities to socially and economically underprivileged persons, including those belonging to Scheduled Castes, Scheduled Tribes and other physically challenged individuals. Recruitment drives for prospective employees from each of the above mentioned categories were conducted in the last year.

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

Several Godrej Group factories are also actively involved in improving the quality of life in surrounding communities through initiatives such as educational scholarships for underprivileged students and health and hygiene awareness drives.

Youth un-employability is recognized to be a bigger crisis than unemployment. 57% of India's youth suffers from some degree of un-employability. 90% of employment opportunities require vocational skills whereas 90% of school / college output is not relevant to these opportunities. On the one hand, there is higher unemployment amongst the educated

and on the other, employers are complaining of lack of skilled manpower. The responsibility to address this mismatch is as much of the education system as it of the industry which needs the skilled manpower. With this idea of shared commitment and benefit of shared value, the Godrej group has committed to skill 1 million rural and urban youth by 2020.

Employability has to do with knowledge and skills, be they in terms of basic skills (e.g. numeracy, literacy etc.) or subject and occupation specific knowledge at different levels. These skills alone however do not result in an increase in employability. Personal attributes and attitudes, ranging from basic levels of reliability, common sense, attitude to work and integrity etc. are just as important to seek employment, maintain such employment and upgrade oneself while in a job.

At the Godrej Group, we have started with the assumption that employability of an individual can be captured through his / her earning potential and it is this metric that we will be using to measure the impact of our skilling interventions.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

We are a customer centric company and greatly value the trust, satisfaction and loyalty of our customers across the world. Our primary focus is delighting our customers, both external and internal. Customer centricity is part of GIL's 'Code of Conduct'. We strive to ensure that customer needs are satisfied and that our products and services offer value to the customer.

Our customer focus does not only extend to external customers alone, but includes internal customers as well. We firmly believe that external customer satisfaction can be attained only if internal customers' needs and reasonable expectations are met and our employees are strongly encouraged to act in accordance with this principle.



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 and Employee Stock Grant Scheme:

Sr. No.	Heading	Particulars (ESOP)	Particulars (ESGS)
A	Options granted during the year	ESOP II : :2,97,250	5,87,313
B	The pricing formula	<p>ESOP I : 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 : 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>	₹ 1 per equity share
C	Options vested during the year	<p>ESOP I : 2,04,500</p> <p>ESOP II : 15,000</p>	Nil
D	Options exercised during the year	ESOP II : 12,000	Nil

Sr. No.	Heading	Particulars (ESOP)	Particulars (ESGS)
E	The total number of shares arising as a result of exercise of option	Nil. As shares purchased from secondary market, there is no further issue of shares as a result of exercise of options.	Nil
F	Options lapsed/revoked during the year	ESOP I : 4,94,750 ESOP II: 25,000	Nil
G	Variation of terms of options	Nil	None
H	Money realized by exercise of options	₹ 27,64,080/-	None
I	Total number of options in force	ESOP I : 45,77,950 equity shares of nominal value of ₹ 1/- each ESOP II : 12,10,250 equity shares of nominal value of ₹ 1/- each.	5,87,313
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 Nil NIL	Annexure 1 Nil Nil
K	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with <i>Accounting Standard (AS) 20 'Earnings Per Share'</i> .	There is no fresh issue of shares hence, not applicable.	Basic EPS ₹ 6.35 Diluted EPS ₹ 6.33

Sr. No.	Heading	Particulars (ESOP)	Particulars (ESGS)
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 ₹ 4.14 crore, Profit after tax lower by ₹ 4.14 crore and basic EPS would have been lower by ₹ 0.13.	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 lower by ₹ 0.09 crore, Profit after tax higher by ₹ 0.09 crore and basic EPS would have been higher by ₹ 0.003.
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 ₹ 355.60 plus interest. Weighted Average fair value of the option granted during the year is ₹ 99.15.	Weighted average exercise price of the options granted during the year is ₹ 1/- . Weighted Average fair value of the option granted during the year is ₹ 111.54.
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:	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:	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:
	i) risk-free interest rate,	8.30%	8.06 - 8.15%
	ii) expected life,	4 years	1 - 3 years
	iii) expected volatility,	66%	40% - 66%
	iv) expected dividends, and	0.68% ₹ 1.75 per share	0.83% - 0.96% ₹ 1.75 per share
	v) the price of the underlying share in market at the time of option grant	Weighted average market price at the time of grant of option ₹ 211.75 per option.	Weighted average market price at the time of grant of option ₹ 195.43 per option.

Annexure 1 (ESOP)

Senior Managerial Personnel

Sr. No.	Name	Options granted
1	Mr. B.S. Yadav	39,450
2	Mr. P.N. Narkhede	39,450
3	Mr. Praful Bhat	39,450
4	Mr. R.R. Govindan	39,450
5	Mr. S. Varadaraj	39,450
6	Mr. Mark Kahn	100,000
Total		297,250

Annexure 1 (ESGS)

Senior Managerial Personnel

Sr. No.	Name	Total Grant
1	Mathew Eipe	87,815
2	R.V. Jog	31,518
3	V. Srinivasan	31,518
4	N.S. Nabar	31,518
5	A.D. Padhye	31,518
6	A.S. Tuteja	22,902
7	K.K. Lalan	6,609
8	N.D. Elavia	22,902
9	Atul Prakash	17,943
10	Clement G. Pinto	6,609
11	Ashutosh Tiwari	9,912
12	Sumit Mitra	9,912
13	Omar Momin	14,868
14	V. Swaminathan	9,912
15	Rajiv Bakshi	9,912
16	Vivek Gambhir	89,208
17	Dorab Mistry	11,922
18	Rohinton Khajotia	5,781
19	B. S. Yadav	44,604
20	S. Varadaraj	9,912
21	Mark Kahn	9,912
22	Praful Bhat	9,912
23	P. N. Narkhede	6,609
24	R. R. Govindan	6,609
25	Y. H. Mehta	6,609
26	Mohit Khattar	6,609
Total		553,055

Annexure “D”

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. The vacuum system in one of our old Fatty Acid Fractionation Plants is replaced with new system which has resulted into the lower steam consumption for the vacuum system. This system is installed & commissioned in Feb 2012. The annualized saving will be Rs. 71 lacs / annum at current fuel prices.
2. The Vikhroli factory has commissioned a new triple effect evaporation plant for converting dilute sweet water to crude glycerin. This initiative has given us benefits in steam as well as in power consumption. The plant is commissioned in February 2012. The total annualized saving for this initiative is ₹ 180 lacs / annum.
3. We have formed a task force for controlling and monitoring the oxygen content in exhaust gas of one of our distillation plant thermo pack unit. This has resulted into the saving of ₹ 12 lacs / annum in fuel consumption.
4. We are maintaining our power factor to 0.99 to unity. Saving accrued is ₹ 24 lacs/ annum.
5. The old window AC units in our Administration building are replaced by ductable type split

AC units. This has resulted into the saving in power consumption by ₹ 18 lacs / annum.

Good & Green Initiatives: (Vikhroli)

1. Last year we have collected around 21000 m3 of water through rain water harvesting.
2. We have installed 5 nos. of Solar street lights at various locations of Vikhroli factory.

Valia :

The factory has implemented various Waste reduction schemes to achieve reduction in pollutants

1. Installed multiple effect evaporator at plant for TDS reduction
2. Implemented Water recycling techniques by way of technological advancement.
3. Initiated enzyme based product for Biological waste reduction at ETP.

The factory has applied for State level committee for Environment clearance for new products, emulsifying waxes and specialty chemicals.

(B) Proposed Energy Conservation Measures:

In the year 2012-13 Vikhroli factory operations will be shifted to additional Ambernath MIDC. We are upgrading our Fat splitting, Hydrogenation and Sulphonation plant technology for reduction in energy consumptions.

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			
a) Power and Fuel Consumption	2011-12	2010-11	
Electricity Purchased	This year	Previous year	
1 Units (KWH in lac)	367.02	386.39	
Total amount (₹ in cr)	24.29	24.61	
Rate per unit (₹)	6.62	6.37	
2 Own generated through D.G. Sets			
Units (KWH in lac)	0.99	1.12	
Cost (₹ in cr)	0.19	0.16	
Rate per unit (₹)	19.34	14.34	
3 Own generated through Steam Turbine Generator			
Co-generation			

Units (KWH in lac)	151.67	168.66
Cost (₹ in cr)	20.21	15.84
Rate per unit (₹)	13.32	9.39
Fuel Oil (LSHS, FO and LDO)		
Total Quantity (KL)	18.12	194.28
Total amount (₹ in cr)	0.08	0.43
Rate per unit (₹ per litre)	42.29	22.09
Natural gas		
Total Quantity (SM3 lac)	291.12	307.79
Total amount (₹ in cr)	70.95	50.44
Rate per unit (₹ per SM3)	24.37	16.39
Pitches		
Total Quantity (M.T.)	-	44.35
Total Cost (₹ in cr)	-	0.08
Rate per unit (₹ per M.T.)	-	18,180

Particulars	Natural Gas (N M3/MT)		Electricity (kwh/mt)		Fuel Oils (Litre/MT)		Pitches	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Fatty Acid	104.77	104.08	77.90	74.86	0.00	1.23	-	0.29
Fatty Alcohol	100.71	113.02	454.46	451.62	0.00	-	-	-
Surfactants	21.32	26.11	129.77	138.26	-	0.84	-	0.02
Glycerin	370.80	401.14	454.93	598.55	-	3.31	-	0.96
Oils & Vanaspati	-	-	150.69	149.61	37.24	-	-	34.29

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.
- Specialty fatty acids, having unique properties, with an aim to offer an import substitute to the domestic market, as well as compete in a very niche market.

3. Future Plan of Actions :

- Commercialization of the specialty derivative of Glycerine, so as to enter niche markets in the fields of polymers, personal Care and foods.
- Specialty surfactants used in personal care products, pharmaceuticals and textile auxiliaries. They encompass emulsifiers, foam stabilizers, conditioning agents, emollients, viscosifying and pearlizing agents.

4. Expenditure on R & D:

	₹ Crore	
	This Year	Previous Year
(a) Capital	-	-
(b) Recurring	4.46	2.87
(c) Total	4.46	2.87
(d) Total R & D expenditure as a percentage of total sales turnover	0.34	0.28

C. Foreign Exchange earnings and outgo

The Chemicals Division's exports were ₹ 584.64 crore in the current year (including deemed exports of ₹ 24.76 crore) as compared to ₹ 438.13 crore in the previous year (including deemed exports ₹ 35.30 crore). The Company continues to export refined glycerin, fatty alcohol and other chemicals to over 60 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	414.61	362.71
Foreign exchange earned	583.26	414.61

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 a 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 market-place 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. 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 30, 2011, July 30, 2011, November 8, 2011 and February 3, 2012. The details are given in Table 1:

Table 1 : Details about the Company's Board of Directors and 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 \$	Number of Chairmanship/ membership in Board Committees in other companies as at the year-end®	Chairmanship (excluding membership of Committees)	Membership
Mr. A. B. Godrej	Chairman, Non-Executive, Promoter	4	4	Yes	9(2)	2		1
Mr. J. N. Godrej	Non-Executive, Promoter	4	1	No	8(4)	1		2
Mr. N. B. Godrej	Managing Director, Promoter	4	4	Yes	14(5)	1		1
Mr. S. A. Ahmadullah	Non-Executive - Independent	4	4	Yes	-	-		-

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 \$	Number of Chairmanship/ membership in Board Committees in other companies as at the year-end®	Chairmanship (excluding membership of Committees)	Membership
Mr. J. S. Bilimoria	Non-Executive - Independent	4	1	No	9(6)	5		3
Mr. V. M. Crishna	Non-Executive, Promoter	4	3	Yes	3(1)	-		-
Mr. K. K. Dastur	Non-Executive - Independent	4	4	Yes	5(2)	2		1
Dr. N. D. Forbes	Non-Executive - Independent	4	1	No	2(1)	-		-
Mr. A. B. Choudhury	Non-Executive - Independent	4	4	Yes	5(2)	-		4
Mr. K. N. Petigara	Non-Executive - Independent	4	4	Yes	4(0)	1		1
Mr. F. P. Sarkari	Non-Executive - Independent	4	4	Yes	1(0)	1		-
Ms. T. A. Dubash	Whole-time, Promoter	4	3	Yes	5(1)	-		-
Mr. M. Eipe	Whole-time	4	3	Yes	3(1)	1		1

Notes:

- (i) \$ Alternate Directorships and Directorships in private companies, foreign companies and associations are excluded.
- (ii) Figures in () denote listed companies.
- (iii) Board Meetings held during the year represent the number of meetings held during the tenure of that director.
- (iv) @ 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 labor 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 Independent 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 Note no. 46 of Notes to Accounts, 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 package 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: Details of Remuneration in Rupees paid or payable to Directors for the year ended March 31, 2012

Name of Director	Relationship with Directors	Sitting fees	Salary	Perquisites	Amount in ₹	
					Provident Fund	Total
A. B. Godrej	Brother of N.B. Godrej Father of T. A. Dubash	1,95,000	Nil	Nil	Nil	1,95,000
J. N. Godrej	Brother-in-law of V. M. Crishna	Nil	Nil	Nil	Nil	Nil
N. B. Godrej	Brother of A. B. Godrej	Nil	2,46,51,589	45,68,484	10,70,640	3,02,90,713
S. A. Ahmadullah	None	1,30,000	Nil	Nil	Nil	1,30,000
J. S. Bilimoria	None	20,000	Nil	Nil	Nil	20,000
A. B. Choudhury	None	90,000	Nil	Nil	Nil	90,000
V. M. Crishna	Brother-in-law of J. N. Godrej	60,000	Nil	Nil	Nil	60,000
K. K. Dastur	None	1,20,000	Nil	Nil	Nil	1,20,000
N. D. Forbes	None	20,000	Nil	Nil	Nil	20,000
K. N. Petigara	None	1,30,000	Nil	Nil	Nil	1,30,000
F. P. Sarkari	None	1,20,000	Nil	Nil	Nil	1,20,000
T. A. Dubash	Daughter of A. B. Godrej	Nil	2,08,32,771	19,55,446	8,11,944	2,36,00,161
M. Eipe	None	Nil	3,63,41,891	2,98,946	9,14,400	3,75,55,237

Notes:

1. Remuneration to Mr. N. B. Godrej, Ms. T. A. Dubash and Mr. M. Eipe, includes a performance linked variable remuneration of ₹ 73,01,021, ₹ 73,01,021 and ₹ 1,78,61,329 respectively for the year ended March 31, 2012 payable in 2012-13.
2. The service contracts of Mr. N. B. Godrej is for a period of three years beginning from April 1, 2011. The service contract of Ms. T. A. Dubash is for a period of three years beginning from April 1, 2010. The service contract of Mr. M. Eipe is for a period of three years beginning from April 1, 2010. The contracts are terminable with a notice period of three years by either side.

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

Name of Non-Executive Director	Shares held as on March 31, 2012	Dividend paid during the year (Rupees)
A. B. Godrej *	1,121,226	Nil
J. N. Godrej *	3,221,472	Nil
F. P. Sarkari	20,000	35,000
F. P. Sarkari *	64,000	Nil
S. A. Ahmadullah	6,000	10,500
S. A. Ahmadullah *	11,700	Nil
V. M. Crishna	0	Nil
J. S. Bilimoria	0	Nil
N. D. Forbes	5,000	8,750
A .B. Choudhury	0	Nil
K. N. Petigara	0	Nil
K. K. Dastur	3,606	6,311
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. Since Mr. F. P. Sarkari has resigned from the Board with effect from June 1, 2012, he will cease to be the Chairman of the Audit Committee. The Company has appointed Mr. K. K. Dastur as the Chairman of the Audit Committee with effect from June 1, 2012. Mr. K. K. Dastur is 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. K. R. Rajput, Company Secretary acts as a secretary to the audit committee. The Audit Committee met four times during the year i.e. on May 30, 2011, July 30, 2011, November 8, 2011 and February 3, 2012. 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	4	4
Mr. K. N. Petigara	4	4

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 Director's 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 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, 2012, the committee met on May 30, 2011, and July 30, 2011. 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	2	2
Mr. K. N. Petigara	2	2
Mr. N. B. Godrej	2	2

Mr. K. R. Rajput, 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, 11 meetings of the Committee were held.

Mr. K. R. Rajput, Company Secretary acts as the secretary to the Committee.

Name and designation of Compliance Officer:

Mr. K. R. Rajput, Company Secretary

Number of complaints regarding shares for the year ended March 31, 2012

Complaints outstanding as on April 1, 2011	Nil
Complaints received during the year ended March 31, 2012	41
Complaints resolved during the year ended March 31, 2012	41
Complaints outstanding as on March 31, 2012	Nil

There are no pending share transfers as on March 31, 2012.

6. General Body Meetings

a) Details of last three AGMs

Year	Venue	Date	Time
2008-09	Y. B. Chavan Centre, Nariman Point, Mumbai 400 021.	July 29, 2009	4.30 P.M.
2009-10	- do -	July 27, 2010	4.30 P.M.
2010-11	- do -	July 30, 2011	4.30 P.M.

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

Date of AGM	Number of Special Resolution passed	Details of Special Resolution Passed
July 29, 2009	5	<ol style="list-style-type: none"> 1) Re-appointment and remuneration of Ms. T. A. Dubash as a Whole-Time Director of the Company. 2) Re-appointment and remuneration of Mr. V. F. Banaji as a Whole-Time Director of the Company. 3) Re-appointment and remuneration of Mr. M. Eipe as a Whole-Time Director of the Company. 4) Re-appointment and remuneration of Mr. M. P. Pusalkar as a Whole-Time Director of the Company. 5) To approve New Employees Stock Option Scheme and to authorize persons in this regard.
July 27, 2010	2	<ol style="list-style-type: none"> 1) Re-appointment of and remuneration payable to Mr. N. B. Godrej, Managing Director. 2) Approval to invest in CBay Infotech Ventures Pvt. Ltd. under Section 372A of the Companies Act, 1956.
July 30, 2011	2	<ol style="list-style-type: none"> 1) To revise the terms of appointment and remuneration of Ms. Nisaba Godrej. 2) Investment in Godrej Consumer Products Ltd. u/s 372A of the Companies Act, 1956.

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 was mailed to all shareholders along with 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.	April 13, 2011	Special	Modification of Godrej Industries Limited Employee Stock Option Plan-1.	2018	98.71	0.84	0.45
		Special	To invest in Securities of and/or place inter corporate deposits with and/or any other form of debt to and/or investment in Godrej International Trading and Investments Pte. Ltd. u/s 372A of the Companies Act, 1956, upto ₹ 5 crore.	2018	99.65	0.01	0.34

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 along with the ballot papers are sent to the shareholders along with a self addressed envelope addressed to the Scrutinizer.
- (iv) An advertisement is published in a National news paper 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.

7. Disclosures

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

During the year 2011-12, 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 Financial Statements, 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 2011-12, no personnel has been denied access to the Audit Committee.

c) Policy to Prevent Sexual Harassment at the work place

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
I. Board of Directors	49 I	
(A) Composition of Board	49 (IA)	Yes
(B) Non-executive Directors' compensation and disclosures	49 (IB)	Yes
(C) Other provisions as to Board and Committees	49 (IC)	Yes
(D) Code of Conduct	49 (ID)	Yes
II. Audit Committee	49 (II)	
(A) Qualified and 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
III. Subsidiary Companies	49 (III)	Yes
IV. Disclosures	49 (IV)	
(A) Basis of related party transactions	49 (IV A)	Yes
(B) Disclosures of Accounting treatment	49 (IV B)	Yes
(C) Board Disclosures	49 (IV C)	Yes
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	Not applicable
(E) Remuneration of Directors	49 (IV E)	Yes
(F) Management	49 (IV F)	Yes
(G) Shareholders	49 (IV G)	Yes
V. CEO/CFO Certification	49 (V)	Yes
VI. Report on Corporate Governance	49 (VI)	Yes
VII. Compliance	49 (VII)	Yes

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, 2012, is annexed to the Corporate Governance Report.

8. 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. S. A. Ahmadullah, Mr. J. S. Bilimoria, Mr. M. Eipe and Dr. N. D. Forbes shall retire at this Annual General Meeting of the Company and being eligible offer themselves for reappointment. 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 web-site address is www.godrejinds.com. The quarterly and annual results of the Company's performance are published in leading English dailies like Economic Times, Business Line, etc. The quarterly results of the Company are also available on the websites of BSE Limited and National Stock Exchange of India Ltd. viz. www.bseindia.com and www.nseindia.com respectively.

The Company files the Corporate Governance report and share holding pattern in the NSE Electronic Application Processing System (NEAPS).

c) Investor grievances

As mentioned before, the Company has constituted a Shareholders Committee to look into and redress Shareholders and investor complaints. Mr. K. R. Rajput, Company Secretary, is the compliance officer.

d) Share transfer

The Company has outsourced its share transfer function to M/s. 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.

9. 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.

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.

11. Auditor's Certificate on Corporate Governance:

As stipulated in Clause 49 of the Listing Agreement, the auditor's certificate regarding compliance of conditions of corporate governance is annexed to the Directors' Report.

12. General Shareholder Information

i. Annual General Meeting

Date : August 11, 2012
Time : 3.00 p.m.
Venue : Y. B. Chavan Centre, General Jagannathrao Bhonsle Marg, Nariman Point, Mumbai - 400 021.

ii. Financial Calendar

Financial year: April 1 to March 31
For the year ended March 31, 2012, results were announced on:

- July 30, 2011 : First quarter
- November 8, 2011 : Half year
- February 3, 2012 : Third quarter
- May 30, 2012 : 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 August 4, 2012 to August 11, 2012 (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, 2012. 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, 2012

Month	High (₹)	Low (₹)	Volume (No. of Shares)
April 2011	198.50	181.00	1,478,367
May 2011	198.30	173.00	1,601,902
June 2011	211.00	181.00	2,614,628
July 2011	235.70	203.90	5,194,309
August 2011	231.85	179.65	2,868,486
September 2011	214.80	185.00	2,036,950
October 2011	205.90	180.10	1,055,125
November 2011	213.35	169.10	1,755,183
December 2011	205.20	168.00	1,408,031

Month	High (₹)	Low (₹)	Volume (No. of Shares)
January 2012	203.35	168.10	1,148,187
February 2012	264.55	195.30	3,920,017
March 2012	268.60	230.80	2,982,021

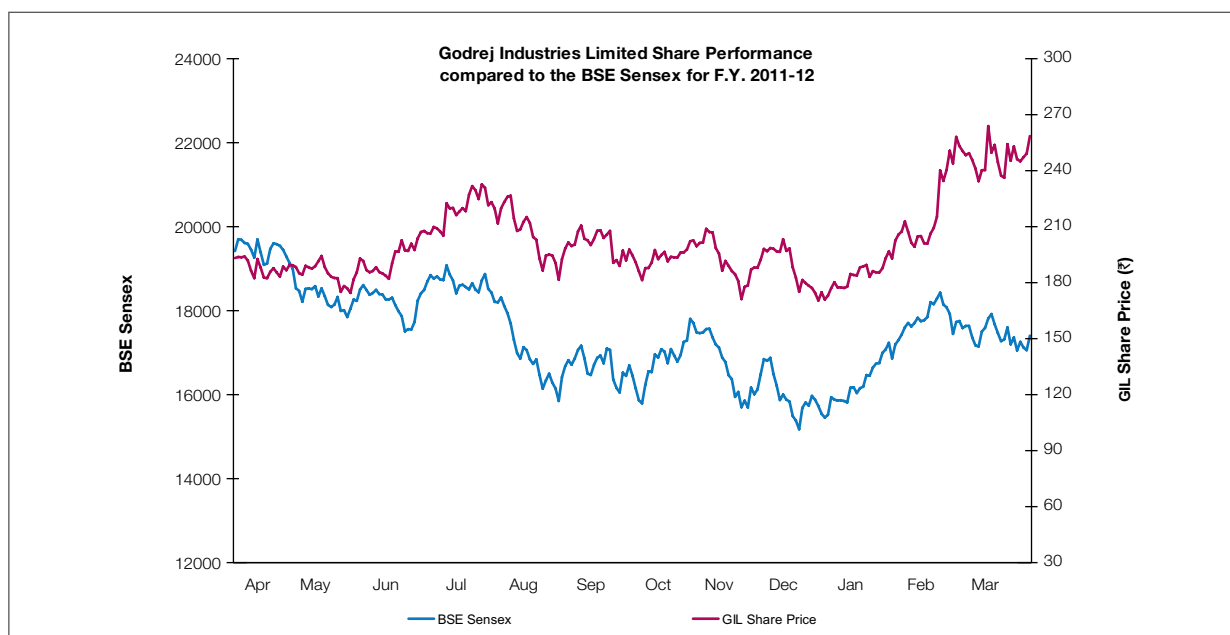
Note: High and low are in Rupees per traded share. Volume is the total monthly volume of trade (in numbers) in equity shares of the Company on the BSE.

Table 2: Monthly high and low prices and trading volumes of equity shares of the Company at NSE for the year ended March 31, 2012

Date	High (₹)	Low (₹)	Volume (No. of Shares)
April 2011	198.90	180.20	5,899,719
May 2011	198.25	172.10	6,471,839
June 2011	211.40	180.25	23,316,163
July 2011	235.85	203.80	24,010,409
August 2011	231.80	179.30	15,225,237
September 2011	214.75	185.15	10,417,983
October 2011	205.70	180.10	5,876,292
November 2011	214.90	169.10	10,502,305
December 2011	205.70	168.00	9,134,313
January 2012	203.20	166.80	5,356,606
February 2012	264.60	190.20	15,658,210
March 2012	269.45	230.65	10,873,737

Note: High and low are in Rupees 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 2011-2012



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, 2012.

Table 3: Distribution of shareholding by size as on March 31, 2012

Number of shares	Number of shareholders	Shareholders %	Number of shares held	Shareholding %
1 - 500	47,711	88.79%	5,156,204	1.62%
501 - 1000	3,158	5.88%	2,451,197	0.77%
1001 - 2000	1,384	2.58%	2,069,675	0.65%
2001 - 3000	482	0.90%	1,245,830	0.39%
3001 - 4000	196	0.36%	711,973	0.22%
4001 - 5000	153	0.28%	721,425	0.23%
5001 - 10000	294	0.55%	2,192,193	0.69%
10001 & above	354	0.66%	303,076,395	95.42%
Total	53,732	100.00%	317,624,892	100.00%

Table 4: Distribution of shareholding by ownership as on March 31, 2012

Category (as being reported to Stock Exchanges)	Shares held (Nos.)	% of holding
Promoter's holding		
- Indian Promoters	25,12,34,174	79.10
- Foreign Promoters	-	-
Persons deemed to act in concert with promoters	-	-
Institutional investors		
Mutual funds and UTI	6,433,348	2.01
Banks, financial institutions & insurance companies	3,003,332	0.95
Foreign institutional investors	20,159,648	6.35
Others	-	-
Private corporate bodies	9,514,062	3.00
Indian public	26,411,404	8.32
NRI / OCBs	868,924	0.27
Others	-	-
Total	317,624,892	100.00

vii. Shares held in physical and dematerialized form

As on March 31, 2012, 99.73 percent of the Company's shares were held in dematerialized form and the remaining 0.27 percent in physical form. The break up is listed below:

Category	Number of shareholders	Shareholders %	Number of shares held	Shareholding %
Physical	2,340	4.35%	869,133	0.27%
Electronic	51,392	95.65%	316,755,759	99.73%
Total	53,732	100.00%	317,624,892	100.00%

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 affected within the maximum period of 30 days from the date of receipt, if all the required documentation is submitted.

x. Plant locations

<u>Location</u>	<u>Address</u>
Vikhroli	Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai 400 079

Valia
(DTA & EOU)

Burjorjinagar, Plot No. 3,
Village Kanearo, Taluka
- Valia, District Bharuch,
Gujarat 393 135.

Wadala

L.M. Nadkarni Marg, Near
M.P.T. Hospital, Wadala
(East), Mumbai 400 037.

xi. 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@computechsharecap.com
Fax: 022-22635001

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. All the Board members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended March 31, 2012.

Mumbai, May 30, 2012

N.B. Godrej
Managing Director

Auditors' Report 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, 2012, as stipulated in Clause 49 of the Listing Agreements 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 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, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in 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, 2012

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, 2012, the Statement of Profit and Loss 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, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, 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, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the Branch.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss 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 report, we draw attention to Note 43 to the Financial Statements that the Company has instituted an Employee Stock Option Plan for the benefit of eligible employees of participating companies. The Scheme is administered by an independent trust created with ILFS Trust Company Ltd. The ESOP Trust has been advanced loans which along with interest thereon and net of provision of Rs. 5.06 crores, amounts to Rs. 93.09 crores. The loans have been granted for financing the purchase of equity shares of the Company equivalent to the number of options granted. As at March 31, 2012, the market value of the equity shares held by the ESOP Trust is lower than the holding cost (cost or market value whichever is lower) of these equity shares by Rs. 11.79 crores, (net of provision of Rs. 5.06 crores). The repayment of the loans granted to the ESOP Trust and 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.
 - f. *Reference is invited to Note 14(1) to the Financial Statements regarding to the recoverability of advances given to certain individuals amounting to Rs. 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. In the meanwhile, the minority shareholders have been restrained from transferring*

Report of the Auditors to the Members of Godrej Industries Limited

shares to a third party. The impact thereof on the profit for the year ended March 31, 2012 and the reserves as at that date could not be ascertained.

- g. *Subject to our comments in paragraph (f) above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - ii) in the case of the Statement of Profit and Loss, 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, 2012 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, 2012, 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, 2012.

Annexure to the Auditor's Report

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we further report that:

1. Fixed Assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, 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, the disposal of fixed assets during the year does not affect the going concern assumption.
2. Inventory:
 - a) The Management has conducted physical verification of inventory at reasonable intervals. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. 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 one loan was repaid during the year and the other was settled by issue of equity shares. The maximum amount of loans outstanding during the year was Rs. 7.59 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 parties to whom the Company has granted loans have repaid the principal amounts as stipulated and have been regular in the payment of interest.
 - d) There are no overdue amounts of loans taken from, or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - e) The Company has taken an unsecured loan from a company listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2.50 crores. The balance outstanding as at the year end was Rs. 2.00 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 the loan taken from the party listed in the register maintained under section 301 of the Companies Act, 1956, are not prima facie prejudicial to the interest of the Company.
 - g) The Company is regular in repaying the principal amounts as stipulated and has also been regular in the payment of interest.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. Transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956:
 - a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 500,000 in respect of any party during the year, have been made at prices which are

Annexure to the Auditor's Report

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. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 for any of the activities of the Company.
9. Statutory Dues
 - a) According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues, including dues pertaining to Investor Education and Protection Fund, Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, 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, 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 (₹ 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., which the Company has contested and is in appeals at various levels.	0.90	2002-03, 2006-07, 2008-09, 2010-11, 2011-12	Assistant Commissioner
		1.39	1996-97, 2005-06, 2009-10, 2010-11	Commissioner
		0.03	2009-10	Deputy Commissioner
		0.60	1982-83, 1998-99, 1999-02, 1993-94	CESTAT
		0.01	1978-79, 1976-85, 1995-96	High Court
		2.63	2010-11	Commissioner (Appeals)
		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
		0.08	1987-93	Commissioner
		0.26	1978-79, 2003-04	CESTAT
		1.47	1978-93	High Court
VAT Acts of Various States	Sales Tax demands relating to purchase tax on Branch Transfer / Non availability of C Forms, etc. at various levels.	11.62	1996-97, 1997-98, 2001-02, 2002-06	Sales Tax Officer
		0.42	1996-00, 2001-02, 2003-05, 2006-07	Assistant Commissioner
		7.04	2000-03, 2004-05, 2006-07	Commissioner
		1.19	1990-92, 1994-96, 1997-98, 2003-05	Tribunal
		0.16	2003-04	High Court
Income-tax Act, 1961	Income tax demands against which the company has preferred appeals.	16.69	1986-1987, 1987-1988, 1988-1989, 1996-1997, 1997-1998, 1990-1991, 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2002-2003	ITAT
		0.35	1989-1990, 1989-1990, 1989-1990, 1991-1992	High Court
		0.67	1993-1994, 1994-1995, 1995-1996, 2004-2005	CIT
		2.96	2007-2008	

Annexure to the Auditor's Report

Name of Statute	Nature of Dues	Amount (₹ crores)	Period to which the amount relates	Forum where dispute is pending
Octroi	Octroi demand relating to classification issue on import of Palm Stearine and interest thereon.	24.36	1984-2002	The Bombay High Court Dy. Commissioner Tribunal The Supreme Court
		0.04	1997-99	
		0.24	1997-2003	
		0.01	2000-01	
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. In our opinion and 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.
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 (c) of Note 13 to the Financial Statements*.
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 used funds raised on short term basis for long term investment to the extent of Rs. 141.17 crores.
18. The Company has not made any preferential allotment of shares to any party 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

Darius Z. Fraser
Partner
M. No.: 42454

Mumbai: May 30, 2012.

Balance Sheet as at March 31, 2012

	Note No.	Amount INR Crore	
		Current Year	Previous Year
Equity and Liabilities			
Shareholders' Funds			
(a) Share Capital	3	31.76	31.76
(b) Reserves And Surplus	4	1,200.79	1,058.38
		1,232.55	1,090.14
Non-Current Liabilities			
(a) Long Term Borrowings	5	181.10	197.73
(b) Deferred Tax Liabilities (Net)	6	35.76	35.92
(c) Long Term Provisions	7	6.50	5.51
		223.36	239.16
Current Liabilities			
(a) Short Term Borrowings	8	94.49	115.73
(b) Trade Payables	9	601.78	318.75
(c) Other Current Liabilities	10	396.91	396.96
(d) Short Term Provisions	11	68.99	69.43
		1,162.17	900.87
TOTAL		2,618.08	2,230.17
Assets			
Non-Current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		330.66	312.80
(ii) Intangible Assets		0.84	1.37
(iii) Capital Work In Progress		141.79	4.35
		473.29	318.52
(b) Non Current Investments	13	1,349.83	1,227.99
(c) Long Term Loans and Advances	14	113.51	129.55
(d) Other Non Current Assets	15	-	4.30
		1,936.63	1,680.36
Current Assets			
(a) Current Investments	16	3.98	5.75
(b) Inventories	17	199.83	185.09
(c) Trade Receivables	18	133.28	122.63
(d) Cash and Bank Balances	19	59.82	38.03
(e) Short Term Loans And Advances	20	125.80	64.13
(f) Other Current Assets	21	158.74	134.18
		681.45	549.81
TOTAL		2,618.08	2,230.17

See Accompanying Notes to the Financial Statements
As per our Report attached

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, 2012.

Signatures to Balance Sheet and Notes to
the Financial Statements

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

R. Venkateswar
Head - Finance and Corporate Services

K.R. Rajput
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2012

Amount INR Crore

Particulars	Note No.	Current Year	Previous Year
Revenue from Operations (Gross)	24	1,510.02	1,175.06
Less: Excise Duty		71.98	62.73
		1,438.04	1,112.33
Other Income	25	31.72	54.12
Total Revenue		1,469.76	1,166.45
Expenses			
(a) Cost of Materials Consumed	26	887.47	706.52
(b) Purchases of Stock In Trade		3.56	1.97
(c) Changes in Inventory of Finished Goods, Work In Progress and Stock In Trade	27	(9.15)	(23.16)
(d) Employee Benefits Expense	28	120.51	117.66
(e) Finance Costs	29	70.53	63.12
(f) Depreciation and Amortisation Expense		27.19	28.85
(g) Other Expenses	30	261.97	213.08
Total Expenses		1,362.08	1,108.04
Profit Before Exceptional Items and Tax		107.68	58.41
Exceptional Items	31	93.37	77.60
Profit Before Tax		201.05	136.01
Tax Expense			
(a) Current Tax		17.60	19.48
(b) MAT Credit Entitlement		(17.60)	(19.48)
(c) Deferred Tax		(0.17)	3.94
(d) Adjustment for Tax of Previous Years (net)		(0.34)	(1.36)
Total Tax		(0.51)	2.58
Profit For The Year		201.56	133.43
Earnings Per Share (Face Value ₹ 1 per share)	32		
(a) Basic		6.35	4.20
(b) Diluted		6.33	4.20

See Accompanying Notes to the Financial Statements
As per our Report attached

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, 2012.

Signatures to the Statement of Profit and
Loss and Notes to the Financial Statements

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

R. Venkateswar
Head - Finance and Corporate Services

K.R. Rajput
Company Secretary

Cash Flow Statement for the year ended March 31, 2012

	Amount INR Crore	
	Current year	Previous year
A. Cash Flow From Operating Activities :		
Profit Before Tax	201.05	136.01
<u>Adjustments for :</u>		
Depreciation	27.19	28.85
Unrealised Foreign Exchange	(7.24)	0.26
Profit on Sale of Investments	(92.31)	(89.13)
(Loss) / Profit on Sale of Fixed Assets	0.48	(24.83)
Dividend Income	(95.32)	(53.50)
Interest Income	(18.17)	(15.81)
Interest Expense	70.53	63.18
Employee Stock Option Compensation	6.46	-
(Write-back) / Provision for Diminution in Value of Investments	(2.54)	10.48
Provision / (Write back) for Doubtful Debts & Sundry Balances (net)	(0.31)	2.07
Operating Profit Before Working Capital Changes	89.82	57.58
<u>Adjustments for :</u>		
Inventories	(14.73)	(50.32)
Trade and Other Receivables	(49.27)	(21.01)
Trade Payables	198.01	133.44
Cash Generated from Operations	223.83	119.69
Direct Taxes Paid	(20.52)	(23.48)
Direct Taxes Refund	0.74	13.16
Net Cash from Operating Activities	204.05	109.37
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(79.43)	(60.43)
Proceeds from Sale of Fixed Assets	0.67	34.10
Purchase of Investments	(1,107.21)	(866.06)
Proceeds from Sale of Investments	1,075.45	864.32
Intercompany Deposits / Loans (net)	(5.77)	(8.47)
Interest Received	16.50	15.16
Dividend Received	95.32	53.50
Net Cash (used in) / from Investing Activities	(4.47)	32.12

Cash Flow Statement for the year ended March 31, 2012

	Amount INR Crore	
	Current year	Previous year
C. Cash Flow from Financing Activities :		
Proceeds from Borrowings	661.03	736.04
Repayments of Borrowings	(707.79)	(733.39)
Bank Overdrafts (net)	(0.74)	4.04
Interest Paid	(71.52)	(64.19)
Dividend Paid	(55.54)	(47.60)
Tax on Distributed Profits	(9.02)	(7.91)
Net Cash used in Financing Activities	(183.58)	(113.01)
Net Increase in Cash and Cash Equivalents	16.00	28.48
Cash and Cash Equivalents (Opening Balance)	43.57	15.09
Cash and Cash Equivalents (Closing Balance)	59.57	43.57
Notes :		
	Current year	Amount INR Crore Previous year
1. Cash and Cash Equivalents.		
Cash on Hand and Balances with Banks	59.81	38.03
Effect of Exchange Rate Changes	0.01	-
Balances in Liquid Mutual Funds	-	5.75
Other Bank Balances	(0.25)	(0.21)
Cash and Cash Equivalents	59.57	43.57
2. 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, 2012 is ₹ 17.49 crore.		
3. The figures of previous year have been regrouped wherever necessary.		

See Accompanying Notes to the Financial Statements
As per our Report attached

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, 2012.

Signatures to Cash Flow Statement

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

R. Venkateswar
Head - Finance and Corporate Services

K.R. Rajput
Company Secretary

Notes to the Financial Statements

NOTE 1 : General Information

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.

NOTE 2 : Significant Accounting Policies

2.1 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.

2.2 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.

2.3 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.

2.4 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.

2.5 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.

2.6 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.

2.7 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

Notes to the Financial Statements

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.

2.8 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.

2.9 Provisions and Contingent Liabilities

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

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.

2.10 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.

2.11 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.

2.12 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.

Notes to the Financial Statements

2.13 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 the Profit and Loss Account.

2.14 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.

2.15 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.

2.16 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 and Loss account under cost of materials consumed.

2.17 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

Notes to the Financial Statements

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.

2.18 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.

NOTE 3 : Share Capital

	Current Year		Amount INR Crore	
	Number	Value	Previous Year Number	Value
Authorised Share Capital				
(a) Equity shares of ₹ 1 each	800,000,000	80.00	800,000,000	80.00
(b) Unclassified Shares of ₹ 10 each	100,000,000	100.00	100,000,000	100.00
		180.00		180.00
Issued, Subscribed and Paid up Share Capital				
(a) Equity Shares of ₹ 1 each fully paid-up	317,624,892	31.76	317,624,892	31.76
(b) Unclassified Shares of ₹ 10 each		-		-
Total		31.76		31.76

Par Value of Equity Share is ₹ 1 each

Par Value of Unclassified Share is ₹ 10 each

Rights, Preferences and Restrictions attached to Shares

Equity Shares: The Company has one class of equity shares. Each equity share entitles the holder to one vote. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding.

Share Holding Information

(a) Equity Shares held by Godrej & Boyce Manufacturing Company Limited - Holding Company	187,202,388	18.72	187,202,388	18.72
(b) Shareholders holding more than 5% of Equity Shares in the Company				
Godrej & Boyce Manufacturing Company Limited - 58.94% (Previous Year 58.94%)	187,202,388	18.72	187,202,388	18.72

Notes to the Financial Statements

NOTE 3 : Share Capital (Contd.)

	Current Year		Amount INR Crore	
	Number	Value	Previous Year Number	Value
<u>Equity Shares Reserved for Issue Under Options</u>				
(a) 120,599 Employee Stock Options eligible for 120,599 equity shares of ₹ 1 each vesting on 31/05/12	120,599	0.01	-	-
(b) 213,714 Employee Stock Options eligible for 213,714 equity shares of ₹ 1 each vesting on 30/07/12	207,813	0.02	-	-
(c) 5,901 Employee Stock Options eligible for 5,901 equity shares of ₹ 1 each vesting on 29/06/12	5,901	-	-	-
(d) 120,599 Employee Stock Options eligible for 120,599 equity shares of ₹ 1 each vesting on 31/05/13	120,599	0.01	-	-
(e) 5,901 Employee Stock Options eligible for 5,901 equity shares of ₹ 1 each vesting on 31/05/13	5,901	-	-	-
(f) 120,599 Employee Stock Options eligible for 120,599 equity shares of ₹ 1 each vesting on 31/05/14	120,599	0.01	-	-
(g) 3,974 Employee Stock Options eligible for 3,974 equity shares of ₹ 1 each vesting on 31/12/13	3,974	-	-	-
(h) 1,927 Employee Stock Options eligible for 1,927 equity shares of ₹ 1 each vesting on 30/04/14	1,927	-	-	-
During the period of five years immediately preceeding the date as at which the Balance Sheet is prepared:				
(a) There were no shares allotted as fully paid-up pursuant to contracts without payment being received in cash.				
(b) No shares have been allotted as fully paid-up bonus shares.				
(c) In the financial year 2009-10, the Company bought back 2,133,710 Equity Shares.				
There are no calls unpaid.				
There are no forfeited shares.				

Notes to the Financial Statements

NOTE 4 : Reserves and Surplus

	Current Year	Amount INR Crore Previous Year
<u>Capital Investment Subsidy Reserve</u>		
As Per Last Balance Sheet	0.25	0.25
<u>Capital Redemption Reserve</u>		
As Per Last Balance Sheet	31.46	31.46
<u>Securities Premium Account</u>		
As Per Last Balance Sheet	556.50	556.50
<u>Revaluation Reserve</u>		
As Per Last Balance Sheet	11.49	12.86
Utilisation During the Year		
Depreciation on Revalued component and deduction due to sale / discard of fixed assets	(0.93)	(1.37)
Closing Balance	10.56	11.49
<u>Employee Stock Options Outstanding</u>		
Compensation for Options Granted During the Year	11.33	-
Deferred Employee Stock Compensation	(4.88)	-
Closing Balance	6.45	-
<u>General Reserve</u>		
As Per Last Balance Sheet	91.73	78.39
Additions During the year - Transfer from Surplus	20.16	13.34
Closing Balance	111.89	91.73
<u>Surplus</u>		
As Per Last Balance Sheet	366.95	311.46
Additions During the year - As per Statement of Profit and Loss	201.56	133.43
Proposed Dividend - Final	(55.64)	(55.58)
Tax on Distributed Profit	(9.03)	(9.02)
Transfer to General Reserve	(20.16)	(13.34)
Closing Balance	483.68	366.95
Total Reserves and Surplus	1,200.79	1,058.38

Notes to the Financial Statements

NOTE 5 : Long Term Borrowings

	Amount INR Crore	
	Current Year	Previous Year
<u>Secured</u>		
(a) Long Term Maturities of Finance Lease Obligations	-	0.01
<u>Unsecured</u>		
(a) Term Loans		
(i) From Banks (Refer note 2 below)	114.24	87.50
(b) Deposits		
(i) Fixed Deposit (Refer note 2 below)	66.86	110.22
Total	181.10	197.73

Notes :

- (1) Nature of Security and Terms of Repayment for Secured borrowings
 - (a) The Company has acquired vehicles under Finance Lease. Liability for minimum lease payment is secured by hypothecation of the vehicles acquired under the lease.
- (2) Terms of Repayment for Unsecured Borrowings
 - (a) Unsecured loan from Bank amounting to ₹ 12.50 crore having rate of interest of 8.9% pa is for a term of 36 months ending in June 2013.
 - (b) Unsecured loan from Bank amounting to ₹ 101.74 crore having rate of interest at LIBOR + 2.17% is for a term of 36 months and is repayable from March 2015 to September 2016.
 - (c) Fixed deposits from public have a maturity period of 13, 24 or 36 months.
- (3) The Company does not have any continuing default as on the Balance Sheet date in repayment of loan or interest.

NOTE 6 : Deferred Tax Liabilities (Net)

	Amount INR Crore	
	Current Year	Previous Year
<u>Liabilities</u>		
(a) Depreciation	45.59	46.87
<u>Assets</u>		
(a) Provision for Retirement Benefits	1.54	1.67
(b) Provision for Doubtful Debts / Advances	3.88	3.97
(c) VRS Expenses	0.55	1.03
(d) Others	3.86	4.28
Total	35.76	35.92

NOTE 7 : Long Term Provisions

	Amount INR Crore	
	Current Year	Previous Year
Provision For Employee Benefits	6.50	5.51
Total	6.50	5.51

Notes to the Financial Statements

NOTE 8 : Short Term Borrowings

	Amount INR Crore	
	Current Year	Previous Year
<u>Secured</u>		
(a) Loans Repayable On Demand		
(i) From Bank - refer note (1) below	17.49	18.23
<u>Unsecured</u>		
(a) Loans and Advances From Related Parties	2.00	2.50
(b) Other Loans and Advances		
(i) Commercial Papers	75.00	95.00
Total	94.49	115.73

Notes :

- (1) Working capital facilities sanctioned by banks under consortium arrangement are secured by hypothecation of stocks and book debts.
- (2) The company does not have any continuing default as on the Balance Sheet date in repayment of loan or Interest.

NOTE 9 : Trade Payables

	Amount INR Crore	
	Current Year	Previous Year
Trade Payables		
(a) Outstanding dues of Micro and Small Enterprise (refer note 1)	1.70	0.53
(b) Others	598.78	316.38
Acceptances	1.30	1.84
Total	601.78	318.75

Note:

- (1) Disclosure of outstanding dues of Micro and Small Enterprise under Trade Payables 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. There is no amount overdue as on March 31, 2012, to Micro, Small and Medium Enterprises on account of principal or interest. (previous year – ₹ Nil)

Notes to the Financial Statements

NOTE 10 : Other Current Liabilities

	Amount INR Crore	
	Current Year	Previous Year
<u>Current Maturities of Long-Term Debts</u>		
(a) Secured Loan		
(i) From Others - refer Note (1) below	-	65.00
(b) Unsecured Loan		
(i) From Bank	170.00	147.50
(c) Unsecured Deposit		
(i) Fixed Deposit	61.13	28.27
	231.13	240.77
Current Maturities of Finance Lease Obligations	0.01	0.11
Interest Accrued but not Due on Borrowings	0.68	1.67
Unpaid Dividends	0.26	0.21
<u>Unpaid Matured Deposits</u>		
(a) Principal Amount	2.42	0.32
(b) Interest Accrued Thereon	0.01	0.03
	2.43	0.35
<u>Other Payable</u>		
(a) Advances from Customers	4.85	3.51
(b) Foreign Exchange Contracts	130.32	130.52
(c) Other Liabilities	12.42	4.57
(d) Deposits	14.81	15.25
	162.40	153.85
Total	396.91	396.96

Note:

(1) Secured loans from others is secured by pledge of 65,00,000 equity shares of Godrej Consumer Products Limited.

NOTE 11 : Short Term Provisions

	Amount INR Crore	
	Current Year	Previous Year
Provision For Employee Benefits	4.32	4.83
Proposed Dividend (refer note 1)	55.64	55.58
Provision for Tax on Distributed Profit	9.03	9.02
Total	68.99	69.43

Note:

(1) The Board of Directors of the Company has proposed a dividend of ₹ 1.75 per equity share - 175 % (previous year ₹ 1.75 per equity share (175 %)) for the year 2011-12 amounting to a total out-go of ₹ 55.64 crore (previous year ₹ 55.58 crore)

Notes to the Financial Statements

NOTE 12 : Fixed Assets

Amount INR Crore

ASSETS	GROSS BLOCK				DEPRECIATION / IMPAIRMENT				NET BLOCK	
	As on 01.04.2011	Additions	Deductions/ Adjustments	As on 31.03.2012	Upto 31.03.2011	Deductions/ Adjustments	For the Year	Upto 31.03.2012	As on 31.03.2012	As on 31.03.2011
Tangible Assets										
(a) Land										
(i) Freehold	1.14	-	-	1.14	-	-	-	-	1.14	1.14
(ii) Leasehold	16.83	-	-	16.83	0.45	-	0.18	0.63	16.20	16.38
(b) Buildings	138.43	7.00	-	145.43	29.07	(0.01)	3.08	32.16	113.27	109.36
(c) Plant and Equipment	450.47	34.84	3.49	481.82	298.79	3.12	20.39	316.06	165.76	151.68
(d) Research Centre	0.31	0.09	-	0.40	0.12	-	0.02	0.14	0.26	0.19
(e) Furniture and Fixtures	12.70	0.17	-	12.87	7.24	-	0.73	7.97	4.90	5.46
(f) Office and Other Equipment	11.36	0.73	0.21	11.88	5.23	0.07	0.56	5.72	6.16	6.13
(g) Vehicles / Vessels										
(i) Own	29.88	3.87	1.89	31.86	7.51	1.11	2.51	8.91	22.95	22.37
(ii) Under Finance Lease	1.05	-	0.58	0.47	0.96	0.59	0.08	0.45	0.02	0.09
Total Tangible Assets	662.17	46.70	6.17	702.70	349.37	4.88	27.55	372.04	330.66	312.80
Intangible Assets										
(a) Trademarks	4.63	-	-	4.63	4.63	-	-	4.63	-	-
(b) Software	10.71	0.05	-	10.76	9.34	-	0.58	9.92	0.84	1.37
Total Intangible Assets	15.34	0.05	-	15.39	13.97	-	0.58	14.55	0.84	1.37
TOTAL - Current Year	677.51	46.75	6.17	718.09	363.34	4.88	28.13	386.59	331.50	
- Previous Year	615.13	78.20	15.82	677.51	338.82	5.32	29.84	363.34		314.17
Capital Work-in-Progress									141.79	4.35
									473.29	318.52

Notes:

- Buildings, Plant and Equipment 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 ₹ 0.94 crore (previous year ₹ 0.99 crore) being depreciation on revalued component of the fixed assets.
- Gross block deductions includes ₹ 0.01 crore (previous year ₹ 0.72 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 Equipment.
- 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.

Notes to the Financial Statements

NOTE 13 : Non Current Investments

Investee Company / Entity	Face value (₹)	Number		Notes	Amount INR Crore	
		Current Year	Previous Year		Current Year	Previous Year
Trade Investments (Valued at cost unless stated otherwise)						
1 Investment in Equity Instruments (Fully paid unless stated otherwise)						
(a) Investment in Subsidiary Companies						
(i) Quoted						
Godrej Properties Ltd.	10	47,965,209	49,335,209	(a)	229.93	236.49
(ii) Unquoted						
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 Ltd.	10	-	2,584		-	0.42
Godrej International Ltd.	£1	2,105,000	2,105,000		14.76	14.76
Godrej International Trading & Investments Pte. Ltd.	\$1	1,000,000	-		4.43	-
Natures Basket Limited	10	43,450,000	22,550,000		41.41	20.51
(b) Investment in Associate Companies						
(i) Quoted						
Godrej Consumer Products Ltd.	1	71,989,620	69,794,620	(b)	582.63	494.94
(ii) Unquoted						
Swadeshi Detergents Ltd.	10	209,370	209,370		1.91	1.91
(c) Investment in Joint Venture						
Unquoted						
Godrej Hershey Ltd.	10	32,587,046	32,587,046		177.40	177.40
(d) Others						
(i) Quoted						
M*Modal Inc. (Formerly MedQuist Holdings Inc.)	\$0.10	1,471,601	1,818,255		30.83	38.09
(ii) Unquoted						
Bharuch Eco-Aqua Infrastructure Ltd.	10	440,000	440,000		0.44	0.44
Less: Provision for Diminution in the Value of Investment					(0.44)	(0.44)
					-	-
Avesthagen Ltd.	7	469,399	469,399		12.43	12.43
CBay Infotech Ventures Pvt. Ltd.	10	112,579	112,579		2.33	2.33
Gharda Chemicals Ltd.	100	114	114	(c)	0.12	0.12
HyCa Technologies Pvt. Ltd.	10	12,222	12,222		1.25	1.25
Tahir Properties Ltd. (Partly paid) *	100	25	25	(d)	-	-
Boston Analytics Inc.	\$1	1,055,629	1,055,629		6.88	6.88
Less: Provision for Diminution in the Value of Investment					(6.88)	(6.88)
					-	-
CBay Systems Ltd., USA	\$0.01	-	4,091,073		-	2.54
Less: Provision for Diminution in the Value of Investment					-	(2.54)
					-	-
The Saraswat Co-op Bank Ltd. *	10	1,000	1,000		-	-
2 Investment in Preference Shares (Fully paid unless stated otherwise)						
Unquoted						
Wadala Commodities Ltd. (8% Redeemable Cumulative Preference Shares, 2012)	10	5,000,000	5,000,000	(d)	4.50	4.50
Less: Provision for Diminution in the Value of Investment					(4.50)	(4.50)
					-	-
Tahir Properties Ltd (Class - A) (partly paid) *	100	25	25	(d)	-	-
Verseon Corporation - Class A Preferred Shares	\$1.90	2,631,578	2,631,578		11.42	11.42
Less: Provision for Diminution in the Value of Investment					(7.80)	(7.80)
					3.62	3.62

Notes to the Financial Statements

NOTE 13 : Non Current Investments (Contd.)

Investee Company / Entity	Face value (₹)	Number		Notes	Amount INR Crore	
		Current Year	Previous Year		Current Year	Previous Year
3 Investment in Partnership Firm						
View Group LP *		-	-	(e)	-	-
Less: Provision for Diminution in the Value of Investment					-	-
					-	-
4 Other Non Current Investments						
(a) Limited Liability Partnership						
Godrej Vikhroli Properties LLP					0.80	-
Profit Accrued on Godrej Vikhroli Properties LLP					26.24	-
(b) Investment in Debentures						
Unquoted						
Godrej Hershey Limited	100	4,337,000	4,337,000		43.37	43.37
(c) Optionally Convertible Loan Notes/Promissory Notes/Debentures :						
Unquoted						
Verseon Corporation (13%)	\$1,000,000	-	-	(f)	-	3.98
					1,349.83	1,227.99
Aggregate Amount of Quoted Investments					843.39	769.52
Aggregate Amount of Unquoted Investments					506.44	458.47
Aggregate Provision for Diminution in the Value of Investments					19.62	22.16
Market Value of Quoted Investments					6,498.61	5,899.52

* Amount less than ₹ 0.01 crore.

Notes:

- (a) 1,39,70,002 equity shares (previous year 1,39,70,002 equity shares) of Godrej Properties Limited are locked in till December 22, 2012.
- (b) In the previous year 65,00,000 equity shares in Godrej Consumer Products Limited had been pledged as security against loan.
- (c) 52,34,852 equity shares of Godrej Consumer Products Limited received under a Scheme of Arrangement are locked in till November 24, 2012.
- (d) The said shares have been refused for registration by the investee company.
- (e) 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.
- (f) Information on partnership firm - View Group

Sr. No	Name of the partner	Country	% Holding Current Year	% Holding Previous Year
1	Mr. Robert Buirke	USA	13.08%	13.08%
2	Mr. John H. Gutfreund	USA	13.08%	13.08%
3	Bonsal Trust	USA	6.54%	6.54%
4	Free Market Capital L.P.	USA	4.83%	4.83%
5	Kilbane Development SA	Monaco	6.54%	6.54%
6	Mazda Partners LP	USA	8.96%	8.96%
7	Ms. Mrinalini Jaikumar	USA	1.96%	1.96%
8	Mr. John Pries	USA	2.62%	2.62%
9	Mr. Marti Subrahmanyam	USA	1.96%	1.96%
10	R. Gregg Stone Trust	USA	1.28%	1.28%
11	Mr. Robert G. Stone, Jr.	USA	1.28%	1.28%
12	Mr. Michael R. Greenberg	USA	3.27%	3.27%
13	Mr. Paul D. Sonz	USA	1.25%	1.25%
14	VIEW Group Grantor Retained Annuity Trust	USA	2.03%	2.03%
15	BKE Partners L.P.	USA	4.83%	4.83%
16	VIEW LP Holding, Inc.	USA	4.83%	4.83%
17	Schwartz and Nystrom, as escrow agent	USA	9.66%	9.66%
18	Godrej Industries Limited	India	12.00%	12.00%
	Total		100.00%	100.00%

- (f) Optionally Convertible Notes issued by Verseon Corporation - are convertible after December 1, 2008 until the due date but not later than September 15, 2012. In current year, the investment is considered as current investment and disclosed in note 16.

Notes to the Financial Statements

NOTE 14 : Long Term Loans and Advances

	Amount INR Crore	
	Current Year	Previous Year
Secured and considered Good		
Loans and Advances (refer note 1 & 2)		
Considered Good	10.33	10.33
Considered Doubtful	3.15	3.15
Less : Provision for Doubtful Advances	(3.15)	(3.15)
	10.33	10.33
<u>Unsecured and Considered Good (Unless otherwise stated)</u>		
(a) Capital Advances	22.55	1.07
(b) Inter Corporate Deposit	3.85	-
(c) Other Loans and Advances		
(i) Loan to ESOP Trust	13.46	75.35
(ii) Loans to Employees	0.70	0.30
(iii) Advance Tax and Tax Deducted at Source (Net of Provision for Taxation ₹ 47.70 crore, previous year ₹ 43.90 crore)	5.82	3.30
(iv) MAT Credit Entitlement	56.80	39.20
Total	113.51	129.55

Notes:

- 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. In the meanwhile, the minority shareholders have been restrained from transferring shares to a third party.
- 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.

NOTE 15 : Other Non Current Assets

	Amount INR Crore	
	Current Year	Previous Year
Bank Deposit with more than 12 months maturity	-	4.30
Total	-	4.30

Notes to the Financial Statements

NOTE 16 : Current Investments

Investee Company / Entity	Face value (₹)	Current Year	Previous Year	Notes	Amount INR crore	
					Current Year	Previous Year
1 Investment in Mutual Funds						
(a) Units of Mutual Fund :						
Unquoted						
DWS Insta Cash Plus Fund Super Institutional Plan Growth	-	-	314,317		-	4.00
Kotak Liquid (Institutional Premium) - Growth	-	-	880,636		-	1.75
2 Other Non Current Investment						
(b) Optionally Convertible Loan Notes/ Promissory Notes/Debentures:						
Unquoted						
Boston Analytics Inc. (15%)	\$750,000	-	-	(a)	3.00	3.00
Less: Provision for Diminution in the Value of Investment					(3.00)	(3.00)
Boston Analytics Inc. (20%)	\$1,550,000	-	-	(a)	6.73	6.73
Less: Provision for Diminution in the Value of Investment					(6.73)	(6.73)
Boston Analytics Inc. (12%)	\$950,000	-	-	(b)	4.69	4.69
Less: Provision for Diminution in the Value of Investment					(4.69)	(4.69)
Verseon Corporation (13%)	\$1,000,000	-	-	(c)	3.98	-
Total					3.98	5.75
Aggregate Amount of Quoted Investments					-	-
Aggregate Amount of Unquoted Investments					3.98	5.75
Aggregate Provision for Diminution in the Value of Investments					14.42	14.42
Market Value of Quoted Investments					-	-

Notes:

- (a) 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.
- (b) 12% promissory notes were repayable on or before December 31, 2011, along with interest on maturity.
- (c) Optionally Convertible Notes issued by Verseon Corporation - are convertible after December 1, 2008 until the due date but not later than September 15, 2012.
- In previous year, the investment was considered as non current investment and disclosed in note 13.

Notes to the Financial Statements

NOTE 17: Inventories

	Amount INR Crore	
	Current Year	Previous Year
Raw Material	86.46	74.97
Packing Material	1.19	1.19
Work In Progress	56.83	47.12
Finished Goods (Includes In Transit - ₹ 1.34 crore)	47.99	48.54
Stock in Trade	0.04	0.05
Stores And Spares	7.32	13.22
Total	199.83	185.09

Note:

- (1) Inventories are valued at lower of cost and net realisable value. Cost is computed on weighted average basis and is net of cenvat

NOTE 18 : Trade Receivables

	Amount INR Crore	
	Current Year	Previous Year
Secured and Considered Good		
(a) Outstanding for a period exceeding six months from the date they are due for payment	15.88	11.10
Unsecured and Considered Good		
(a) Outstanding for a period exceeding six months from the date they are due for payment	-	0.06
(b) Others	117.40	111.47
Unsecured and Considered Doubtful		
(a) Outstanding for a period exceeding six months from the date they are due for payment	0.99	1.02
(b) Allowance for Doubtful Debts	(0.99)	(1.02)
Total	133.28	122.63

NOTE 19 : Cash and Bank Balances

	Amount INR Crore	
	Current Year	Previous Year
Cash and Cash Equivalents		
Balances with Banks		
(a) Current Accounts	15.44	27.71
(b) Deposit Accounts		
(i) Maturity less than 3 months	44.00	10.00
Cash on Hand	0.13	0.11
	59.57	37.82
Other Bank Balances		
(a) Other Bank Balances (refer note below)	0.25	0.21
Total	59.82	38.03

Note:

- (1) Current account balance of ₹ 0.25 crore is earmarked balance for unpaid dividend

Notes to the Financial Statements

NOTE 20 : Short Term Loans and Advances

	Current Year	Amount INR Crore Previous Year
<u>Unsecured</u>		
(a) Loans and Advance		
(i) Loans to Employees	0.35	0.31
(ii) Other Loans (refer notes below)	32.30	22.25
(iii) Loan to ESOP Trust		
Considered Good	70.63	9.51
Considered Doubtful	5.06	5.47
Less: Provision for Doubtful Loans	(5.06)	(5.47)
	70.63	9.51
(iv) Advances to Suppliers		
Considered Good	4.93	1.39
Considered Doubtful	2.33	2.58
Less : Provision for Doubtful Advances	(2.33)	(2.58)
	4.93	1.39
(v) Other Advances	0.32	10.13
(b) Inter Corporate Deposits	4.28	11.73
(c) Deposits		
(i) Statutory Authorities	7.56	4.33
(ii) Others	5.43	4.48
Total	125.80	64.13

Notes:

- Loans and Advances include a loan of ₹ 21.97 crore (previous year ₹ 20.16 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.
- Details of Loans And Advances as per clause 32 of Listing Agreement

	Maximum Balance during the year	Amount INR Crore Current Year	Previous Year
(a) Loans and Advances to Subsidiary Companies			
Natures Basket Ltd	7.40	-	2.40
(b) Loans and Advances to Associate Companies			
Swadeshi Detergents Ltd.	0.19	-	0.19
(c) Loans and Advances where there is no repayment schedule or repayment is beyond seven years			
D. Kavasmanek and Others	10.33	10.33	10.33
(d) Investments by the loanee in the shares of parent company and subsidiary company			
GIL ESOP Trust	89.99	89.14	82.09

Notes to the Financial Statements

NOTE 21 : Other Current Assets

	Amount INR Crore	
	Current Year	Previous Year
Other Receivables	13.50	5.06
Unamortised Expenses		
(a) Current portion of Foreign Currency Monetary Item Translation Difference Account	128.42	126.18
(b) Unamortised Premium on Forward Cover Contracts	3.13	1.15
Bank Deposit with more than 12 months maturity (refer note below)	13.69	1.79
Total	158.74	134.18

Note :

(1) Fixed Deposit of ₹ 0.19 crore is held by bank as security against guarantees issued.

NOTE 22 : Contingent Liabilities

	Amount INR Crore	
	Current Year	Previous Year
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.	9.47	11.97
(ii) Customs Duty demands relating to lower charge, differential duty, classification, etc.	2.06	1.67
(iii) Sales Tax demands relating to purchase tax on Branch Transfer / Non availability of C Forms, etc at various levels.	20.42	18.72
(iv) Octroi demand relating to classification issue on import of Palm Stearine and interest thereon.	14.05	13.12
(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	20.69	18.00
(vii) Industrial relations matters under appeal	2.08	1.91
(viii) Others	1.31	1.31
b) Guarantees :		
(i) Guarantees issued by banks, excluding guarantees issued in respect of matters reported in (a) above	13.45	13.01
(ii) Guarantees given by the Company in respect of credit/guarantee limits sanctioned by banks to subsidiary and other companies.	-	7.81
c) Other Money for which the Company is Contingently Liable.		
(i) Letter of credit issued by bank on behalf of the Company	4.52	0.55

Notes to the Financial Statements

NOTE 23 : Commitments

	Amount INR Crore	
	Current Year	Previous Year
1 Estimated amount of contracts remaining to be executed on capital account and not provided for. (Net of Advances amounting to ₹ 22.55 crore, previous year ₹ 1.07 crore)	125.72	4.65
2 Uncalled liability on partly paid shares/debentures	0.50	0.50
3 Other Commitments:		
(a) Long Term Contracts for Purchase of Raw Material	71.08	33.89
(b) Finance Lease Commitments	0.01	0.12
(c) Operating Lease Commitments	7.51	5.71

NOTE 24 : Revenue From Operations

	Amount INR Crore	
	Current Year	Previous Year
Sale of Products	1,350.95	1,085.53
Licence Fees and Service Charges	26.30	27.11
Other Operating Revenues		
(a) Export Incentives	4.76	1.67
(b) Processing Charges	4.75	5.47
(c) Sale of Scrap	1.70	1.78
(d) Dividend Income: (refer note 1 below)		
(i) Subsidiary Companies	63.57	23.11
(ii) Other Long Term Investments	31.75	30.39
(e) Share of Profit for the year from LLP	26.24	-
Total Gross Revenue From Operations	1,510.02	1,175.06
Excise Duty	(71.98)	(62.73)
Total	1,438.04	1,112.33

Note

- 1 Dividend Income has been disclosed under Revenue from Operations since Finance and Investments is an operating business segment for the Company.

NOTE 25 : Other Income

	Amount INR Crore	
	Current Year	Previous Year
Interest Income	18.17	15.75
Profit on Sale of Fixed Assets (net)	-	24.83
Profit on Sale of Current Investments	1.47	1.04
Miscellaneous Income		
(i) Business Support Service	2.89	4.86
(ii) Other Miscellaneous Income	9.19	7.64
Total	31.72	54.12

Notes to the Financial Statements

NOTE 26: Cost of Materials Consumed

	Amount INR Crore	
	Current Year	Previous Year
<u>Raw Materials Consumed</u>		
(a) Inventory at the Commencement of the Year	74.97	49.18
(b) Add : Purchases (net)	871.96	709.38
	946.93	758.56
(c) Less: Inventory at the Close of the Year	(86.46)	(74.97)
	860.47	683.59
<u>Packing Materials Consumed</u>		
(a) Inventory at the Commencement of the Year	1.19	1.12
(b) Add : Purchases (net)	27.00	23.00
	28.19	24.12
(c) Less: Inventory at the Close of the Year	(1.19)	(1.19)
	27.00	22.93
Total	887.47	706.52

NOTE 27 : Changes in Inventory of Finished Goods, Work-in-Progress and Stock in Trade

	Amount INR Crore	
	Current Year	Previous Year
Inventory at the Commencement of the Year		
(a) Finished Goods	48.54	28.98
(b) Work In Progress	47.12	42.38
(c) Stock In Trade	0.05	1.19
	95.71	72.55
Less : Inventory at the Close of the Year		
(a) Finished Goods	(47.99)	(48.54)
(b) Work In Progress	(56.83)	(47.12)
(c) Stock In Trade	(0.04)	(0.05)
	(104.86)	(95.71)
Total	(9.15)	(23.16)

NOTE 28 : Employee Benefits Expenses

	Amount INR Crore	
	Current Year	Previous Year
Salaries and Wages	104.64	103.22
Contribution to Provident and Other Funds	6.91	7.91
Expense on Employee Stock Option Scheme	2.58	-
Staff Welfare Expense	6.38	6.53
Total	120.51	117.66

Notes to the Financial Statements

NOTE 29: Finance Costs

	Amount INR Crore	
	Current Year	Previous Year
Interest Expense	47.50	50.63
Other Borrowing Costs	23.03	12.49
Total	70.53	63.12

NOTE 30 : Other Expense

	Amount INR Crore	
	Current Year	Previous Year
Consumption of Stores and Spares	10.18	9.34
Power and Fuel	97.48	76.77
Processing Charges	5.69	3.30
Rent	5.07	4.39
Rates and Taxes	5.52	4.24
Repairs and Maintenance		
(a) Machinery	10.14	8.15
(b) Buildings	9.53	8.37
(c) Other assets	0.63	0.29
Insurance	1.17	1.13
Freight	31.94	29.87
Commission	4.16	4.31
Discount	4.37	4.73
Advertisement and Publicity	13.95	9.42
Selling and Distribution Expenses	6.55	6.69
Bad Debts Written Off	-	0.01
Provision for Doubtful Debts and Advances	(0.31)	2.06
Excise Duty (Including ₹ 0.55 crore, previous year ₹ 1.82 crore on inventory Change)	0.60	2.60
Loss on Foreign Exchange Translation	15.89	0.88
Loss on Sale of Fixed Assets	0.48	-
Miscellaneous Expenses	38.93	36.53
Total	261.97	213.08

NOTE 31 : Exceptional items

	Amount INR Crore	
	Current Year	Previous Year
(i) Profit on Sale of Long Term Investments	90.84	88.09
(ii) Write back / (Provision) for Diminution in Value of Investments	2.53	(10.49)
Total	93.37	77.60

Notes to the Financial Statements

NOTE 32: Earnings Per Share

		Amount INR Crore	
		Current Year	Previous Year
1	Calculation of weighted average number of equity shares - Basic		
(a)	Number of equity shares at the beginning of the year	317,624,892	317,624,892
(b)	Number of equity shares outstanding at the end of the year	317,624,892	317,624,892
	Weighted average number of equity shares outstanding during the year	317,624,892	317,624,892
2	Calculation of weighted average number of equity shares - Diluted		
(a)	Number of potential equity shares at the beginning of the year	317,624,892	317,624,892
(b)	Number of potential equity shares outstanding at the end of the year	318,212,205	317,624,892
	Weighted average number of potential equity shares outstanding during the year	318,208,973	317,624,892
3	Net Profit After Tax (Amt INR Crore)	201.56	133.43
4	Basic Earnings per share of Re 1 each	6.35	4.20
5	Diluted Earnings per share of Re 1 each	6.33	4.20

NOTE 33 : Auditor's Remuneration

		Amount INR Crore	
		Current Year	Previous Year
Audit Fees		0.31	0.31
Tax Audit Fees		0.05	0.05
Taxation Matters		0.14	0.13
Consultation and Management Services		0.05	0.05
Certification and Other Services		0.18	0.16
Reimbursement of Expenses		0.01	0.01
Total		0.74	0.71

NOTE 34: Consumption of Raw Materials and Purchase of Goods

		Amount INR Crore	
		Current Year	Previous Year
Raw Material consumed			
(i)	Oils and Fats	690.72	547.58
(ii)	Chemicals & Catalyst	134.83	107.07
(iii)	Packing Materials	27.01	22.93
(iv)	Others	34.91	28.94
Total		887.47	706.52
Purchase of Goods			
	Refined oil, soaps, Toiletries etc	3.56	1.97

NOTE 35 : Sales and Inventory of Finished Goods

Product	Sales		Inventory of Finished Goods	
	Current Year	Previous Year	Current Year	Previous Year
(i) Fatty Acids	484.90	385.04	8.84	12.66
(ii) Glycerin	51.28	41.69	0.14	1.35
(iii) Fatty Alcohol	536.11	427.23	29.47	27.29
(iv) Surfactants	199.61	161.14	9.54	7.24
(v) Others	7.07	7.70	-	-
Total	1,278.97	1,022.80	47.99	48.54

Notes to the Financial Statements

NOTE 36 : Inventory of Work in Progress

	Amount INR Crore	
	Current Year	Previous Year
(i) Fatty Acids	22.80	17.64
(ii) Glycerin	0.70	0.87
(iii) Fatty Alcohol	24.99	22.74
(iv) Surfactants	8.34	5.87
Total	56.83	47.12

NOTE 37: Value of Imports on CIF Basis (includes only Imports directly made)

	Amount INR Crore	
	Current Year	Previous Year
Raw Materials	398.60	346.57
Components and Spare Parts	3.19	3.31
Capital Goods	0.40	-
Total	402.19	349.88

NOTE 38: Expenditure in Foreign Currency

	Amount INR Crore	
	Current Year	Previous Year
Travelling	1.00	0.68
Other Expenditure	9.72	10.56
Expenses for Foreign Branch:		
(a) Salaries and Allowance	1.66	1.29
(b) Rent	0.01	0.21
(c) Others	0.03	0.09
Total	12.42	12.83

NOTE 39 : Consumption of Imported and Indigenous Raw Materials, Spare Parts and Components

	Current Year		Previous Year	
	Amt INR Crore	%	Amt INR Crore	%
Raw Materials				
Imported (including duty content)	422.53	48	348.53	49
Indigenous	464.94	52	357.99	51
Total	887.47	100	706.52	100
Spare Parts and Components				
Imported (including duty content)	2.93	29	4.50	48
Indigenous	7.25	71	4.84	52
Total	10.18	100	9.34	100

NOTE 40 : Dividends Remitted in Foreign Currency

(subject to deduction of tax, as applicable)

	Amount INR Crore	
	Current Year	Previous Year
Final Dividend for Financial Year 2010-11 to 67 shareholders on 36,066 equity shares (previous year 5 shareholders on 6495 equity shares)	0.01	0.00
Total	0.01	0.00

Notes to the Financial Statements

NOTE 41 : Earnings in Foreign Exchange

	Amount INR Crore	
	Current Year	Previous Year
Export of Goods on FOB Basis	544.51	388.47
Dividend	4.72	-
Sale of Investments	18.66	13.26
Total	567.89	401.73

NOTE 42: Proposed Dividend

	Amount INR Crore	
	Current Year	Previous Year
Final Dividend on Equity share of ₹ 1 each proposed for the year	55.64	55.58
Dividend per Equity Share	₹ 1.75 per share	₹ 1.75 per share

NOTE 43 : Employee Stock Benefit Plans

1 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.

The scheme is administered by an independent ESOP Trust created with IL&FS 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

	Current 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	5,072,700	325.62	5,580,700	295.44
Options Forfeited / Expired During the Year	494,750	251.24	508,000	318.59
Options Outstanding at the Year End	4,577,950	356.34	5,072,700	325.62

Notes to the Financial Statements

NOTE 43 : Employee Stock Benefit Plans (Contd.)

ESOP II

	Current 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	950,000	225.20	860,000	191.65
Options Granted During the Year				
30 July, 2011	297,250	355.60	-	-
06 August, 2010	-	-	65,000	304.37
25 June, 2010	-	-	50,000	362.67
Options Exercised During the Year	12,000	230.34	-	-
Options Forfeited / Expired During the Year	25,000	179.86	25,000	210.80
Options Outstanding at the Year End	1,210,250	280.61	950,000	225.20

(*) The Wt. average exercise price stated above is the price of the equity shares 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, 2012 is 4.34 years.

The weighted average balance life of options outstanding as on 31st March 2012 for ESOP I is 5.06 years and for ESOP II is 2.49 years.

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.

	Amount INR Crore	
	Current Year	Previous Year
Net Profit (as reported)	201.56	133.43
Less : Stock based compensation expense determined under fair value based method (Proforma)	4.14	7.21
Net Profit (Proforma)	197.42	126.22
	Amount ₹	Amount ₹
Basic Earnings per share (as reported)	6.35	4.20
Basic Earnings per share (Proforma)	6.22	3.97
Diluted Earnings per share (as reported)	6.33	4.20
Diluted Earnings per share (Proforma)	6.20	3.97

- b) The independent ESOP Trust has purchased equity shares of the Company from the market equivalent to the number of stock options granted from time to time to the eligible employees. These purchases are financed by loans from the respective participating companies. The Company has given a loan which along with interest thereon amounts to ₹ 93.09 crore (previous year Rs 84.86 crore) (Net of provision ₹ 5.06 crore, previous year ₹ 5.47 crore) for financing the purchase of equity shares from the market equivalent to the number of option granted to the employees of the Company. As on March 31, 2012, the market value of the equity shares held by the ESOP Trust is lower than the holding cost (cost or market value) of these equity shares by ₹ 11.79 crore (previous year ₹ 25.47 crore) (Net of provision ₹ 5.06 crore, previous year ₹ 5.47 crore).

Notes to the Financial Statements

NOTE 43 : Employee Stock Benefit Plans (Contd.)

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 the 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. 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 ₹ 11.79 crore (previous year ₹ 25.47 crore) is not considered necessary in the financial statements.

2 Employee Stock Grant Scheme

- a) During the year the Company set up the Employees Stock Grant Scheme 2011 (ESGS) pursuant to the approval by the Shareholders at their Meeting held on January 17, 2011.
- b) The ESGS Scheme is effective from April 1, 2011, (the "Effective Date") and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the shares to be vested under Employee Stock Grant Scheme 2011 have been vested in the Eligible Employees and all restrictions on such Stock Grants awarded under the terms of ESGS Scheme, if any, have lapsed, whichever is earlier.
- c) The Scheme applies to the Eligible Employees who are in whole time employment of the Company or its Subsidiary Company. The entitlement of each employee would be decided by the Compensation Committee of the Company based on the employee's performance, level, grade, etc.
- d) The total number of Stock Grants to be awarded under the ESGS Scheme are restricted to 25,00,000 (Twenty Five Lac) fully paid up equity shares of the Company. Not more than 5,00,000 (Five Lac) fully paid up equity shares or 1% of the issued equity share capital at the time of awarding the Stock Grant, whichever is lower, can be awarded to any one employee in any one year.
- e) The Stock Grants shall vest in the Eligible Employees pursuant to the ESGS Scheme in the proportion of 1/3rd at the end of each year from the date on which the Stock Grants are awarded for a period of three consecutive years subject to the condition that the Eligible Employee continues to be in employment of the Company or the Subsidiary company as the case may be.
- f) The Eligible Employee shall exercise her / his right to acquire the shares vested in her / him all at one time within 1 month from the date on which the shares vested in her / him or such other period as may be determined by the Compensation Committee.
- g) The Exercise Price of the shares has been fixed at ₹ 1 per share. The intrinsic value, being the difference between market price and exercise price is treated as Employee Compensation Expenses and charged to the Statement of Profit and Loss. The value of the options is treated as a part of employee compensation in the financial statements and is amortised over the vesting period.
- h) The Status of the above plan is as under:

	Current Year	Previous Year
Options Granted	587,313	-
Options Vested	-	-
Options Exercised	-	-
Options Lapsed / Forfeited and re-granted	-	-
Options Lapsed / Forfeited to be re-granted	-	-
Total Number of Options Outstanding	587,313	-

Notes to the Financial Statements

NOTE 44 : Employee Benefits

a) Defined Contribution Plan

Provident Fund:

The contributions to the Provident Fund and Family Pension Fund are made to a Government administered Provident Fund and there are no further obligations beyond making such contribution.

b) Defined Benefit Plan

Gratuity:

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

The liability for the Defined Benefit Plan is provided on the basis of a valuation, using the Projected Unit Credit Method, as at the Balance Sheet date, carried out by an independent actuary.

Provident Fund:

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

Pension:

The Company has Pension plan for eligible employees. The liability for the Defined Benefit Plan is provided on the basis of a valuation, using the Projected Unit Credit Method, as at the Balance Sheet date, carried out by an independent actuary.

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

The expected return on plan assets of 8.50% has been considered based on the current investment pattern in Government securities.

d) Amounts Recognised as Expense:

i) Defined Contribution Plan

Employer's Contribution to Provident Fund amounting to ₹ 0.96 crore (previous year ₹ 0.84 crore) has been included in Note 28 under Contribution to Provident Fund and Other Funds.

ii) Defined Benefit Plan

Gratuity cost amounting to ₹ 2.51 crore (previous year ₹ 1.30 crore) has been included in Note 28 under Contribution to Provident and Other Funds.

Employer's Contribution to Provident Fund amounting to ₹ 3.26 crore (previous year ₹ 4.25 crore) has been included in Note 28 under Contribution to Provident Fund and Other Funds.

Pension cost amounting to ₹ 0.23 crore (previous year ₹ 0.07 crore) has been included in Note 28 under Contribution to Provident and Other Funds.

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

	Gratuity		Pension	
	Current Year	Previous Year	Current Year	Previous Year
(i) Change in Present Value of Obligation				
Present value of the obligation at the beginning of the year	28.87	27.36	0.40	0.44
Current Service Cost	1.26	0.96	-	-
Interest Cost	2.38	2.03	-	-
Actuarial (Gain) / Loss on Obligation	1.05	(1.48)	0.29	0.06
Benefits Paid	(2.24)	-	(0.13)	(0.10)
Present value of the obligation at the end of the year	31.32	28.87	0.56	0.40

Notes to the Financial Statements

NOTE 44 : Employee Benefits (Contd.)

	Gratuity		Pension	
	Current Year	Previous Year	Current Year	Previous Year
(ii) Change in Plan Assets				
Fair value of Plan Assets at the beginning of the year	29.57	25.97	-	-
Expected return on Plan Assets	2.44	2.08	-	-
Actuarial (Gain) / Loss on Plan Assets	0.26	(0.14)	-	-
Contributions by the Employer	-	1.38	-	-
Benefits Paid	(2.24)	-	-	-
Fair value of Plan Assets at the end of the year	29.51	29.57	-	-
(iii) Amounts Recognised in the Balance Sheet:				
Present value of Obligation at the end of the year	31.32	28.87	-	-
Fair value of Plan Assets at the end of the year	29.51	29.57	-	-
Net Obligation at the end of the year	1.81	(0.70)	-	-
(iv) Amounts Recognised in the statement of Profit and Loss:				
Current Service Cost	1.26	0.96	-	-
Interest cost on Obligation	2.38	2.03	-	-
Expected return on Plan Assets	(2.44)	(2.08)	-	-
Net Actuarial (Gain) / Loss recognised in the year	1.31	0.39	-	-
Net Cost Included in Personnel Expenses	2.51	1.30	-	-
(v) Actual return on Plan Assets	2.18	2.21	-	-
(vi) Estimated contribution to be made in next financial year	1.44	1.33	-	-
(vii) Actuarial Assumptions				
i) Discount Rate	8.50% P.A.	8.25% P.A.	8.50% P.A.	8.25% P.A.
ii) Expected Rate of Return on Plan Assets	8.50% P.A.	8.25% P.A.	8.50% P.A.	8.25% 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	1.00% P.A.	1.00% P.A.	1.00% P.A.	1.00% P.A.
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.

Experience Adjustments

	Amount INR Crore	
Experience Adjustments (Gain) / Loss	On Plan Liabilities	On Plan Assets
Apr 10 to Mar 11	0.88	0.14
Apr 11 to Mar 12	1.43	0.26

Note : Information has been furnished to the extent available with the Company

Notes to the Financial Statements

NOTE 45 : Segment Information

Amount INR Crore

Information about primary business segments.

	Chemicals		Estate		Finance & Investments		Others		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue										
External Sales	1283.60	1022.50	52.88	52.87	215.38	166.42	11.27	12.75	1563.13	1254.54
Inter Segment Sale	-	-	-	-	-	-	-	-	-	-
Total Income	1283.60	1022.50	52.88	52.87	215.38	166.42	11.27	12.75	1563.13	1254.54
Results										
Segment Result Before Interest and Tax	119.88	89.42	39.69	41.62	215.38	155.94	(4.00)	(1.62)	370.95	285.36
Unallocated Expenses									(99.37)	(86.23)
Interest Expense (net)									(70.53)	(63.12)
Profit Before Tax									201.05	136.01
Taxes									0.51	(2.58)
Profit after taxes and before extraordinary items									201.56	133.43
Add: Extraordinary Items (Net of taxes)									-	0.00
Add/(Less): Prior Period Items									-	0.00
Net Profit									201.56	133.43
Segment Assets	808.93	519.30	267.59	128.69	1533.02	1425.10	23.27	27.66	2632.81	2,100.75
Unallocated Assets									18.61	44.89
Total Assets									2651.42	2145.64
Segment Liabilities	757.72	330.01	161.00	60.28	6.44	7.80	2.50	3.74	927.66	401.83
Unallocated Liabilities									491.21	653.67
Total Liabilities									1418.87	1055.50
Total Cost incurred during the year to acquire segment assets	77.56	8.82	106.36	52.19	0.12	0.19	0.12	0.14	184.16	61.34
Segment Depreciation	19.85	21.53	1.95	1.80	1.52	1.56	2.32	2.37	25.64	27.26
Unallocated depreciation									1.55	1.59
Total Depreciation									27.19	28.85

Amount INR Crore

Information about Secondary Business Segments

Revenue by Geographical Markets

	Current Year	Previous Year
India	1003.25	838.45
Outside India	559.88	416.09
Total	1563.13	1254.54

Carrying Amount of Segment Assets

	Current Year	Previous Year
India	2651.42	2145.64
Outside India	-	-
Total	2651.42	2145.64

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, Alfa 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 includes business of refined vegetable oils, vanaspati and energy generation through windmills .
- The Geographical Segments consists of
 - Sales in India represent sales to customers located in India
 - Sales outside India represent sales to customers located outside India.

Notes to the Financial Statements

NOTE 46 : Related Party Information

a) Names of Related Parties and Description of Relationship

Parties where Control exists

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

Subsidiary Companies

Godrej Agrovet Ltd.
Golden Feeds Products Ltd.
Godrej Seeds & Genetics Ltd.
Godrej Properties Ltd.
Godrej Waterside Properties P. Ltd.
Godrej Estate Developers P. Ltd.
Godrej Developers P. Ltd.
Godrej Real Estate P. Ltd.
Godrej Sea View Properties P. Ltd.
Godrej Nandhi Hills Project P. Ltd.
Godrej Buildcon P. Ltd.
Godrej Buildwell P. Ltd.
Godrej Realty P. Ltd.
Godrej Premium Builders P. Ltd.
Godrej Garden City Properties P. Ltd.
Happy Highrises Ltd.
Godrej Project Development P. Ltd.
Godrej Landmark Developers P. Ltd.
Godrej Property Developers LLP
Godrej Buildcorp LLP
Mosaic Landmark LLP
Natures Basket Ltd.
Ensemble Holdings & Finance Ltd.
Godrej International Ltd.
Godrej International Trading & Investments Pte 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 Vikhroli Properties LLP.

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)

Relatives 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

Godrej Consumer Products Ltd.
Rapidol (Pty) Ltd.
Laboratorio Cuenca S.A.
Godrej Global Mideast FZE
Godrej Investments P. Ltd.
Bahar Agrochem & Feeds P. Ltd.
Vora Soaps Ltd.
Godrej Tyson Foods Ltd.

Notes to the Financial Statements

NOTE 46 : Related Party Information (Contd.)

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	Amount INR Crore	
							Enterprises over which Key Mangement Personnel exercise significant influence	Total
Sale of Goods	-	0.06	-	16.62	-	-	3.66	20.34
<i>Previous Year</i>	-	0.06	-	13.42	-	-	1.89	15.37
Sale of Fixed Assets	-	-	0.00	-	-	-	-	0.00
<i>Previous year</i>	-	-	-	-	-	-	-	-
Purchase of goods	-	-	0.28	11.59	-	-	-	11.87
<i>Previous Year</i>	-	0.21	-	10.21	-	-	-	10.42
Purchase of Fixed Assets	-	-	-	108.42	-	-	-	108.42
<i>Previous Year</i>	-	-	-	-	-	-	-	-
Processing charges received	-	-	-	2.05	-	-	-	2.05
<i>Previous Year</i>	-	-	-	1.77	-	-	-	1.77
Commission / Royalty received	-	2.79	-	2.14	-	-	-	4.93
<i>Previous Year</i>	-	2.28	-	1.88	-	-	-	4.16
Licence fees / Service charges / Storage Income	-	2.61	-	4.69	-	-	-	7.30
<i>Previous Year</i>	-	2.48	-	4.41	-	-	-	6.89
Other Income	0.00	0.12	0.01	0.57	-	-	-	0.70
<i>Previous Year</i>	0.01	0.17	-	0.84	-	-	-	1.02
Recovery of establishment & Other Expenses	-	4.15	0.01	4.87	-	-	0.15	9.18
<i>Previous Year</i>	-	4.05	-	4.73	-	0.01	-	8.79
Rent, Establishment & other expenses paid	3.54	0.63	0.08	1.75	-	0.72	0.01	6.73
<i>Previous Year</i>	2.19	1.15	0.09	1.73	-	0.68	0.01	5.85
Interest received	-	0.16	-	3.20	-	-	-	3.36
<i>Previous Year</i>	-	0.15	-	1.99	-	-	-	2.14
Interest paid	-	0.19	-	-	-	-	-	0.19
<i>Previous Year</i>	-	0.14	0.08	-	-	-	-	0.22
Dividend income	-	63.57	-	31.75	-	-	-	95.32
<i>Previous Year</i>	-	23.11	-	30.39	-	-	-	53.50
Dividend paid	32.76	-	-	-	0.96	3.52	-	37.24
<i>Previous Year</i>	28.08	-	-	-	0.82	3.02	-	31.92
Remuneration	-	-	-	-	9.14	1.76	-	10.90
<i>Previous Year</i>	-	-	-	-	10.33	1.87	-	12.20
Purchase of Investments	-	26.13	-	-	-	-	-	26.13
<i>Previous Year</i>	-	15.50	-	43.37	-	-	-	58.87
Sale of Investments	-	88.19	-	-	-	-	-	88.19
<i>Previous Year</i>	-	11.28	-	-	-	-	-	11.28

Notes to the Financial Statements

NOTE 46 : Related Party Information (Contd.)

b) Transactions with Related Parties (Contd.)

Nature of Transaction	Holding Company	Subsidiary Companies	Fellow Subsidiaries	Associate/ Joint Venture Companies	Key Management Personnel	Relative of Key Management Personnel	Amount INR Crore	
							Enterprises over which Key Management Personnel exercise significant influence	Total
Other Deposits refunded	-	0.11	-	0.04	-	-	-	0.15
<i>Previous Year</i>	-	0.44	-	0.20	-	-	-	0.64
Intercompany Deposits - Accepted	-	5.00	-	-	-	-	-	5.00
<i>Previous Year</i>	-	7.00	-	-	-	-	-	7.00
Intercompany Deposits Repaid during the year	-	5.50	-	-	-	-	-	5.50
<i>Previous Year</i>	-	4.50	1.00	-	-	-	-	5.50
Intercompany Deposits - Advanced	-	5.00	-	-	-	-	-	5.00
<i>Previous Year</i>	-	5.90	-	-	-	-	-	5.90
Intercompany Deposits Repayment received during the year	-	7.40	-	0.19	-	-	-	7.59
<i>Previous Year</i>	-	8.55	-	-	-	-	-	8.55
Share of profit in LLP	-	-	-	26.24	-	-	-	26.24
<i>Previous Year</i>	-	-	-	-	-	-	-	-
Directors Fees	-	-	-	-	0.02	-	-	0.02
<i>Previous Year</i>	-	-	-	-	0.02	-	-	0.02
Balance Outstanding as on March 31, 2012								
Receivables	0.00	1.16	0.00	44.21	-	-	1.01	46.38
<i>Previous Year</i>	-	1.28	-	45.37	-	-	0.86	47.51
Payables	2.32	0.16	0.36	110.69	0.00	-	0.01	113.54
<i>Previous Year</i>	0.02	0.54	-	0.75	-	-	-	1.31
Guarantees Outstanding	-	-	-	-	-	-	-	-
<i>Previous Year</i>	-	-	-	7.81	-	-	-	7.81

* Amount less than ₹ 0.01 crores

Notes to the Financial Statements

NOTE 46 : Related Party Information (Contd.)

c) The significant Related Party transactions are as under:

			Amount INR Crore		
Nature of Transaction	Current Year	Previous Year	Nature of Transaction	Current Year	Previous Year
<u>Sale of goods</u>			<u>Interest received</u>		
- Godrej Properties Ltd.	0.05	0.04	- Natures Basket Ltd.	0.16	0.15
- Godrej Consumer Products Ltd.	16.62	13.42	- Godrej Hershey Ltd.	2.61	1.97
- Laboratorio Cuenca S.A.	3.02	1.74	- Swadeshi Detergents Ltd.	0.59	0.02
- Rapidol Pty Ltd.	0.62	0.13	<u>Interest paid</u>		
<u>Purchase of goods</u>			- Ensemble Holdings & Finance Ltd	0.19	0.14
- Godrej IJM Palm Oil Ltd	-	0.21	- Wadala Commodities Ltd	-	0.08
- Wadala Commodities Ltd	0.28	-	<u>Dividend income</u>		
- Godrej Consumer Products Ltd.	8.72	7.86	- Godrej Properties Ltd.	22.20	19.40
- Godrej Hershey Ltd.	2.87	2.35	- Godrej Agrovet Ltd.	36.18	1.82
<u>Purchase of Fixed Assets</u>			- Godrej International Ltd.	4.72	-
- Godrej Vikhroli Properties LLP	108.42	-	- Ensemble Holdings & Finance Ltd.	0.47	1.89
<u>Processing Charges received</u>			- Godrej Consumer Products Ltd.	31.75	30.39
- Godrej Hershey Ltd.	2.05	1.77	<u>Dividend paid</u>		
<u>Commission / Royalty received</u>			- Godrej & Boyce Mfg. Co. Ltd.	32.76	28.08
- Godrej Properties Ltd.	2.73	2.26	<u>Remuneration to Key Management Personnel</u>		
- Natures Basket Ltd.	0.05	0.03	- Mr. M. Eipe	3.76	3.05
- Godrej Hershey Ltd.	2.14	1.88	- Mr. N. B. Godrej	3.03	2.72
<u>Licence fees / Service charges / Storage income</u>			- Ms. T. A. Dubash	2.36	2.15
- Godrej Agrovet Ltd.	1.09	1.16	- Mr. M. P. Pusalkar	-	1.28
- Godrej Properties Ltd.	1.18	1.01	- Mr. V. F. Banaji	-	1.14
- Natures Basket Ltd.	0.30	0.27	- Ms. N.A. Godrej	1.76	1.87
- Godrej Oil Palm Ltd.	0.04	0.04	<u>Purchase of Investments</u>		
- Godrej Consumer Products Ltd.	3.59	3.84	- Natures Basket Ltd.	20.90	15.50
- Godrej Hershey Ltd.	0.61	0.57	- Godrej International Trading & Investments Pte Ltd.	4.43	-
- Godrej Vikhroli Properties LLP	0.49	-	- Godrej Vikhroli Properties LLP	0.80	-
			- Godrej Hershey Ltd.	-	43.37

Notes to the Financial Statements

NOTE 46 : Related Party Information (Contd.)

c) The significant Related Party transactions are as under: (Contd.)

			Amount INR Crore		
Nature of Transaction	Current Year	Previous Year	Nature of Transaction	Current Year	Previous Year
<u>Other Income</u>			<u>Sale of Investments</u>		
- Godrej & Boyce Mfg. Co. Ltd.	-	0.01	- Godrej Properties Ltd.	87.65	-
- Godrej Agrovet Ltd.	0.08	0.13	- Godrej Gokarna Oil Palm Ltd.	0.53	-
- Godrej Properties Ltd.	0.03	0.03	- Godrej International Ltd.	-	11.29
- Natures Basket Ltd.	0.01	0.01	<u>Other Deposits Refunded</u>		
- Godrej Consumer Products Ltd.	0.39	0.45	- Godrej Agrovet Ltd.	0.03	0.38
- Godrej Hershey Ltd.	0.18	0.39	- Godrej Properties Ltd.	0.03	0.07
<u>Recovery of Establishment & other expenses</u>			- Godrej Consumer Products Ltd.	-	0.20
- Godrej Agrovet Ltd.	2.61	2.20	<u>Inter Corporate Deposits - Accepted</u>		
- Godrej Properties Ltd.	1.49	1.83	- Ensemble Holdings & Finance Ltd.	5.00	7.00
- Natures Basket Ltd.	0.05	0.02	<u>Inter Corporate Deposits - Repaid</u>		
- Godrej Consumer Products Ltd.	4.25	3.91	- Ensemble Holdings & Finance Ltd.	5.50	4.50
- Godrej Hershey Ltd.	0.61	0.81	- Wadala Commodities Ltd.	-	1.00
- Godrej Tyson Foods Ltd.	0.15	-	<u>Inter Corporate Deposits - Advanced</u>		
<u>Rent, Establishment & other expts paid</u>			- Natures Basket Ltd.	5.00	5.90
- Godrej & Boyce Mfg. Co. Ltd.	3.54	2.19	<u>Inter Corporate Deposits - Repayment Received</u>		
- Godrej Properties Ltd.	0.01	0.66	- Natures Basket Ltd.	7.40	8.55
- Godrej Agrovet Ltd.	0.14	0.42	- Swadeshi Detergents Ltd.	0.19	-
- Natures Basket Ltd.	0.47	0.08	<u>Share of profit in LLP</u>		
- Wadala Commodities Ltd.	0.05	0.06	- Godrej Vikhroli Properties LLP	26.24	-
- Godrej Infotech Ltd.	0.03	0.02			
- Godrej Consumer Products Ltd.	1.67	1.66			
- Godrej Hershey Ltd.	0.07	0.06			
- Ms. R.N. Godrej	0.72	0.68			

* Amount less than ₹ 0.01 crores

Notes to the Financial Statements

NOTE 47 : Leases

(1) 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 are 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:

	Amount INR Crore	
	Current Year	Previous Year
Gross Carrying Amount of Premises	62.92	62.82
Accumulated Depreciation	9.76	8.56
Depreciation for the period	1.19	0.96
The aggregate future minimum lease payments are as under :		

	Amount INR Crore	
	Current Year	Previous Year
Lease Income Recognised in the Statement of Profit and Loss	26.30	27.19
Future Lease Income		
- Within one year	15.82	22.96
- Later than one year and not later than five years	17.42	18.95

(2) Lease Taken by the Company

a) 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 the Statement of Profit and Loss.

	Amount INR Crore	
	Current Year	Previous Year
Lease Payment recognised in the Statement of Profit and Loss	5.07	4.39
Future Lease Commitments		
- Within one year	3.00	1.69
- Later than one year and not later than five years	4.51	4.02

b) 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, 2012, in respect of vehicles acquired under lease are as under:

Particulars	Amount INR Crore		
	Total minimum lease payments outstanding as on March 31, 2012	Un-matured Interest	Present value of minimum lease payments
Within one year	0.01	0.00	0.01
Previous Year	0.11	0.02	0.10
Later than one year and not later than five years	-	-	-
Previous Year	0.01	-	0.01
Total	0.01	0.00	0.01
Previous Year Total	0.12	0.02	0.11

Notes to the Financial Statements

NOTE 48 : 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 31st March, 2012	Percentage of Ownership interest as at 31st March, 2011
Godrej Hershey Ltd	India	Beverages & Foods	43.37%	43.37%

The Company's interests in Joint Venture are reported as Long Term Investments (Note: 13) 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:

Amount INR Crore

	Current year	Previous year
I. ASSETS		
1. Non Current Assets		
Fixed Assets	44.98	40.25
Goodwill on consolidation	94.43	94.43
Long term loans and advances	19.03	18.48
Other non current assets	0.43	0.72
2. Current Assets		
a) Inventories	25.25	20.28
b) Sundry Debtors	3.93	6.35
c) Cash and Bank Balances	4.58	4.06
d) Loans and Advances	11.56	15.20
II. LIABILITIES		
1. Non Current Liabilities		
a) Long term borrowings	45.27	50.34
b) Long term provisions	5.85	4.39
2. Current Liabilities		
a) Short term borrowings	86.26	41.43
b) Trade Payables	16.76	9.16
c) Other Current Liabilities	19.05	29.76
d) Short term provisions	0.70	2.23
3. Deferred Tax- Net	-	-
III. INCOME		
1. Turnover (net of excise)	159.27	148.00
2. Other Operating Revenue	8.22	7.59
3. Other Income	2.40	1.99
IV. EXPENSES		
1. Material consumed and purchase of goods	120.16	103.61
2. Expenses	69.68	65.92
3. Inventory change	(4.03)	(2.53)
4. Depreciation	4.11	3.80
5. Interest	12.14	8.10
V. OTHER MATTERS		
1. Contingent Liabilities	2.73	30.11
2. Commitments	0.58	1.28

Notes to the Financial Statements

NOTE 49 : 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.

i) Derivative Instruments Outstanding:

a) Commodity Futures Contracts

Particulars

Futures Contracts Outstanding

Number of units under above contracts in MT.

Current Year		Previous Year	
Purchase	Sale	Purchase	Sale
-	-	7	-
-	-	1,600	-

b) Forward Exchange Contracts

Particulars

Total Number of Contracts Outstanding

Foreign Currency Value

- US Dollar (million)

- Euro (million)

Current Year		Previous Year	
Purchase	Sale	Purchase	Sale
47	6	69	5
21.98	-	24.24	-
-	2.44	-	1.77

ii) Un-hedged Foreign Currency Exposures

Particulars

Uncovered Foreign Exchange Exposure as at the year end

- US Dollar (million)

Current Year		Previous Year	
Purchase	Sale	Purchase	Sale
25.75	17.08	24.96	18.46

NOTE : 50

The adoption of the Revised Schedule VI does not impact recognition and measurement principles followed for preparation of Financial Statements and has no significant impact on the presentations and disclosure made in the Financial Statements.

All Assets and Liabilities have been classified as current or non current as per the Company's normal operating cycles and other criteria set out in the Revised Schedule VI to the Companies Act, 1956, which is applicable from the current reporting period ended March 31, 2012.

NOTE : 51

Figures for the previous year have been regrouped / restated wherever necessary to conform to current year's presentation.

Auditors' Report on the Consolidated Financial Statements of Godrej Industries Limited and its Subsidiaries

1. We have audited the attached consolidated Balance Sheet of **GODREJ INDUSTRIES LIMITED** (the Company) and its subsidiaries (collectively referred to as the "Godrej Industries Group") as at March 31, 2012, the Consolidated Statement of 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 based on 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 three subsidiaries and a joint venture included in the Consolidated Financial Statement whose financial statements reflect the Group's share of total assets of Rs.76.07 crores as at March 31, 2012, the Group's share of total revenue Rs. 1,132.39 crores and net cash outflows amounting to Rs. 6.15 crores for the year then ended. We also did not audit the financial statements of an associate wherein the Group's share of the associate's profit amounts to Rs. 0.32 crores for the year then ended as considered in the consolidated financial statements. 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, a joint venture and an associate is based solely on the report of the other auditors.
4. As stated in Note 1.2 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. 104.29 crores as at March 31, 2012 and the Group's share of total revenues of Rs. 168.59 crores and net cash inflows amounting to Rs. 1.29 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 1.2 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, 2012 of Rs. 9.93 crores and the share of profit for the year of Rs 1.84 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 39 (1b) to the Consolidated Financial Statements that the Company has instituted an Employee Stock Option Plan for the benefit of eligible employees of participating companies. The Scheme is administered by an independent trust created with ILFS Trust Company Ltd. The ESOP Trust has been advanced loans which along with interest thereon and net of provision of Rs. 34.29 crores, amounts to Rs. 256.26 crores. The loans have been granted for purchase of shares of Godrej Group Companies equivalent to the number of options granted. As at March 31, 2012, the market value of the shares held by the ESOP Trust is lower than the holding cost (cost or market value whichever is lower) of these shares by Rs. 19.05 crores, (net of provision of Rs. 34.29 crores). The repayment of the loans granted to the ESOP Trust and interest payable by the Trust on the said loan is dependent on the exercise of options by the employees during the exercise period

Auditors' Report on the Consolidated Financial Statements of Godrej Industries Limited and its Subsidiaries

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.

8. *Reference is invited to Note 16(1) to the Consolidated Financial Statements, regarding the recoverability of advances given to certain individuals amounting to Rs. 10.33 crores which 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. In the meanwhile the minority shareholders have been restrained from transferring shares to a third party. The impact thereof on the profit for the year ended March 31, 2012 and the reserves as at that date 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 observation in paragraph 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 Group, its subsidiaries, joint ventures and associates as at March 31, 2012;
 - (b) in the case of the Consolidated Statement of Profit and Loss 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, 2012.

Consolidated Balance Sheet as at March 31, 2012

	Note No.	Amount INR Crore	
		Current Year	Previous Year
Equity and Liabilities			
Shareholders' Funds			
(a) Share Capital	3	31.76	31.76
(b) Reserves and Surplus	4	2,335.25	1,898.80
		2,367.01	1,930.56
Minority Interest		622.41	396.07
Non-Current Liabilities			
(a) Long-Term Borrowings	5	1,187.68	412.11
(b) Deferred Tax Liabilities (net)	6	56.66	52.50
(c) Other Long-Term Liabilities	7	6.27	4.23
(d) Long-Term Provisions	8	13.31	14.56
		1,263.92	483.40
Current Liabilities			
(a) Short-Term Borrowings	9	1,290.91	1,074.53
(b) Trade Payables	10	1,921.35	819.77
(c) Other Current Liabilities	11	819.91	613.36
(d) Short-Term Provisions	12	76.72	91.78
		4,108.89	2,599.44
TOTAL		8,362.23	5,409.47
Assets			
Non-Current Assets			
(a) Fixed Assets	13		
(i) Tangible Assets		611.23	545.11
(ii) Intangible Assets		39.66	15.33
(iii) Capital Work-in-Progress		213.67	30.06
		864.56	590.50
(b) Goodwill on Consolidation		542.45	565.83
(c) Non-Current Investments	14	969.88	768.40
(d) Deferred Tax Assets (Net)	15	3.53	1.31
(e) Long-Term Loans and Advances	16	185.91	316.49
(f) Other Non-Current Assets	17	3.71	7.50
		2,570.04	2,250.03
Current Assets			
(a) Current Investments	18	182.86	20.79
(b) Inventories	19	3,191.27	1,403.69
(c) Trade Receivables	20	433.29	297.50
(d) Cash and Bank Balances	21	464.02	268.63
(e) Short-Term Loans and Advances	22	1,026.05	783.96
(f) Other Current Assets	23	494.70	384.87
		5,792.19	3,159.44
Total		8,362.23	5,409.47

See Accompanying Notes to the Financial Statements
As per our Report attached

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, 2012.

Signatures to Balance Sheet and Notes to
the Financial Statements

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

R. Venkateswar
Head - Finance and Corporate Services

K.R. Rajput
Company Secretary

Statement of Consolidated Profit and Loss for the year ended March 31, 2012

		Amount INR Crore	
Particulars	Note No.	Current Year	Previous Year
Revenue from Operations (Gross)	26	5,688.22	4,416.99
Less: Excise Duty		76.13	67.24
		5,612.09	4,349.75
Other Income	27	97.94	173.49
Total Revenue		5,710.03	4,523.24
Expenses			
(a) Cost of Materials Consumed	28	2,835.66	2,213.46
(b) Purchases of Stock-in-Trade		1,136.03	835.68
(c) Cost of Sales – Property Development	29	481.67	324.00
(d) Changes in Inventory of Finished Goods, Work-in-Progress and Stock-in-Trade	30	(36.53)	(21.35)
(e) Employee Benefits Expense	31	263.14	218.91
(f) Finance Costs	32	110.83	87.93
(g) Depreciation and Amortisation Expense		56.35	55.06
(h) Other Expenses	33	666.55	555.15
Total Expenses		5,513.70	4,268.84
Profit Before Exceptional Items and Tax		196.33	254.40
Exceptional Items	34	93.83	68.31
Profit Before Tax		290.16	322.71
Tax Expense			
(a) Current Tax		112.42	93.24
(b) MAT Credit Entitlement		(19.00)	(19.48)
(c) Deferred Tax		1.91	0.57
(d) Adjustment for Tax of Previous Years (net)		(0.43)	(1.19)
Total Tax		94.90	73.14
Profit After Taxation		195.26	249.57
Share of Profit in Associates		156.60	111.22
Profit Before Minority Interest		351.86	360.79
Minority Interest		(60.25)	(67.40)
Profit for the Year		291.61	293.39
Earnings Per Share (Face Value ₹ 1 per share)	35		
(a) Basic		9.18	9.24
(b) Diluted		9.16	9.24

See Accompanying Notes to the Financial Statements
As per our Report attached

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

A. B. Godrej
Chairman

Daraius Z. Fraser
Partner

M. Eipe
Executive Director
& President (Chemicals)

Mumbai, May 30, 2012.

Signatures to the Statement of Profit and
Loss and Notes to the Financial Statements

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

R. Venkateswar
Head - Finance and Corporate Services

K.R. Rajput
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2012

		Amount INR Crore	
		Current Year	Previous Year
A. Cash Flow from Operating Activities:			
Profit Before Tax		290.16	322.71
Adjustments for:			
Depreciation		56.35	55.06
Unrealised Foreign Exchange		(5.56)	0.20
Profit on Sale of Investments		(131.14)	(169.86)
(Loss)/Profit on Sale of Fixed Assets		1.30	(24.29)
Dividend Income		(1.08)	(8.71)
Interest Income		(42.22)	(34.63)
Interest Expense		110.83	88.00
Employee Stock option compensation		7.51	-
(Write back)/Provision for Diminution in Value of Investments		(2.54)	10.48
Provision for Doubtful Debts/Advances & Sundry Balances (net)		13.50	12.46
Others		(1.27)	(1.23)
Operating Profit Before Working Capital Changes		295.84	250.19
Adjustments for:			
Inventories		(2,529.20)	(364.61)
Trade and Other Receivables		(810.21)	(513.99)
Trade Payables		1,939.95	319.54
Cash used in Operations		(1,103.62)	(308.87)
Direct Taxes Paid		(137.80)	(87.01)
Direct Taxes Refund		0.74	13.15
Net Cash used in Operating Activities		(1,240.68)	(382.73)
B. Cash Flow from Investing Activities:			
Purchase of Fixed Assets		(83.12)	(165.19)
Proceeds from Sale of Fixed Assets		5.01	38.65
Purchase of Investments		(1,159.01)	(814.31)
Proceeds from Sale of Investments		1,111.28	1,142.15
Intercompany Deposits/Loans (net)		42.05	(7.65)
Interest Received		39.72	30.98
Dividend Received		1.08	8.71
Net Cash (used in)/from Investing Activities		(42.99)	233.34

Consolidated Cash Flow Statement for the year ended March 31, 2012 (Contd.)

		Amount INR Crore	
		Current Year	Previous Year
C. Cash Flow from Financing Activities:			
Proceeds from Issue of Share Capital to Minority		459.34	10.47
Proceeds from Borrowings		2,083.82	994.17
Repayments of Borrowings		(893.48)	(983.27)
Bank Overdrafts (net)		(3.68)	293.25
Interest Paid		(107.31)	(88.35)
Dividend Paid		(44.49)	(56.66)
Tax on Distributed Profits		(22.06)	(13.28)
Net Cash from Financing Activities		1,472.14	156.33
Net Increase in Cash and Cash Equivalents		188.47	6.94
Opening Balance of Cash and Cash Equivalents		157.10	147.88
Add: Cash and Cash Equivalents taken over pursuant to Business Acquisition		13.45	4.37
Less: Cash and Cash Equivalents on Demerger/ Transfer/ Dilution		-	(2.09)
Closing Balance of Cash and Cash Equivalents		359.02	157.10
(including share in jointly controlled entities – ₹ 4.58 crore)			
Notes:			
		Current Year	Previous Year
1. Cash and Cash Equivalents			
Cash on Hand and Balances with Banks		464.01	268.63
Effect of Exchange Rate Changes		0.01	(0.00)
Opening balances of Fixed deposit (more than 3 months but less than 12 months)		-	(26.43)
Closing balances of Fixed deposit (more than 3 months but less than 12 months)		(254.82)	-
Other bank balances		(29.06)	(105.89)
Liquid Mutual Funds		178.88	20.79
Cash and Cash Equivalents		359.02	157.10
2. The above Cash Flow Statement includes share of cash flows from jointly controlled entities as under:			
a) Net Cash from Operating Activities		13.87	
b) Net Cash used in Investing Activities		(13.93)	
c) Net Cash from Financing Activities		(5.97)	
3. The figures of previous year have been regrouped/restated wherever necessary to confirm to current year's presentation.			

As per our Report attached

Signatures to Cash Flow Statement

For and on behalf of
Kalyaniwalla & Mistry
 Chartered Accountants

A. B. Godrej
 Chairman

Daraius Z. Fraser
 Partner

M. Eipe
 Executive Director
 & President (Chemicals)

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

R. Venkateswar
 Head - Finance and Corporate Services

K.R. Rajput
 Company Secretary

Mumbai, May 30, 2012.

Notes to the Consolidated Financial Statements

NOTE 1 : Principles of Consolidation:

- 1.1 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.

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.

- 1.2 The financial statements of the subsidiaries, joint ventures and associates used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2012.

The accounts of Creamline Dairy Products Ltd., Polchem Hygiene Laboratories Pvt. Ltd. and Al Rahba International Trading Ltd. (Associates of Godrej Agrovet Ltd.) and Godrej Hersheys Limited (Joint Venture of the Company) have not been audited for the year ended March 31, 2012 as of the Balance Sheet date and have been consolidated on the basis of the accounts as certified by their respective management.

NOTE 2 : Significant Accounting Policies

2.1 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 and the Accounting Standards prescribed in the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

2.2 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.

2.3 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.

Notes to the Consolidated Financial Statements

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

2.4 Intangible Assets

The group has evaluated the useful lives of the Intangible Assets – Goodwill, Trademarks, Non-compete fees, Acquisition value of contracts, 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.

<u>Particulars</u>	<u>Estimated useful lives</u>
Trade Marks	8 - 15 years
Technical Know How	6 - 10 years
Computer Software	4 - 6 years

2.5 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.

2.6 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. 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.

2.7 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 carried at lower of cost and fair value.

2.8 Inventories

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

2.9 Provisions and Contingent Liabilities

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

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.

2.10 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

Notes to the Consolidated Financial Statements

- (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.

2.11 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 recognised 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.

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.

2.12 Research and Development Expenditure

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

2.13 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 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.

Notes to the Consolidated Financial Statements

2.14 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 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 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 recognised in the Profit and Loss Account.

2.15 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.

2.16 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 recognised 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 unrealised profit is ignored. Gains or losses on the commodity futures contracts is recorded in the profit and loss account under cost of materials consumed.

2.17 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 recognised 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 recognised 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.

2.18 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.

Notes to the Consolidated Financial Statements

NOTE 3 : Share Capital

	Current Year		Amount INR Crore	
	Number	Value	Previous Year Number	Value
Authorised Share Capital				
(a) Equity shares of ₹ 1 each	800,000,000	80.00	800,000,000	80.00
(b) Unclassified Shares of ₹ 10 each	100,000,000	100.00	100,000,000	100.00
		180.00		180.00
Issued, Subscribed and Paid-up Share Capital				
(a) Equity Shares of ₹ 1 each fully paid-up	317,624,892	31.76	317,624,892	31.76
(b) Unclassified Shares of ₹ 10 each		-		-
Total		31.76		31.76
Par Value of Equity Share is ₹ 1 each				
Par Value of Unclassified Share is ₹ 10 each				
Rights, Preferences and Restrictions attached to Shares				
Equity Shares: The Company has one class of equity shares. Each equity share entitles the holder to one vote. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding.				
Share Holding Information				
(a) Equity Shares held by Godrej & Boyce Manufacturing Company Limited - Holding Company	187,202,388	18.72	187,202,388	18.72
(b) Shareholders holding more than 5% of Equity Shares in the Company				
Godrej & Boyce Manufacturing Company Limited - 58.94% (Previous Year 58.94%)	187,202,388	18.72	187,202,388	18.72
Equity Shares Reserved for Issue Under Option				
(a) 120,599 Employee Stock Options eligible for 120,599 equity shares of ₹ 1 each vesting on 31/05/12	120,599	0.01	-	-
(b) 213,714 Employee Stock Options eligible for 213,714 equity shares of ₹ 1 each vesting on 30/07/12	207,813	0.02	-	-
(c) 5,901 Employee Stock Options eligible for 5,901 equity shares of ₹ 1 each vesting on 29/06/12	5,901	-	-	-
(d) 120,599 Employee Stock Options eligible for 120,599 equity shares of ₹ 1 each vesting on 31/05/13	120,599	0.01	-	-
(e) 5,901 Employee Stock Options eligible for 5,901 equity shares of ₹ 1 each vesting on 31/05/13	5,901	-	-	-

Notes to the Consolidated Financial Statements

NOTE 3 : Share Capital (Contd.)

	Current Year		Amount INR Crore	
	Number	Value	Previous Year Number	Value
(f) 120,599 Employee Stock Options eligible for 120,599 equity shares of ₹ 1 each vesting on 31/05/14	120,599	0.01	-	-
(g) 3,974 Employee Stock Options eligible for 3,974 equity shares of ₹ 1 each vesting on 31/12/13	3,974	-		
(h) 1,927 Employee Stock Options eligible for 1,927 equity shares of ₹ 1 each vesting on 30/04/14	1,927	-		
During the period of five years immediately preceeding the date as at which the Balance Sheet is prepared				
(a) There were no shares allotted as fully paid-up pursuant to contracts without payment being received in cash.				
(b) No shares have been allotted as fully paid-up bonus shares.				
(c) In the financial year 2009-10, the Company bought back 2,133,710 Equity Shares.				
There are no calls unpaid.				
There are no forfeited shares.				

NOTE 4 : Reserves and Surplus

	Current Year		Amount INR Crore	
			Previous Year	
Capital Investment Subsidy Reserve				
As Per Last Balance Sheet	0.71		0.71	
Additions During the year	0.24		-	
		0.95		0.71
Capital Redemption Reserve				
As Per Last Balance Sheet	-	31.46	-	31.46
Capital Reserve				
As Per Last Balance Sheet		0.04		0.04
Securities Premium Account				
As Per Last Balance Sheet	1,021.48		1,052.02	
Additions During the year	271.14		-	
Utilisation during the year	(11.40)		(31.39)	
Adjustment on Acquisition / Deletion (Refer Note below)	(80.55)		0.85	
		1,200.67		1,021.48

Notes to the Consolidated Financial Statements

NOTE 4 : Reserves and Surplus (Contd.)

	Current Year	Amount INR Crore Previous Year
Revaluation Reserve		
As Per Last Balance Sheet	11.49	12.86
Utilisation During the Year	-	-
Depreciation on Revalued component and deduction due to sale/discard of fixed assets	(0.93)	(1.37)
	10.56	11.49
Special Reserve u/s 45IC of RBI Act, 1934		
As Per Last Balance Sheet	2.75	2.59
Transfer from Surplus	0.22	0.16
	2.97	2.75
Employee Stock Options Outstanding		
Compensation for Options Granted During the Year	12.01	-
Deferred Employee Stock Compensation	(4.88)	-
	7.13	-
General Reserve		
As Per Last Balance Sheet	145.97	120.14
Transfer from Surplus	36.55	30.54
Utilisation during the year	(21.11)	(4.71)
	161.41	145.97
Foreign Exchange Fluctuation Reserve		
As Per Last Balance Sheet	0.42	0.32
Additions During the year	5.59	0.31
Utilisation during the year	-	(0.21)
	6.01	0.42
Surplus		
As Per Last Balance Sheet	684.48	513.68
Additions During the year - As per Statement of Profit and Loss	291.61	293.39
Utilisation during the year		
Proposed Dividend - Final	(55.64)	(55.58)
Tax on Distributed Profit	(18.28)	(16.60)
Transfer to Special Reserve	(0.22)	(0.16)
Transfer to General Reserve	(36.55)	(30.54)
Adjustment on Acquisition/Deletion	48.65	(19.71)
	914.05	684.48
Total	2,335.25	1,898.80

Notes to the Consolidated Financial Statements

NOTE 4 : Reserves and Surplus (Contd.)

Note:

During the year three subsidiary Companies of Godrej Agrovet Limited (Subsidiary of the Company) were merged with Godrej Agrovet Limited.

A scheme of Amalgamation for the amalgamation of Godrej Gokarna Oil Palm Ltd. (GGOPL), Godrej Oil Palm Ltd. (GOPL) and Cauvery Palm Oil Ltd. (CPOL) with Godrej Agrovet Limited, with effect from April 1, 2011, was sanctioned by the Hon'ble High Court of Judicature at Bombay, vide its Order dated March 16, 2012 and certified copies of the Order of the Court sanctioning the Scheme were filed with the Registrar of Companies, Maharashtra on April 17, 2012 (the "Effective Date").

To give effect to the Honourable Bombay High Court's Order dated March 16, 2012 regarding Scheme of the Arrangement, the following actions have been performed.

The Cost and expenses arising out of or incurred in carrying out and implementing the scheme amounting ₹ 0.23 Crore have been directly charged against the balance in General Reserve Account of the Transferee Company.

Amortisation amounting to ₹ 2.13 Crore on Intangible Assets of the Transferor Companies recorded in the books of the Transferee Company are charged against the balance in the General Reserve Account of the Transferee Company. The Gross Book value of these Assets now held by the transferee Company is ₹ 42.51 Crore

The excess of book value of the net assets of the Transferor Company taken over, amounting to ₹ 60.55 Crore over the face value of the shares held by the transferee Company has been credited to the Securities Premium Account as per the Scheme.

Provision created against the loan advanced to the ESOP Trust of the Company amounting to ₹ 20.00 Crore has been directly charged against the balance in the Securities Premium Account of the Transferee Company.

NOTE 5 : Long-Term Borrowings

	Amount INR Crore	
	Current Year	Previous Year
Secured		
(a) Debentures (Refer Note 1 below)		
Debentures	42.63	21.56
(b) Term Loans		
(i) From Bank (Refer Note 2 below)	83.33	89.46
(ii) From Others (Refer Note 3 below)	702.00	-
(c) Long-Term Maturities of Finance Lease Obligations	-	0.01
Unsecured		
(a) Term Loans		
(i) From Banks (Refer Note 4 below)	114.24	87.50
(b) Deferred Payment Liabilities (Refer Note 5 below)	4.67	4.67
(c) Deposits		
(i) Fixed Deposit (Refer Note 6 below)	227.07	191.24
(d) Loans and Advances from Related Parties	-	2.69
Share in Jointly Controlled Entities	13.74	14.98
Total	1,187.68	412.11

Notes to the Consolidated Financial Statements

NOTE 5 : Long-Term Borrowings (Contd.)

Notes :

- 1 (a) 1,592,500 1% secured optionally convertible debentures of ₹ 10/- each are redeemable at the end of the 7 years from the deemed date of allotment and are secured to the extent of specific immovable assets.
 - (b) 267,000, 12% Compulsorily Convertible Debentures of face value of ₹ 1,000/- each on December 29, 2011. These debentures are compulsorily convertible at the end of 10 years from the date of allotment. These debentures are convertible into 50,000 Equity Shares of ₹ 10 each in accordance with the terms of the issue. The interest shall accrue on a quarterly basis.
 - 2 (a) The Term Loan taken from SBI is secured against share of undivided interest in the project Godrej Genesis at Kolkata. Repayable in two installments ₹ 35.00 crores on June 2014 and ₹ 34.75 crores on September 2014. Interest rate is Base Rate + 3.75% payable monthly. Effective Rate of Interest as on 31.03.2012 is 13.75% p.a.
 - (b) Loan of ₹ 3.58 crore is repayable in 42 monthly installments of ₹ 0.08 crore each and 1 installment of ₹ 0.08 crore from the date of the first disbursement (March 02, 2012) carrying interest @ 11.95% p.a.
 - (c) Loan of ₹ 10 crore repayable within 7 years (with a moratorium period of 2 years) in 59 monthly installments of ₹ 0.17 crore each and 1 installment of ₹ 0.16 crore from the date of the first disbursement.
 - (d) Term loans from a Bank is secured by hypothecation of stocks, book debts and moveable fixed assets including leasehold improvements.
 - 3 Secured term loan from HDFC Ltd.: Total Sanction amount ₹ 750.00 Crore bearing interest @ HDFC BPLR – 485 BPS and secured by way of exclusive/mortgage and charge of movable and immovable property of the project at Bandra-Kurla Complex at Mumbai. Repayment from 6th month from the date of disbursement.
 - 4 (a) Unsecured loan from Bank amounting to ₹ 12.50 crore having rate of interest of 8.9% p.a. for a term of 36 months ending in June 2013.
 - (b) Unsecured loan from Bank amounting to ₹ 101.74 crore having rate of interest at LIBOR+ 2.17% is for a term of 36 months and is repayable from March 2015 to September 2016.
 - 5 Sales Tax Deferment is availed under the scheme floated by the Directorate of Industries, Government of Andhra Pradesh. Loan repayment shall be performed as per the scheme from March 2014 to March 2022.
 - 6 Fixed deposits from public have a maturity period of 13, 24 or 36 months.
- The Group does not have any continuing default as on the Balance Sheet date in repayment of loan or interest.

NOTE 6 : Deferred Tax Liabilities (Net)

	Amount INR Crore	
	Current Year	Previous Year
Liabilities		
(a) Depreciation	70.41	69.08
Share in Jointly Controlled Entities	0.28	0.04
Assets		
(a) Provision for Retirement Benefits	1.54	1.67
(b) Provision for Doubtful Debts/Advances	6.68	7.18
(c) VRS Expenses	0.55	1.03
(d) Others	5.26	6.74
Total	56.66	52.50

Notes to the Consolidated Financial Statements

NOTE 7 : Other Long-Term Liabilities

	Amount INR Crore	
	Current Year	Previous Year
Deposits	1.57	0.58
Interest Accrued But Not Due	4.70	3.65
Total	6.27	4.23

NOTE 8 : Long-Term Provisions

	Amount INR Crore	
	Current Year	Previous Year
Provision for Employee Benefits	10.70	10.17
Share in Jointly Controlled Entities	2.61	4.39
Total	13.31	14.56

NOTE 9 : Short-Term Borrowings

	Amount INR Crore	
	Current Year	Previous Year
Secured		
(a) Loans Repayable on Demand		
(i) From Bank - Refer Note (1) below	372.22	462.12
(ii) Others	-	13.67
Unsecured		
(a) Loans Repayable on Demand		
(i) From Bank - Refer Note (2) below	744.15	453.41
(b) Deposits		
(i) Other Deposits	6.50	8.90
(c) Other Loans and Advances		
(i) Commercial Papers	75.00	95.00
Share in Jointly Controlled Entities	93.04	41.43
Total	1,290.91	1,074.53

Notes :

- Working capital facilities sanctioned by banks under consortium arrangement are secured by hypothecation of stocks and book debts.
 - Secured Loans availed from State Bank of India is secured by Equitable Mortgage of immovable property of Project at Juhu, Mumbai and by exclusive First Charge by way of hypothecation of the current assets of one of its subsidiaries and carries interest at Base Rate + 4.75% p.a. in case of Cash credit and 11.25% to 11.30% for Working Capital Demand Loan.
- Other loans of ₹ 250.00 Crore availed from Central Bank of India carries interest at Base Rate + 0.50% p.a. Repayable in 364 days from the date of each drawdown.
 - ₹ 200.00 Crore availed from Canara Bank Ltd. carries interest at Base Rate + 1.25% p.a. Repayable in 12 month from the date of each drawdown.
 - ₹ 150.00 Crore availed from Punjab & Sind Bank carries interest at Base Rate + 0.50% p.a. Repayable in 12 month from the date of drawdown.
 - Term Loans from Bank are at an Interest Rate of 10.00% to 10.75%. These loans are repayable on different dates ranging from 1 month to 6 months from the date of the Financial Statements

The Group does not have any continuing default as on the Balance Sheet date in repayment of loan or Interest.

Notes to the Consolidated Financial Statements

NOTE 10 : Trade Payables

	Amount INR Crore	
	Current Year	Previous Year
Trade Payables		
(a) Outstanding dues of Micro and Small Enterprise (Refer Note 1)	1.70	0.53
(b) Others	1,608.53	645.56
Acceptances	283.03	154.18
Share in Jointly Controlled Entities	28.09	19.50
Total	1,921.35	819.77

Note:

- (1) Disclosure of outstanding dues of Micro and Small Enterprise under Trade Payables 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. There is no amount overdue as on March 31, 2012 to Micro, Small and Medium Enterprises on account of principal or interest. (previous year – ₹ Nil)

NOTE 11 : Other Current Liabilities

	Amount INR Crore	
	Current Year	Previous Year
Current Maturities of Long Term Debts		
(a) Secured Loan		
(i) From Bank	80.00	25.00
(ii) 5,635,000, 1% Secured Redeemable optionally Convertible Debentures	5.64	-
(iii) From Others - refer note (1) below	-	65.00
	85.64	90.00
(b) Unsecured Loan		
(i) From Bank	170.00	147.50
(c) Unsecured Deposit		
(i) Fixed Deposit	129.43	31.25
Current Maturities of Finance Lease Obligations	1.01	0.61
	386.08	269.36
Interest Accrued but not Due on Borrowings	4.71	3.29
Unpaid Dividends	0.28	0.23
Unpaid Matured Deposit		
(a) Principal Amount	2.47	0.37
(b) Interest Accrued Thereon	0.01	0.03
	2.48	0.40
Other Payables		
(a) Advances from Customers	87.81	38.76
(b) Foreign Exchange Contracts	130.32	130.52
(c) Due to Management Projects	6.78	21.07
(d) Debenture Application Money	11.76	-
(e) Deposits	28.77	26.20
(f) Other Liabilities	136.99	87.80
	402.43	304.35
Share in Jointly Controlled Entities	23.93	35.73
Total	819.91	613.36

Note:

- (1) Secured Loan from others was secured by pledge of 65,00,000 equity shares of Godrej Consumer Products Limited.

Notes to the Consolidated Financial Statements

NOTE 12 : Short Term Provisions

	Amount INR Crore	
	Current Year	Previous Year
Provision For Employee Benefits	4.89	6.04
Proposed Dividend (refer note 1)	55.64	55.58
Provision for Tax on Distributed Profit	12.83	16.60
Provision for Tax	2.18	11.12
Share in Jointly Controlled Entities	1.18	2.44
Total	76.72	91.78

Note:

- (1) The Board of Directors of the Company has proposed a dividend of ₹ 1.75 - 175 % (previous year ₹ 1.75 (175 %)) per equity share for the year 2011-12 amounting to a total out-go of ₹ 55.64 crore (previous year ₹ 55.58 crore)

NOTE 13 : Fixed Assets

ASSETS	GROSS BLOCK				DEPRECIATION / IMPAIRMENT				NET BLOCK	
	As on 01.04.2011	Additions	Deductions/ Adjustments	As on 31.3.2012	Upto 31.03.2011	Deductions/ Adjustments	For the Year	Upto 31.3.2012	As on 31.3.2012	As on 31.3.2011
Tangible Assets										
(a) Land										
(i) Freehold	23.86	2.40	-	26.26	-	-	-	-	26.26	23.86
(ii) Leasehold	22.43	5.11	-	27.54	0.57	-	0.28	0.85	26.69	21.86
(b) Buildings	178.60	21.92	0.22	200.30	45.24	0.08	6.72	51.88	148.42	133.36
(c) Plant and Equipment	575.41	50.61	7.98	618.04	342.65	5.30	30.71	368.06	249.98	232.76
(d) Research Centre	0.50	0.10	0.02	0.58	0.26	0.02	0.03	0.27	0.31	0.24
(e) Furniture and Fixtures	20.43	2.87	0.19	23.11	10.25	0.14	1.62	11.73	11.38	10.18
(f) Office and Other Equipment	22.84	5.75	0.89	27.70	8.23	0.27	1.46	9.42	18.28	14.61
(g) Vehicles / Vessels										
(i) Own	38.51	5.74	2.94	41.31	10.28	1.74	3.66	12.20	29.11	28.23
(ii) Under Finance Lease	1.05	-	0.58	0.47	0.96	0.58	0.08	0.46	0.01	0.09
(h) Tree Development Cost	1.85	-	(2.30)	4.15	1.21	(1.03)	0.42	2.66	1.49	0.64
(i) Share in Jointly Controlled Entities	125.86	26.12	1.98	150.00	46.58	5.05	9.17	50.70	99.30	79.28
Total Tangible Assets	1,011.34	120.62	12.50	1,119.46	466.23	12.15	54.15	508.23	611.23	545.11
Intangible Assets										
(a) Trademarks	8.96	-	(38.18)	47.14	5.57	(11.82)	-	17.39	29.75	3.39
(b) Technical Knowhow Fees	2.00	-	-	2.00	2.00	-	-	2.00	-	-
(c) Software	22.29	1.02	-	23.31	12.33	-	2.62	14.95	8.36	9.96
(d) Share in Jointly Controlled Entities	10.09	0.10	-	10.19	8.11	-	0.52	8.63	1.56	1.98
Total Intangible Assets	43.34	1.12	(38.18)	82.64	28.01	(11.82)	3.14	42.98	39.66	15.33
TOTAL - Current Year	1,054.68	121.74	(25.68)	1,202.10	494.24	0.33	57.29	551.21	650.89	
- Previous Year	925.08	178.78	49.18	1,054.68	448.41	10.22	56.05	494.24		560.43
Capital Work-in-Progress									213.67	30.06
TOTAL									864.56	590.50

Notes:

- Buildings, Plant and Equipment 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 ₹ 0.94 crore (previous year ₹ 0.99 crore) being depreciation on revalued component of the fixed assets.
- Gross block deductions includes ₹ 0.01 crore (previous year ₹ 0.72 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 Equipment.
- 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.

Notes to the Consolidated Financial Statements

NOTE 14 : Non Current Investments

					Amount INR Crore	
Investee Company / Entity	Face value (₹)	Current Year	Previous Year	Notes	Current Year	Previous Year
Trade Investments (Valued at cost unless stated otherwise)						
1 Investment in Equity Instruments (Fully paid unless stated otherwise)						
(a) Investment in Associate Companies						
(i) Quoted						
Godrej Consumer Products Ltd.	1	71,989,620	69,794,620	(a)	845.21	646.65
(ii) Unquoted						
Swadeshi Detergents Ltd.	10	209,370	209,370		-	-
Personalitree Academy Ltd.	10	389,269	389,269		1.10	1.10
Less: Provision for Diminution in the Value of Investment					(1.10)	(1.10)
					-	-
Creamline Diary Products Ltd.	10	2,671,993	2,671,993		21.30	19.22
Polchem Hygiene Laboratories Pvt. Ltd.	10	455,000	455,000		3.89	3.54
(b) Others						
(i) Quoted						
M*Modal Inc. (Formerly MedQuist Holdings Inc.)	\$0.10	1,792,132	2,138,786		35.92	42.55
Mafatlal Industries Limited	10	90,589	101,904		0.64	0.78
Others					0.01	0.01
(ii) Unquoted						
Bharuch Eco-Aqua Infrastructure Ltd.	10	440,000	440,000		0.44	0.44
Less: Provision for Diminution in the Value of Investment					(0.44)	(0.44)
Avesthagen Ltd.	7	469,399	469,399		10.81	10.81
CBay Infotech Ventures Pvt. Ltd.	10	112,579	112,579		2.33	2.33
Gharda Chemicals Ltd.	100	114	114	(b)	0.12	0.12
HyCa Technologies Pvt. Ltd.	10	12,222	12,222		1.25	1.25
Tahir Properties Ltd (Partly paid) *	100	25	25	(c)	-	-
Boston Analytics Inc.	\$1	1,055,629	1,067,754		6.88	6.88
Less: Provision for Diminution in the Value of Investment					(6.88)	(6.88)
					-	-
CBay Systems Ltd., USA	\$0.01	-	4,091,073		-	2.54
Less: Provision for Diminution in the Value of Investment					-	(2.54)
					-	-
The Saraswat Co-op Bank Ltd. *	10	1,000	1,000		-	-
KarRox Technologies Pvt Ltd.	10	125,000	250,000		0.50	1.01
Selac Agroventures Pvt Ltd	10	250,000	-		0.25	-
Aadhaar Retailing Limited	10	6,080,000	4,465,000		29.07	23.37
New Market Limited	£1	100	100		10.45	9.16
2 Investment in Preference Shares (Fully paid unless stated otherwise)						
(a) Others						
(i) Unquoted						
Wadala Commodities Ltd. (8% Redeemable Cumulative Preference Shares, 2012)	10	5,000,000	5,000,000	(c)	4.50	4.50
Less: Provision for Diminution in the Value of Investment					(4.50)	(4.50)
					-	-
Tahir Properties Ltd (Class - A) (partly paid) *	100	25	25	(c)	-	-
Verseon Corporation - Class A Preferred Shares	\$1.90	2,631,578	2,631,578		11.42	11.42
Less: Provision for Diminution in the Value of Investment					(7.80)	(7.80)
					3.62	3.62

Notes to the Consolidated Financial Statements

NOTE 14 : Non Current Investments (Contd.)

Investee Company / Entity	Face value (₹)	Current Year	Previous Year	Notes	Amount INR Crore	
					Current Year	Previous Year
3 Investment in Partnership Firm						
View Group LP *		-	-	(d)	-	-
Less: Provision for Diminution in the Value of Investment					-	-
					-	-
4 Other Non Current Investments						
(a) Limited Liability Partnership						
Crop Science Advisors LLP					0.01	-
(b) Optionally Convertible Loan Notes/Promissory Notes/ Debentures :						
(i) Unquoted :						
Verseon Corporation (13%)	\$1,000,000	-	-	(e)	-	3.98
(c) Investment in Units of Venture Capital Fund						
Omnivore India Capital Trust	100000	450	-		4.50	-
					969.88	768.40
Aggregate Amount of Quoted Investments					881.78	689.99
Aggregate Amount of Unquoted Investments					88.10	78.41
Aggregate Provision for Diminution in the Value of Investments					20.72	23.26
Market Value of Quoted Investments					3,550.07	5,899.52

* Amount less than ₹ 0.01 crore.

Notes:

(a) Previous year 65,00,000 equity shares in Godrej Consumer Products Limited had 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.

(b) The said shares have been refused for registration by the investee company.

(c) 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.

(d) Information on partnership firm - View Group

Sr. Name of the partner

No.

1 Mr. Robert Buirkle

USA

% Holding

Current

Year

13.08%

% Holding

Previous

Year

13.08%

2 Mr. John H. Gutfreund

USA

13.08%

13.08%

3 Bonsal Trust

USA

6.54%

6.54%

4 Free Market Capital L.P.

USA

4.83%

4.83%

5 Kilbane Development SA

Monaco

6.54%

6.54%

6 Mazda Partners LP

USA

8.96%

8.96%

7 Ms. Mrinalini Jaikumar

USA

1.96%

1.96%

8 Mr. John Pries

USA

2.62%

2.62%

9 Mr. Marti Subrahmanyam

USA

1.96%

1.96%

10 R. Gregg Stone Trust

USA

1.28%

1.28%

11 Mr. Robert G. Stone, Jr.

USA

1.28%

1.28%

12 Mr. Michael R. Greenberg

USA

3.27%

3.27%

13 Mr. Paul D. Sonz

USA

1.25%

1.25%

14 VIEW Group Grantor Retained Annuity Trust

USA

2.03%

2.03%

15 BKE Partners L.P.

USA

4.83%

4.83%

16 VIEW LP Holding, Inc.

USA

4.83%

4.83%

17 Schwartz and Nystrom, as escrow agent

USA

9.66%

9.66%

18 Godrej Industries Limited

India

12.00%

12.00%

Total

100.00%

100.00%

(e) Optionally Convertible Notes issued by Verseon Corporation - are convertible after December 1, 2008 until the due date but not later than September 15, 2012.

In current year, the investment is considered as current investment and disclosed in note 16.

Notes to the Consolidated Financial Statements

NOTE 15 : Deferred Tax Assets (Net)

	Amount INR Crore	
	Current Year	Previous Year
Liabilities		
(a) Depreciation	(0.66)	(0.36)
Assets		
(a) Provision for Retirement Benefits	0.03	0.04
(b) Others	2.84	0.91
Total	3.53	1.31

NOTE 16 : Long Term Loans and Advances

	Amount INR Crore	
	Current Year	Previous Year
Secured and considered Good		
Loans and Advances		
Considered Good (refer note 1 & 2)	10.33	10.33
Considerd Doubtful	3.15	3.15
Less: Provision for Doubtful Loans	(3.15)	(3.15)
	10.33	10.33
Unsecured and Considered Good (Unless otherwise stated)		
(a) Capital Advances	34.89	8.97
(b) Deposits	17.23	10.11
(c) Inter Corporate Deposit	3.85	-
(d) Loans And Advances to Related Parties	2.10	12.84
(e) Other Loans and Advances		
(i) Loan to ESOP Trust	34.71	194.01
(ii) Loans to Employees	1.28	0.82
(iii) Interest Accrued on Loan	-	6.03
(iv) Advance Tax and Tax Deducted at Source	-	10.67
(v) MAT Credit Entitlement	56.80	39.20
(vi) Other Loans	0.21	0.91
Share in Jointly Controlled Entities	24.51	22.60
Total	185.91	316.49

Notes:

- 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. In the meanwhile, the minority share holder have been restrained from transferring shares to a third party.

Notes to the Consolidated Financial Statements

NOTE 16 : Long Term Loans and Advances (Contd.)

2. 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.

NOTE 17 : Other Non Current Assets

	Amount INR Crore	
	Current Year	Previous Year
Unamortised Preliminary Expenses	0.02	0.02
Claims /Expenses Recoverable	1.91	1.86
Others - Deposit with Banks	1.35	4.90
Share in Jointly Controlled Entities	0.43	0.72
Total	3.71	7.50

Note:

- 1 Share in Jointly Controlled Entity includes Fixed deposit of ₹ 0.29 crore, held by bank as security against guarantees issued.

NOTE 18 : Current Investments

Investee Company / Entity	Notes	Amount INR crore	
		Current Year	Previous Year
1 Investment in Mutual Funds			
(a) Units of Mutual Fund :			
Unquoted			
DWS Insta Cash Plus Fund Super Institutional Plan Growth		-	4.00
Kotak Liquid (Institutional Premium) - Growth		-	1.75
Kotak Floater - LT - Daily Dividend Reinvest		2.72	-
ICICI Prudential Floating Rate Plan D - Daily Dividend Reinvest		0.30	14.14
SBI Premier Liquid Fund Super IP DDR		25.02	-
Birla Sun Life Cash Plus-Instl Prem-Daily Dividend		25.01	-
J P Morgan India Liquid Fund-Super IP-Daily Dividend		25.01	-
ICICI Prudential Liquid - Super IP-Daily Dividend		25.01	-
Religare Lequid Fund - Super IP - Dly Div-Reinvest		25.01	-
HDFC Cash Management Fund -Savi Ng Plan-Dly Div		25.02	-
JM High Liquidity Super IP - Dly Div - Reinvest		25.02	-
SBI Mutual Fund Cash option		0.76	0.90

Notes to the Consolidated Financial Statements

NOTE 18 : Current Investments (Contd.)

Investee Company / Entity	Notes	Current Year	Amount INR crore Previous Year
2 Other Non Current Investment			
(b) Optionally Convertible Loan Notes/ Promissory Notes/Debentures : Unquoted :			
Boston Analytics Inc. (15%)	(a)	3.00	3.00
Less: Provision for Diminution in the Value of Investment		(3.00)	(3.00)
		-	-
Boston Analytics Inc. (20%)	(a)	6.73	6.73
Less: Provision for Diminution in the Value of Investment		(6.73)	(6.73)
		-	-
Boston Analytics Inc. (12%)	(b)	4.69	4.69
Less: Provision for Diminution in the Value of Investment		(4.69)	(4.69)
		-	-
Verseon Corporation (13%)	(c)	3.98	-
		182.86	20.79
Aggregate Amount of Quoted Investments		-	-
Aggregate Amount of Unquoted Investments		182.86	20.79
Aggregate Provision for Diminution in the Value of Investments		14.42	14.42
Market Value of Quoted Investments		-	-

Notes:

- (a) 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.
- (b) 12% promissory notes were repayable on or before December 31, 2011, along with interest on maturity.
- (c) Optionally Convertible Notes issued by Verseon Corporation - were convertible after December 1, 2008 until the due date but not later than September 15, 2012.

In previous year, the investment was considered as non-current investment and disclosed in note 13.

Notes to the Consolidated Financial Statements

NOTE 19: Inventories

	Amount INR Crore	
	Current Year	Previous Year
Raw Material	218.83	180.62
Packing Material	1.19	1.19
Work-in-Progress	56.83	47.12
Construction Work-in-Progress	2,738.40	1,015.45
Stock Under Cultivation	8.31	11.53
Finished Goods (Includes In Transit - ₹ 1.34 crore)	75.32	85.95
Poultry Stock	0.24	-
Stock in Trade	27.04	-
Stores And Spares	14.07	18.02
Share in Jointly Controlled Entities	51.04	43.81
Total	3,191.27	1,403.69

Note:

- (1) Inventories are valued at lower of cost and net realisable value. Cost is computed on weighted average basis and is net of cenvat.

NOTE 20: Trade Receivables

	Amount INR Crore	
	Current Year	Previous Year
Secured and Considered Good		
(a) Outstanding for a period exceeding six months from the date they are due for payment	16.38	12.12
(b) Others	48.09	20.05
Unsecured and Considered Good		
(a) Outstanding for a period exceeding six months from the date they are due for payment	19.84	43.36
(b) Others	338.81	211.14
Unsecured and Considered Doubtful		
(a) Outstanding for a period exceeding six months from the date they are due for payment	0.99	1.02
(b) Allowance for Doubtful Debts	(0.99)	(1.02)
Share in Jointly Controlled Entities	10.17	10.83
Total	433.29	297.50

Notes to the Consolidated Financial Statements

NOTE 21 : Cash and Bank Balances

	Amount INR Crore	
	Current Year	Previous Year
Cash and Cash Equivalents		
Balances with Banks		
(a) Current Accounts	119.74	95.84
(b) Deposit Accounts		
(i) Maturity less than 3 months (refer notes 1 & 2 below)	44.00	10.00
Cheques, drafts on hand	6.30	15.48
Cash on Hand	1.19	1.13
	171.23	122.45
Other Bank Balances		
(a) Deposit Accounts		
(i) Maturity 3 to 12 months (refer notes 3 & 4 below)	254.62	25.65
Other Bank Balances (refer note 5 below)	29.06	105.89
	9.11	14.64
Share in Jointly Controlled Entities		
	9.11	14.64
Total	464.02	268.63

Notes:

- (1) Fixed Deposit of ₹ 0.91 Crore held as margin money.
- (2) Balances with banks on deposit accounts include ₹ 2.61 Crore received from flat buyers and held in trust on their behalf in a corpus fund.
- (3) Unutilised IPP Proceeds received by subsidiary Company temporarily invested in Fixed Deposit of ₹ 250.00 crore.
- (4) Unutilised IPO Proceeds received by subsidiary Company temporary invested in Fixed Deposit of ₹ 6.34 Crore.
- (5) Current account balance of ₹ 0.23 crore is earmarked balance for unpaid dividend.

Notes to the Consolidated Financial Statements

NOTE 22 : Short Term Loans and Advances

	Amount INR Crore	
	Current Year	Previous Year
Secured		
(a) Short Term Loans and Advances	37.58	23.11
Unsecured		
(a) Loans And Advances to Related Parties	6.29	8.11
(b) Loans And Advance		
(i) Loans to Employees	0.35	0.31
(ii) Other Loans (refer note 1)	80.56	78.60
(iii) Loan to ESOP Trust		
Considered Good	152.95	30.76
Considered Doubtful	34.30	9.42
Less: Provision for Doubtful Loans	(34.30)	(9.42)
	152.95	30.76
(iv) Due on Management Projects (refer note 2)	48.21	79.91
(v) Development Manager Fees Accrued but not due (refer note 3)	4.45	4.45
(vi) Advances to Suppliers		
Considered Good	43.71	3.82
Considered Doubtful	2.35	2.58
Less: Provision for Doubtful Advances	(2.35)	(2.58)
	43.71	3.82
(vii) Other Advances		
Considered Good	18.00	28.15
(c) Inter Corporate Deposits	11.23	22.18
(d) Deposits		
(i) Statutory Authorities	9.06	4.77
(ii) Others	601.11	483.30
Share in Jointly Controlled Entities	12.55	16.49
Total	1,026.05	783.96

Notes

- Loans and Advances include a loan of ₹ 21.97 crore (previous year ₹ 20.16 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.
- Due on Management Projects include a sum of ₹ 2.16 Crore on account of a project, where the matter is sub-judice with arbitrators.
- The Group has been entering into Development Agreements with landlords. Development Management Fees amounting to ₹ 4.46 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 Management Fees accrued but not due.

Notes to the Consolidated Financial Statements

NOTE 23 : Other Current Assets

	Amount INR Crore	
	Current Year	Previous Year
Unbilled Revenue	323.35	255.39
Other Receivable	26.11	0.36
Unamortised Expenses		
(a) Current portion of Foreign Currency Monetary Item Translation Difference Account	128.42	126.18
(b) Unamortised Premium on Forward Cover Contracts	3.13	1.15
Bank Deposit with more than 12 months maturity (refer note 1 below)	13.69	1.79
Total	494.70	384.87

Note:

- Fixed Deposit of ₹ 0.19 crore is held by bank as security against guarantees issued.

NOTE 24 : Contingent Liabilities

	Amount INR Crore	
	Current Year	Previous Year
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.	28.96	26.86
(ii) Customs Duty demands relating to lower charge, differential duty, classification, etc.	2.06	1.67
(iii) Sales Tax demands relating to purchase tax on Branch Transfer / Non availability of C Forms, etc at various levels.	21.63	20.67
(iv) Octroi demand relating to classification issue on import of Palm Stearine and interest thereon.	14.05	13.12
(v) Stamp duties claimed on certain properties which are under appeal by the Company	3.31	3.31
(vi) Income tax demands against which the company has preferred appeals	23.13	19.03
(vii) Industrial relations matters under appeal	2.28	2.11
(viii) Others	4.77	4.77
b) Guarantees :		
(i) Guarantees issued by banks, excluding guarantees issued in respect of matters reported in (a) above	16.87	17.96
(ii) Guarantees given by the Company in respect of credit / guarantee limits sanctioned by banks to subsidiary and other companies.	62.34	56.50
c) Other Money for which the Company is Contingently Liable.		
(i) Letter of credit issued by bank on behalf of the company	9.45	6.87
(ii) Case / Claim filed by Processors for claiming various expense	5.14	5.14
d) Share in Jointly Controlled Entities	2.73	30.11
e) Share in Associates	480.54	453.79

Notes to the Consolidated Financial Statements

NOTE 25 : Commitments

	Amount INR Crore	
	Current Year	Previous Year
1. Estimated amount of contracts remaining to be executed on capital account and not provided for:	193.93	10.62
2. Uncalled liability on partly paid shares/debentures	0.50	0.50
3. Other Commitments:		
(a) Long Term Contracts for Purchase of Raw Material	71.08	33.89
(b) Finance Lease Commitments	0.01	0.12
(c) Operating Lease Commitments	7.51	5.71
(d) Major Contracts Commitment Outstanding for Civil, Elevator, External Development, MEP work etc.	1,113.83	-
4. Share in Jointly Controlled Entities	13.14	1.28
5. Share in Associates	32.48	1.56

NOTE 26 : Revenue From Operations

	Amount INR Crore	
Particulars	Current Year	Previous Year
Sales	5,210.78	4,214.29
Licence Fees and Service Charges	22.18	23.56
Other Operating Revenues		
(a) Export Incentives	4.76	1.67
(b) Processing Charges	3.86	4.71
(c) Sale of Scrap	8.39	2.46
(d) Income From Development Projects	20.17	5.83
(e) Others	5.04	5.63
Share in Jointly Controlled Entities	413.04	158.84
Total Gross Revenue From Operations	5,688.22	4,416.99
Excise Duty	(76.13)	(67.24)
Total	5,612.09	4,349.75

NOTE 27 : Other Income

	Amount INR Crore	
	Current Year	Previous Year
Interest Income	40.76	34.56
Profit on Sale of Fixed Assets (net)	-	24.29
Profit on Sale of Long Term Investments	38.28	89.86
Profit on Sale of Current Investments	1.56	1.21
Dividend	1.08	8.71
Miscellaneous Income		
(i) Business Support Service	1.44	3.81
(ii) Other Miscellaneous Income	12.83	10.32
Share in Jointly Controlled Entities	1.99	0.73
Total	97.94	173.49

Notes to the Consolidated Financial Statements

NOTE 28 : Cost of Materials Consumed

	Amount INR Crore	
	Current Year	Previous Year
Raw Materials Consumed		
(a) Inventory at the Commencement of the Year	180.62	136.13
(b) Add : Purchases (net)	2,567.62	2,132.76
	2,748.24	2,268.89
(c) Less: Inventory at the Close of the Year	(218.83)	(180.62)
	2,529.41	2,088.27
Share in Jointly Controlled Entities	279.25	102.26
Packing Materials Consumed		
(a) Inventory at the Commencement of the Year	1.19	1.12
(b) Add : Purchases (net)	27.00	23.00
	28.19	24.12
(c) Less: Inventory at the Close of the Year	(1.19)	(1.19)
	27.00	22.93
Total	2,835.66	2,213.46

NOTE 29 : Cost of Sales - Property Development

	Amount INR Crore	
	Current Year	Previous Year
(a) Inventory at the Commencement of the Year	1,015.45	725.09
(b) Add : Purchases (net)	2,204.62	614.36
	3,220.07	1,339.45
(c) Less: Inventory at the Close of the Year	(2,738.40)	(1,015.45)
Total	481.67	324.00

NOTE 30 : Changes In Inventory of Finished Goods, Work In Progress and Stock In Trade

	Amount INR Crore	
	Current Year	Previous Year
Inventory at the Commencement of the Year		
(a) Finished Goods	85.95	58.63
(b) Work-in-Progress	47.12	42.40
(c) Stock Under Cultivation	11.53	7.79
(d) Poultry Stock	-	17.04
(e) Stock in Trade	0.37	0.48
(f) Share in Jointly Controlled Entities	11.08	17.70
	156.05	144.04
Less: Stock Adjustment for subsidiaries merged	(8.10)	(9.34)
Less: Inventory at the Close of the Year		
(a) Finished Goods	(75.32)	(85.95)
(b) Work-in-Progress	(56.83)	(47.12)
(c) Stock Under Cultivation	(8.31)	(11.53)
(d) Poultry Stock	(0.24)	-
(e) Stock in Trade	(27.04)	-
(f) Share in Jointly Controlled Entities	(16.74)	(11.45)
	(184.48)	(156.05)
Total	(36.53)	(21.35)

Notes to the Consolidated Financial Statements

NOTE 31 : Employee Benefits Expenses

	Amount INR Crore	
	Current Year	Previous Year
Salaries and Wages	200.52	178.74
Contribution to Provident and Other Funds	14.22	12.12
Expense on Employee Stock Option Scheme	4.60	-
Staff Welfare Expense	12.65	11.65
Share in Jointly Controlled Entities	31.15	16.40
Total	263.14	218.91

NOTE 32: Finance Costs

	Amount INR Crore	
	Current Year	Previous Year
Interest Expense	224.65	142.99
Less: Interest Capitalised to Project	(159.60)	(76.93)
Net Interest	65.05	66.06
Other Borrowing Costs	32.18	14.86
Share in Jointly Controlled Entities	13.60	7.01
Total	110.83	87.93

NOTE 33 : Other Expense

	Amount INR Crore	
	Current Year	Previous Year
Consumption of Stores and Spares	24.68	17.39
Power and Fuel	130.53	102.42
Processing Charges	60.41	57.32
Rent	9.66	13.90
Rates and Taxes	9.00	6.92
Repairs and Maintenance		
(a) Machinery	13.27	10.27
(b) Buildings	9.70	8.96
(c) Other assets	2.09	1.56
Insurance	2.01	1.75
Freight	55.58	43.48
Commission	5.31	4.60
Discount	69.48	56.47
Advertisement and Publicity	16.07	11.01
Selling and Distribution Expenses	39.66	29.70
Bad Debts Written Off	8.34	5.36
Provision for Doubtful Debts and Advances	4.65	4.76
Excise Duty (Including ₹ 0.55 crore, previous year ₹ 1.82 crore on inventory Change)	0.60	2.60
Loss on Foreign Exchange Translation	15.96	0.99
Loss on Sale of Fixed Assets	1.30	-
Miscellaneous Expenses	97.73	84.58
Share In Jointly Controlled Entities	90.52	91.11
Total	666.55	555.15

Notes to the Consolidated Financial Statements

NOTE 34 : Exceptional items

	Amount INR Crore	
	Current Year	Previous Year
(i) Profit on Sale of Long Term Investments	91.30	78.80
(ii) Write back/Provision for Diminution in Value of Investments	2.53	(10.49)
Total	93.83	68.31

NOTE 35: Earnings Per Share

	Current Year	Previous Year
1. Calculation of weighted average number of equity shares - Basic		
(a) Number of equity shares at the beginning of the year	317,624,892	317,624,892
(b) Number of equity shares outstanding at the end of the year	317,624,892	317,624,892
Weighted average number of equity shares outstanding during the year	317,624,892	317,624,892
2. Calculation of weighted average number of equity shares - Diluted		
(a) Number of potential equity shares at the beginning of the year	317,624,892	317,624,892
(b) Number of potential equity shares outstanding at the end of the year	318,212,205	317,624,892
Weighted average number of potential equity shares outstanding during the year	318,208,973	317,624,892
3. Net Profit After Tax (Amt ₹ Crore)	291.61	293.39
4. Basic Earnings per share of ₹ 1 each	9.18	9.24
5. Diluted Earnings per share of ₹ 1 each	9.16	9.24

NOTE 36 : 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	
			Current Year	Previous Year
1	Godrej Agrovat Ltd.	India	75.32%	75.26%
2	Golden Feed Products Ltd. (100% subsidiary of Godrej Agrovat Ltd.)	India	75.32%	75.26%
3	Godrej Seeds and Genetics Ltd. (100% subsidiary of Godrej Agrovat Ltd. with effect from 06-06-11)	India	75.32%	-
4	Godrej Oil Palm Limited (Merged with Godrej Agrovat Ltd on 16-03-12 with effect from 01-04-11) (90% subsidiary of Godrej Agrovat Ltd. from 01-07-10) (80% subsidiary of Godrej Agrovat Ltd. from 30-06-10)	India	-	67.73%
5	Cauvery Palm Oil Limited (Merged with Godrej Agrovat Ltd. on 16-03-12 with effect from 01-04-11) (90% subsidiary of Godrej Agrovat Ltd.)	India	-	67.73%
6	Godrej Gokarna Oil Palm Ltd. (Merged with Godrej Agrovat Ltd. on 16-03-12 with effect from 01-04-11) (99.22% subsidiary of Godrej Agrovat Ltd from 25-11-10) (48.22% joint venture upto 24-11-10)	India	-	74.67%

Notes to the Consolidated Financial Statements

NOTE 36 : Information on Subsidiaries, Joint Ventures and Associates (Contd.):

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

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			Current Year	Previous Year
7	Natures Basket Ltd	India	100.00%	100.00%
8	Godrej Properties Ltd.	India	62.35%	71.62%
9	Godrej Realty Pvt. Ltd. (51% subsidiary of Godrej Properties Ltd.)	India	31.80%	36.53%
10	Godrej Waterside Properties Pvt. Ltd. (51%, subsidiary of Godrej Properties Ltd.)	India	31.80%	36.53%
11	Godrej Developers Pvt. Ltd. (51% subsidiary of Godrej Properties Ltd.)	India	31.80%	36.53%
12	Godrej Real Estate Pvt. Ltd. (100% subsidiary of Godrej Properties Ltd.)	India	62.35%	71.62%
13	Godrej Seaview Properties Pvt. Ltd. (50.10% subsidiary of Godrej Properties Ltd) (77.73% subsidiary of Godrej Properties Ltd. Up to 03-05-10)	India	31.24%	35.88%
14	Happy Highrises Ltd. (51% subsidiary of Godrej Properties Ltd.)	India	31.80%	36.53%
15	Godrej Estate Developers Pvt. Ltd. (51% subsidiary of Godrej Properties Ltd.)	India	31.80%	36.53%
16	Godrej Buildwell Pvt. Ltd. (49% subsidiary of Godrej Properties Ltd.) (Subsidiary due to control over composition of Board of Directors) (100% subsidiary of Godrej Properties Ltd. Upto 29-09-10)	India	30.55%	34.61%
17	Godrej Buildcon Pvt. Ltd. (100%, subsidiary of Godrej Properties Ltd.)	India	62.35%	71.62%
18	Godrej Project Development Pvt. Ltd. (100% subsidiary of Godrej Properties Ltd.)	India	62.35%	71.62%
19	Godrej Premium Builders Pvt. Ltd. (51% subsidiary of Godrej Properties Ltd.)	India	31.80%	71.62%
20	Godrej Garden City Properties Pvt. Ltd. (100% subsidiary of Godrej Properties Ltd.)	India	62.35%	71.62%
21	Godrej Nandi Hills Projects Pvt. Ltd. (Formerly known as Udhay- GK Realty Pvt.Ltd.) (100% subsidiary of Godrej Properties Ltd.)	India	62.35%	71.62%
22	Godrej Landmark Redevelopers Pvt. Ltd. (51% subsidiary of Godrej Properties Ltd with effect from 14-03-12)	India	31.80%	-
23	Ensemble Holdings & Finance Ltd.	India	100.00%	100.00%
24	Godrej International Ltd.	Isle of Man	100.00%	100.00%
25	Godrej International Trading & Investment Pte. Ltd. with effect from 21-04-11	Singapore	100.00%	-
26	Mosaic Landmarks LLP (51% LLP of Godrej Properties Ltd.)	India	31.80%	-
27	Godrej Vikhroli Properties LLP (60% LLP of Godrej Properties Ltd and 40% LLP of the Company)	India	77.41%	-

Notes to the Consolidated Financial Statements

NOTE 36 : Information on Subsidiaries, Joint Ventures and Associates:

(b) Interests in Joint Ventures:

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			Current Year	Previous Year
1	ACI Godrej Agrovat Pvt. Ltd. (joint venture partner of Godrej Agrovat Ltd.)	Bangladesh	37.66%	37.63%
2	Godrej Gold Coin Acqafeed Ltd. (joint venture partner of Godrej Agrovat Ltd.) (merged with Godrej Agrovat Ltd. on 05-01-11 with effect from 01-04-10)	India	-	36.88%
3	Godrej Tyson Foods Ltd. (joint venture partner of Godrej Agrovat Ltd.)	India	36.91%	36.88%
4	Godrej Hershey Ltd.	India	43.37%	43.37%
5	Nutrine Confectionery Ltd. (100% subsidiary of Godrej Hershey Limited)	India	43.37%	43.37%

NOTE 36 : Information on Subsidiaries, Joint Ventures and Associates:

(c) Investment in Associates:

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			Current Year	Previous Year
1	Swadeshi Detergents Ltd.	India	41.08%	41.08%
2	Godrej Consumer Products Ltd.	India	21.15%	21.57%
3	Personalitree Academy Ltd. (associate of Ensemble Holdings & Finance Ltd.)	India	26.00%	26.00%
4	Creamline Dairy Products Ltd. (associate of Godrej Agrovat Ltd.)	India	19.58%	19.57%
5	Al Rahba International Trading LLC (associate of Godrej Agrovat Ltd.)	U.A.E.	33.89%	33.87%
6	Polchem Hygiene Laboratories Pvt. Ltd. (associate of Godrej Agrovat Ltd.)	India	19.58%	19.57%
7	Godrej Buildcorp LLP (35% LLP of Godrej Properties Ltd.)	India	21.82%	-
8	Godrej Property Developers LLP (32% LLP of Godrej Properties Ltd.)	India	19.95%	-

NOTE 37 : Difference 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.

Notes to the Consolidated Financial Statements

NOTE 38 : Break up of Investment in Associates is as under :

Amount INR Crore						
Sr. 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	(0.19)	1.72	-
		1.91	0.91	(0.51)	1.40	-
2	Godrej Consumer Products Limited	582.62	432.74	262.59	-	845.21
		494.94	358.04	151.71	-	646.65
3	Personalitree Academy Ltd.	1.10	0.43	(0.42)	0.68	-
		1.10	0.43	(0.42)	0.68	-
4	Creamline Dairy Products Ltd.	10.38	3.98	10.92	-	21.30
		10.38	3.98	8.84	-	19.22
5	Al Rahba International Trading LLC	0.08	(2.46)	(0.51)	(0.43)	-
		0.08	(2.46)	(1.67)	(1.59)	-
6	Polchem Hygiene Lab Pvt. Ltd.	1.63	0.89	2.26	-	3.89
		1.63	0.89	1.91	-	3.54
	Total this year	597.72	436.49	274.65	1.97	870.40
	<i>Total previous year</i>	510.04	361.79	159.86	0.49	669.41

NOTE 39 : Employee Stock Benefit Plans

1 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 ₹ 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 convertible into 90,00,000 shares of the nominal value of ₹ 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 ₹ 10/- each to eligible employee of Godrej Properties Limited and its subsidiary companies (the participating companies).

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

	Current 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	5,072,700	325.62	5,580,700	295.44
Options Forfeited / Expired During the Year	494,750	251.24	508,000	318.59
Options Outstanding at the Year End	4,577,950	356.34	5,072,700	325.62

Notes to the Consolidated Financial Statements

NOTE 39 : Employee Stock Benefit Plans (Contd.)

ESOP II

	Current 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	950,000	225.20	860,000	191.65
Options Granted During the Year				
30 July, 2011	297,250	355.60		
06 August, 2010	-	-	65,000	304.37
25 June, 2010	-	-	50,000	362.67
Options Exercised During the Year	12,000	230.34	-	-
Options Forfeited / Expired During the Year	25,000	179.86	25,000	210.80
Options Outstanding at the Year End	1,210,250	280.61	950,000	225.20

GPL ESOP

	Current 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	372,700	863.92	403,700	785.38
Options granted during the year:	-	-	-	-
Options exercised during the year :	-	-	-	-
Options forfeited / expired during the year :	55,000	863.92	31,000	812.87
Options outstanding at the year end	317,700	863.92	372,700	863.92

(*) The Wt. average exercise price stated above is the price on the grant date and will be increased by the interest cost at the prevailing rates upto the exercise of the option.

The overall weighted average balance life of options outstanding as on March 31, 2012 is 4.58 years

The weighted average balance life of options outstanding as on 31st March 2012 for ESOP I is 5.04 years and for ESOP II is 2.68 years.

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.

Particulars	Amount INR Crore	
	Current Year	Previous Year
Net Profit (as reported)	291.61	293.39
Less : Stock based compensation expense determined under fair value based method (Proforma)	6.45	15.21
Net Profit (Proforma)	285.16	278.18
	Amount ₹	Amount ₹
Basic Earnings per share (as reported)	9.18	9.24
Basic Earnings per share (Proforma)	8.98	8.76
Diluted Earnings per share (as reported)	9.16	9.24
Diluted Earnings per share (Proforma)	8.96	8.76

Notes to the Consolidated Financial Statements

NOTE 39 : Employee Stock Benefit Plans (Contd.)

- b) The independent ESOP Trust has purchased equity shares of the Company from the market equivalent to the number of stock options granted from time to time to the eligible employees. These purchases are financed by loans from the respective participating companies. The Company has given a loan which along with interest thereon amounts to ₹ 256.26 crore (previous year ₹ 182.08 crore) (Net of provision ₹ 34.29 crore, previous year ₹ 8.34 crore) for financing the purchase of equity shares from the market equivalent to the number of option granted to the employees of the Company. As on March 31, 2012, the market value of the equity shares held by the ESOP Trust is lower than the holding cost (cost or market value) of these equity shares by ₹ 19.05 crore (previous year ₹ 65.24 crore) (Net of provision ₹ 34.29 crore, previous year ₹ 8.34 crore).

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 the 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. 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 ₹ 19.05 crore (previous year ₹ 65.24 crore) is not considered necessary in the financial statements.

2 Employee Stock Grant Scheme of Godrej Industries Limited

- a) During the year the Group set up the Employees Stock Grant Scheme 2011 (ESGS) pursuant to the approval by the Shareholders at their Meeting held on January 17, 2011.
- b) The ESGS Scheme is effective from April 1, 2011, (the "Effective Date") and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the shares to be vested under Employee Stock Grant Scheme 2011 have been vested in the Eligible Employees and all restrictions on such Stock Grants awarded under the terms of ESGS Scheme, if any, have lapsed, whichever is earlier.
- c) The Scheme applies to the Eligible Employees, who are in whole-time employment of the Company or its Subsidiary Company. The entitlement of each employee would be decided by the Compensation Committee of the Company based on the employee's performance, level, grade, etc.
- d) The total number of Stock Grants to be awarded under the ESGS Scheme are restricted to 25,00,000 (Twenty Five Lac) fully paid up equity shares of the Company. Not more than 5,00,000 (Five Lac) fully paid up equity shares or 1% of the issued equity share capital at the time of awarding the Stock Grant, whichever is lower, can be awarded to any one employee in any one year.
- e) The Stock Grants shall vest in the Eligible Employees pursuant to the ESGS Scheme in the proportion of 1/3rd at the end of each year from the date on which the Stock Grants are awarded for a period of three consecutive years subject to the condition that the Eligible Employee continues to be in employment of the Company or the Subsidiary company as the case may be.
- f) The Eligible Employee shall exercise her / his right to acquire the shares vested in her / him all at one time within 1 month from the date on which the shares vested in her / him or such other period as may be determined by the Compensation Committee.
- g) The Exercise Price of the shares has been fixed at ₹ 1 per share. The intrinsic value, being the difference between market price and exercise price is treated as Employee Compensation Expenses and charged to the Statement of Profit and Loss. The value of the options is treated as a part of employee compensation in the financial statements and is amortised over the vesting period.
- h) The Status of the above plan is as under:

	Current Year	Previous Year
Options Granted	587,313.00	-
Options Vested	-	-
Options Exercised	-	-
Options Lapsed / Forfeited and re-granted	-	-
Options Lapsed / Forfeited to be re-granted	-	-
Total Number of Options Outstanding	587,313.00	-

Notes to the Consolidated Financial Statements

NOTE 39 : Employee Stock Benefit Plans (Contd.)

3 Employee Stock Grant Scheme of Godrej Properties Limited

i) During the period April 1, 2011 to March 31, 2012, the Godrej Properties Limited instituted an Employee Stock Grant Scheme (GPL ESGS) approved by the Board of Directors, shareholders and the Remuneration Committee, which provided allotment of 43,081 options convertible into 43,081 Equity Shares of ₹ 10/- each to eligible employees of Godrej Properties Limited, its Holding and its Subsidiary Companies (the Participating Company) with effect from May 7, 2011. Out of the total 41,203 stock grants of first tranche, 13,438 stock grants have lapsed on account of employees leaving the service of the company before the vesting date and hence 29,643 stock grants are outstanding as at March 31, 2012.

The Status of the above plan is as under:

	Current Year	Previous Year
Options Granted	43,081.00	-
Options Vested	-	-
Options Exercised	-	-
Options Lapsed / Forfeited and re-granted	13,438.00	-
Options Lapsed / Forfeited to be re-granted	-	-
Total Number of Options Outstanding	29,643.00	-

NOTE 40 : Segment Information

Amount INR Crore

Information about primary business segments	Chemicals		Animal Feed		Veg Oils		Estate & Property Development		Beverages & Foods		Finance & Investments		Others		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
(A) Revenue																
External Sales	1283.53	1022.80	1747.93	1292.60	1231.97	856.42	682.98	608.64	168.59	154.95	114.35	96.31	574.51	570.32	5803.86	4602.04
Intersegment Sales	0.07	0.06	-	-	0.89	0.76	217.80	3.55	1.24	1.01	101.03	69.85	2.39	0.71	323.42	75.94
Total Sales	1283.60	1022.86	1747.93	1292.60	1232.86	857.18	900.78	612.19	169.83	155.96	215.38	166.16	576.90	571.03	6127.28	4677.98
Less: Intersegment Sales	(0.07)	(0.06)	-	-	(0.89)	(0.76)	(217.80)	(3.55)	(1.24)	(1.01)	(101.03)	(69.85)	(2.39)	(0.71)	(323.42)	(75.94)
Total Revenue	1283.53	1022.80	1747.93	1292.60	1231.97	856.42	682.98	608.64	168.59	154.95	114.35	96.31	574.51	570.32	5803.86	4602.04
(B) Results																
Segment result before interest, exceptional items and tax	119.81	89.99	95.49	51.21	53.67	29.52	156.73	251.50	(18.89)	(13.96)	114.35	85.83	53.77	55.65	574.93	549.74
Unallocated expenses															(173.94)	(139.10)
Interest Expense (net)															(110.83)	(87.93)
Profit before tax															290.16	322.71
Taxes															(94.90)	(73.14)
Add: Extra Ordinary items (Net of Tax)															0.00	0.00
Add: Prior Period items															0.00	0.00
Profit after taxes															195.27	249.57
Share of profit in associates															156.60	111.22
Profit before Minority Interest															351.87	360.79
Share of Minority Interest															(60.25)	(67.40)
Net Profit after Minority Interest															291.61	293.39
Segment Assets	808.93	518.31	348.54	261.32	110.67	164.69	4737.15	2204.42	104.29	101.65	1714.27	1533.03	232.94	300.00	8056.79	5083.42
Unallocated Assets															341.09	185.02
Total Assets															8397.88	5268.44
Segment Liabilities	757.72	330.39	424.27	210.76	41.89	32.90	1308.92	316.22	38.93	30.82	6.44	7.68	118.68	96.71	2696.85	1025.48
Unallocated Liabilities															3334.02	2312.40
Total Liabilities															6030.87	3337.88

Notes to the Consolidated Financial Statements

NOTE 40 : Segment Information (Contd.)

Amount INR Crore

	Chemicals		Animal Feed		Veg Oils		Estate & Property Development		Beverages & Foods		Finance & Investments		Others		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Cost incurred during the year to acquire segment assets	77.56	8.82	60.28	11.34	40.82	0.14	58.78	60.71	8.91	8.85	0.12	0.19	47.84	86.87	294.31	176.92
Cost incurred on unallocated assets															11.03	2.38
Total Cost incurred during the year to acquire segment assets															305.34	179.30
Segment Depreciation	19.85	21.53	5.74	11.34	4.81	0.73	5.74	5.68	4.11	3.80	1.52	1.56	11.50	7.34	53.27	51.98
Unallocated Depreciation															3.08	3.08
Total Depreciation															56.35	55.06
Information about Secondary Business Segments																
Revenue by Geographical markets																
India															4065.18	3321.37
Outside India															1738.68	1280.67
Total															5803.86	4602.04
Carrying Amount of Segment assets																
India															8295.59	5197.35
Outside India															102.29	70.79
Total															8397.88	5268.14

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, Alfa 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, international vegetable oil trading and oil palm plantation.
- Estate & property development segment includes the business of development and sale of real estate and leasing and leave and licensing of properties.
- 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, energy generation through windmills and gourmet foods and fine beverages.
- The geographical segments consists of Sales in India represent sales to customers located in India and Sales outside India represent sales to customers located outside India.

NOTE 41 : Related Party Information

a) Names of Related Parties and Description of Relationship

Parties where control exists

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

Subsidiary Company

Godrej Vikhroli Properties LLP

Godrej Agrovet Ltd.

Golden Feeds Products Ltd.

Godrej Seeds & Genetics Ltd.

Godrej Properties Ltd.

Enterprises over which key management

personnel exercise significant influence

Rapidol (Pty) Ltd.

Laboratorio Cuenca S.A.

Godrej Global Mideast FZE

Godrej Investments Pvt. Ltd.

Bahar Agrochem & Feeds

Pvt. Ltd.

Vora Soaps Ltd.

Godrej Tyson Foods Ltd.

Notes to the Consolidated Financial Statements

NOTE 41 : Related Party Information (Contd.)

Subsidiary Company (Contd.)

Godrej Waterside Properties P. Ltd.
 Godrej Estate Developers P. Ltd.
 Godrej Developers P. Ltd.
 Godrej Real Estate P. Ltd.
 Godrej Sea View Properties P. Ltd.
 Godrej Nandhi Hills Project P. Ltd.
 Godrej Buildcon P. Ltd.
 Godrej Buildwell P. Ltd.
 Godrej Realty P. Ltd.
 Godrej Premium Builders P. Ltd.
 Godrej Garden City Properties P. Ltd.
 Happy Highrises Ltd.
 Godrej Project Development P. Ltd.
 Godrej Landmark Developers P. Ltd.
 Godrej Property Developers LLP
 Godrej Buildcorp LLP
 Mosiac Landmark LLP
 Natures Basket Ltd.

Ensemble Holdings & Finance Ltd.
 Godrej International Ltd.
 Godrej International Trading & Investments Pte Ltd.

Fellow Subsidiaries:

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

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

Associate / Joint Venture Companies

Godrej Consumer Products Ltd.
 Godrej Hershey Ltd.
 Swadeshi Detergents Ltd.
 HDFC Venture Trustee Co. Ltd.
 HDFC PMS
 Milestone Real Estate Fund
 Red Fort India Real Estate Babur
 India Reality Excellence Fund
 Madhavi SA Investments LLC
 Ramesh P. Bhatia
 Repton Landmarks LLP
 ASK Property Investment Advisor

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. 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.)
Mr. M. Lindsay	Managing Director (Godrej Hershey Ltd.)
Mr. K.V.S. Rao	Manager (Godrej Hershey Ltd.)
Mr. M. Khattar	Managing Director (Natures Basket Ltd.)

Relatives Key Management Personnel

Ms. P.A. Godrej	Wife of Mr. A.B. Godrej
Ms. N.A. Godrej	Daughter 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
Ms. M. Mahendran	Wife of Mr. A. Mahendran

Notes to the Consolidated Financial Statements

NOTE 41 : Related Party Information

b) Transactions with Related Parties

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries	Associate/ Joint Venture Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	Amount INR Crore	
								Total	
Sale of Goods	0.28	-	-	13.12	0.07	-	3.66	17.13	
<i>Previous Year</i>	<i>0.24</i>	-	-	<i>10.61</i>	-	-	<i>1.89</i>	<i>12.74</i>	
Advance given	-	-	-	-	-	-	-	-	
<i>Previous Year</i>	<i>0.41</i>	-	-	-	-	-	-	<i>0.41</i>	
Sale of Fixed Assets *	-	-	-	0.00	-	-	-	0.00	
<i>Previous Year</i>	-	-	-	-	-	-	-	-	
Purchase of goods	0.46	-	0.28	8.50	-	-	31.51	40.75	
<i>Previous Year</i>	<i>5.60</i>	-	-	<i>7.50</i>	-	-	<i>22.15</i>	<i>35.25</i>	
Purchase of Fixed Assets	3.12	173.42	-	-	-	-	-	176.54	
<i>Previous Year</i>	<i>0.51</i>	-	-	-	-	-	-	<i>0.51</i>	
Processing charges received	-	-	-	1.16	-	-	-	1.16	
<i>Previous Year</i>	-	-	-	<i>1.00</i>	-	-	-	<i>1.00</i>	
Commission / Royalty received	-	-	-	1.21	-	-	-	1.21	
<i>Previous Year</i>	-	-	-	<i>1.06</i>	-	-	-	<i>1.06</i>	
Licence fees / Service charges / Storage Income	-	-	-	3.18	-	-	-	3.18	
<i>Previous Year *</i>	<i>0.00</i>	-	-	<i>3.33</i>	-	-	-	<i>3.33</i>	
Other Income *	0.00	-	0.01	0.41	-	-	12.13	12.55	
<i>Previous Year</i>	<i>0.01</i>	-	-	<i>0.57</i>	-	-	<i>5.88</i>	<i>6.46</i>	
Recovery of establishment & Other Expenses	4.16	-	0.01	4.38	-	-	0.15	8.70	
<i>Previous Year</i>	-	-	-	<i>4.86</i>	<i>0.01</i>	<i>0.01</i>	-	<i>4.88</i>	
Rent, Establishment & other exps paid	737.46	-	0.09	1.82	0.02	2.97	0.01	742.37	
<i>Previous Year</i>	<i>11.57</i>	-	<i>0.13</i>	<i>1.91</i>	-	<i>2.21</i>	<i>0.01</i>	<i>15.83</i>	
Interest received	-	-	-	2.30	0.14	-	-	2.44	
<i>Previous Year</i>	-	-	-	<i>1.67</i>	-	-	-	<i>1.67</i>	
Interest paid	-	-	-	-	0.02	-	-	0.02	
<i>Previous Year</i>	-	-	<i>0.08</i>	<i>0.22</i>	-	-	-	<i>0.30</i>	
Dividend income	-	-	-	25.03	-	-	-	25.03	
<i>Previous Year</i>	-	-	-	<i>23.84</i>	-	-	-	<i>23.84</i>	
Dividend paid	78.02	-	-	-	4.48	5.59	0.55	88.64	
<i>Previous Year</i>	<i>70.83</i>	-	-	-	<i>2.74</i>	<i>6.26</i>	<i>0.51</i>	<i>80.34</i>	
Remuneration	-	-	-	-	32.25	1.76	-	34.01	
<i>Previous Year</i>	-	-	-	-	<i>26.60</i>	<i>1.87</i>	-	<i>28.47</i>	
Purchase of Investments	-	-	-	-	-	-	-	-	
<i>Previous Year</i>	-	-	-	<i>24.56</i>	-	-	-	<i>24.56</i>	
Sale of Investments	-	-	-	-	-	-	-	-	
<i>Previous Year</i>	-	-	-	<i>0.90</i>	-	-	-	<i>0.90</i>	
Other Deposits given	-	-	-	0.67	-	-	-	0.67	
<i>Previous Year</i>	-	-	-	-	-	-	-	-	

Notes to the Consolidated Financial Statements

NOTE 41 : Related Party Information (Contd.)

b) Transactions with Related Parties

Amount INR Crore

Nature of Transaction	Holding Company	Subsidiary 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
Other Deposits refunded	-	-	-	0.03	-	-	-	0.03
<i>Previous Year</i>	-	-	-	0.16	-	-	-	0.16
Intercompany Deposits - Accepted	-	-	-	-	-	-	-	-
<i>Previous Year</i>	-	-	-	0.67	-	-	-	0.67
Intercompany Deposits Repaid during the year	-	-	-	-	-	-	-	-
<i>Previous Year</i>	-	-	1.00	-	-	-	-	1.00
Intercompany Deposits - Advanced	-	-	-	11.33	-	-	-	11.33
<i>Previous Year</i>	-	-	-	11.33	-	-	-	11.33
Intercompany Deposits Repayment received during the year	-	-	-	0.11	-	-	-	0.11
<i>Previous Year</i>	-	-	-	-	-	-	-	-
Issue of equity shares	-	-	-	0.10	-	-	-	0.10
<i>Previous Year</i>	-	-	-	-	-	-	-	-
Sale of equity shares	-	-	-	38.32	-	-	-	38.32
<i>Previous Year</i>	-	-	-	-	-	-	-	-
Debenture application money received	-	-	-	9.41	-	-	-	9.41
<i>Previous Year</i>	-	-	-	-	-	-	-	-
Loan repaid	-	-	-	-	0.34	-	-	0.34
<i>Previous Year</i>	-	-	-	-	-	-	-	-
Deposit accepted	-	-	-	-	0.10	-	-	0.10
<i>Previous Year</i>	-	-	-	-	-	-	-	-
Deposit refunded	-	-	-	-	0.15	-	-	0.15
<i>Previous Year</i>	-	-	-	-	-	-	-	-
Directors Fees	-	-	-	-	0.23	0.19	-	0.42
<i>Previous Year</i>	-	-	-	-	0.03	-	-	0.03
Balance Outstanding as on March 31, 2012								
Receivables *	0.02	-	0.00	0.81	-	-	8.36	9.19
<i>Previous Year</i>	-	-	-	2.90	-	-	6.98	9.88
Payables	719.53	173.42	0.36	11.05	-	-	0.01	904.37
<i>Previous Year</i>	0.69	-	-	4.19	(1.67)	(1.57)	-	1.64
Debentures Outstanding	-	-	-	21.56	-	-	-	21.56
<i>Previous Year</i>	-	-	-	21.56	-	-	-	21.56
Public Deposit Outstanding	-	-	-	-	0.23	-	-	0.23
<i>Previous Year</i>	-	-	-	-	-	-	-	-
Guarantees Outstanding	-	-	-	-	-	-	-	-
<i>Previous Year</i>	-	-	-	7.81	-	-	-	7.81

* Amount less than ₹ 0.01 crores

Notes to the Consolidated Financial Statements

NOTE 41: Related Party Information

c) The significant Related Party transactions are as under:

Amount INR Crore			Amount INR Crore		
Nature of Transaction	Current Year	Previous Year	Nature of Transaction	Current Year	Previous Year
Sale of goods			Dividend paid		
- Godrej & Boyce Mfg. Co. Ltd.	0.28	0.24	- Godrej & Boyce Mfg. Co. Ltd.	78.02	70.83
- Godrej Consumer Products Ltd.	13.10	10.52	- Mr. A. B. Godrej *	-	0.00
- Godrej Hershey Ltd.	0.02	0.08	- Mr. N. B. Godrej	2.90	1.92
- Ms. T. A. Dubash	0.07	-	- Ms. T. A. Dubash	1.24	1.34
- Godrej Tyson Foods Ltd.	0.02	0.02	- Mr. A. Mahendran	0.10	0.05
- Laboratorio Cuenca S.A.	3.02	1.74	- Mr. P. A. Godrej	1.47	1.57
- Rapidol Pty Ltd.	0.62	0.13	- Mr. M.S. Korde *	0.00	0.00
			- Mr. K.T. Jithendran *	0.00	0.00
Advance given			- Ms. N. A. Godrej	1.24	1.34
- Godrej & Boyce Mfg. Co. Ltd.	-	0.41	- Ms. R.N. Godrej	0.11	0.09
			- Mst. B.N. Godrej	1.32	1.17
Sale of Fixed Assets			- Mst. S.N. Godrej	1.33	1.17
- Godrej Consumer Products Ltd. *	0.00	-	- Mst. H.N. Godrej	0.36	0.34
			- Bahar Agrochem & Feeds Pvt. Ltd.	0.54	0.50
Purchase of goods			- Vora Soaps Ltd.	0.01	0.01
- Godrej & Boyce Mfg. Co. Ltd.	0.46	5.60			
- Wadala Commodities Ltd	0.28	-	- Remuneration to Key Management Personnel		
- Godrej Consumer Products Ltd.	6.88	6.16	- Mr. M. Lindsay	4.99	0.07
- Godrej Hershey Ltd.	1.62	1.33	- Mr. A.B. Godrej	3.89	2.50
- Bahar Agrochem & Feeds Pvt. Ltd.	31.51	22.15	- Mr. M. Eipe	3.76	3.05
			- Mr. M.S. Korde	3.65	2.42
Purchase of Fixed Assets			- Mr. A. Mahendran	3.28	3.72
- Godrej & Boyce Mfg. Co. Ltd.	3.12	0.51	- Mr. N. B. Godrej	3.03	2.72
- Godrej Vikhroli Properties LLP	173.42	-	- Mr. B.S. Yadav	2.60	2.08
			- Ms. T. A. Dubash	2.36	2.15
Processing Charges received			- Mr. K.T. Jithendran	2.16	-
- Godrej Hershey Ltd.	1.16	1.00	- Mr. P. A. Godrej	1.73	2.42
			- Mr. Mohit Khattar	0.74	-
Commission / Royalty received			- Mr. K.V.S. Rao	0.06	-
- Godrej Hershey Ltd.	1.21	1.06	- Mr. H.K. Press	-	1.45
			- Mr. M. P. Pusalkar	-	1.28
Licence fees / Service charges / Storage income			- Mr. V. F. Banaji	-	1.14
- Godrej Consumer Products Ltd.	2.83	3.01	- Mr. V. Mathur	-	0.97
- Godrej Hershey Ltd.	0.34	0.32	- Mr. D. Sehgal	-	0.64

Notes to the Consolidated Financial Statements

NOTE 41: Related Party Information (Contd.)

c) The significant Related Party transactions are as under:

Amount INR Crore			Amount INR Crore		
Nature of Transaction	Current Year	Previous Year	Nature of Transaction	Current Year	Previous Year
Other Income			Remuneration to Relatives of Key Management Personnel		
- Godrej & Boyce Mfg. Co. Ltd. *	0.00	0.01	- Ms. N. A. Godrej	1.76	1.87
- Wadala Commodities Ltd	0.01	-			
- Godrej Infotech Ltd. *	0.00	-	Purchase of Investments		
- Godrej Consumer Products Ltd.	0.31	0.35	- Godrej Hershey Ltd.	-	24.56
- Godrej Hershey Ltd.	0.10	0.22			
- Bahar Agrochem & Feeds Pvt. Ltd.	12.13	5.88	Sale of Investments		
			- India Reality Excellance Fund	-	0.50
Recovery of Establishment & other expenses			- HDFC PMS	-	0.40
- Godrej & Boyce Mfg. Co. Ltd.	4.16	-			
- Wadala Commodities Ltd	0.01	-	Other Deposits given		
- Godrej Consumer Products Ltd.	4.03	4.40	- Godrej Hershey Ltd.	0.67	-
- Godrej Hershey Ltd.	0.35	0.46			
- Godrej Tyson Foods Ltd.	0.15	-	Other Deposits Refunded		
			- Godrej Consumer Products Ltd.	0.03	0.16
Rent, Establishment & other exps paid					
- Godrej & Boyce Mfg. Co. Ltd.	737.46	11.57	Inter Corporate Deposits - Accepted		
- Wadala Commodities Ltd	0.05	0.06	- Godrej Consumer Products Ltd.	-	0.67
- Godrej Infotech Ltd.	0.03	0.07			
- Godrej Consumer Products Ltd.	1.78	1.69	Inter Corporate Deposits - Repaid		
- Godrej Hershey Ltd.	0.04	0.22	- Wadala Commodities Ltd	-	1.00
- Mr. A. Mahendran	0.02	-			
- Ms. P A Godrej	1.94	1.25	Inter Corporate Deposits - Advanced		
- Ms. R.N. Godrej	0.72	0.68	- Godrej Hershey Ltd.	11.33	11.33
- Ms. M. Mahendran	0.31	0.28			
- Godrej Tyson Foods Ltd.	0.01	-	Inter Corporate Deposits - Repayment Received		
			- Swadeshi Detergents Ltd.	0.11	-
Interest received					
- Godrej Hershey Ltd.	1.74	1.65	Issue of equity shares		
- Swadeshi Detergents Ltd.	0.35	0.02	- Ramesh P. Bhatia	0.05	-
- HDFC Venture Trustee Co. Ltd.	0.22	-	- Repton Landmarks LLP	0.05	-
- Mr. A. Mahendran	0.14	-			

Notes to the Consolidated Financial Statements

NOTE 41: Related Party Information (Contd.)

c) The significant Related Party transactions are as under:

Nature of Transaction	Amount INR Crore		Nature of Transaction	Amount INR Crore	
	Current Year	Previous Year		Current Year	Previous Year
Interest paid			Sale of equity shares		
- Mr. M.S. Korde	0.02	-	- Madhavi SA Investments LLP	18.30	-
- HDFC Venture Trustee Co. Ltd.	-	0.22	- Ask Property Investment Advisor	20.02	-
- Wadala Commodities Ltd	-	0.08	Debenture Application money received		
			- Ask Property Investment Advisor	9.41	-
Dividend income			Loan repaid		
- Godrej Consumer Products Ltd.	25.03	23.84	- Mr. A. Mahendran	0.34	-
			Deposit accepted		
			- Mr. M.S. Korde	0.10	-
			Deposit refunded		
			- Mr. M.S. Korde	0.15	-
			Directors fees		
			- Mr. A.B. Godrej	0.02	0.03
			- Mr. N. B. Godrej	0.21	-
			- Ms. T. A. Dubash	0.10	-
			- Ms. N. A. Godrej	0.10	-

* Amount less than ₹ 0.01 crores

NOTE 42 : Leases

(1) Leases Granted by the Group

a) Operating Lease:

The Group has entered into Lease 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. Lease and Licence arrangements are 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:

	Amount INR Crore	
	Current Year	Previous Year
Gross Carrying Amount of Premises	62.92	62.82
Accumulated Depreciation	9.76	8.56
Depreciation for the period	1.19	0.96

The aggregate future minimum lease payments are as under :

	Amount INR Crore	
	Current Year	Previous Year
Lease Income Recognised in the Statement of Profit and Loss	22.18	23.56
Future Lease Income		
- Within one year	12.59	22.96
- Later than one year and not later than five years	14.20	18.96

Notes to the Consolidated Financial Statements

NOTE 42 : Leases (Contd.)

(2) Lease Taken by the Group

a) 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 the Statement of Profit and Loss.

	Amount INR Crore	
	Current Year	Previous Year
Lease Payment recognised in the Profit and Loss Account	16.48	13.89
Future Lease Commitments		
- Within one year	21.60	10.79
- Later than one year and not later than five years	46.27	26.04
- Later than five years	7.95	-

b) Finance Leases:

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, 2012, in respect of vehicles acquired under lease are as under:

	Amount INR Crore		
	Total minimum lease payments outstanding as on March 31, 2012	Un-matured Interest	Present value of minimum lease payments
Within one year	0.01	0.00	0.01
Previous Year	0.11	0.02	0.10
Later than one year and not later than five years	-	-	-
Previous Year	0.01	-	0.01
Total	0.01	0.00	0.01
Previous Year Total	0.12	0.02	0.11

Notes to the Consolidated Financial Statements

NOTE 43 : 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 use of the foreign exchange forward contracts reduces the risk on cost to the company. 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

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

b) Forward Exchange Contracts

	Current Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Total Number of Contracts Outstanding	47	6	69	5
Foreign Currency Value				
- US Dollar (million)	21.98	-	24.24	-
- Euro (million)	-	2.44	-	1.77

ii) Un-hedged Foreign Currency Exposures

	Current Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Uncovered Foreign Exchange Exposure as at the year end				
- US Dollar (million)	28.41	17.27	26.38	18.50

NOTE 44

The adoption of the Revised Schedule VI does not impact recognition and measurement principles followed for preparation of Financial Statements and has no significant impact on the presentations and disclosure made in the Financial Statements.

All Assets and Liabilities have been classified as current or non current as per the Company's normal operating cycles and other criteria set out in the Revised Schedule VI to the Companies Act, 1956, which is applicable from the current reporting period ended March 31, 2012.

NOTE 45

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

Statement regarding Subsidiary Companies pursuant to section 212 of the Companies Act, 1956

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	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	
1	Godrej Agrovet Ltd	₹	1.00	April 10 to Mar 11	April 10 to Mar 11	12.12	12.12	919.43	783.53	919.43	783.53	124.43	103.50	2,218.61	1,614.45	106.00	30.26	25.19	0.46	80.81	29.80	-	14.54	India
2	Golden Feed Products Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	3.05	0.05	3.36	0.06	3.36	0.06	0#	0#	0.39	0.16	(0.05)	0.01	-	-	(0.05)	0.01	-	-	India
3	Godrej Seed & Genetics Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.05	NA	4.07	NA	5.38	NA	0#	NA	0.10	NA	(1.38)	NA	(0.01)	NA	(1.37)	NA	-	NA	India
4	Godrej International Ltd.	\$	50.87	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	17.30	15.16	55.17	38.06	55.17	38.06	15.54	13.62	1,044.30	720.84	7.70	9.94	-	-	7.70	9.94	-	-	Isle of Man
5	Godrej International Trading & Investment PTE Ltd.	\$	50.87	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	5.09	0.00	6.55	0.01	6.55	0.01	-	-	19.86	-	0.98	(0.02)	0.06	-	0.90	(0.02)	-	-	Singapore
6	Natures Basket Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	43.45	22.55	39.30	20.83	39.30	20.83	0#	0#	82.19	54.09	(18.14)	(9.70)	(0.04)	(0.14)	(18.17)	(9.55)	-	-	India
7	Ensemble Holdings & Finance Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	3.77	3.77	9.67	9.11	9.67	9.11	3.32	3.45	1.29*	0.93*	1.27	0.91	0.18	0.12	1.09	0.79	-	0.47	India
8	Godrej Properties Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	78.04	69.85	2,879.53	1,991.83	2,879.53	1,991.83	0.00	0.00	463.87	443.82	104.40	155.07	23.03	48.92	81.36	106.15	23.41	31.43	India
9	Godrej Developers Pvt. Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.07	0.07	228.56	158.05	228.56	158.05	-	-	43.44	8.81	4.78	1.37	1.59	0.46	3.19	0.91	-	0.00	India
10	Godrej Estate Developers Pvt. Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.05	0.05	155.87	121.11	155.87	121.11	-	-	17.63	4.65	1.94	0.66	0.64	0.20	1.30	0.46	-	-	India
11	Godrej Real Estate Pvt. Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.05	0.05	131.68	116.62	131.68	116.62	-	-	-	-	(0.03)	(0.04)	(0.00)	(0.00)	(0.03)	(0.03)	-	-	India
12	Godrej Realty Pvt. Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	1.00	1.00	21.51	20.77	21.51	20.77	-	-	1.03	0.98	0.87	0.82	0.28	0.36	0.59	0.46	-	-	India
13	Godrej Sea View Properties Pvt. Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.05	0.05	64.88	44.63	64.88	44.63	-	-	0.00	0.01	(0.19)	(0.16)	(0.02)	(0.01)	(0.17)	(0.15)	-	-	India
14	Godrej Waterside Properties Pvt. Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	1.00	1.00	339.25	339.25	379.40	339.25	-	-	64.69	13.82	(7.96)	(0.05)	(0.00)	(0.00)	(7.95)	(0.05)	-	-	India
15	Happy Highrises Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.20	0.20	227.48	208.69	227.48	208.69	-	-	89.39	108.81	23.96	33.97	7.95	11.46	16.01	22.52	-	-	India
16	Godrej Buildwell Pvt. Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.05	0.05	121.99	79.62	121.99	79.62	-	-	0.35	0.58	(0.00)	(0.00)	(0.00)	(0.00)	-	-	-	-	India
17	Godrej Buildcon Pvt. Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.05	0.05	705.76	0.05	705.76	0.05	-	-	-	-	(0.00)	(0.02)	-	-	(0.00)	(0.02)	-	-	India
18	Godrej Projects Development Pvt. Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.05	0.05	22.81	1.62	22.81	1.62	-	-	20.00	-	18.78	(0.14)	6.23	-	12.55	(0.14)	-	-	India
19	Godrej Garden City Properties Pvt. Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.05	0.05	0.03	0.05	0.03	0.05	-	-	-	-	(0.02)	(0.02)	-	-	(0.02)	(0.02)	-	-	India
20	Godrej Premium Builders Pvt. Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.05	0.05	88.07	0.05	88.07	0.05	-	-	0.58	-	(0.00)	(0.02)	-	-	(0.00)	(0.02)	-	-	India
21	Godrej Nand Hills Projects Pvt. Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.10	0.10	22.79	22.49	22.79	22.49	-	-	0.17	28.18	0.17	(12.44)	0.02	0.02	0.15	(12.46)	-	0.08	India
22	Godrej Landmark Redevelopers Pvt. Ltd.	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.05	-	24.47	-	24.47	-	-	-	-	-	(0.00)	-	-	-	(0.00)	-	-	-	India
23	Mosaic Landmarks LLP	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	0.21	-	15.42	-	15.42	-	-	-	0.13	-	-	-	-	-	-	-	-	-	India
24	Godrej Vikrol Property LLP	₹	1.00	April 11 to April 10 to Mar 12	April 11 to April 10 to Mar 12	67.60	-	907.75	-	907.75	-	-	-	247.15	-	95.65	-	30.04	-	65.60	-	-	-	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	Godrej Informational & Investment PTE Ltd	Natures Basket Limited	Golden Feed Products Limited	Godrej Seed & Genet-ics Limited	Godrej Estate Developers Pvt. Ltd.	Godrej Development Pvt. Ltd.	Godrej Real Estate Pvt. Ltd.	Godrej Realty Pvt. Ltd.	Godrej Sea View Properties Private Limited	Godrej Water-side Properties Pvt. Ltd.	Happy High-rises Limited	Godrej Build-con Pvt. Ltd	Godrej Projects Development Pvt. Ltd	Godrej Garden Proper-ties Pvt. Ltd.	Godrej City Builders Pvt. Ltd	Godrej Build-well Pvt. Ltd.	Godrej Nandhi Hills Project Private Limited	Godrej Landmark Redevel-opers Pvt Ltd	Mosaic Landmarks LLP	Godrej Vikrol Properties LLP
2. The company's interest in the subsidiaries as on March 31, 2011.																								
a. Number of Equity Shares	9,112,966	47,965,209	3,774,160	2,105,000	1,000,000	22,550,000	(See note 1 below)	(See note 2 below)	(See note 4 below)	(See note 5 below)	(See note 6 below)	(See note 6 below)	(See note 7 below)	(See note 8 below)	(See note 9 below)	(See note 10 below)	(See note 11 below)	(See note 12 below)	(See note 13 below)	(See note 14 below)	(See note 15 below)	(See note 16 below)	(See note 17 below)	(See note 18 below)
Total Number of Shares	12,118,752	78,036,819	3,774,160	2,105,000	1,000,000	22,550,000																		
b. Face Value	10	10	10	₹1	USD 1	10																		
c. Extent of Holding	75.20%	61.48%	100.00%	100.00%	100.00%	100.00%																		
3. Net aggregate profit/(Loss) of the subsidiary company so far it concerns the members of the Company	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore																		
A. For the financial year ended on March 31, 2011																								
i. Not dealt with in the books of Account of the Company	46.80	61.06	1.09	7.26	0.85	(18.17)																		
ii. Dealt with in the books of Account of the Company	25.24	-	-	-	-	-																		
B. For the subsidiary company's previous financial years since it became a subsidiary																								
i. Not dealt with in the books of Account of the Company	88.55	240.70	(1.83)	277.80	-	(15.84)																		
ii. Dealt with in the books of Account of the Company	45.70	117.66	7.97	118.20	-	-																		

Notes:

- The Financial Year of the subsidiary companies have ended on March 31, 2012
- 30,50,000 Equity Shares of ₹ 10 each in Golden Feed Products Ltd. (representing 100% of the share capital) are held by Godrej Agrovet Ltd.
 - 49,995 Equity Shares of ₹ 10 each in Godrej Seeds & Genetics. (representing 99.99% of the share capital) are held by Godrej Agrovet 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.
 - 34,032 Equity Shares of ₹ 10 each in Godrej Developers Pvt. Ltd. (representing 51% of the share capital) are held by Godrej Properties Ltd.
 - 50,000 Equity Shares of ₹ 10 each in Godrej Real Estate Pvt. Ltd. (representing 100% 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.
 - 103,692 Equity Shares of ₹ 10 each in Happy Highrises Ltd. (representing 51% of the share capital) are held by Godrej Properties Ltd.
 - 50,000 Equity Shares of ₹ 10 each in Godrej Buildcon Pvt. Ltd. (representing 100% of the share capital) are held by Godrej Properties Ltd.
 - 50,000 Equity Shares of ₹ 10 each in Godrej Projects Development Pvt. Ltd. (representing 100% of the share capital) are held by Godrej Properties Ltd.
 - 50,000 Equity Shares of ₹ 10 each in Godrej Garden City Properties Pvt. Ltd. (representing 100% of the share capital) are held by Godrej Properties Ltd.
 - 25,500 Equity Shares of ₹ 10 each in Godrej Premium Builders Pvt. Ltd. (representing 51% of the share capital) are held by Godrej Properties Ltd.
 - 24,500 Class A Equity Shares of ₹ 10 each (representing 49% of the Class A equity share capital) and 1000 Class D Equity Shares of ₹ 10 each (representing 100% of the Class D Equity share capital) in Godrej Buildwell Pvt. Ltd. are held by Godrej Properties Ltd.
 - 1,00,000 Equity Shares of ₹ 10 each in Godrej Nandhi Hills Project Private Limited (representing 100% of the share capital) are held by Godrej Properties Ltd.
 - 25,500 Equity Shares of ₹ 10 each in Godrej Landmark Redevelopers Pvt. Ltd. (representing 51% of the share capital) are held by Godrej Projects Development Pvt Ltd.
 - 51% Share in profits of Mosaic Landmarks LLP is held by Godrej Properties Ltd.
 - Profit sharing in Godrej Vikrol Properties LLP between Godrej Industries Ltd. & Godrej Properties Ltd. is in the ratio of 40:60
 - 691,155 Equity Shares of ₹ 10 each in Godrej Properties Ltd. are held by Ensemble Holdings & Finance Ltd.
 - 14,450 Equity Shares of ₹ 10 each in Godrej Agrovet Ltd. are held by Ensemble Holdings & Finance Ltd.

A.B. Godrej
Chairman

N.B. Godrej
Managing Director

M. Elpe
Executive Director &
President (Chemicals)

R. Venkateswar
Head - Finance & Corporate Services

Mumbai, May 30, 2012.

**Godrej Industries Limited****Regd. 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-FOURTH ANNUAL GENERAL MEETING of the Company to be held on Saturday, August 11, 2012 at 3.00 p.m. at Y.B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021.

.....
Name of the 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 Notice for reference at the Meeting.

**Godrej Industries Limited****Regd. 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-FOURTH ANNUAL GENERAL MEETING of the Company to be held on Saturday, August 11, 2012 at 3.00 p.m. at Y.B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021 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, 2012

Signature of the member.....

Affix ₹ 1/- Revenue Stamp

Note: Proxy Forms must reach the Company's Registered Office not less than 48 hours before the Meeting.

know your mangroves

The western banks of Thane creek is bestowed with a large expanse of mangroves. A major chunk of these forests in Vikhroli are being conserved and scientifically managed by the Soonabai Pirojsha Godrej Marine Ecology Center (popularly known as Godrej Mangrove Park since 1985.

Biologically diverse and well protected, these are the last surviving quality mangroves of the island city and is aptly reckoned as the second lung of Mumbai city after Sanjay Gandhi National Park. Sandwiched between the bustling city on its west and the beautiful waterscape of thane creek on east, this sprawling green expanse gives heavenly experience with ample fresh air, wild flowers, butterflies, marine animals and chirping birds. It provides a truly out of the (urban) world experience.

Apart from protecting the shoreline from strong wind and wave actions and supporting livelihood of coastal communities, mangrove ecosystem also helps us in combating climate change by acting as carbon sinks.

Let us conserve mangroves for our Sustainable Future.

For more information, visit mangroves.godrej.com

