

GODREJ INDUSTRIES LIMITED

DIRECTORS

A.B. Godrej	<i>Chairman</i>
J.N. Godrej	
N.B. Godrej	<i>Managing Director</i>
S.A. Ahmadullah	
V.M. Crishna	
K.K. Dastur	
V.N. Gogate	
K.N. Petigara	
F.P. Sarkari	
N.D. Forbes	
J.S. Bilimoria	
A. Maira	
V.F. Banaji	<i>Executive Director & President (Group Corporate Affairs)</i>
T.A. Dubash	<i>Executive Director & President (Marketing)</i>
M. Eipe	<i>Executive Director & President (Chemicals)</i>
M.P. Pusalkar	<i>Executive Director & President (Corporate Projects)</i>

COMPANY SECRETARY

V. Srinivasan

AUDITORS

Kalyaniwalla & Mistry, *Chartered Accountants*

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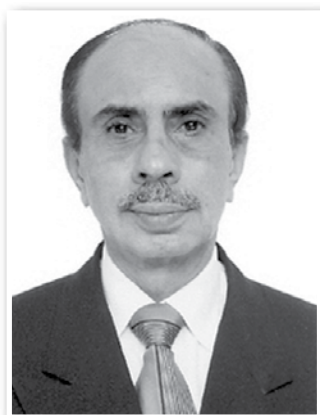
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REGISTERED OFFICE	:	Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai 400 079. Phone : 022-2518 8010, 2518 8020, 2518 8030 Fax : 022-2518 8074, 2518 8066 website : http://www.godrejinds.com
FACTORIES	:	Vikhroli Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai 400 079. Phone : 022 - 2518 8010, 2518 8020, 2518 8030 Fax : 022 - 2518 8066/2518 8064
	:	Valia (DTA & EOU) Burjorjinagar, Plot No. 3, Village Kanerao, Taluka - Valia, District Bharuch, Gujarat 393 135. Phone : 02643 - 270756 to 270760 Fax : 02643 - 270018
	:	Wadala L.M. Nadkarni Marg, Near M.P. T. Hospital, Wadala (East), Mumbai 400 037. Phone : 022 - 2415 4816/2414 8770 Fax : 022 - 2414 6204
BRANCHES	:	Delhi 4th Floor, Delite Theatre Building, 4/1, Asaf Ali Road, New Delhi 110 002. Phone : 011 - 2326 1066 Fax : 011 - 2326 1088
	:	Kolkata Block GN, Sector-V, Salt Lake City, Kolkata 700 091. Phone : 033 - 2357 3555 Fax : 033 - 2357 3945
	:	Chennai New No. 15, (Old No. 17-A), 2nd Street, Jeevarathnam Nagar, Adayar, Chennai 600 020. Phone : 044 - 4266 6605 Fax : 044 - 4266 6609
	:	London 284A, Chase Road, Southgate, London N14 - 6HF., UK Phone : (004420) - 88860145 Fax : (004420) - 88869424
BANKERS	:	Central Bank of India State Bank of India Bank of India HDFC Bank Ltd. Citibank N.A. Hong Kong and Shanghai Banking Corporation Limited Kotak Mahindra Bank Limited Barclays Bank Plc.
REGISTRARS & TRANSFER AGENT	:	Computech Sharecap Ltd. 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai 400 001. Phone : 022 - 2263 5000 - 01- 02 Fax : 022 - 2263 5001 E-Mail : helpdesk@computechsharecap.com

CHAIRMAN'S STATEMENT



Dear Shareholders,

I am pleased to write to you after a volatile year - amidst an economic crisis that has been challenging and testing as rarely seen before. In such times of global economic hardship a diversified business model and a unique operating structure has placed Godrej Industries (GIL) in such position as to not only weather the storm but seek out and take advantage of opportunities that arise in times of such adversity.

A business model such as ours is distinct. Through a combination of operating businesses, businesses through subsidiaries and several other joint ventures and investments we enable exposure for our stakeholders to the best facets of the Indian economy. Our operations cover several key areas including chemicals, agriculture, real estate, consumer products and foods. These sectors are central to the sustained progress of India and are a proxy on growth and development. National integration

is being driven by the continued media and telephony penetration, improvements in infrastructure and a strong banking sector. GIL is ideally placed to benefit and generate greater prosperity.

The chemicals business, our major operating business in GIL has maintained its market leadership position in India despite large scale fluctuations in the prices of raw materials and commodities as well as the rupee-dollar exchange rate. Our other ventures have also performed well this year and are growing consistently in line with our long-term corporate plan.

We are excited about the immense value potential across some of our economic interests. Our operations in consumer products and foods are doing well and we are particularly encouraged by our real estate and palm oil businesses which have the capacity and relevant demand to grow several times over in coming years, with the thrust and policy support from the government.

The prospects of our businesses are very bright and with decades of industry experience, we have continually demonstrated our ability to add to shareholders' value from our various initiatives. Going forward our intentions remain unchanged.

The international crisis has damaged sentiments rather than fundamentals in India and while short-term indicators may be negative, with a long-term view it is expected that the economy should again resurrect in the current fiscal year. The Indian Government has taken several steps to curb the effects of global recession through several fiscal measures. These include additional spending, cuts in fuel prices, interest rate reductions and the lowering of the duties. The government is focusing on curbing inflation without hindering growth and prices are correcting across several markets. With respect to real estate, reduction in mortgage rates should help stimulate underlying demand.

As demand and sentiment improve, GIL is well placed and will continue to build upon strong foundations based around the brand equity and trust earned over several decades. We aim to nurture our businesses and create outstanding operations in all sectors in which we operate.

I would like to take this opportunity to thank all our employees for their commitment; our business partners, vendors and other business associates for their support as also the Central and State Governments. Finally, I would like to thank all our stakeholders for their continued encouragement and support.

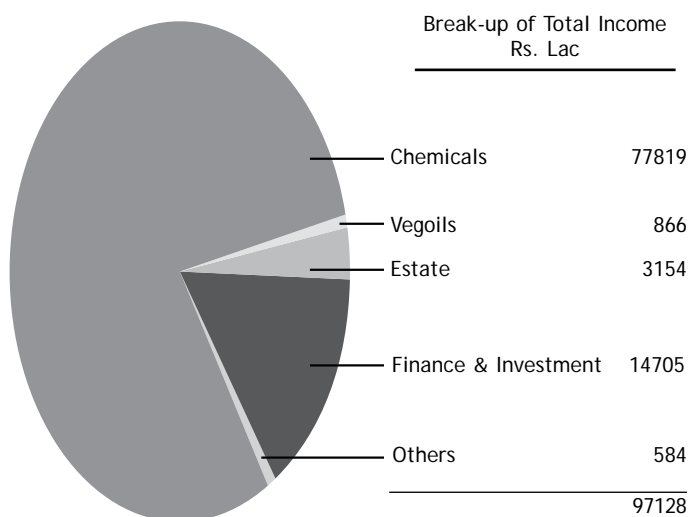
Yours faithfully,

Adi Godrej
Chairman

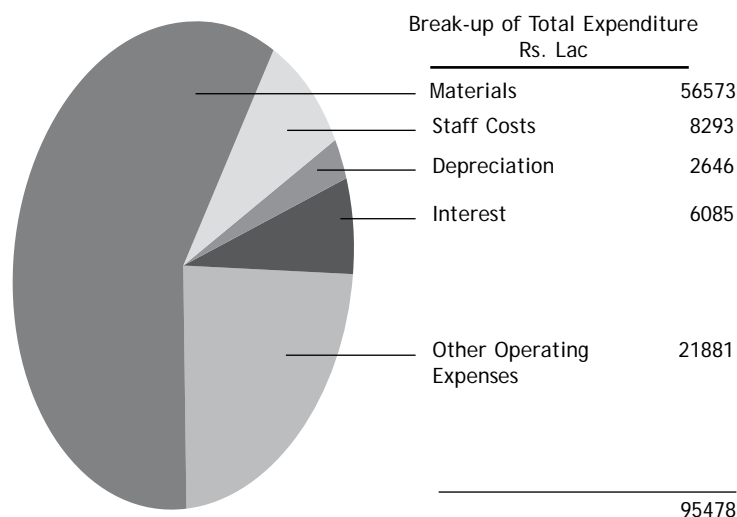
GODREJ INDUSTRIES LIMITED - FINANCIAL HIGHLIGHTS

	(Rs. Lac)				
	2008-09	2007-08	2006-07	2005-06	2004-05
BALANCE SHEET					
SOURCES OF FUNDS :					
Shareholders' Funds					
Share Capital	3198	3198	2919	2919	2919
Reserves & Surplus	99515	102644	38143	34216	30618
Loan Funds					
Secured Loans	23282	24948	33093	24911	22075
Unsecured Loans	36814	18619	13677	7803	3557
Deferred Tax Liability	3278	3619	3980	3818	2502
	166087	153028	91811	73667	61671
APPLICATION OF FUNDS :					
Fixed Assets	28871	27142	28704	28594	25100
Investments	114808	77548	48567	37135	33577
Net Working Capital	22022	47270	12937	5719	2868
Miscellaneous Expenditure	386	1068	1602	2219	126
	166087	153028	91811	73667	61671
INCOME AND PROFIT					
Total Income	97128	83882	78291	80270	82353
Expenditure other than Interest and Depreciation	86747	67119	64078	69661	70117
Profit before Interest, Depreciation and Tax	10381	16762	14213	10609	12236
Interest (net)	6085	3444	3831	2837	2582
Profit before Depreciation and Tax	4296	13319	10382	7772	9654
Depreciation	2646	2547	2426	2259	2148
Profit before Tax and exceptional items	1650	10772	7956	5513	7506
Exceptional items - expense/(income)	(26)	(310)	(95)	(3106)	—
Provision for Current Tax	123	562	61	82	401
Net Profit after Tax	1553	10520	7990	8537	7105
Provision for Deferred Tax	(341)	(361)	162	1417	(470)
Adjustment in respect of prior years - expense/(income)	(86)	-	22	8	(2)
Net Profit after taxes and adjustments	1808	10,881	7806	7113	7577

Total Income 2008-2009



Total Expenditure 2008-2009



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the TWENTY-FIRST ANNUAL GENERAL MEETING of the members of GODREJ INDUSTRIES LIMITED will be held on Wednesday, July 29, 2009 at 4.30 P.M. at Y B Chavan Centre, 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, 2009, 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, 2009.
3. To appoint a Director in place of Mr. J.N. Godrej, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Ms. T.A. Dubash, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. M. Eipe, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Mr. V.F. Banaji, who retires by rotation and being eligible, offers himself for reappointment.
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, the retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS:

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

8. **Appointment of Mr. J.S. Bilimoria as a Director, liable to retire by rotation as an Ordinary Resolution :**
RESOLVED THAT Mr. J.S. Bilimoria, who was appointed by the Board of Directors as an Additional Director with effect from January 27, 2009 and who holds office as such upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ("the Act") and is eligible for appointment as Director in terms of Section 258 of the Act, and in respect of whom the Company has received notice under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.
9. **Appointment of Dr. N.D. Forbes as a Director, liable to retire by rotation as an Ordinary Resolution :**
RESOLVED THAT Dr. Naushad Forbes, who was appointed by the Board of Directors as an Additional Director with effect from January 27, 2009 and who holds office as such upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ("the Act") and is eligible for appointment as Director in terms of Section 258 of the Act, and in respect of whom the Company has received notice under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.
10. **Appointment of Mr. A. Maira as a Director, liable to retire by rotation as an Ordinary Resolution :**
RESOLVED THAT Mr. A. Maira, who was appointed by the Board of Directors as an Additional Director with effect from January 27, 2009 and who holds office as such upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ("the Act") and is eligible for appointment as Director in terms of Section 258 of the Act, and in respect of whom the Company has received notice under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.
11. **Reappointment 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 & President (Marketing), for a period of three years from April 1, 2010 to March 31, 2013 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, initialed 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.
12. **Reappointment of and remuneration payable to Mr. V.F. Banaji 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. V.F. Banaji as a Whole-Time Director of the Company designated as Executive Director & President (Group Corporate Affairs), for a period of three years from April 1, 2010 to March 31, 2013 on the terms and conditions as contained in the Agreement to be entered into between the Company and Mr. V.F. Banaji, a draft of which is placed before the meeting and for the purpose of identification, initialed 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. V.F. Banaji.

13. Reappointment 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 & President (Chemicals), for a period of three years from April 1, 2010 to March 31, 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, initialed 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.

14. Reappointment of and remuneration payable to Mr. M.P. Pusalkar 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.P. Pusalkar as a Whole-Time Director of the Company designated as Executive Director & President (Corporate Projects), for the period April 1, 2010 to April 30, 2010 on the terms and conditions as contained in the Agreement to be entered into between the Company and Mr. M.P. Pusalkar, a draft of which is placed before the meeting and for the purpose of identification, initialed 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.P. Pusalkar.

15. Increase in borrowing limits as an Ordinary Resolution :

RESOLVED THAT in supersession of the resolution passed at the Extraordinary General Meeting of the Company held on August 22, 1994 and pursuant to Section 293(1)(d) of the Companies Act, 1956 and all other applicable provisions, if any, consent be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, at its discretion, on such terms and conditions as to repayment, interest or otherwise, any sum or sums of monies which, together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 1,000 crore (Rupees One thousand crore only).

16. Approval of New Employees Stock Option Scheme as a Special Resolution :

RESOLVED THAT in accordance with the provisions of Section 77(2)(b) and other applicable provisions of the Companies Act, 1956 ("the Act"), the Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines"), the Stock Exchange Listing Agreement and the Reserve Bank of India Regulations and any other applicable law for the time being in force and as may be amended from time to time and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the authorised persons in this behalf, consent to the Board be and is hereby given to grant a loan, at such rate of interest as may be decided from time to time, to a Trust, for purchasing such number of equity shares of the Company from the secondary market, and/or Equity linked instruments (including Options) and/or any other instruments or securities (hereinafter collectively referred to as "Securities"), for allotting Options to the eligible person(s) who are in employment of the Company or its Subsidiaries including Directors of the Company and/or its Subsidiaries at the time of grant of these Options, whether in whole-time employment or not, whether working in India or out of India or in any other manner employed in the Company and/or its subsidiaries and as may be decided by the Compensation Committee of the Company and/or its Subsidiaries in such a way that not more than 90,00,000 (Ninety Lac) Equity Stock Options convertible into the Equity Shares of the aggregate nominal face value not exceeding Rs. 90,00,000 (Rupees Ninety Lac Only) under a plan titled "Godrej Industries Limited Employee Stock Option Plan II" or such other name (hereinafter referred to as the "ESOP II" or "the Plan") of the Company at such price, in one or more tranches and on such terms and conditions as may be fixed or determined in accordance with the applicable provisions of law or guidelines as may be prevailing at that time.

RESOLVED FURTHER THAT Mr. A. B. Godrej, Chairman, Mr. N.B. Godrej, Managing Director, Mr. V. F. Banaji, Executive Director (Group Corporate Affairs), Mr. V. Srinivasan, Executive Vice-President (Finance & Estate) and Company Secretary, Mr. Praful Bhat, Executive Vice President-HR and Mr. Rajiv Bakshi, Vice President- Legal, be and are hereby severally authorised on behalf of the Company to evolve, to take necessary approvals from the various statutory and other authorities and to decide upon and bring in to effect, the plan and make such modifications, changes, variations, alterations or revisions in the said plan as may be required.

By Order of the Board of Directors

V. SRINIVASAN
Executive Vice-President (Finance & Estate)
& Company Secretary

Mumbai, May 27, 2009

Registered Office :

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

NOTES:

1. The relative Explanatory Statement in respect of business under Item No.8 to 16 as set out in the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will be closed from July 22, 2009 to July 29, 2009 (both days inclusive) for ascertaining the names of the shareholders to whom the dividend which if declared at the Annual General Meeting is payable. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., for this purpose.
4. Those Members who have so far not encashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the 'Investor Education and Protection Fund' of the Central Government, pursuant to Section 205C of the Companies Act, 1956 on the respective dates mentioned there against. Please note that as per Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the aforesaid Fund in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the date the dividend became due for payment and no payment shall be made in respect of such claims.

Dividend for the Financial Year ended	Due date for transfer
31.03.2002	14.08.2009
31.03.2003	25.08.2010
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

5. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
6. Members are requested to send in their queries at least a week in advance to the Company Secretary at the Registered Office of the Company to facilitate clarifications during the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 8 to 10**

At the meeting of the Board of Directors held on January 27, 2009, Mr. J.S. Bilimoria, Dr. N.D. Forbes and Mr. A. Maira were appointed as Additional Directors with effect from January 27, 2009, to hold office till the date of the next Annual General Meeting of the Company. It is proposed to appoint them as Directors, liable to retire by rotation. Brief profiles of the aforesaid Additional Directors, in terms of the Listing Agreement, are provided elsewhere in the Notice.

The Board recommends the resolutions as set out at Item No.8 to 10 of the Notice.

Mr. J.S. Bilimoria, Dr. N.D. Forbes and Mr. A. Maira may be deemed to be interested in the resolutions at item no. 8 to 10 respectively. None of the other Directors are interested in the resolutions.

Item No. 11 to 14

The tenure of the following Whole-time Directors with the Company will expire on March 31, 2010 :-

Ms. T.A. Dubash - Executive Director & President (Marketing)

Mr. V.F. Banaji - Executive Director & President (Group Corporate Affairs)

Mr. M. Eipe - Executive Director & President (Chemicals)

Mr. M.P. Pusalkar - Executive Director & President (Corporate Projects)

hereinafter 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	01-04-2010 to 31-03-2013
Mr. V.F. Banaji	01-04-2010 to 31-03-2013
Mr. M. Eipe	01-04-2010 to 31-03-2013
Mr. M.P. Pusalkar	01-04-2010 to 30-04-2010

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

1. The Whole-time Director shall perform his/her duties subject to the superintendence, control and direction of the Board of Directors of the Company.
2. In consideration of the performance of his/her duties, each Whole-time Director shall be entitled to receive remuneration as stated herein below :-

1. **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 Rs.4,40,000/- to Rs.11,00,000/- (presently Rs.3,00,000 to Rs.5,70,000/-) per month, payable monthly. The Basic Salary approved by the Compensation Committee to the Whole-time Directors for the year 2009-10 is as under :-

Ms. T.A. Dubash	Rs.49,66,200/- p.a.
Mr. V.F. Banaji	Rs.67,95,000/- p.a.
Mr. M. Eipe	Rs.56,35,200/- p.a.
Mr. M.P. Pusalkar	Rs.37,00,800/- p.a.

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.

2. **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.

3. **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 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, petrol reimbursement;
- Company cars with driver for official use, provision of telephone(s) at residence;
- Payment/reimbursement of telephone expenses;
- 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 Rs.4,30,000/- (presently Rs.2,20,000/-) plus 85% of the monthly basic salary. In addition to the above, the Whole-time Director shall be eligible to encashment of leave, club facilities, group insurance cover, group hospitalisation cover, and/or any other allowances, perquisites and facilities as per the Rules of the Company.

Explanation:

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

4. **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.

5. **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 thereunder.
- 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 Board recommends passing of the resolutions as set out at Items No.11 to 14 of the Notice.

Ms. T.A. Dubash, Mr. V.F. Banaji, Mr. M. Eipe and Mr. M.P. Pusalkar may be deemed to be interested in the resolutions at item no.11 to 14 respectively. Mr. A.B. Godrej being relative of Ms. T.A. Dubash, may be deemed to be interested in the resolution at item no.11. None of the other Directors are interested in the resolutions.

Item No. 15

The shareholders of the Company had at their meeting held on August 22, 1994 accorded their consent to borrow from time to time pursuant to Section 293(1)(d) of the Companies Act, 1956 any sum which together with the money already borrowed by the Company shall not exceed in the aggregate at any one time Rs.1,000 crore. Since the approval of the shareholders was taken several years ago, for the sake of good corporate governance, it is proposed to take a fresh approval from the shareholders keeping the same limit of borrowing.

The Board recommends passing of the resolution as set out at Item no.15 of the Notice.

None of the Directors are interested in the resolution.

Item No. 16

The Company had launched an Employee Stock Option Scheme (ESOP I) for aligning the interests of employees of the Company with those of shareholders. As the complete three years after the launch of the ESOP I and based on the experience the management of the Company has gained, they recommend a slightly revised scheme. In order to enable the employees/directors to participate in the long-term growth and financial success of the Company, the Board of Directors at their meeting held on May 27, 2009, have proposed to set up Godrej Industries Limited Employee Stock Option Plan II (ESOP II), subject to the approval of the members in General Meeting and to grant options to the eligible employees/directors of the Company and/or its subsidiary companies under such plan.

Currently, the Company has the following subsidiaries:-

1. Godrej Agrovat Ltd.
2. Golden Feed Products Ltd.
3. Godrej Oil Palm Ltd.
4. Cauvery Palm Oil Ltd.
5. Natures Basket Ltd.
6. Ensemble Holdings & Finance Ltd.
7. Godrej Properties Ltd.
8. Godrej Realty Pvt Ltd.
9. Godrej Waterside Properties Ltd.
10. Godrej Real Estate Pvt Ltd.
11. Godrej Developers Pvt Ltd.
12. Godrej Sea View Properties Pvt. Ltd.
13. Happy Highrises Ltd.
14. Godrej Estate Developers Pvt. Ltd.
15. Godrej International Ltd.
16. Godrej Hygiene Care Pvt. Ltd.

The salient features of the ESOP II are set out below:-

1 Total Options to be granted

90,00,000 (Ninety Lac) options convertible into 90,00,000 (Ninety Lac) equity shares of the nominal value of Re. 1/- each.

2 Identification of classes of employees entitled to participate in ESOP II

Employees/Directors of the Company and/or of its subsidiary companies, as defined in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable laws, if any (including any statutory modifications thereof), for the time being in force.

Under the prevailing regulations, employees who are promoters or belong to the promoter group, will not be eligible to participate in the ESOP II.

3 Requirements of vesting and period of vesting

To get the benefit of the options, the employees/directors should continue to be in employment of the Company and/or its subsidiary company, from the date of grant of option till the date of vesting of the same. Re-appointment of directors upon retirement by rotation shall be deemed to be continuity in tenure for the above purposes.

The vesting period shall be one year from the date of grant of the options to the employees/directors of the Company and/or its subsidiary companies and could extend up to 3 years from the date of grant of the options. The vesting may occur in tranche/s, subject to the terms and conditions of vesting, as may be stipulated by the Compensation Committee, at its discretion, and which may include the performance rating of the employee and achievement of other performance milestones.

4 Exercise price and pricing formula

The price at which the employees/directors of the Company and/or its subsidiary companies would convert the options into equity shares, shall be determined by the Compensation Committee as per the formula contained in the GIL ESOP II in compliance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable laws, if any. The ESOP II is available at the Company's registered office for inspection.

5 Exercise period and the process of exercise

From the date of vesting of the options, the employees/directors of the Company and/or its subsidiary companies, shall be entitled to exercise the options within 2 years from the date of vesting of the options.

The options would be exercisable by the said employees/directors by payment of the consideration amount in cash and submitting the requisite application form after which the options would be converted into equity shares of the Company.

The options will lapse if not exercised within the specified exercise period.

6 Appraisal process for determining the eligibility of employees to ESOP

Before granting the options to the employees/directors of the Company and/or its subsidiary companies under the Plan, the Compensation Committee may *inter alia* take into consideration the performance and future potential contribution and conduct of the employee and such other factors as may be deemed appropriate by it.

7 Maximum number of options to be granted per employee and in aggregate

The number of options that would be granted to the employees/directors of the Company and/or its subsidiary companies, under the Plan, would be determined by the Compensation Committee. However, the maximum number of options that would be granted per employee/director per year shall not exceed 10,00,000 (Ten Lac) options. Aggregate of such options that may be granted to all the eligible employees/directors under the ESOP II, shall not exceed 90,00,000 (Ninety Lac) options.

8 Disclosure and Accounting Policies

The Company shall comply with the disclosure and the accounting policies specified in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and/or such other guidelines as may be applicable from time to time.

9 Method to value options

The Company may use the intrinsic value method or such other method as may be allowed under the Guidelines to value the options.

In case, the Company calculates 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 in the Directors' Report and also the impact of this difference on profits and the EPS of the Company, shall also be disclosed in the Directors' Report.

Mr. V.F. Banaji, Mr. M. Eipe and Mr. M.P. Pusalkar, being Non Promoter Whole-time Directors may be deemed to be concerned and interested in the passing of the resolution to the extent of any options which may be granted to them pursuant to this ESOP II. None of the other Directors are interested in the resolution.

The Board of Directors of the Company recommends passing of the resolutions as set out at Item No.16 of the Notice.

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

Name of the Director	Mr. J. N. Godrej	Ms. T. A. Dubash	Mr. M. Eipe	Mr. V. F. Banaji	Mr. J. S. Bilimoria	Dr. N. D. Forbes	Mr. A. Maira	Mr. M. P. Pusalkar
Age	60	40	56	56	62	49	65	59
Nationality	Indian	Indian	Indian	Indian	Indian	Indian	American	Indian
Date of appointment on the Board	07-03-1988	01-08-1996	01-04-2001	01-04-2003	27-01-2009	27-01-2009	27-01-2009	30-01-2002
Shares held in the Company	Nil	42,68,783	300	Nil	Nil	Nil	Nil	NIL
Qualification/s	B.E. Mechanical, MBA, Illinois Institute of Technology, USA.	AB, Economics & Political Science, Brown University, USA. Advanced Management Program, Harvard Business School	B.Tech (Chem.), IIT - Mumbai and PGDM IIM, Kolkata	B.A. from Nagpur University	B.Com, FCA, England & Wales	M.S.- Industrial Engineering, Stanford University, Ph.D., Industrial Engineering, Stanford University. B.A.S.- Industrial Engineering, Stanford University	B.Sc. (Hons.), M.Sc., Physics	B.Tech. (Elec.)- IIT (Kanpur) & MMS - JBIMS
Expertise in specific functional area	Engineering and Management	Marketing	Chemical Engineering & Management	Human Resources Management	Financial Management & accounting	Industrial Engineering	Management Expert	Projects & General Management
Directorships held in other companies	Geometric Ltd. Godrej Consumer Products Ltd. Bajaj Auto Ltd. Godrej Agrovet Ltd. Godrej & Boyce Mfg. Co. Ltd. Godrej Properties Ltd. Godrej Sara Lee Ltd. Haldia Petrochemicals Ltd. Godrej Investments Pvt. Ltd. Antrix Corporation Ltd. Tata Trustee Company Pvt. Ltd. Illinois Institute of Technology (India) Pvt. Ltd. Godrej (Malaysia) Sdn. Bhd. Godrej (Singapore) Pte. Ltd. Godrej (Vietnam) Company Ltd.	Ensemble Holdings & Finance Ltd. Tahir Properties Ltd. Godrej Agrovet Ltd. Keyline Brands Ltd. Rapidol (Pty) Ltd. Godrej SCA Hygiene Ltd. Godrej Holdings Pvt. Ltd.	Godrej Hicare Ltd. Ensemble Holdings & Finance Ltd.	Nil	Ciba India Ltd. ING Investment Management (India) Pvt. Ltd. Dai-Ichi Karkaria Ltd. eClerx Services Ltd. Taddsco Promotions Ltd. Kingston Properties Pvt. Ltd. Voltas Ltd.	Forbes Marshall Pvt. Ltd. Forbes Marshall Arca Pvt. Ltd. Forbes Polymetron Pvt. Ltd. Krohne Marshall Pvt. Ltd. J N Marshall Pvt. Ltd. Spirax Marshall Pvt. Ltd. Rapideffect Pvt. Ltd. Forbes Marshall Codel Pvt. Ltd. Forbes Marshall (Hyd) Pvt. Ltd. Kirloskar Oil Engines Ltd. Gammon India Ltd. Forbes Marshall (Lanka) Pvt. Ltd. Forbes Marshall Canada, Inc. Jump Associates, San Mateo, California	Patni Computers Systems Ltd. Aditya Birla Nuo Ltd. Tata Chemicals Ltd. Mahindra Ugine Steel Co. Ltd. Hero Honda Motors Ltd.	Wadala Commodities Ltd.

Name of the Director	Mr. J. N. Godrej	Ms. T. A. Dubash	Mr. M. Eipe	Mr. V. F. Banaji	Mr. J. S. Bilimoria	Dr. N. D. Forbes	Mr. A. Maira	Mr. M. P. Pusalkar
	Godrej & Khimji (Middle East) LLC. Climate Works Foundation World Resources Institute, USA Asia Business Council Breach Candy Hospital Trust Singapore-India Partnership Foundation Great Lakes Institute of Management Indian Institute for Human Settlements							
Chairmanships/ Memberships of committees in other companies	Geometric Ltd.: Chairman of Investor Grievances & Redressal Committee, Chairman of Remuneration/ Compensation Committee Godrej Consumer Products Ltd.: Member of Management Committee, Member of Shareholders' Committee Bajaj Auto Ltd.: Member of Audit Committee Member of Shareholders/ Investors Grievances Committee Godrej & Boyce Mfg. Co. Ltd.: Chairman of Operations Committee Haldia Petrochemicals Ltd.: Member of Personnel Committee Member of Project Review Committee Breach Candy Hospital: Trustee - General Committee	NIL	NIL	NIL	Ciba India Limited: Member Audit Committee, Chairman - Shareholders' Grievance Committee ING Investment Management (India) Pvt. Ltd.: - Chairman of Audit Committee Dai-ichi Karkaria Ltd.: - Member of Audit committee eClerx Services Ltd.: - Chairman of Audit Committee, Member of Shareholders' Grievance Committee and Remuneration Committee	NIL	Patni Computer Systems Ltd.: Member, Compensation Committee, Chairman Shareholders Grievance Committee	Wadala Commodities Ltd.: Member, Audit Committee, Remuneration Committee Chairman: Shareholders Committee

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, 2009.

REVIEW OF OPERATIONS

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

	Rs. lac	
	Year ended March 31,	
	2009	2008
Sales of products and services	81,624	73,531
Other Income	15,504	10,351
Total Income	97,128	83,882
Total Expenditure other than Interest and Depreciation	86,747	66,787
Profit before Interest, Depreciation and Tax	10,381	17,095
Depreciation	2,646	2,547
Profit before Interest and Tax	7,735	14,548
Interest and Financial Charges (net)	6,085	3,776
Profit before Tax	1,650	10,772
Provision for Current Tax	123	492
Profit after Current Tax	1,527	10,280
Provision for Deferred Tax	(341)	(369)
Profit after Current and Deferred Taxation	1,868	10,649
Profit on sale of undertaking, extraordinary item (Net of tax)	26	232
Net Profit	1,894	10,881
Adjustments in respect of prior years	(86)	-
Surplus brought forward	32,437	27,321
Profit after Tax available for appropriation	34,245	38,202
Appropriation		
Your Directors recommend appropriation as under:		
Dividend on Equity Shares	3,997	3,997
Tax on distributed profits	679	679
Transfer to General Reserve	181	1,089
Surplus Carried Forward	29,388	32,437
Total Appropriation	34,245	38,202

The total income increased by Rs.13,246 lac from Rs.83,882 lac to Rs.97,128 lac. The Net Profit for the year was Rs.1,894 lac as compared to Rs.10,881 lac in the previous year.

DIVIDEND

The Board of Directors of your Company recommends a final dividend of Rs.1.25 per equity share of Re.1/- each, aggregating Rs. 3997 lac, the same amount which was paid in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

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

Godrej Agrovet Limited (GAVL): GAVL recorded a revenue growth of 11% over the previous year, with the turnover increasing from Rs.1,15,435 lac to Rs.1,28,346 lac. The profit after tax and extraordinary items increased from Rs.3,883 lac to Rs.5,838 lac.

The year under review, saw a good turnaround of the animal feed business of GAVL. This was possible due to strategic linkages for sourcing, focus on quality, cost control and timely price increases. The agricultural inputs division of GAVL continued to return a good performance. "Hitweed", the herbicide product launched by GAVL saw a good market acceptance.

Based on the court order, approving the scheme of arrangement between Godrej Agrovet Limited (GAVL) and Goldmohur Foods and Feeds Limited (GFFL), GFFL was merged with GAVL with retrospective effect from April 1, 2007.

The year under review also witnessed some restructuring, with the processed chicken business, being transferred to Godrej Tyson Foods Limited (formerly Godrej Foods Limited)(GTFL). GAVL divested 51% shareholding in GTFL to Tyson Foods Inc., a global Foods major.

GAVL also transferred the gourmet food retailing business, carried under the banner of Nature's Basket, to its 100% subsidiary Natures Basket Limited. This change is expected to bring in a greater focus on this exclusive food retailing business.

GAVL continues to be the holding company of Godrej Oil Palm Limited (formerly Godrej Oil Plantations Limited), Cauvery Palm Oil Limited and Golden Feed Products Limited apart from Natures Basket Limited which was incorporated in the current year. GAVL ceases to be the holding company of Godrej Tyson Foods Limited (formerly Godrej Foods Limited) consequent to divestiture of 51% to Tyson Foods Inc.

Godrej Properties Limited (GPL): GPL has posted a total income of Rs. 18,813 lac and the profit after tax was Rs.7,474 lac for the year ended March 31, 2009.

During the Financial Year 2008-09 GPL has signed a MOU with the Ahmedabad Municipal Corporation for the development of a special township project at village Jagatpur, Gujarat.

GPL has a well diversified portfolio spread across established Tier-1 and emerging Tier-II and III locations. The Company's business model of partnering with landowners for sourcing of land coupled with outsourcing strategy for developing each project has helped during this slowdown in the industry.

GPL has filed the Draft Red Herring Prospectus with SEBI on May 28, 2008 in relation to the proposed Initial Public Offer of 9,429,750 equity shares of Rs. 10/- each (including a pre-IPO placement of upto 2,444,750 equity shares).

Godrej International Limited (GINL): GINL trades worldwide in vegetable oils. GINL's turnover increased by 15% to US\$ 11,55,04,010 from US\$ 10,01,39,390 whilst profits increased by 1.5% to US\$ 13,79,611 from US\$ 13,60,464. The company successfully weathered a massive downturn in vegetable oil prices during the year and emerged stronger.

Godrej Hershey Limited (GHL): Your Company holds 43% stake in GHL. During the year under review, GHL recorded an impressive 38% growth in sales over last year.

The topline growth was led by Beverages which grew 45%. GHL also added 2 new categories viz., confectionery and syrup, in its portfolio. In June 2008, the manufacturing unit at Nalagarh in Himachal Pradesh commenced operations bringing confectionery into GHL's business. "Hershey Chocolate Syrup" manufactured at Mandideep was launched in November 2008. During the year the sales and marketing functions were restructured to improve focus. The gross margin was under pressure due to rising commodity costs in 2008-09. GHL went live on all business processes in SAP in September, 2008 with connectivity being established across 3 plants, 36 CFAs & 4 regions.

With HR initiatives, GHL employee commitment scores improved significantly in the "Great places to work" annual survey.

Nutrine Confectionery Company Limited (NCCL): NCCL, a 100% subsidiary of GHL, is a major player in confectionery business in India. Its product portfolio includes strong brands such as MahaLacto, Koko Naka, Milk Eclairs, Honey Fab, Aam Ras, Aasay, SuperStar and Gulkand.

NCCL recorded growth in sales of 15%. The topline growth was led by distribution expansion, marketing focus and innovations.

The brand architecture was defined for the confectionery portfolio with all rich, creamy and indulgent toffees coming under "Maha" brand & all fruity and spicy variants coming under "Nutrine". New product "Maha Choco" was launched under the "Maha" brand & became the third largest confectionery brand in NCCL. "Santra Goli" was launched under "Nutrine" brand in addition to the revamping of Aamras & Gulkand. M.S. Dhoni, was signed up as the brand ambassador for confectionery portfolio. The gross margin was under pressure due to rising commodity cost of sugar and milk in 2008-09. NCCL went live on all business processes in SAP in September, 2008.

Godrej Sara Lee Limited (GSLL): The consolidated business recorded a sales of Rs. 75465 lac, a 14% growth during the year 2008-09 over the previous year. The business maintained a high

profitability focus and achieved a net profit of Rs. 10447 lac, a growth of 19% during the year under review.

GSLL has built its business with consumer at the core of all key activities undertaken by the business. All the operations and initiatives - innovations, brand building, continue to be driven around the philosophy of Consumer Centricity.

Household Insecticides achieved new records in leadership with market share gains and improving profitability. Good Knight saw two new product launches on the advanced platform - Good Knight Advanced Low Smoke Coil and Good Knight Advanced Aerosol. New Television communications for Good Knight Aerosol won international accolades. Hit drove the growth of aerosol segment while maintaining the leadership in this segment.

Global brands, Ambipur and Brylcreem saw launch of new products in the range with Aromatherapy (Lavendar Spa and White Lilies) and Hybridz respectively. The global brand portfolio was fully integrated in the business and saw a growth of 56% for the year over last year.

All the innovations and brand building initiatives were strongly supported by strong on ground activations.

GSLL continued to align sales infrastructure to the growth opportunities in the market. It significantly improved its service to the traditional general trade outlets by adopting a segmentation approach and providing exclusive distributor salesmen for the premium and mass general trade outlets. This effort has resulted in good growth from the general trade. Focussed initiatives in small towns and rural markets helped GSLL to drive growth in these markets. GSLL also continued to strengthen its relationships with the emerging organised retail. Special emphasis was given to build the capability of sales team to deliver superior market execution.

Godrej Consumer Products Limited (GCPL): GCPL continues to be amongst the fastest growing companies in the FMCG sector and has maintained strong growth momentum across its business segments.

During the year GCPL introduced several new products and revamped some of its current offerings to better suit consumer tastes. During the year under review, GCPL commenced production at the new Chemical and Soap Noodle Plant at Malanpur. GCPL launched yet another variant of Godrej No. 1, namely 'Strawberry & Walnut'. The Cinthol range was relaunched with new variants and graphics led by its new brand ambassador Hrithik Roshan.

The year also saw GCPL launch new range of colours in ammonia free powder and liquids under the 'Godrej Expert Hair colour' brand. GCPL also launched new liquid detergent, namely 'Ezee Bright and Soft' which protects colours on everyday clothes.

On a consolidated basis, GCPL registered a net income of Rs.1,39,296 lac as compared to Rs.1,10,256 lac in the previous year and GCPL's profit after tax increased by 9% from Rs.15,924 lac in the previous year to Rs.17,326 lac in the current year. Like the previous year, GCPL maintained a total dividend rate of Rs. 4 per equity share (400%) on shares of face value Re.1.

In May 2008, GCPL allotted 3,22,32,316 equity shares of the face value Re.1 each by way of rights issue at a premium of Rs.122 per share aggregating Rs. 39,645 lac.

During the year GCPL announced and completed a buyback of its equity shares from the open market at a maximum price not exceeding Rs.150 per equity share at an aggregate consideration not exceeding Rs.1490 lac. Under the buyback, GCPL bought back 11,22,484 equity shares at a total consideration of Rs.1,490 lac.

With effect from April 1, 2008, GCPL acquired a 100% stake in Kinky Group Proprietary Ltd., South Africa. “Kinky”, one of the leaders in the South African Hair Category, is a 36 year old business set up by a family of entrepreneurs in South Africa and has trademarks registered in South Africa. Kinky offers a variety of products which include hair, hair braids, hair pieces, wigs, wefted pieces. Kinky also offers hair accessories like styling gels, hair sprays, oil free shampoo. This acquisition gives GCPL an opportunity to enter into a new line of business and diversify its hair product portfolio.

On April 29, 2009, GCPL executed a share purchase agreement with SCA Hygiene Products AB (SCA) for the acquisition of the balance 50% stake in Godrej SCA Hygiene Ltd., the joint venture company between SCA and GCPL. Post this transaction, Godrej SCA Hygiene Ltd, will become a 100% subsidiary of GCPL.

GCPL was rated 6th in the “Best Companies to work for” survey conducted by Mercer. GCPL was ranked 11th in the “Best Employers in India” survey conducted by Hewitt Associates.

FINANCIAL POSITION

In November 2007, your Company successfully placed 2,79,06,950 equity shares of Re.1/- each at a premium of Rs.214/- per share with Qualified Institutional Buyers, raising Rs. 600 crore. The issue was priced at a premium of 9% over the floor price calculated in accordance with the SEBI guidelines. The money raised has since been utilised *inter alia* to retire debt as also for investments in subsidiary/associate companies.

The loan funds at the end of the year stand at Rs. 60,096 lac as compared to Rs. 43,567 lac at the end of the previous year. The debt equity ratio is 0.56 as compared to 0.41 last year.

Your Company continues to hold the topmost rating of A1+ from ICRA for its commercial paper program (Rs. 100 crore). ICRA has also assigned an A1+ rating for its short term debt instruments (Rs. 570 crore). ICRA also assigned LAA rating for long-term debt (Rs. 330 crore). This rating represents high-credit quality carrying low-credit risk.

MANUFACTURING FACILITIES

The Chemicals Division of your Company has manufacturing facilities at Vikhroli and Valia.

Valia:

The factory developed the capability to produce one more variant of Fatty Alcohol which is approved by leading overseas customers.

On the environment front, the factory has developed new irrigation network and also planted 3000 saplings in the first phase.

The water supply scheme which was operated by G.I.D.C. is taken over by Valia Industries Association where the factory is also one of the members and this step has resulted into better reliability for supply of processed water and approx savings of Rs.15 lac p.a. would be achieved.

Vikhroli:

The Vikhroli factory, after implementation of the Integrated Management System (ISO 9001-2000, ISO 14001 and OHSAS 18001), has successfully completed two surveillance audits by “BUREAU VERITAS” in last year.

Now Vikhroli factory is in the process of getting upgraded for OHSAS 18001 : 2007 standards.

Vegoils Division:

This Division continues as a contract processor of Edible oils and Vanaspati. The division recorded a Turnover of Rs. 245 lac as against Rs.184 lac in the previous year. The focus of the division is to increase third party processing to improve its profitability.

RESEARCH AND DEVELOPMENT

During the year under review, the R & D department developed processes for the manufacturing of premium quality fatty acids from economy grade raw materials, high value fractionated fatty acids for the polymer, oilfield and lubricant industries, specialty surfactants for oral care and personal care products and value added derivatives of glycerin so as to enter certain niche markets.

INFORMATION SYSTEMS

Your Company has entered into a strategic alliance with Hewlett Packard (HP) for a comprehensive IT outsourcing and transformation project that will include infrastructure solutions, SAP Application services and other consulting services. HP will help facilitate various business transformation initiatives and implement tailor made solutions for GIL. This exercise will involve the implementation of a scalable and reliable service delivery structure based on ITIL standards. This includes Application support and management for SAP, Peoplesoft and other critical business applications.

Your Company has successfully implemented SAP in the Chemicals Business. Knowledge Management, Business intelligence, Collaboration with customers and Centralised Architecture are the key components of SAP implementation. Initiatives like GodrejConnect works as an effective Knowledge Management tool and ensures speedy and effective information flow within the organization. SAP's centralised architecture allows business to achieve operational efficiency with help of consistent data, better controls and visibility.

Your Company has received recognition for innovation in Business Week's list of top 25 'unsung innovators' for a customer portal (e-CRM) on SAP which would enable customers to access key information on a real time basis.

EMPLOYEE STOCK OPTION PLAN (ESOP):

During the financial year 2008-09, 139 employees of the Company and/or its subsidiaries were granted ESOPs based on their leadership responsibility and potential.

Date of Grant of ESOP	No. of ESOP	No. of Employees
May 2, 2008	3,40,000	33
May 26, 2008	8,35,450	93
June 3, 2008	1,50,000	13
Total	13,25,450	139

Disclosure in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Purchase Scheme) Guidelines, 1999 is given in Annexure B attached and forms a part of this Report.

GROUP FOR INTERSE TRANSFER OF SHARES

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

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

Your Company encourages a culture that develops and empowers people, promotes team building and nurtures new ideas. A recent recognition of the effort to make it a model employer was its inclusion in the list of fifteen “Best Companies to Work for in India” based on a survey conducted by Mercer Consulting and Business Today.

Your Company put great emphasis on optimizing people performance through various people oriented processes starting from recruitment, training, performance management and talent building.

Industrial relations at all plant locations remained harmonious. Regular structured safety meetings were held with employees and safety training programmes were conducted for them throughout the year. Training has also been an important means of raising productivity. At the Valia factory Skill Matrix system has been implemented for assessing the skills of every employee related to their jobs and filling the skill gap through focused training.

Inclusiveness

It has been the endeavour of your Company to provide opportunities to socially and economically underprivileged persons particularly those belonging to Scheduled Castes/Scheduled Tribes and physically challenged individuals. The Valia factory of Godrej Industries has partnered with the Kanerao Primary School, where all children belong to underprivileged sections of the society. Children in this school are assisted through the provision of free note books, school bags, water-bottle etc. and by conducting extra curricular activities like general knowledge, drawing, dancing and singing competitions every month.

ENVIRONMENT AND SOCIAL CONCERN

Your Company continues its efforts for the betterment of the environment and conservation of scarce natural resources.

Your Company continued “Rain water harvesting” initiatives undertaken during the previous year at its factory and in the staff quarters at Vikhroli. “Rain water harvesting” is a process by which rain water is collected and channelised into tanks for domestic consumption. So far 8500 Sq. Meter of roof area has been covered under the rain water harvesting initiative and 22500 M3 of water has been collected at Vikhroli factory and staff quarters. This process has resulted in saving water and consequently, the costs, thereof.

Recharging of two bore wells with rain water has also been undertaken, which resulted in improvement of yield and quality.

Effluent Drainage System carrying effluent from chemical plants was upgraded. To prevent pollution to environment, efforts are made to convert waste from the factories into an environment-friendly product and then dispose off the same safely. Your Company continued its arrangement with Trans Thane Creek Waste Management Association for the treatment of solid waste being generated at the Company’s factory at Vikhroli. More Areas of wasteland have been converted into garden using water from ETP. The process of bio composting has been enhanced with use of enzyme to reduce frequency of decomposition.

Vikhroli factory continues to convert the bio degradable waste into bio compost with the help of an NGO. The Vikhroli factory focused on waste elimination and also continued energy conservation measures.

FIXED DEPOSITS

Your Company has started accepting public deposits for 13, 24 and 36 months’ tenure. During the year ended March 31, 2009, deposits aggregating to Rs. 2,164 lac have been mobilised.

DEPOSITORY SYSTEM

Your Company’s equity shares are available for dematerialisation through National Securities Depository Limited and Central Depository Services (India) Limited. As of March 31, 2009, 99.66 % of the equity shares of your Company were held in demat form.

BUYBACK

Your Company had announced Buy-back of fully paid-up equity shares of the face value Re.1/- each not exceeding 57,00,000 Equity Shares (“Maximum Offer Shares”), from the existing owners of Equity Shares other than Persons in Control, at a price not exceeding Rs.275/- (Rupees Two Hundred and Seventy Five Only) per Equity Share (the “Maximum Offer Price”) payable in cash, for an aggregate amount not exceeding Rs.99 crore (“Maximum Offer Size”). The Maximum Offer Size represents 9.90% of the aggregate of the Company’s total paid-up equity capital and free reserves as on March 31, 2008 (the date of the latest standalone audited accounts).

Your Company had published a Public Notice dated July 30, 2008, pursuant to a decision of the Board approving the Buy-back, in compliance with Regulation 5A of the Buy-back Regulations (“Notice”). Subsequent to the Notice, the Company had filed an application with the Securities and Exchange Board of India (“SEBI”) under Regulation 4(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (“SEBI Takeover Regulations”) seeking an exemption on behalf of the promoters, whose shareholding may increase consequent to the Buy-back, from applicability of Chapter III of the SEBI Takeover Regulations. SEBI vide its order dated March 23, 2009 (the “SEBI Order”) had granted the exemption to the Persons in Control from the applicability of the said regulations.

SEBI has since approved the public announcement with minimum offer shares of 20,00,000 equity shares and the buyback is expected to commence shortly.

DIRECTORS

In accordance with Article 127 of the Articles of Association of the Company, Mr. J.N. Godrej, Ms. T.A. Dubash, Mr. M. Eipe and Mr. V.F. Banaji retire by rotation at the ensuing Annual General Meeting. They are eligible and offer themselves for re-appointment.

To comply with the terms of the amended Clause 49 of the listing agreement with the Stock Exchanges, the Company was required to appoint three directors who are independent as defined under the said clause, which would take the strength of the Board to 16 directors. Since the Company had permission for a maximum of 15 directors, the Board of Directors had on May 2, 2008, approved increase in the size of the Board to a maximum of 18 Directors, subject to approval of Shareholders and the Central Government. The Shareholders' and Central Government's approvals were received on June 25, 2008 and December 1, 2008 respectively. The Company has appointed three eminent persons for the position of independent directors, viz. Mr. J.S. Bilimoria, Mr. A. Maira, and Dr. N.D. Forbes with effect from January 27, 2009. They are being appointed as Directors, liable to retire by rotation at the forthcoming Annual General Meeting (AGM). Their brief profiles are given along with the Notice of the AGM.

The terms of appointment and remuneration payable to the Wholtime Directors, Ms. T.A. Dubash, Mr. V.F. Banaji, Mr. M. Eipe and Mr. M.P. Pusalkar will be expiring on March 31, 2010 and it is proposed to re-appoint them with revised terms at the forthcoming Annual General Meeting. Their profiles are given along with the Notice of the AGM.

AUDITORS

You are requested to appoint Auditors for the current year and to authorize the Board to fix their remuneration. The retiring auditors, Kalyaniwalla and Mistry, Chartered Accountants, are eligible for re-appointment. A certificate from the Auditors has been received to the effect that their re-appointment, 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, 2009. The members of the Audit Committee are Mr. F.P. Sarkari (Chairman), Mr. V.N. Gogate, Mr. S.A. Ahmadullah and Mr. K.N. Petigara, 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.

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.

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

The Notes to the Accounts referred to in the Auditors' Report is self-explanatory. However in respect of the qualifications in the Audit Report, we state as follows:

The shares referred to were pledged with us as security for loans given and since the loans were not being repaid, your Company enforced the securities by lodging the shares for transfer. On the refusal of the Company to transfer the shares, your Company has moved the Company Law Board, Western Bench and we expect a favourable decision.

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

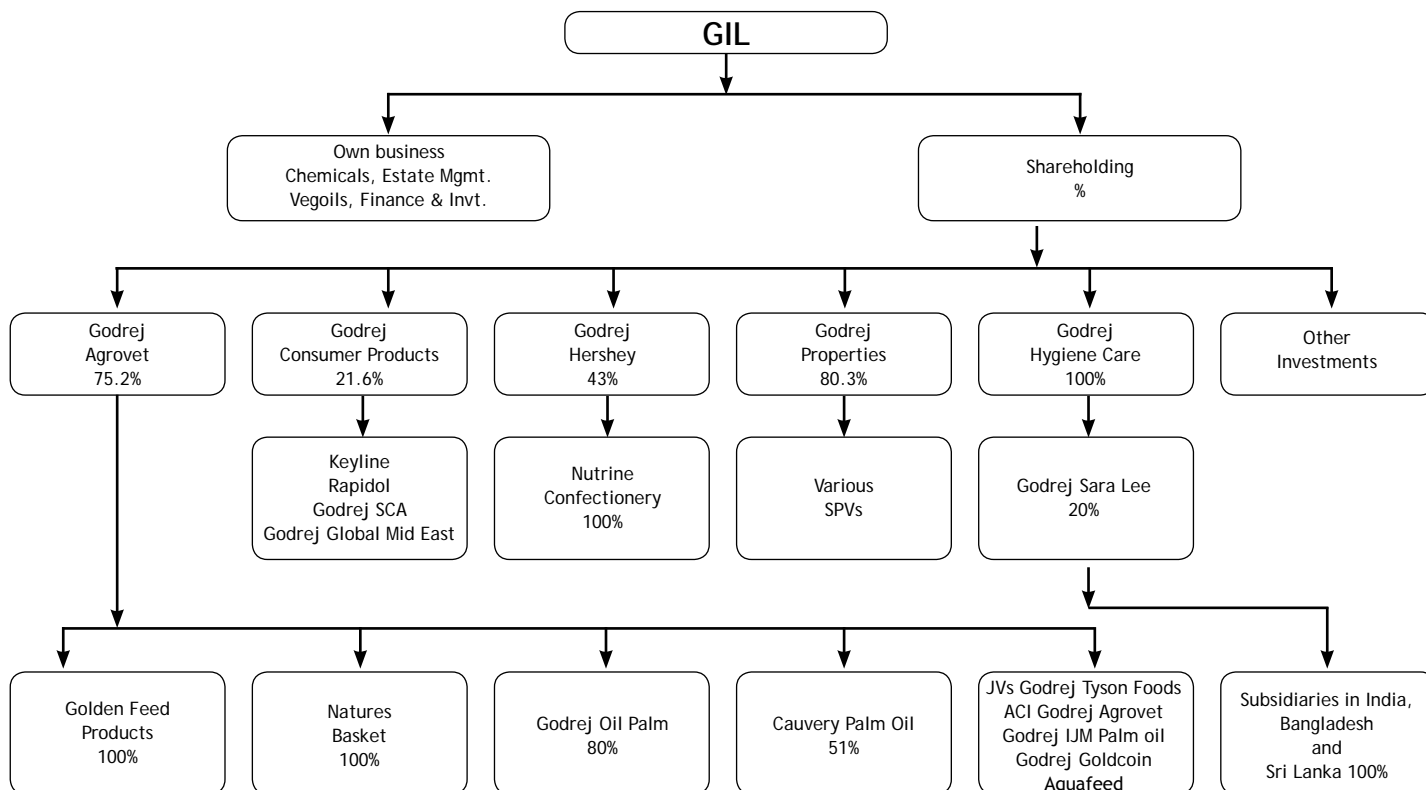
A.B. Godrej
Chairman

Mumbai, May 27, 2009

ANNEXURE "A" FORMING PART OF THE DIRECTORS' REPORT

MANAGEMENT DISCUSSIONS AND ANALYSIS

Business Structure



INDUSTRY STRUCTURE AND DEVELOPMENTS

Despite difficult global conditions witnessed in the second half of the fiscal year, the growth rate of the Indian economy is expected to remain relatively strong in 2008-09 at around 7%. With extreme commodity price and foreign exchange fluctuations, the year was indeed challenging. However with inflation falling and with more stable commodity prices seen at the start of year, the outlook for the coming year looks much more promising. The per capita income trend still remains high and demonstrates the overall health and strength of the economy. The Indian Government has attempted to curb the effects of the global recession through several fiscal and monetary stimulus packages to boost production and demand across sectors. These include a combination of planned and unplanned expenditure, cuts in fuel prices, repo rate and excise duty. With the formation of a stable Government at the Centre, there is greater expectation of decisive measures being taken to revive growth helping the Indian economy ride out the global crisis.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The highlights of overall performance are as follows:

	Rs. in Lac	
Particulars	2008-09	2007-08
Sales	81,623.72	73,530.54
Total Income	97,127.60	83,881.74

Particulars	2008-09	2007-08
Profit Before Taxation	1,650.08	10,771.56
Profit After Current Taxation	1,526.81	10,280.00
Profit After Current & Deferred Taxation	1,867.81	10,649.36
Earnings per Equity Share (Rupees)	0.58	3.53
Profitability ratios are as follows:		
PBDIT/Total Income	10.67	20.38
PBT/Total Income	1.70	12.84
PAT/Total Income	1.92	12.70
Return on Capital Employed	4.70	11.50
Return on Net Worth	1.71	14.03
Basic EPS (Rs.)	0.58	3.53
The Financial risk ratios are as follows:		
Debt/Equity	0.56	0.41
Interest coverage	1.27	3.85
Rs. in Lac		
Segment Performance	2008-09	2007-08
1. Segment Revenue		
Chemicals	77,818.57	69,238.46
Vegoils	865.59	650.93
Estate	3,154.26	2,946.11
Finance & Investments	14,705.36	9,802.34
Others	583.82	1,243.90
Total	97,127.60	83,881.74

Segment Performance	Rs. in Lac	
	2008-09	2007-08
2. Segment Results (PBIT)		
Chemicals	(1,832.02)	8,223.61
Vegoils	(588.78)	(515.83)
Estate	2,177.91	1,845.94
Finance & Investments	14,705.36	8,213.41
Others	108.68	289.91
Total	14,571.15	18,057.04
Less: Interest (Net)	(6,085.40)	(3,776.36)
Less: Unallocated expenses (Net)	(6,835.68)	(3,509.12)
Profit Before Tax	1,650.08	10,771.56
3. Segment Capital Employed		
Chemicals	26,817.23	36,457.27
Vegoils	155.54	362.42
Estate	4,235.56	1,531.21
Finance & Investments	137,119.37	116,603.03
Others	2,435.44	2,750.59
Total	170,763.14	157,704.52

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 export turnover of the division touched a high of Rs.322 crore in this fiscal, accounting for about 41% of the division's turnover.

The performance of the business was significantly affected both on cost and margin front by unforeseen fluctuations in the commodity prices and rupee-dollar exchange rate, curtailment in the supplies of natural gas to the factories and depressed demand owing to global recession and economic downturn.

The product category-wise review follows:

Fatty Alcohols

Fatty alcohols accounted for 38% of the sales revenue of the Chemicals division. Revenue decreased by 2% and volume decreased by 17%.

Through effective customer relationship management and supply chain initiatives, the division could maintain its share with some global companies. The sale of Fatty Alcohols in Europe was improved by providing Just in Time (JIT) supplies with better logistics management. With the expansion of its customer base, your Company has reached over 65 countries in the world through its exports.

With focused manufacturing and marketing strategies, it is expected that revenue from this segment will improve in the coming year.

Fatty Acids

The Fatty Acids portfolio, comprising stearic acid, oleic acid, as well as specialty fatty acids, accounted for about 36% of the turnover of the division. Continuous cost reduction and market development initiatives have helped grow this category by about 2% in value terms. The new fractionation column at Vikhroli capable of producing premium and specialty fatty acids is working to its

capacity and turning out good quality output. The division plans to enhance the sales of its specialty fatty acids in the domestic as well as export markets.

Surfactants

Surfactants contributed 16% to the turnover of the division.

As a forward integration and derisking strategy, the division has started the production of value added sulphonated products such as Sodium Lauryl Ethoxy Sulphate (SLES) and Sodium Lauryl Sulphate (SLS) in addition to Alpha Olefin Sulphonate (AOS). The division is focusing on improving the presence of this category in the international market and has started exporting SLES and SLS to various countries. Sales value of SLS grew by 487.5% and SLES by 304% as compared to last year. Growth in SLS/SLES portfolio is expected to continue in future.

Glycerin

Glycerin accounted for 6.5% of the turnover of this division. Revenues decreased by 5% in view of the low price of Glycerin.

Other initiatives

Chemicals division continues to strongly focus on cost reduction and efficiency improvement initiatives apart from emphasizing on growing the specialty and value added product portfolio. The business is developing a customer relationship website that will enable customers to track orders and transactions and receive updates through personalized web pages.

Outlook

The outlook for the coming year 2009-10 is mixed at this point in time. International prices and demand are showing signs of improvement and if recovery trend continues, the chemicals business is well poised to take advantage. If the new capacities for oleo-chemicals that were announced earlier go on stream, there could be an oversupply situation in the market. Most of the new plants are set up to produce mid chain alcohols. Your company has a competitive advantage due to its unique strategy of offering higher chain alcohols.

Focus on increasing sales of integrated specialty derivative products is expected to improve profitability as well as derisk the business from the vagaries of the fatty alcohol market.

ESTATE MANAGEMENT

The rapid infrastructure development in the central and northern suburbs of Mumbai has prompted the shift of banking, financial services, insurance and IT/ITES sectors to the suburbs. The suburbs in and around the registered office of your Company at Vikhroli is witnessing major development activity. The MMRDA proposal to develop Kanjurmarg, a close suburb into a business district and the plan for a Metro terminal in the vicinity of your company premises have spurred construction activity in the area.

Your Company continues to effectively utilize available space by leasing area to reputed corporates for their business operations. The excellent infrastructure and the green environment with close proximity to the CBD, airport, New Mumbai and the suburbs are major advantages making Vikhroli a preferred location. Your Company has also signed a MoU with Godrej Properties Ltd. to develop Vikhroli property which is taken on lease from Godrej & Boyce Mfg. Co. Ltd.

The total income from this business for the year was about Rs. 3154.26 lac, as compared to Rs. 2946.11 Lac in the previous year, an increase of about 7 %.

FINANCE AND INVESTMENTS

During the year, your Company continued to earn return from its investments in the form of Dividend of Rs. 5021.39 Lac (previous year Rs. 1393.16 Lac) and realized capital appreciation of Rs. 5626.55 Lac (previous year Rs. 6672.90 Lac).

During the year, 100% stake in Godrej Global Solutions Limited was sold to Tricom India Limited. Your company also sold its 100% stake in Godrej Hicare Limited to ISS Facility Services India Pvt. Ltd. (ISS). ISS is one of the world's largest facility services provider.

Other major investments made by your company during the year include investment in Godrej Consumer Products Limited including subscription to their Rights Issue, subscription to the rights issue of Godrej Hershey Limited (Rs. 34.4 crore) to support their growth plans, investment in Godrej Hygiene Care Private Limited (formerly Build Tough Properties Private Limited), a 100% subsidiary acquired during the year (which holds 20% stake in Godrej Sara Lee Limited).

HUMAN RESOURCES, INDUSTRIAL RELATIONS

Industrial Relations at all locations were cordial. The total number of persons employed in your Company as on March 31, 2009 was 1,314.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has a proper and adequate system of Internal Controls, to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposal and that transactions are authorized, recorded and reported correctly. Your Company's Corporate Audit and Assurance Department which is ISO 9001 certified, issues well documented operating procedures and authorities with adequate built-in controls at the beginning of any activity and any time 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 & mitigation measures were reviewed by your company's Risk Committee and corrective measures initiated.

During the year the Corporate Audit & Assurance Dept was involved in facilitating IT outsourcing & other initiatives for leveraging SAP for business benefits.

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 has since obtained ISO 27001 certification for its HO location and is in the process of obtaining for its factories.

OPPORTUNITIES AND THREATS

The improvement in the global economic and liquidity situation coupled with more stable commodity prices, the stimulus packages by the Indian Government and various Governments globally, provides an opportunity for growth for the Chemicals division. At the same time, if new capacity additions announced earlier go on stream, there could be an over-supply situation in the market which can put pressure on margins.

The Estate management business has the potential to increase revenues by giving space on lease and licence basis by optimum re-sizing of the existing operational areas as also developing new areas over the next few years. The factors that can aid further revenue growth include assured power supply, upcoming infrastructural facilities like metro rail and better connectivity that reduces travel time. At the same time, the real estate market has been affected by depressed prices during the year and there could be a spill-over effect.

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 & Vegoils businesses. The Chemicals business growth will also depend on the growth of end user industries like polymer, detergent, cosmetics and personal care.

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

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

CAUTIONARY STATEMENT

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

ANNEXURE “B” FORMING PART OF THE DIRECTORS’ REPORT

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:

Sr. No.	Heading	Particulars
a	Options granted during the year	13,25,450
b	The pricing formula	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
c	Options vested during the year	3,00,000
d	Options exercised during the year	NIL
e	The total number of shares arising as a result of exercise of option	N.A.
f	Options lapsed/revoked during the year	8,35,000
g	Variation of terms of options	Annexure 2
h	Money realized by exercise of options	NIL
i	Total number of options in force	77,99,950 equity shares of nominal value of Re.1/- each
j	Employee wise details of options granted to: i) senior managerial personnel; ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Annexure 1 Annexure 1 NIL
k	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with <i>Accounting Standard (AS) 20 ‘Earnings Per Share’</i> .	There is no fresh issue of shares hence, not applicable.
l	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used in respect of stock options granted, the employee compensation cost would have been higher by Rs. 26.45 crore, Profit after tax lower by Rs. 26.45 crore and basic EPS would have been lower by Rs. 0.83.
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 Rs. 276.21 plus interest. Weighted Average fair value of the option granted during the year is Rs. 203.83.
n	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: i) risk-free interest rate, ii) expected life, iii) expected volatility, iv) expected dividends, and v) the price of the underlying share in market at the time of option grant	The fair value of the options granted has been calculated using Black - Scholes Options pricing formula and the significant assumptions made in this regard are as follows: 5.50% 4 years 122% 0.45% Rs. 1.25 per share Weighted average market price at the time of grant of option Rs. 276.21 per option.

Annexure 1: Senior managerial personnel

Name	Options granted
A. Mahendran	1,00,000*
B. S. Yadav	55,000
D. S. Bhullar	37,500
B. N. Vyas	22,500
R. R. Govindan	22,500

*Options granted to Mr. A. Mahendran is in excess of 5% of the total options granted during the year.

Name	Options granted
S. Varadaraj	22,500
S. S. Sindhu	22,500
P. N. Narkhede	22,500
Adrian Terron	50,000
Praful Bhat	25,000

Annexure 2 :**Amendment to ESOP terms for employees who were granted ESOP's on February 14, 2006****(a) Existing Clause No. 5.4 be replaced with the amended Clause 5.4;**

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

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

In the event that, during the 4th and 5th year of the vesting period, the average of the closing market price of the shares of the company on the Bombay Stock Exchange and National Stock Exchange on each day exceeds the Exercise Price by not less than Rs.50/- for a consecutive period of thirty days, the options shall be deemed to have vested on the day immediately following the 30th day, as determined by the Compensation Committee.

(b) Existing Clause No. 5.5 be replaced with the amended Clause 5.5;

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

Amendment of ESOP terms**(a) Existing Clause No.5.7(a) be replaced with the amended Clause 5.7(a):**

In the event of the death of an Employee while in employment with a Participating Company, (i) all Vested Options shall be exercised by the Option Grantee's nominee or legal heirs within the applicable exercise period, (ii) all Unvested Options will vest immediately subject to the minimum vesting period as prescribed under the SEBI Guidelines.

(b) Existing Clause No.5.7(c) be replaced with the amended Clause 5.7(c):

In the event of separation from employment for reasons of normal Retirement or Retirement specifically approved by a Participating Company, (i) all Vested Options shall be exercised by the Option Grantee within the applicable exercise period, (ii) all Unvested Options will lapse as on the date of such Retirement, unless otherwise determined by the Compensation Committee and which determination shall be final and binding.

(c) After the existing Clause No. 5.7(g), the following Clause be inserted:**Clause No.5.7(h)**

In the event of any of the participating companies (excluding GIL), being reconstituted by way of demerger, amalgamation, merger, sale of business, sale of shares of such participating company or in any other manner (collectively referred to as 'Reorganisation') resulting in a situation whereby the ESOP cannot be implemented as envisaged in this Plan or where the options lapse as a result of such Reorganisation, the Plan may be suitably amended in line with the arrangement or scheme for such Reorganisation (referred to as the Revised Plan) and shall be communicated by the Compensation Committee to the option grantees, which Revised Plan shall be final and binding on the option grantees.

ANNEXURE “C” FORMING PART OF THE DIRECTORS’ REPORT

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

- | | |
|--|---|
| 1. Bahar Agrochem and Feeds Private Limited | 378. Godrej Consumer Products Mauritius Limited |
| 2. Godrej Hygiene Care Private Limited | 38. Godrej Kinky Holdings Limited |
| 3. Cauvery Palm Oil Limited | 39. Happy Highrise Limited |
| 4. Cartini India Limited | 40. Keyline Brands Limited |
| 5. Ensemble Holdings & Finance Limited | 41. Kinky Group Pty Limited |
| 6. Godrej Developers Private Limited | 42. JT Dragon Pvt. Limited |
| 7. Godrej Real Estate Private Limited | 43. Inecto Manufacturing Limited |
| 8. Godrej Realty Private Limited | 44. Mercury Mfg Co. Limited |
| 9. Godrej Sea View Properties Private Limited | 45. Natures Basket Limited |
| 10. Godrej Waterside Properties Private Limited | 46. Nutrine Confectionary Co. Limited |
| 11. Godrej Estate Developers Pvt. Ltd. | 47. Godrej ConsumerBiz Private Limited |
| 12. Godrej Agroviet Limited | 48. Rapidol (Pty) Limited |
| 13. Godrej International Limited | 49. Swadeshi Detergents Limited |
| 14. Godrej Properties Limited | 50. Veromatic International BV |
| 15. Godrej Investments Pvt. Limited | 51. Vora Soaps Limited |
| 16. Godrej & Boyce Manufacturing Company Limited | 52. Wadala Commodities Limited |
| 17. Godrej Holdings Private Limited | 53. Water Wonder Benelux BV |
| 18. Godrej Infotech Limited | 54. Mr. Adi B. Godrej |
| 19. Godrej (Malaysia) Sdn.Bhd. | 55. Mrs. Parmeshwar A. Godrej |
| 20. Godrej (Singapore) Pte. Limited | 56. Ms. Nisa A. Godrej |
| 21. Golden Feed Products Limited | 57. Mr. Pirojsha A. Godrej |
| 22. Godrej Oil Palm Limited | 58. Mrs. Tanya A. Dubash |
| 23. Godrej Hershey Limited | 59. Mr. Jamshyd N. Godrej |
| 24. Godrej Sara Lee Limited | 60. Mrs. Pheroza J. Godrej |
| 25. Godrej SCA Hygiene Limited | 61. Ms. Raika J. Godrej |
| 26. Godrej Gold Coin Aqua Feed Limited | 62. Mr. Navroze J. Godrej |
| 27. Godrej IJM Plantations Limited | 63. Mr. Nadir B. Godrej |
| 28. Godrej Tyson Foods Limited | 64. Mrs. Rati N. Godrej |
| 29. Godrej (Vietnam) Co. Limited | 65. Mst. Burjis N. Godrej |
| 30. Geometric Limited | 66. Mst. Sohrab N. Godrej |
| 31. Godrej Efacec Automation Robotics Limited | 67. Mst. Hormuzd N. Godrej |
| 32. Godrej & Khimji (Middle East) LLC | 68. Mr. Vijay M. Crishna |
| 33. Godrej Consumer Products Limited | 69. Mrs. Smita V. Crishna |
| 34. Godrej Global Mideast Fze | 70. Ms. Freyan V. Crishna |
| 35. Godrej Netherlands BV | 71. Ms. Nyrika V. Crishna |
| 36. Godrej Consumer Products (UK) Limited | 72. Mr. Rishad K. Naoroji |

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:

1. Installation of Energy Saving Device for saving on lighting power in EOU plant worth Rs. 2.6 Lac p.a.
2. Installation of VFD in pumps in sulphonation plant which resulted a savings of about 51234 KWH p.a. amounting to Rs. 3 Lac p.a.
3. Better planning in receipt of Raw Material from storage location to factory was introduced, which resulted in savings of Steam.
4. Installation of Energy Efficient Metal Halide fittings in other areas.
5. Installation of Energy Efficient Motors in Boiler House.
6. Installation of High Pressure Boiler from Thermax.

(B) Proposed Energy Conservation Measures

1. Installation of New High efficient Medium Pressure Steam Boiler.
2. Installation of Energy Saving Device to save on Street light energy of DTA plant.
3. Heat Exchanger for flaker to reduce the power consumption & improve the quality of stearic acid.
4. Working in consultation with CII for the Mission for Sustainable Growth.
5. Dedicated lines for Fatty Acid transfer to eliminate steam wastages.

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

Saving in energy costs during the period under consideration.

III. Details of energy consumption

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

a) Power and Fuel consumption

Electricity

	This Year	Previous Year
i) Purchased		
Units (KWH in lac)	290.55	284.22
Total Amount (Rs. in lac)	1,935.33	1,697.41
Rate per Unit (Rs.)	6.66	5.97
ii) Own generated through D.G. Sets		
Units (KWH in lac)	1.00	6.21
Cost (Rs. in lac)	15.81	69.09
Rate per unit (Rs.)	15.73	11.12

This Year Previous Year

iii) Own generated through Steam

Turbine Generator -

Co-generation

Units (KWH in lac)	218.54	263.88
Cost (Rs. in lac)	1,325.48	788.11
Rate per Unit (Rs.)	6.07	2.99

Fuel Oil (LSHS, FO and LDO)

Total Quantity (KL)	7,242.70	4,617.82
Total Amount (Rs. in lac)	1,600.17	807.86
Rate per unit (Rs. per litre)	22.09	17.49

Natural Gas

Total Quantity (SM ³ lac)	223.14	166.70
Total Amount (Rs. in lac)	2,979.69	1,817.00
Rate per unit (Rs. per SM ³)	13.35	10.90

Pitches

Total Quantity (MT)	957.05	1,633.00
Total Cost (Rs. in lac)	151.33	214.33
Rate per unit (Rs. per MT)	15,812	13,125

b) Consumption per unit of production

Particulars	Natural Gas (SM ³ /MT)		Electricity (kwh/mt)		Furnace Oil (Litre/MT)		Pitches	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Fatty Acid	56.95	52.07	76.01	84.55	24.69	15.76	15.86	24.61
Fatty Alcohol	89.57	72.35	424.64	400.78	7.61	2.17	-	-
A.O.S.	16.39	18.42	146.22	140.97	4.38	5.02	1.38	2.84
Glycerin	247.43	338.35	614.59	708.03	109.08	98.49	49.46	78.61
Oils & Vanaspati	-	-	174.72	174.31	60.00	61.12	85.86	-

B. Technology Absorption, Adaptation and Innovation

1. Specific areas in which R&D carried out by the Company- During the year under review, Research and Development efforts in the following areas strengthened the Company’s operations through technology absorption, adaptation and innovation:
 - a) Oils and Fatty Acids
 - b) Fatty Alcohols
 - c) Surfactants
 - d) Glycerin
 - e) Customer Centric Formulations for Personal Care Product Applications
2. Benefits derived as a result of the above R & D -
 - a) Premium quality fatty acids from economy grade raw materials.
 - b) Understanding the impact of raw material quality and manufacturing process on the quality of the finished goods.
 - c) Manufacture of high value pure cut fatty acids, specifically for the polymer, oilfield and lubricant industries.
 - d) Manufacture of specialty surfactants for oral care and personal care products.
 - e) Value added derivatives of glycerin so as to enter certain niche markets.

- f) Value added formulations of Fatty Alcohols so as to enter niche markets.
- g) One new process patent application filed.

3. Future Plan of Action -

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

4. Expenditure on R & D

	This Year Rs. lac	Previous Year Rs. lac
(a) Capital	Nil	13.55
(b) Recurring	173.30	172.75
(c) Total	173.30	186.30
(d) Total R & D expenditure as a percentage of total sales turnover	0.21%	0.25%

C. Foreign Exchange earnings and outgo:

The Chemicals Division's exports were Rs.36,774 lac in the current year (including deemed exports of Rs.4,591 lac) as compared to Rs.32,851 lac in the previous year (including deemed exports Rs.2,654 lac). The Company continues to export refined glycerin, fatty alcohol and other chemicals to over 65 countries including U.S.A., U.A.E., Japan, South Africa, Germany, U.K., France, Malaysia, China, Australia, Mexico, Singapore and Srilanka.

	This Year Rs. lac	Previous Year Rs.lac
Foreign exchange used	25,741	34,618
Foreign exchange earned	32,392	30,227

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. organizations that consistently succeed in the marketplace against competition and thereby enhance the value of all its stakeholders.

THE GOVERNANCE STRUCTURE

2. BOARD OF DIRECTORS

a) Board Structure

The Board of Directors of the Company comprises of sixteen Directors, which includes one Managing Director

and four Whole-time Executive Directors. The remaining eleven are Non-Executive Directors, with eight 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. 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 six Board meetings were held on May 28, 2008, July 29, 2008 (2 meetings), October 27, 2008, January 27, 2009 and March 27, 2009. The details are given in Table 1:

Table 1: Details about the Company's Board of Directors & meetings attended by the Directors during the year

Name of Director	Category	Board meetings held during the year	Board meetings attended during the year	Whether attended last AGM	Directorships held in public companies incorporated in India as at year-end \$	Number of Chairmanship/ membership in other Board Committees as at the year-end	
						Chairmanship	Membership
A.B. Godrej	Chairman - Non-Executive	6	6	Yes	12(2)	3	1
J.N. Godrej	Non-Executive	6	2	Yes	9(4)	1	3
N.B. Godrej	Managing Director	6	6	Yes	14(4)	1	2
S.A. Ahmadullah	Non-Executive-Independent	6	6	Yes	1(1)	1	1
J.S. Bilimoria	Non-Executive-Independent	2	2	NA	6(4)	2	3
V.M. Crishna	Non-Executive	6	3	Yes	5(2)	—	—
K.K. Dastur	Non-Executive-Independent	6	6	Yes	6(2)	3	—
N.D. Forbes	Non-Executive-Independent	2	—	NA	3(3)	—	—
V.N. Gogate	Non-Executive-Independent	6	6	Yes	1(1)	—	1
A. Maira	Non-Executive-Independent	2	1	NA	6(6)	1	1
K.N. Petigara	Non-Executive-Independent	6	5	Yes	5(1)	1	2
F.P. Sarkari	Non-Executive-Independent	6	5	Yes	2(1)	2	—
V.F. Banaji	Whole-time	6	5	Yes	1(1)	—	1
T.A. Dubash	Whole-time	6	4	Yes	6(1)	—	1
M. Eipe	Whole-time	6	5	Yes	3(1)	—	1
M.P. Pusalkar	Whole-time	6	5	Yes	2(2)	1	2
C.K. Vaidya	Whole-time	1	1	NA	NA	NA	NA

Note:

- (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 represents the no. of meetings held during the tenure of that director.
- (iv) Mr. J.S. Bilimoria, Mr. A. Maira and Dr. N.D. Forbes were appointed on January 27, 2009.
- (v) Mr. C.K. Vaidya ceased to be a Director with effect from May 28, 2008.

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

c) Information supplied to the Board

Among others, this includes:

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

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

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

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

Except for drawing remuneration, none of the Directors have any other materially significant related party transactions, pecuniary or business relationship with the Company. Attention of Members is drawn to the disclosures of transactions with related parties set out in Notes on Accounts - Schedule 22, Note No.20, 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: Remuneration in Rupees paid or payable to Directors for the year ended March 31, 2009

Amt. in Rs.

Name of Director	Relationship with Directors	Sitting fees	Commission on profits	Salary	Perquisites	Provident Fund	Total
A. B. Godrej	Brother of N.B.Godrej						
	Father of T.A. Dubash	2,10,000	Nil	Nil	Nil	Nil	2,10,000
J. N. Godrej	None	Nil	Nil	Nil	Nil	Nil	Nil
N. B. Godrej	Brother of A.B.Godrej	Nil	Nil	1,26,43,825	1,00,79,150	7,45,020	2,34,67,995
S. A. Ahmadullah	None	1,60,000	Nil	Nil	Nil	Nil	1,60,000
J. S. Bilimoria	None	40,000	Nil	Nil	Nil	Nil	40,000
V. M. Crishna	None	60,000	Nil	Nil	Nil	Nil	60,000
K. K. Dastur	None	1,20,000	Nil	Nil	Nil	Nil	1,20,000
N. D. Forbes	None	Nil	Nil	Nil	Nil	Nil	Nil
V. N. Gogate	None	1,60,000	Nil	Nil	Nil	Nil	1,60,000
A. Maira	None	20,000	Nil	Nil	Nil	Nil	20,000
K. N. Petigara	None	1,25,000	Nil	Nil	Nil	Nil	1,25,000
F. P. Sarkari	None	1,20,000	Nil	Nil	Nil	Nil	1,20,000
V. F. Banaji	None	Nil	Nil	1,42,99,985	3,13,630	7,13,250	1,53,26,865
T. A. Dubash	Daughter of A.B.Godrej	Nil	Nil	1,32,03,653	62,327	5,15,682	1,37,81,662
M. Eipe	None	Nil	Nil	1,27,59,994	2,95,124	6,05,472	1,36,60,590
M. P. Pusalkar	None	Nil	Nil	1,25,52,145	2,52,145	3,79,728	1,31,84,018
C.K. Vaidya	None	Nil	Nil	15,38,593	NIL	67,970	16,06,563

Notes:

Salary to Mr. N.B. Godrej, Mr.V.F. Banaji, Ms. T.A. Dubash, Mr. M. Eipe and Mr. M.P. Pusalkar includes a performance linked variable remuneration of Rs.3,50,000/- Rs.1,75,000/-, Rs.3,50,000/-, Rs.3,50,000/- and Rs.3,50,000/- respectively for the year ended March 31, 2009 payable in 2009-10.

The service contracts of the Whole-Time Directors are for a period of three years with a notice period of three months.

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

Name of Non-Executive Director	Shares held as on March 31, 2009	Dividend paid during the year (Rupees)
A. B. Godrej	1,85,000	2,31,250.00
A. B. Godrej *	9,36,226	Nil
J. N. Godrej *	32,21,472	Nil
F. P. Sarkari	20,000	25,000.00
F. P. Sarkari *	52,000	Nil
S. A. Ahmadullah	6,000	7,500.00
S. A. Ahmadullah *	11,700	Nil
V. N. Gogate	1,878	2,347.50
V. N. Gogate *	270	Nil
V. M. Crishna	Nil	Nil
J. S. Billimoria	Nil	Nil
N. D. Forbes	Nil	Nil
A. Maira	Nil	Nil
K. N. Petigara	Nil	Nil
K. K. Dastur	3,606	4,507.50
K. K. Dastur *	25,400	Nil
K. K. Dastur **	9,570	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. V.N. Gogate and Mr. K.N. Petigara. Mr. F.P. Sarkari is the Chairman of the Committee. Mr. Sarkari is a qualified Chartered Accountant and is knowledgeable in finance, accounts 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 meetings. Mr. V. Srinivasan, Executive Vice-President (Finance & Estate) & Company Secretary acts as a secretary to the audit committee. The audit committee met four times during the year i.e.: on May 28, 2008, July 29, 2008, October 27, 2008 and January 27, 2009. 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. V.N. Gogate	4	4
Mr. K.N. Petigara	2	2

Notes:

- Committee Meetings held during the year represents the no. of meetings held during the tenure of that director.
- Mr. K.N. Petigara was appointed as a Member with effect from July 29, 2008.

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 of 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. N.B. Godrej (Managing Director); Mr. V.N. Gogate (Independent Director) and Mr. K.N. Petigara (Independent Director). During the year ended March 31, 2009, the committee met on May 2, 2008, May 26, 2008, June 3, 2008, and February 5, 2009. 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	4	4
Mr. V.N. Gogate	4	4
Mr. K.N. Petigara	4	3
Mr. N.B. Godrej	4	4

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

The Company has adopted EVA as a tool for driving performance, and has linked improvements in EVA to performance linked variable remuneration (PLVR) of Managing Director, Whole-time Directors, Managers and Officers of the company.

5. SHAREHOLDERS COMMITTEE

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

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

Name and designation of Compliance Officer:

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

Number of complaints regarding shares for the year ended March 31, 2009

Complaints outstanding as on April 1, 2008	Nil
Complaints received during the year ended March 31, 2009	43
Complaints resolved during the year ended March 31, 2009	43
Complaints outstanding as on March 31, 2009	Nil

There are no pending share transfers as on March 31, 2009.

6. MANAGEMENT

a) Management discussion and analysis

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

b) Disclosures by management to the Board

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

7. DISCLOSURES

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

During the year 2008-09, 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 on Accounts - Schedule 22, Note No.20, 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 2008-09, 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 Complaints Committee has been formed which is headed by Ms. T.A. Dubash, Executive Director & President (Marketing). Members of the Committee include, among others, a representative from an NGO familiar with the issue of sexual harassment.

d) Details of compliance with mandatory requirement

Particulars	Clause of Listing Agreement	Compliance Status Yes/No
I. Board of Directors	49 I	Yes
(A) Composition of Board	49 (IA)	Yes
(B) Non-Executive Directors' compensation & disclosures	49 (IB)	Yes
(C) Other provisions as to Board and Committees	49 (IC)	Yes
(D) Code of Conduct	49 (ID)	Yes
II. Audit Committee	49 (II)	
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes
(B) Meeting of Audit Committee	49 (IIB)	Yes
(C) Powers of Audit Committee	49 (IIC)	Yes

Particulars	Clause of Listing Agreement	Compliance Status Yes/No
(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) Board disclosures	49 (IV B)	Yes
(C) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV C) 49 (IV D)	Not applicable at present
(D) Remuneration of Directors	49 (IV E)	
(E) Management	49 (IV F)	Yes
(F) 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 Chairman and Managing Director stating that all the Board Members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended March 31, 2009, is annexed to the Corporate Governance Report.

8. GENERAL BODY MEETINGS

a) Details of last three AGMs

Year	Venue	Date	Time
2005-06	Y.B. Chavan Centre, Nariman Point, Mumbai 400 021.	July 24, 2006	4.30 p.m.
2006-07	- do -	July 27, 2007	4.30 p.m.
2007-08	- do -	July 29, 2008	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 24, 2006	6	1) Re-appointment and remuneration payable to Ms. T.A. Dubash as Whole-time Director of the Company. 2) Re-appointment and remuneration payable to Mr. V.F.Banaji as Whole-time Director of the Company. 3) Re-appointment and remuneration payable to Mr. M. Eipe as Whole-time Director of the Company.

Date of AGM	Number of Special Resolution passed	Details of Special Resolution Passed
		4) Re-appointment and remuneration payable to Mr. M.P. Pusalkar as Whole-time Director of the Company. 5) Revision in remuneration payable to Mr. Pirojsha A. Godrej. 6) Amendment to the Articles of Association of the Company pursuant to increase in Authorized Share Capital.
July 27, 2007	1	1) Re-appointment and remuneration payable to Mr. N.B. Godrej as Managing Director of the Company.
July 29, 2008	6	1) To further invest in securities of and/or place intercorporate deposits with and/or make loans or any other form of debt to and/or investment in Godrej Agrovet Ltd., upto a sum of Rs. 25 crore, u/s 372A of the Companies Act, 1956. 2) To further invest in securities of and/or place intercorporate deposits with and/or make loans or any other form of debt to and/or investment in Godrej Agrovet Ltd., upto a sum of Rs. 20 crore, u/s 372A of the Companies Act, 1956. 3) To further invest in securities of and/or place intercorporate deposits with and/or make loans or any other form of debt to and/or investment in Ensemble Holdings & Finance Ltd., upto a sum of Rs. 10 crore, u/s 372A of the Companies Act, 1956. 4) To further invest in securities of and/or place intercorporate deposits with and/or make loans or any other form of debt to and/or investment in Boston Analytics Inc., upto a sum of Rs. 15 crore, u/s 372A of the Companies Act, 1956. 5) Revision in the terms of remuneration payable to Ms. Nisa A. Godrej. 6) Amendment to Articles of Association of the Company.

c) Postal Ballot

During the year, pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001, certain resolutions were passed by shareholders by postal ballot. The Notice of postal ballot were mailed to all shareholders 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.	June 25, 2008	Special	Sale of investment and business in Godrej Global Solutions Ltd. under Section 293(1)(a) of the Companies Act, 1956	1819	99.97	0.01	0.02
		Special	Amendment of Articles of Association of the Company to increase the maximum number of Directors from fifteen to eighteen	1819	99.96	0.01	0.03
2	September 19, 2008	Special	To Further invest in securities of and/or place intercorporate deposits with and/or invest in debentures of and/or give guarantee(s) to and or make loans or any other form of debt to and/or investment in Godrej Hershey Limited, under Section 372A of the Companies Act, 1956, upto a sum of Rs.22.30 crore.	1918	99.96	0.01	0.03
3	December 22, 2008	Special	Sale of investment in Godrej Hicare Limited/ enter into joint venture.	1684	99.69	0.09	0.22
		Special	To further invest in securities of and/or place intercorporate deposits with and/or invest in debentures of and/or give guarantee(s) to and or make loans or any other form of debt to and/or investment in Godrej Properties Limited, under Section 372A of the Companies Act, 1956, upto a sum of Rs.100 crore.	1684	99.88	0.08	0.04
		Special	To further invest in securities of and/or place intercorporate deposits with and/or invest in debentures of and/or give guarantee(s) to and or make loans or any other form of debt to and/or investment in Ensemble Holdings & Finance Limited, under Section 372A of the Companies Act, 1956, upto a sum of Rs.50 crore.	1684	99.87	0.08	0.05
		Special	To further invest in securities of and/or place intercorporate deposits with and/or invest in debentures of and/or give guarantee(s) to and or make loans or any other form of debt to and/or investment in Godrej Hershey Limited, under Section 372A of the Companies Act, 1956, upto a sum of Rs.40 crore.	1684	99.88	0.07	0.05
4	February 5, 2009	Special	Amendments to the Godrej Industries Limited Employee Stock Option Plan	1652	99.97	0.02	0.01
5	March 18, 2009	Special	To invest in securities of and/or place intercorporate deposits with and/or invest in debentures of and/or give guarantee(s) to and or make loans or any other form of debt to and/or investment in Natures Basket Limited, under Section 372A of the Companies Act, 1956, upto a sum of Rs.10 crore.	1931	99.96	0.02	0.02

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.

SHAREHOLDERS AND MEANS OF COMMUNICAITON

a) Disclosures regarding appointment or re-appointment of Directors

According to the Articles of Association of the Company, at every annual general meeting of the Company one-third of the Directors are liable to retire by rotation. Mr. J.N. Godrej,

Ms. T.A. Dubash, Mr. V.F. Banaji and Mr. M. Eipe shall retire at this Annual General Meeting of the Company and being eligible, offer themselves for re-election.

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 web-site 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 Standard, Business Line, etc. The Company has also posted information relating to its financial results and shareholdings pattern on electronic data information filing and retrieval system (EDIFAR) at www.sebidifar.nic.in

c) Investor grievances

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

d) Share transfer

The Company has outsourced its share transfer function to 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.

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, 2009.

Mumbai, May 27, 2009

N.B. Godrej
Managing Director

Auditors' Certificate on Corporate Governance

To the Members of,
Godrej Industries Limited

We have examined the compliance of conditions of Corporate Governance by Godrej Industries Limited for the year ended on March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance stipulated in Clause 49 of the above mentioned Listing Agreement. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

V.R. Mehta
Partner

Membership No. 32083

Mumbai, May 27, 2009

Shareholders' Information

i) Annual General Meeting

Date : July 29, 2009

Time : 4.30 p.m.

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

ii) Financial Calendar

Financial year: April 1 to March 31

For the year ended March 31, 2009, results were announced on:

- July 29, 2008 : First quarter
- October 27, 2008 : Half year
- January 27, 2009 : Third quarter
- May 27, 2009 : Annual

iii) Record Date/Book Closure

A dividend of Rs.1.25/- per share of Re. 1/-each has been recommended by the Board of Directors of the Company. For payment of dividend, the book closure is from July 22, 2009 to July 29, 2009 (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

The ISIN Number of the Company on both NSDL and CDSL is INE233A01035.

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, 2009. 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, 2009

Date	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April 2008	297.60	230.05	3122114
May 2008	324.00	256.00	4092115
June 2008	272.00	131.15	2396750
July 2008	192.30	118.55	10395917
August 2008	198.90	162.25	3082950
September 2008	175.00	111.50	1675095
October 2008	130.95	51.00	2950719
November 2008	93.95	46.25	2384959
December 2008	79.70	47.10	5151851
January 2009	87.20	56.40	3723348
February 2009	68.25	56.20	2184882
March 2009	61.25	49.10	9575852

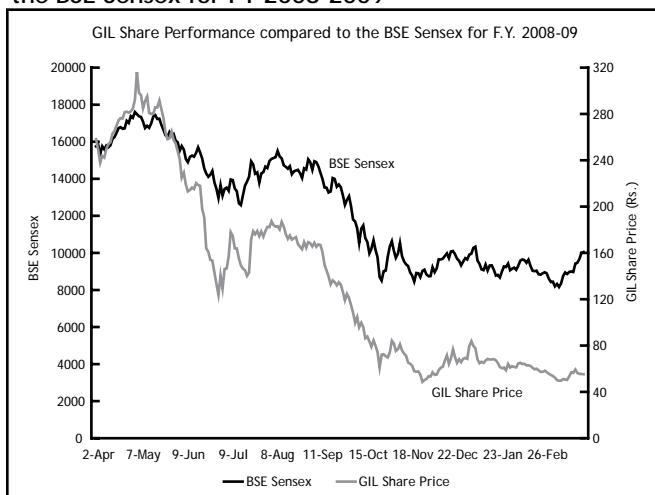
Note: High and low are in rupees per traded share. Volume is the total monthly volume of trade (in numbers) in equity shares of the Company on the BSE.

Table 2: Monthly high and low prices and trading volumes of equity shares of the Company at NSE for the year ended March 31, 2009

Date	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April 2008	296.95	231.00	3148427
May 2008	324.00	255.20	3845530
June 2008	272.00	130.40	2559090
July 2008	192.65	118.50	9907723
August 2008	199.55	162.05	3558392
September 2008	175.40	110.20	2376116
October 2008	132.00	50.00	3187786
November 2008	93.95	46.00	3319435
December 2008	88.95	49.00	6546502
January 2009	87.30	56.55	5198385
February 2009	68.30	56.00	2005196
March 2009	61.40	48.30	6923824

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 2008-2009



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, 2009.

Table 3: Distribution of shareholding by size as on March 31, 2009

Number of shares	Number of shareholders	Share-holders %	Number of shares held	Share-holding %
1 - 500	41774	86.25%	4874995	1.52%
501 - 1000	3490	7.21%	2739272	0.86%
1001 - 2000	1539	3.18%	2296943	0.72%
2001 - 3000	517	1.07%	1342685	0.42%
3001 - 4000	197	0.41%	708902	0.22%
4001 - 5000	163	0.34%	760756	0.24%

Number of shares	Number of shareholders	Share-holders %	Number of shares held	Share-holding %
5001 - 10000	376	0.78%	2712683	0.85%
10001 & above	378	0.78%	304322366	95.17%
Total	48434	100.00%	319758602	100.00%

Table 4: Distribution of shareholding by ownership as on March 31, 2009

Category (as being reported to stock exchanges)	Shares held (nos.)	% of holding
Promoter's holding		
Promoters	251234174	78.57
Persons deemed to act in concert with promoters	-	-
Institutional investors		
Mutual funds & UTI	636948	0.20
Banks, financial institutions & insurance companies	14494629	4.53
Foreign institutional investors	8043211	2.52
Others		
Private corporate bodies	13970915	4.37
Indian public	30448843	9.52
NRI/OCBs	938882	0.29
Total	319767602	100

vii) Shares held in physical and dematerialised form

As on March 31, 2009, 99.66 percent of the Company's shares were held in dematerialised form and the remaining 0.34 percent in physical form. The break up is listed below:

Category	Number of shareholders	Shareholders %	Number of shares held	Shareholding %
Physical	2908	6.00%	1087968	0.34%
Electronic	45526	94.00%	318670634	99.66%
Total	48434	100.00%	319758602	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 effected within the maximum period of 30 days from the date of receipt, if all the required documentation is submitted.

x) Investor correspondence should be addressed to:

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

REPORT OF THE AUDITORS' TO THE MEMBERS OF GODREJ INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Godrej Industries Limited as at March 31, 2009 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure 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 in paragraph 3 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 branch not visited by us. The Branch Auditor's Report has been forwarded to us and has been appropriately dealt with.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited return from the branch.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) Without qualifying our opinion, we draw attention to Note 10 (b) of Schedule 22 - Notes to Accounts, regarding a loan of Rs. 7,359 lac to a Trust for purchase of the company's shares from the market equivalent to options granted under an Employee Stock Option Plan. As at March 31, 2009, the market value of the shares held by the ESOP Trust is lower than the cost of acquisition of the shares by Rs. 5,331 lac. The repayment of the loans granted to the ESOP Trust is dependent on the exercise of options by the employees and the market price of the underlying equity shares of the unexercised options at the end of the exercise period. In the opinion of the management, the fall in the value of the underlying equity shares is on account of current market volatility and the loss, if any, can be determined only at the end of the exercise period, in view of which provision for the diminution is not considered necessary in the financial statements.
 - f) *Reference is invited to note 8 (a) of Schedule 22 - Notes to Accounts, regarding the recoverability of advances given to certain individuals amounting to Rs. 1,033 lac 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 by the investee company. Both the parties are in appeal before the Company Law Board and the Hon'ble High Court. The impact thereof on the profit for the year and the reserves as at March 31, 2009 could not be ascertained.*
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to paragraph 4 (f) above*, and read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations received from the directors of the Company as on March 31, 2009 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, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
 M. No: 32083

Mumbai, May 27, 2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (3) of our report of even date on the accounts of Godrej Industries Limited for the year ended 31st March, 2009.

- 1) (a) The Company is generally maintaining proper records showing full particulars, including quantitative details and situation of fixed assets, except in case of certain continuous process plants at Valia and furniture, fittings and equipment at Vikhroli 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. No material discrepancies between the book records and physical inventory were reported for the assets verified during the year.
- (c) In our opinion the fixed assets disposed off by the Company during the year were not substantial and therefore do not affect the going concern assumption.
- 2) (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory 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) (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 of Rs. 35 lakh was outstanding at the year end. The maximum amount of loans granted to the said companies during the year was Rs. 1,300 lakh.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of loans given are prima facie not prejudicial to the interest of the Company.
- (c) The loans outstanding at the year end are at call and have not been recalled during the year. The companies are generally regular in payment of interest.
- (d) There are no overdue amounts exceeding Rs. one lakh.
- (e) The Company has taken unsecured loans from two companies listed in the register maintained under section 301 of the Companies Act, 1956, against which the outstanding balance at the year-end was Rs.150 lakh. The maximum amount of loans taken from the said companies during the year was Rs.230 lakh.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of loans taken are prima facie not prejudicial to the interest of the Company.
- (g) The loans outstanding at the year end are at call and have not been recalled during the year. The Company is generally regular in payment of interest.
- (h) There are no overdue amounts exceeding Rs. one lakh.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records and the information and explanations given to us, we have not come across any continuing failure to correct major weakness in the internal control system.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have generally 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, having regard to the explanation that many of the items are of a special nature and their prices cannot be compared with alternative quotations, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 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.
- 7) The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.
- 8) In our opinion and to the best of our knowledge and according to the information given to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.
- 9) (a) According to the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us and the records examined by us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty or cess which have not been deposited on account of any dispute, other than those stated hereunder:

Name of statute	Rs in Lac.	Period to which amount relates	Forum where dispute is pending
Central Excise	6.26	2002-03, 2006-07	Assistant Commissioner
	2.64	1996-97	Commissioner
	100.24	1982-83, 1993-94, 1998-2002	CESTAT
	695.04	1978-79, 1976-85, 1995-96	High Court
	391.15	1993-97	The Supreme Court
Custom Duty	39.43	1978-83, 1991-92, 2003-04	Assistant Commissioner
	112.08	1987-93	Commissioner
	25.44	1978-79, 1978-84, 2003-04	CESTAT
	679.98	1978-93, 1991-92	High Court
Sales Tax	127.11	1997-98, 2001-02, 2002-06, 2004-05	Sales Tax Officer
	73.50	1996-00, 2001-02, 2003-05	Assistant Commissioner
	337.22	2000-03, 2004-05, 2006-07	Commissioner
	97.56	1990-92, 1994-96, 1997-98, 2003-05	Tribunal
	1,063.29	2003-04	High Court
Others			
Stamp Duty	182.23	2000	Controlling Revenue Authority
Municipal Taxes	1,095.19	1984-2002	The Bombay High Court
Entry Tax	4.26	1997-99	Dy. Commissioner
	23.56	1997-2003	Tribunal
	1.03	2000-01	The Supreme Court

- 10) The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial years.
- 11) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders as at the balance sheet date.
- 12) The Company has maintained adequate documents and records in respect of loans and advances granted on the basis of security by way of pledge of shares and other securities, *except for the shares referred to in note 8(a) of Schedule 22 which have not been transferred in the name of the Company.*
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
- 14) In our opinion, the Company has maintained proper records of the transactions and contracts in respect of investments purchased and sold during the year and timely entries have been made therein. The investments made by the Company are held in its own name *except for the shares referred to in note (d) of Schedule 6.*
- 15) According to the information and explanations given to us and the records examined by us, it is our opinion that the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- 16) According to the information and explanations given to us and the records examined by us, on an overall basis, the term loans have been applied for the purpose for which the loans were obtained.
- 17) On the basis on an overall examination of the balance sheet and cash flows of the Company and the information and explanations given to us, we report that the Company has not utilized funds raised on short-term basis for long term investment.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- 19) The Company has not issued any debentures in the recent past.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the management, we report that except for a misappropriation by an employee at a branch office involving Rs. 17 lac, no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Viraf R. Mehta
Partner
M. No: 32083

Mumbai, May 27, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	Rs. lac	This Year Rs. lac	Previous Year Rs. lac
SOURCES OF FUNDS				
1. Shareholders' Funds				
(a) Share capital	1	3,197.59		3,197.59
(b) Reserves & surplus	2	99,514.61		102,644.47
			102,712.20	105,842.06
2. Loan Funds				
(a) Secured loans	3	23,282.16		24,948.07
(b) Unsecured loans	4	36,814.31		18,618.92
			60,096.47	43,566.99
3. Deferred Tax Liability			3,278.20	3,619.20
TOTAL			166,086.87	153,028.25
APPLICATION OF FUNDS				
4. Fixed Assets	5			
(a) Gross block		57,854.70		55,822.44
(b) Less: Depreciation / Impairment		31,467.99		29,173.75
(c) Net block		26,386.71		26,648.69
(d) Capital work-in-progress		2,484.13		493.68
			28,870.84	27,142.37
5. Investments	6		114,808.02	77,548.43
6. Current Assets, Loans and Advances				
(a) Inventories	7	9,355.62		19,771.19
(b) Sundry debtors	8	16,099.98		14,873.23
(c) Cash and bank balances	9	2,851.17		29,428.85
(d) Loans and advances	10	14,794.20		14,705.89
		43,100.97		78,779.16
Less : Current Liabilities and Provisions				
(a) Liabilities	11	14,045.42		24,554.26
(b) Provisions	12	7,033.41		6,955.34
		21,078.83		31,509.60
Net Current Assets			22,022.14	47,269.56
7. Miscellaneous Expenditure (To the extent not written off or adjusted)	13		385.87	1,067.89
TOTAL			166,086.87	153,028.25
Significant Accounting Policies	21			
Notes to Accounts	22			

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

As per our Report attached

Signatures to Balance Sheet and Schedules 1 to 13, 21 and 22

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

A.B. Godrej
Chairman

N.B. Godrej
Managing Director

V. R. Mehta
Partner

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

M.P. Pusalkar
*Executive Director
& President (Corporate Projects)*

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

Mumbai, May 27, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	Rs. lac	This Year Rs. lac	Previous Year Rs. lac
INCOME				
Turnover (gross) (refer note 15)			87,347.16	79,602.36
Less: Excise duty			5,723.44	6,071.82
Turnover (net)			81,623.72	73,530.54
Other Income	14		15,503.88	10,351.20
			<u>97,127.60</u>	<u>83,881.74</u>
EXPENDITURE				
Materials consumed and purchase of goods	15		54,317.99	39,466.72
Expenses	16		30,173.54	26,779.68
Inventory change	17		2,254.41	540.42
Interest and financial charges (net)	18		6,085.40	3,776.36
Depreciation			2,646.19	2,547.00
(Net of transfer from Revaluation Reserve Rs. 133.69 lac, Previous year Rs. 148.93 lac)			<u>95,477.53</u>	<u>73,110.18</u>
Profit before Taxation and Extraordinary Items			<u>1,650.07</u>	<u>10,771.56</u>
Profit from continuing operations before tax		1,650.07		10,693.55
Provision for Income tax				
- current tax		-		(1,020.00)
- MAT credit entitlement		-		500.00
- deferred tax		341.00		369.36
- fringe benefit tax		(58.00)		(60.32)
- adjustment for previous years (net)		(65.27)		100.28
Profit from continuing operations after tax			1,867.80	10,582.87
Profit from discontinuing operations before tax		-		78.01
Provision for Income tax				
- current tax		-		(8.84)
- deferred tax		-		-
- fringe benefit tax		-		(2.68)
Profit from discontinuing operations after tax			-	66.49
Profit after Taxation and before Extraordinary Items			1,867.80	10,649.36
Extraordinary Items (Net of Tax)	19		26.00	231.61
Profit after Extraordinary Items			1,893.80	10,880.97
Prior Period adjustments (net)	20		(86.11)	-
Net Profit			1,807.69	10,880.97
Surplus brought forward			32,437.14	27,320.54
Amount Available For Appropriation			<u>34,244.83</u>	<u>38,201.51</u>
Appropriations				
Proposed Dividend - Final			3,996.99	3,996.99
Tax on distributed profits			679.28	679.28
Transfer to General Reserve			180.77	1,088.10
Surplus carried forward			29,387.79	32,437.14
TOTAL			<u>34,244.83</u>	<u>38,201.51</u>
Basic & Diluted Earnings per share before Extraordinary Items			0.58	3.53
Basic & Diluted Earnings per share after Extraordinary Items (refer note 19)			0.57	3.60
Significant Accounting Policies	21			
Notes to Accounts	22			

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

As per our Report attached

Signatures to Profit and Loss Account and Schedules 14 to 22

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

V. R. Mehta
Partner

Mumbai, May 27, 2009

M. Eipe
Executive Director
& President (Chemicals)

A.B. Godrej
Chairman

M.P. Pusalkar
Executive Director
& President (Corporate Projects)

N.B. Godrej
Managing Director

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

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	This year Rs. lac	Previous year Rs. lac
A. Cash Flow from operating activities:		
Profit before tax	1,650.07	10,771.56
Adjustments for:		
Depreciation	2,646.19	2,547.00
Foreign exchange	494.16	233.70
Profit on sale of investments	(5,939.18)	(6,765.31)
Profit on sale of fixed assets	(99.01)	(46.46)
Dividend income	(5,021.39)	(1,393.16)
Interest income	(1,747.39)	(1,635.01)
Interest expense	5,850.65	3,827.70
Voluntary retirement compensation paid	-	(65.07)
Deferred expenditure written off	682.02	599.29
Provision for diminution in value of investments	(1,686.04)	1,588.93
Provision for doubtful debts/(written back)	480.63	(19.35)
Others	(86.11)	(12.58)
Operating (Loss)/Profit before working capital changes	(2,775.40)	9,631.24
Adjustments for:		
Inventories	10,415.57	(4,441.59)
Trade and other receivables	9,501.27	(5,297.71)
Trade payables	(10,714.37)	6,709.50
Cash generated from operations	6,427.07	6,601.44
Direct taxes paid	(2,384.91)	(1,755.48)
Direct taxes refund/received	407.86	183.88
Net Cash from operating activities	4,450.02	5,029.84
B. Cash Flow from investing activities:		
Purchase of fixed assets	(4,635.73)	(1,451.51)
Proceeds from sale of fixed assets	135.37	159.52
Purchase of investments	(173,103.49)	(100,654.96)
Proceeds from sale of investments	135,094.16	76,849.70
Intercompany deposits/Loans (net)	(562.95)	(4,594.25)
Interest received	1,265.99	1,436.93
Dividend received	5,021.39	1,393.16
Net Cash used in investing activities before extraordinary item	(36,785.26)	(26,861.41)
Proceeds from sale of Medical Diagnostics Division/Write back of provision	26.00	600.00
Net Cash used in investing activities after extraordinary item	(36,759.26)	(26,261.41)
C. Cash Flow from financing activities :		
Proceeds from borrowings	122,617.69	74,800.00
Repayments of borrowings	(103,825.30)	(79,981.11)
Proceeds from issue of equity share capital	-	58,786.24
Bank overdrafts (net)	(2,644.43)	1,646.88
Interest paid	(5,724.49)	(3,700.04)
Dividend paid	(4,012.62)	(2,931.89)
Tax on distributed profits	(679.29)	(496.00)
Net Cash from financing activities	5,731.56	48,124.08
Net increase in cash and cash equivalents	(26,577.68)	26,892.51
Cash and cash equivalents (Opening Balance)	29,428.85	2,536.34
Cash and cash equivalents (Closing Balance)	2,851.17	29,428.85
Notes:		
1. Cash and Cash equivalents		
Cash on hand and balances with banks	2,845.86	29,429.74
Effect of exchange rate changes	5.31	(0.89)
Cash and cash equivalents	2,851.17	29,428.85

2. To finance working capital requirements, the Company's Bankers have sanctioned a total fund-based limit of Rs. 7,500 lac. Of this, limits utilised as on March 31, 2009 is Rs. 4,612.16 lac.
3. The figures of previous year have been regrouped wherever necessary.

As per our Report attached

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

V. R. Mehta
Partner

Mumbai, May 27, 2009

A.B. Godrej
Chairman

M. Eipe
Executive Director
& President (Chemicals)

M.P. Pusalkar
Executive Director
& President (Corporate Projects)

Signatures to Cash Flow Statement

N.B. Godrej
Managing Director

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

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

		This Year Rs. lac	Previous Year Rs. lac
SCHEDULE 1 : SHARE CAPITAL			
Authorised:			
800,000,000	Equity shares of Re. 1 each	8,000.00	8,000.00
10,00,00,000	Unclassified Shares of Rs.10 each	10,000.00	10,000.00
		<u>18,000.00</u>	<u>18,000.00</u>
Issued, Subscribed and Paid Up:			
319,758,602	(Previous Year 319,758,602) Equity shares of Re.1 each fully paid	3,197.59	3,197.59
		<u>3,197.59</u>	<u>3,197.59</u>
Of the above,			
(i) 187,202,388	(Previous Year 187,202,388) shares are held by Godrej & Boyce Mfg. Co. Limited, the holding company		
(ii) 155,547,816	(Previous Year 155,547,816) shares are allotted for consideration other than cash pursuant to schemes of amalgamation/arrangement		
(iii) 95,705,718	(Previous Year 95,705,718) shares are allotted as fully paid bonus shares by way of capitalisation of Securities premium account.		
SCHEDULE 2: RESERVES AND SURPLUS			
	Rs. lac	Rs. lac	Rs. lac
Securities Premium Account			
As per last balance sheet	58,515.68		8.51
Add: Premium received on issue of shares	—		59,720.87
Less: Share issue expenses adjusted	—		(1,213.70)
		58,515.68	58,515.68
Capital Investment Subsidy Reserve			
As per last balance sheet		25.00	25.00
Capital Redemption Reserve			
As per last balance sheet		3,125.00	3,125.00
Revaluation Reserve			
As per last balance sheet	1,671.21		1,825.71
Less : Depreciation on revalued component and deduction due to sale/discard of fixed assets	(261.28)		(154.50)
		1,409.93	1,671.21
General Reserve			
As per last balance sheet	6,870.44		5,837.80
Less: Transitional obligation for compensated absences & long service awards	—		(55.46)
Add: Transferred from profit & loss account	180.77		1,088.10
		7,051.21	6,870.44
Profit & Loss Account			
		29,387.79	32,437.14
		<u>99,514.61</u>	<u>102,644.47</u>
SCHEDULE 3: SECURED LOANS			
Term loans from banks		12,170.00	17,691.48
Bank overdrafts, packing credits, etc.		4,612.16	7,256.59
Other loans		6,500.00	—
		<u>23,282.16</u>	<u>24,948.07</u>
Particulars of securities (refer note 4)			
SCHEDULE 4: UNSECURED LOANS			
Short term loans			
- From Banks		21,000.00	16,518.92
- From others		2,500.00	—
Other loans from banks		8,000.00	—
Commercial paper		3,000.00	2,000.00
Fixed Deposits		2,164.31	—
Inter corporate borrowing		150.00	100.00
		<u>36,814.31</u>	<u>18,618.92</u>
Amount repayable within one year		<u>26,650.00</u>	<u>18,618.92</u>

SCHEDULE 5 : FIXED ASSETS

Rs. Lac

ASSETS	GROSS BLOCK				DEPRECIATION/IMPAIRMENT				NET BLOCK	
	As on 01.04.2008	Additions	Deductions/ Adjustments	As on 31.03.2009	Upto 31.03.2008	Deductions/ Adjustments	For the Year	Upto 31.03.2009	As on 31.03.2009	As on 31.03.2008
Tangible Assets:										
Land — Freehold	121.58	—	7.68	113.90	—	—	—	—	113.90	121.58
— Leasehold	147.97	—	—	147.97	24.32	—	1.54	25.86	122.11	123.65
Buildings	6,750.84	21.21	112.93	6,659.12	2,367.83	64.59	174.28	2,477.52	4,181.60	4,383.01
Plant & Machinery	44,010.09	549.77	417.46	44,142.40	23,946.75	329.29	2,207.42	25,824.88	18,317.52	20,063.34
Research Centre	127.06	—	—	127.06	53.76	—	3.70	57.46	69.60	73.30
Furniture & Fixtures	1,052.88	143.45	1.77	1,194.56	653.41	0.75	49.05	701.71	492.85	399.47
Office & Other Equipments	1,123.99	27.46	14.11	1,137.34	551.80	4.73	51.35	598.42	538.92	572.19
Vehicles/Vessels	777.28	1,905.18	84.58	2,597.88	336.15	70.55	131.00	396.60	2,201.28	441.13
Intangible Assets:										
Trademarks	463.00	—	—	463.00	331.82	—	46.30	378.12	84.88	131.18
Software	936.58	30.38	2.12	964.84	752.78	—	52.79	805.57	159.27	183.80
Assets acquired under finance lease:										
Vehicles	311.17	16.23	20.77	306.63	155.13	15.73	62.45	201.85	104.78	156.04
TOTAL - This Year	55,822.44	2,693.68	661.42	57,854.70	29,173.75	485.64	2,779.88	31,467.99	26,386.71	26,648.69
- Previous Year	54,257.93	2,353.07	788.56	55,822.44	27,302.62	824.80	2,695.93	29,173.75		
Capital Work-in Progress									2,484.13	493.68
TOTAL									28,870.84	27,142.37

- Buildings, Plant & Machinery and Research Centre at Vikhroli Factory were revalued on 30th June 1992 on the basis of a Valuation Report submitted by professional valuers.
- Depreciation for the year includes Rs. 133.69 lac (Previous Year Rs. 148.93 lac) being depreciation on revalued component of the fixed assets.
- Gross block deductions includes Rs. 313.25 lac (Previous Year Rs.6.02 lac) being the revalued component of assets sold/discarded during the year.
- Accumulated depreciation includes impairment loss of Rs. 510.36 lac (Previous Year Rs. 510.36 lac) on certain plant & machinery.
- Capital work-in-progress is net of impairment loss of Rs. 204.10 lac (Previous Year Rs. 204.10 lac) provided on an infructuous asset under construction.

SCHEDULE 6 : INVESTMENTS

PARTICULARS OF INVESTMENTS:

Investee Company/Institutions	Face value (Rs.)	Number				Notes	Amount	
		Qty. as on 01.04.08	Acquired during the year	Sold/ adjusted during the year	Qty. as on 31.03.09		As on 31.03.09 Rs. lac	As on 31.03.08 Rs. lac
LONG TERM INVESTMENTS : At Cost								
A. TRADE INVESTMENTS								
Equity Shares: Fully Paid								
Bharuch Eco-Aqua Infrastructure Ltd.	10	440,000	-	-	440,000		44.00	44.00
Preference Shares: Partly paid								
Wadala Commodities Ltd. (Formerly Godrej Commodities Limited)	10	5,000,000	-	-	5,000,000	(a)	450.00	450.00
(8% Redeemable Cumulative Preference Shares, 2012)								
B. OTHER INVESTMENTS								
Equity Shares: Fully Paid								
Quoted:								
Godrej Consumer Products Ltd.	1	23,136,108	32,233,881	-	55,369,989	(b)	49,223.86	9,216.28
Unquoted:								
Avesthagen Limited	10	195,577	-	-	195,577	(c)	1,142.83	1,142.83
Compass BPO Ltd.	£0.25	13,692	-	-	13,692		124.55	124.55
CBay Infotech Ventures Pvt. Ltd.	10	32,258	-	-	32,258		100.00	100.00
Gharda Chemicals Ltd.	100	114	-	-	114	(d)	11.57	11.57
Godrej Sara Lee Ltd.	4	5,107,125	-	5,107,125	-		-	4,729.79
Godrej Hershey Ltd.	10	27,931,753	4,655,293	-	32,587,046		17,740.44	14,300.43
HyCa Technologies Pvt. Ltd.	10	12,222	-	-	12,222		125.00	60.00
Swadeshi Detergents Ltd.	10	209,370	-	-	209,370		191.33	191.33
Tahir Properties Ltd. (Partly paid)	100	25	-	-	25	(a)	0.01	0.01

Investee Company/Institutions	Face value (Rs.)	Number				Notes	Amount	
		Qty. as on 01.04.08	Acquired during the year	Sold/ adjusted during the year	Qty. as on 31.03.09		As on 31.03.09 Rs. lac	As on 31.03.08 Rs. lac
Common Stock/Membership Units :								
Quoted								
CBaySystems Holdings Ltd., UK	\$0.10	8,182,148	-	-	8,182,148		3,809.30	3,809.30
Unquoted:								
CBay Systems Ltd., USA	\$0.01	4,091,073	-	-	4,091,073		253.52	253.52
Boston Analytics Inc.	\$1	1,055,629	-	-	1,055,629		688.09	688.09
Verseon Corporation - Class A Preferred Shares	\$1.90	1,315,789	1,315,789		2,631,578	(e)	1,142.34	1,142.34
Preference Shares:								
Unquoted:								
Tahir Properties Ltd. (Class - A) (partly paid)	100	25	-	-	25	(a)	0.02	0.02
Optionally convertible Loan notes/Debentures :								
Unquoted:								
Compass BPO Ltd. (10%)	£1000	97	-	-	97	(f)	83.19	83.19
Verseon Corporation (13%)	\$1,000,000	-	-	-	-	(f)	397.60	397.60
Boston Analytics Inc. (15%)	\$750,000	-	-	-	-	(f)	299.68	-
Boston Analytics Inc. (20%)	\$1,550,000	-	-	-	-	(g)	673.03	-
Boston Analytics Inc. (12%)	\$950,000	-	-	-	-	(h)	469.21	-
Tricom India Limited (8%)	10	-	13,135,050	-	13,135,050	(i)	1,313.51	-
Non-convertible Debentures:								
Godrej Oil Plantations Limited	10	175,737	-	-	175,737		17.57	17.57
Shares in Co-operative Society: Fully Paid								
Unquoted :								
The Saraswat Co-op Bank Ltd.	10	1,000	-	-	1,000		0.10	0.10
Investment in the capital of Partnership Firm:								
View Group LP		-	-	-	-		0.01	0.01
C. INVESTMENT IN SUBSIDIARY COMPANIES								
Equity Shares:								
Unquoted:								
Ensemble Holdings & Finance Ltd.	10	3,774,160	-	-	3,774,160		1,318.94	1,318.94
Godrej Agrovet Ltd.	10	9,112,956	-	-	9,112,956		16,317.91	16,317.91
Godrej Global Solutions Ltd.	10	13,602,260	-	13,602,260	-		-	3,549.29
Godrej Gokarna Oil Palm Limited	10	2,584	-	-	2,584		41.86	41.86
Godrej International Ltd.	£1	2,355,000	-	-	2,355,000		1,651.61	1,651.61
Godrej Hicare Ltd.	10	6,067,100	-	6,067,100	-		-	325.74
Godrej Properties Ltd.	10	49,185,209	-	690,000	48,495,209		18,528.60	18,792.25
Godrej Hygiene Care Pvt. Ltd. (Formerly Build Tough Properties Pvt. Ltd.)	10		50,000	-	50,000	(j)	4.00	-
CURRENT INVESTMENTS								
Units of Mutual Fund:								
Unquoted								
LIC MF Liquid	-	4,077,638	-	4,077,638	-		-	600.00
UTI Liquid cash plan - Inst.	-	44,683	-	44,683	-		-	595.00
Birla Cash plus - Inst. Premium	-	4,917,296	-	4,917,296	-		-	635.00
							116,163.68	80,590.13
Less : Provision for diminution in value of Investments							(1,355.67)	(3,041.70)
							114,808.02	77,548.43
Aggregate book value of Investments								
Quoted							53,033.16	13,025.58
Unquoted							61,774.86	64,522.85
							114,808.02	77,548.43
<i>Market Value of Quoted Investments</i>							75,725.27	33,365.50

NOTES:

- (a) Uncalled Liability on partly paid shares
- Tahir Properties Ltd. - Equity - Rs. 80 per share.
 - Tahir Properties Ltd. - Preference - Rs. 30 per share.
 - Wadala Commodities Limited - Preference - Re. 1 per share.
- (b) 1,95,00,000 shares of Godrej Consumer Products Limited have been pledged as security against loan from J.P. Morgan Securities India Pvt. Ltd.
- (c) Additional consideration payable for the acquisition of 9,833 shares on the occurrence of certain contingent events on or before Aug 31, 2009 - Rs. 104.13 lac.
- (d) The said shares have been refused for registration by the investee company.
- (e) Shares received in lieu of units on conversion from LLC to Corporation.
- (f) Optionally Convertible Notes are convertible as under :
- Compass BPO Limited : Between April 1, 2008 and April 1, 2010 @ £ 53.75 per share.
 - Verseon Corporation - After December 1, 2008 until the due date but not later than September 15, 2012.
 - Boston Analytics Inc. - on June 30, 2009
- (g) Repayable on 21.8.2009
- (h) 12% promissory notes repayable on or before March 31, 2011 along with interest on maturity
- (i) OFCD are convertible, at Godrej Industries Limited's option, into equity shares on or after April 1, 2009 till the date of redemption/conversion (on November 30, 2009).
- (j) Godrej Hygiene Care Pvt. Ltd. (Formerly Build Tough Properties Pvt. Ltd.) (100% subsidiary) was acquired during the year and additional shares subscribed.

	This Year Rs. lac	Previous Year Rs. lac
SCHEDULE 7: INVENTORIES (at lower of cost and net realisable value)		
Stores and spares	1,333.39	1,618.25
Raw materials	2,504.07	10,380.37
Work-in-progress	2,676.28	4,324.91
Finished goods	2,841.88	3,447.66
	<u>9,355.62</u>	<u>19,771.19</u>
SCHEDULE 8: SUNDRY DEBTORS (Unsecured)		
Debts outstanding over six months		
Considered doubtful	144.63	174.28
Other debts		
Considered good	16,099.98	14,873.23
	<u>16,244.61</u>	<u>15,047.51</u>
Less: Provision for doubtful debts	144.63	174.28
	<u>16,099.98</u>	<u>14,873.23</u>
SCHEDULE 9: CASH AND BANK BALANCES		
Cash and cheques on hand	14.35	19.66
Balances with scheduled banks		
- on current account	227.24	290.85
- on deposit account (refer note 7)	2,609.58	29,118.34
	<u>2,851.17</u>	<u>29,428.85</u>
SCHEDULE 10: LOANS AND ADVANCES (Unsecured and considered good unless otherwise stated)		
Loans and Advances (refer note 8)	2,307.33	2,183.65
Loan to GIL ESOP Trust (net of provision for doubtful advances Rs. 313 lac, previous year Rs. Nil)	7,358.70	6,434.25
Advances recoverable in cash or in kind or for value to be received (net of provision for doubtful advances Rs. 549.58 lac, previous year Rs. 380.62 lac)	1,932.72	3,412.89
Intercompany deposits	35.00	35.00
Deposits and balances with		
- Customs & excise authorities	619.19	1,109.87
- Others	687.48	563.18
Advance payment of taxes	1,853.78	967.05
[Net of Provision for tax Rs. 761.90 lac (previous year Rs. 1,597.40 lac)]	<u>14,794.20</u>	<u>14,705.89</u>

	This Year Rs. lac	Previous Year Rs. lac
SCHEDULE 11: CURRENT LIABILITIES		
Sundry creditors (refer note 9)		
- Outstanding dues of micro enterprises and small enterprises	47.17	18.95
- Others	10,906.31	21,532.19
Advances from customers	577.76	599.55
Sundry deposits	1,280.79	1,271.61
Investor Education & Protection Fund *		
- Unclaimed dividend	18.74	34.37
- Unclaimed Matured Deposits	9.21	12.63
Other liabilities	864.32	870.00
Interest accrued but not due on loans	341.12	214.96
	<u>14,045.42</u>	<u>24,554.26</u>
* There is no amount due and outstanding to be credited to the Investor Education and Protection Fund.		
SCHEDULE 12: PROVISIONS		
Proposed dividend	3,996.99	3,996.99
Provision for tax on distributed profits	679.28	679.28
Provision for retirement benefits	2,357.14	2,279.07
	<u>7,033.41</u>	<u>6,955.34</u>
SCHEDULE 13: MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Deferred revenue expenditure		
Voluntary retirement compensation		
Balance at the beginning of the year	1,067.89	1,602.11
Add: Expenditure incurred during the year	-	65.07
Less: Amortised during the year	(682.02)	(599.29)
	<u>385.87</u>	<u>1,067.89</u>
SCHEDULE 14: OTHER INCOME		
Interest (Gross)		
- Debentures	159.46	31.97
- Income tax refund	41.98	65.69
- Deposits	1,516.88	1,486.01
(Tax deducted at source Rs. 584 lac, previous year Rs. 119.16 lac)		
Dividend		
- from subsidiary companies	2,132.25	94.35
- from long-term investments	2,889.14	1,298.81
Profit on sale of fixed assets (Net)	99.01	46.46
Profit on sale of long-term investments (refer note 16)	5,626.55	6,672.90
Profit on sale of current investments	312.63	92.41
Provision for diminution in investment written back (refer note 16)	1,686.04	—
Bad debt recovered	9.24	42.64
Miscellaneous income	1,030.70	519.96
	<u>15,503.88</u>	<u>10,351.20</u>

	This Year Rs. lac	Previous Year Rs. lac
SCHEDULE 15: MATERIALS CONSUMED AND PURCHASE OF GOODS		
Raw materials consumed:		
Stocks at the commencement of the year	10,380.37	5,820.54
Add: Purchases (net)	45,917.74	43,254.25
	56,298.11	49,074.79
Less: Stocks as at the close of the year	2,504.07	10,380.37
Raw Materials consumed during the year	53,794.04	38,694.42
Purchase of goods for resale	523.95	772.30
	54,317.99	39,466.72
SCHEDULE 16: EXPENSES		
Salaries, wages and allowances	7,033.16	6,880.69
Contribution to provident fund and other funds	662.42	522.35
Employee welfare expenses	597.28	555.40
Stores and spares consumed	1,203.58	928.17
Power and fuel	6,820.18	5,868.57
Processing charges	292.12	154.27
Rent	418.17	402.68
Rates and taxes	534.75	516.82
Repairs and maintenance		
- Machinery	703.34	604.22
- Buildings	646.46	365.73
- Other assets	159.30	453.26
Insurance	128.40	145.95
Freight	3,146.21	3,393.75
Commission	351.38	315.16
Discount	286.08	281.53
Advertisement and publicity	1,095.29	242.37
Selling and distribution expenses	821.54	676.25
Provision for doubtful debts and advances	480.63	(19.35)
Provision for depletion in value of investments	-	1,588.93
Excise duty	429.64	1,065.51
(Including Rs. 329.09 lac, previous year Rs. (61.38) lac on inventory change)		
Foreign exchange loss	2,160.50	(173.36)
Miscellaneous expenses	2,828.84	2,759.55
Less: Expenses recovered under cost sharing agreement for use of common facilities	(625.73)	(748.77)
	30,173.54	26,779.68

	Rs. lac	This Year Rs. lac	Previous Year Rs. lac
SCHEDULE 17: INVENTORY CHANGE			
Stocks at the commencement of the year			
- Finished goods	3,447.66		3,393.15
- Work-in-progress	<u>4,324.91</u>		<u>4,919.84</u>
		7,772.57	8,312.99
Less: Stocks at the close of the year:			
- Finished goods	(2,841.88)		(3,447.66)
- Work-in-progress	<u>(2,676.28)</u>		<u>(4,324.91)</u>
		(5,518.16)	(7,772.57)
(Increase)/Decrease in Inventory		<u>2,254.41</u>	<u>540.42</u>
SCHEDULE 18: INTEREST AND FINANCIAL CHARGES (Net)			
Interest paid			
- on fixed loans	4,627.93		2,697.01
- on bank overdrafts	36.12		18.26
- other interest	<u>375.40</u>		<u>651.69</u>
		5,039.45	3,366.96
Less: Interest received			
- on loans & deposits	23.39		42.96
- on Customer balances, etc.	<u>5.68</u>		<u>8.38</u>
		29.07	51.34
Net Interest		5,010.38	3,315.62
Other financial charges		811.20	460.74
Foreign exchange loss		263.82	-
		<u>6,085.40</u>	<u>3,776.36</u>
SCHEDULE 19 : EXTRAORDINARY ITEMS			
Profit on sale of Medical Diagonisitics business		26.00	310.28
Less: Taxation on above			
- current tax		-	(70.31)
- deferred tax		-	(8.36)
		<u>26.00</u>	<u>231.61</u>
SCHEDULE 20 : PRIOR PERIOD ADJUSTMENTS			
Short provision for expenses		(86.11)	-
		<u>(86.11)</u>	<u>-</u>

SCHEDULE 21: SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. Use of Estimates

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

3. Fixed Assets

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

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

4. Intangible Assets

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

5. Impairment of Assets

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

6. Borrowing Costs

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

7. Investments

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

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

8. Inventories

Inventories are valued at lower of cost and net realisable value. Cost is computed on weighted average basis and is net of 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.

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.

10. Foreign Exchange Transactions

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

11. Revenue Recognition

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

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

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

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

Interest income is recognised on a time proportion basis.

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

12. Research and Development Expenditure

Revenue expenditure on Research 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.

13. Depreciation

Leasehold land is amortised equally over the lease period. Leasehold improvements are amortised over five years.

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

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

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

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 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 Gratuity and Pension plan for eligible employees considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

iii. Other long-term benefits

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

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

15. Incentive Plans

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

through a notional bank whereby only the prescribed portion of the bank is distributed each year and the balance is carried forward. The amount distributed out of the notional bank is charged to profit and loss account. The notional bank is held at risk and charged to EVA of future years and is payable at that time, if future performance so warrants.

16. Hedging

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

17. Deferred Revenue Expenditure

The compensation payable under the Voluntary Retirement Schemes, the benefit of which is expected to accrue in future is deferred over its payback period. The compensation is generally amortised over three to five years depending on the pay back period, however, the pay back period is restricted to March 31, 2010.

18. Taxes on Income

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

Deferred tax is recognized on timing differences, being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on unabsorbed tax losses and tax depreciation are recognized only when there is virtual certainty of their realisation and on other items when there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The tax effect is calculated on the accumulated timing differences at the year end based on the tax rate and laws enacted or substantially enacted on the balance sheet date.

19. Segment Reporting

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

SCHEDULE 22: NOTES TO ACCOUNTS**1. Background**

The Company was incorporated under the Companies Act, 1956 on March 7, 1988 under the name of Gujarat - Godrej Innovative Chemicals Limited. The business and undertaking of the erstwhile Godrej Soaps Limited was transferred to the Company under a scheme of amalgamation with effect from April 1, 1994 and the Company's name was changed to Godrej Soaps Ltd. 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 Ltd. was transferred to the Company with effect from June 30, 2001. The Foods division (except Wadala factory) was then sold to Godrej Hershey Ltd., on March 31, 2006 The Company's name was changed to Godrej Industries Limited on April 2, 2001.

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

2. Contingent Liabilities

	This Year Rs. Lac	Previous Year Rs. Lac
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.	1,198.23	1,553.45
ii) Customs Duty demands relating to lower charge, differential duty, classification, etc.	856.94	856.94
iii) Sales Tax demands relating to purchase tax on Branch Transfer/Non-availability of C Forms, etc. at various levels	1,697.67	1,726.08
iv) Octroi demand relating to classification issue on import of Palm Stearine and interest thereon	1,124.04	1,031.64
v) Stamp duties claimed on certain properties which are under appeal by the Company	182.23	182.23
vi) Income Tax demands against which the Company has preferred appeals	1,220.36	1,773.60
vii) Industrial relations matters under appeal	204.71	146.99
viii) Others	224.43	445.18

	This Year Rs. Lac	Previous Year Rs. Lac
b) Guarantees issued by banks, excluding guarantees issued in respect of matters reported in (a) above	666.65	567.46
c) Guarantees given by the Company in respect of credit/guarantee limits sanctioned by banks to subsidiary and other companies.	2,225.00	1,729.00
d) Letter of credit issued by bank of behalf of the company	84.26	35.00
e) Uncalled liability on partly paid shares/debentures	50.03	446.57
f) Additional consideration payable for acquisition of certain shares on the occurrence of certain contingent events	104.13	104.13

3. Capital Commitments

	This Year Rs. Lac	Previous Year Rs. Lac
Estimated value of contracts remaining to be executed on capital account, to the extent not provided	1,694.43	3,009.24

4. Loans

- Term loans from banks are secured by first charge by way of equitable mortgage of the immovable properties including land, building and plant & machinery at Valia factory.
- Working capital facilities sanctioned by banks are secured by hypothecation of stocks and book debts.
- Other loans are secured by pledge of 195,00,000 shares of Godrej Consumer Products Limited so as to result in a collateral cover of three times the loan facility.
- The Company had during the year raised Rs. 15,000 lac (Previous year Rs. 10,000 lac) against the issue of commercial paper. The amount outstanding there against as on March 31, 2009 is Rs. 3000 lac.

5. Investments

- The Company has during the year transferred its entire holding of 51,07,125 equity shares in Godrej Sara Lee Limited to its wholly owned subsidiary company Godrej Hygiene Care Pvt. Ltd. (formerly known as Build Tough Properties Pvt. Ltd.) at book value.
- The Company has on March 31, 2009 sold its entire holding of 60,67,100 equity shares in its subsidiary company, Godrej Hicare Limited, for a consideration of Rs. 3,677.12 lac which has been received and the profit thereon recognised in the Profit and Loss account. The Company is entitled to receive an additional sale consideration upto a maximum amount of Rs. 3,102.26 lac on the satisfaction of certain conditions and subject to the Company (GHCL) achieving certain financial parameters over various periods ending on June 30, 2009. The said additional consideration

SCHEDULE 22: NOTES TO ACCOUNTS (Contd.)

being contingent on achieving certain financial parameters in future, has not been recognised in the accounts.

- c) The Company has acquired and sold the following investments during the year:

Mutual Funds - Liquid - Growth Schemes	This Year		Previous Year	
	No. of Units	Amount Rs. Lac	No. of Units	Amount Rs. Lac
Birla Cash Plus Liquid	96,361,450	13,080.00	130,459,315	16,178.00
Prudential ICICI Liquid	160,464,990	19,870.00	114,872,447	12,940.00
KMMF Liquid	12,196,981	2,000.00	9,796,004	1,500.00
LIC MF Liquid Fund	69,580,260	10,425.00	103,941,943	14,844.00
UTI Liquid fund	1,223,373	16,875.00	1,219,351	15,885.00
SBI Magnum Liquid	158,554,280	23,695.00	27,185,735	4,738.00
Templeton Mutual Fund	476,664	6,155.00	117,232	1,390.00
Standard Chartered Liquidity Manager Fund	385,209	4,485.00	-	-
ING Vysya Liquid	32,822,955	4,230.00	-	-
Deutsche Insta Cash Plus Fund	76,356,419	8,140.00	-	-
HDFC Liquid Fund	113,755,533	19,190.00	-	-

6. Sundry Debtors

	This Year Rs. Lac	Previous Year Rs. Lac
Sundry Debtors include the following amounts due from companies under the same management:		
Godrej Consumer Products Ltd.	123.27	201.35
Godrej Agrovet Ltd.	18.71	21.58
Godrej Hershey Ltd.	49.32	46.44
Godrej Global Solutions Ltd.	-	2.51
Godrej Properties Ltd.	21.33	3.18
Godrej Saralee Ltd.	25.6	22.69
Godrej Hi care Ltd.	-	10.54
Godrej SCA Hygiene Ltd.	0.02	0.43
Wadala Commodities Limited.	-	0.12
Godrej & Boyce Mfg. Co. Ltd.	5.44	2.83
Godrej International Limited	1.59	-
Godrej Hygiene Care Pvt. Ltd. (Formerly known as Build Tough Properties Pvt. Ltd.)	4741.61	-

7. Cash and Bank Balances

Balances with Scheduled Banks in Deposit Accounts include:		
- deposits held by bank as security against guarantees issued	18.50	18.50
- Unutilised money out of the issue of shares to Qualified Institutional Buyers	-	29000.00

8. Loans and Advances

- a) Loans and Advances include Rs. 1033 lac (Previous year Rs. 1033 lac) 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 has been admitted."

Interest on the aforesaid loan amounting to Rs. 315 lac was accrued upto March 31, 2000 and has been fully provided for, no interest is being accrued thereafter. The recoverability of the advance is contingent upon the transfer and/or disposal of the said shares. It is the opinion of the management that the underlying value of the said shares is substantially greater than the amount of the loan.

- b) Loans and Advances include a loan of Rs.1213.13 lac to an individual secured by pledge of 38,97,454 shares of Godrej Hershey Ltd.

	Maximum balance during the year Rs. Lac	This year Rs. Lac	Previous Year Rs. Lac
c) Loans and Advances to subsidiary companies			
Godrej Agrovet Ltd.	1000.00	-	-
d) Loans and Advances to associate companies			
Swadeshi Detergents Ltd.	35.00	35.00	35.00
e) Loans and Advances where there is no repayment schedule or repayment is beyond seven years:			
D. Kavasmanek and Others (refer (a) above).	1,033.00	1,033.00	1,033.00

9. Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Amount overdue as on March 31, 2009 to Micro, Small and Medium Enterprises on account of principal amount together with interest, aggregate to Rs. Nil (Previous Year - Rs. Nil).

10. Employee Stock Option Plans

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

SCHEDULE 22: NOTES TO ACCOUNTS (Contd.)

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:

	This Year		Previous Year	
	No. of Options	Wt. average exercise price (*)	No. of Options	Wt. average exercise price (*)
Options outstanding at the beginning of the year	7,309,500	177.10	2,100,000	65.39
Options granted during the year:				
5 April, 2007	-	-	2,320,000	152.55
11 April, 2007	-	-	305,000	155.05
3 October, 2007	-	-	50,000	175.80
23 January, 2008	-	-	435,000	290.40
31 March, 2008	-	-	2,259,500	285.60
2 May, 2008	340,000	284.60		
26 May, 2008	835,450	276.70		
3 June, 2008	150,000	254.45		
Options exercised during the year:	-	-	-	-
Options forfeited/expired during the year:	835,000	209.87	160,000	152.55
Options outstanding at the year end	7,799,950	190.43	7,309,500	177.10

(*) 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 weighted average balance life of options outstanding as on March 31, 2009 is 3.62 years.

The options granted shall vest after three years from the date of grant of option, provided the employee continues to be in employment and the option is exercisable within two years after vesting.

Modification of the ESOP scheme :

1. The vesting period for options granted on 14/02/06 was increased to a maximum of 5 years and the exercise period to 3 years from vesting.
2. The exercise period of unvested options of retiring employees increased from 6 months to 2 years.
3. The options granted to the employees of participating companies shall continue in case of restructuring including sale of shares of participating Companies.

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.

	This Year Rs. Lac	Previous Year Rs. Lac
Net Profit (as reported)	1,807.69	10,880.97
Less: Stock based compensation expense determined under fair value based method (Pro Forma)	2,645.00	967.00
Net Profit (Pro Forma)	(837.31)	9,913.97
	Amount (Rs.)	Amount (Rs.)
Basic & Diluted Earnings per share before Extraordinary Items (as reported)	0.58	3.53
Basic & Diluted Earnings per share before Extraordinary Items (Pro Forma)	(0.24)	3.20
Basic & Diluted Earnings per share after Extraordinary Items (as reported)	0.57	3.60
Basic & Diluted Earnings per share after Extraordinary Items (Pro Forma)	(0.26)	3.27

- (b) The independent ESOP trust has purchased shares of the Company from the market against the options granted. The purchases are financed by loans from the Company amounting to Rs. 7358.70 lac (previous year Rs. 6434.25 lac). As on March 31, 2009, the market value of the shares purchased by the Trust is lower than the acquisition cost of the shares by Rs. 5331.24 lac (previous year Rs. Nil).

The repayment of the loans granted to the ESOP trust is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period. The fall in value of the underlying equity shares is on account of current 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 Rs. 5331.24 lac is not considered necessary in the financial statements.

11. Incentive Plans

The amount carried forward in notional bank under Performance Link Variable Remuneration scheme as on March 31, 2009, after distribution of PLVR for the year ended March 31, 2009 is Rs. Nil (Previous year Rs. 1254.59 lac). The said amount is held at risk and charged to EVA of future years and is payable if the future performance so warrants.

12. Leases:

(a) Operating Leases:

The Company has entered into leave and licence agreements in respect of its commercial and residential premises. The non-cancellable portion of the leases range between 3 months to 36 months and are renewable by mutual consent on mutually acceptable terms. Leave and licence arrangements being similar in substance to

SCHEDULE 22: NOTES TO ACCOUNTS (Contd.)

operating leases, the particulars of the premises under leave and licence arrangement are as under:

	This Year Rs. Lac	Previous Year Rs. Lac
Gross carrying amount of premises	1,747.95	1,782.60
Accumulated depreciation	953.58	949.72
Depreciation for the period	50.87	59.53

The aggregate future minimum lease payments are as under:

Period	This Year Rs. Lac	Previous Year Rs. Lac
Within one year	2,784.20	2,630.44
Later than one year and not later than five years	2,745.00	3,985.75
Depreciation for the period	37.81	43.24

(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, 2009, in respect of vehicles acquired under lease are as under:

Period	Total minimum lease payments outstanding as on March 31, 2009 Rs. Lac	Un-matured Interest Rs. Lac	Present value of minimum lease payments Rs. Lac
Within one year	78.74	19.14	69.15
Later than one year and not later than five years	73.67	12.68	57.10
	152.41	31.82	126.25

13. Deferred Tax

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

	This Year Rs. Lac	Previous Year Rs. Lac
Assets		
Provision for retirement benefits	521.00	417.00
Provision for doubtful debts/advances	355.00	196.00
VRS Expenses	298.00	229.00
Others	30.00	357.00
	1,204.00	1,199.00
Liabilities		
Depreciation	4,482.20	4,818.20
Net Deferred Tax Liability	3,278.20	3,619.20

14. Hedging Contracts

The Company uses forward exchange contracts to hedge its foreign exchange exposure relating to the underlying transactions and firm commitments. The use of the foreign exchange forward contracts reduces the risk on cost to the company. 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**

Details	This Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Futures contracts outstanding	6	-	10	-
Number of units under above contracts in MT.	4,500	-	2,600	-

b) Forward Exchange contracts

Details	This Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Total number of contracts outstanding	24	6	27	16
Foreign currency value				
US Dollar (million)	10.04	2.42	14.69	6.70
Euro (million)	-	0.50	-	2.06

ii. Un-hedged foreign currency exposures

Details	This Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Uncovered Foreign exchange exposure as at the year end				
US Dollar (million)	2.08	3.56	33.67	7.49
Euro (million)	0.04	0.17	-	-

15. Turnover

	This Year Rs. Lac	Previous Year Rs. Lac
Turnover includes		
i) Processing charges	1,048.51	1,291.24
ii) Export Incentives	963.18	1,101.93
iii) Licence fees and service charges	3,019.02	2,807.00
	5,030.71	5,200.17

16. Exceptional Items

	This Year Rs. Lac	Previous Year Rs. Lac
i) Profit on sale of long-term investments	5,626.55	6,672.90
ii) Write back / (Provision) for diminution in investment	1,686.04	(1,588.93)

17. Profit & Loss Account

- a) Exchange differences recognised in the Profit and Loss Account for the year is a loss of Rs. 2424.32 lac (Previous year gain of Rs. 173.36 lac). The exchange difference in respect of forward exchange contracts to be recognised in subsequent accounting periods is Rs. 21.31 lac (Previous year Rs. 16.57 lac).
- b) Research and Development Expenditure of revenue nature charged to the Profit and Loss Account amounts to Rs. 173.30 lac (Previous year Rs. 172.75 lac).

SCHEDULE 22: NOTES TO ACCOUNTS (Contd.)**18. Earnings per share:**

		This Year	Previous Year
a) Calculation of weighted average number of equity shares			
Number of shares at the beginning of the year	Nos.	319,758,602	291,851,652
Number of equity shares outstanding at the end of the year	Nos.	319,758,602	319,758,602
Weighted average number of equity shares outstanding during the year	Nos.	319,758,602	301,992,702
b) Net profit after tax excluding extraordinary items	Rs. lac	1,781.69	10,649.36
c) Net profit after tax available for equity shareholders (including extraordinary items)	Rs. lac	1,807.69	10,880.97
d) Basic and diluted earnings per share of Re. 1 each excluding extraordinary items	Rupees	0.56	3.53
e) Basic and diluted earnings per share of Re. 1 each including extraordinary items	Rupees	0.57	3.60

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

19. Segment Information**Information about primary business segments****Rs. lac**

	Chemicals		Vegoils		Estate		Finance & Investments		Others		Total	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
Revenue												
External Sales	77818.57	69238.46	865.59	650.93	3154.26	2946.11	14705.36	9802.34	583.82	1243.90	97127.60	83881.74
Inter segment sale	-	-	-	-	-	-	-	-	-	-	-	-
Total Income	77818.57	69238.46	865.59	650.93	3154.26	2946.11	14705.36	9802.34	583.82	1243.90	97127.60	83881.74
Results												
Segment result before interest and tax	(1832.02)	8223.61	(588.78)	(515.83)	2177.91	1845.94	14705.36	8213.41	108.68	289.91	14571.15	18057.04
Unallocated expenses											(6835.68)	(3509.11)
Interest Expense (net)											(6085.40)	(3776.38)
Profit before tax											1650.07	10771.56
Taxes											217.73	(122.20)
Profit after taxes and before extraordinary items											1867.80	10649.36
Add: Extraordinary Items (Net of taxes)											26.00	231.61
Add/(Less): Prior Period Items											(86.11)	0.00
Net Profit											1807.69	10880.97
Segment Assets	40612.23	61352.33	762.36	788.70	5571.54	2775.29	137784.13	116870.93	2435.44	2750.59	187165.70	184,537.84
Unallocated Assets											-	-
Total Assets											187165.70	184537.84
Segment Liabilities	13795.00	24895.06	606.82	426.28	1335.98	1244.08	664.75	267.90	-	-	16402.55	26,833.32
Unallocated Liabilities											68050.95	51862.47
Total Liabilities											84453.50	78695.79
Total Cost incurred during the year to acquire segment assets	1261.72	2338.93	7.77	32.61	1688.52	13.96	1,724.12	-	-	-	4682.13	2,385.50
Segment depreciation	2307.57	2254.79	49.94	52.82	64.92	75.61	59.98	-	163.78	163.78	2646.19	2547.00

SCHEDULE 22: NOTES TO ACCOUNTS *(Contd.)*

	Chemicals		Vegoils		Estate		Finance & Investments		Others		Total	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
Information about Secondary Business Segments												
Revenue by Geographical markets												
India											64737.13	53655.03
Outside India											32390.47	30226.71
Total											97127.60	83881.74
Carrying Amount of Segment Assets												
India											187165.70	184537.84
Outside India											-	-
Total											187165.70	184537.84

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 Oleo Chemicals such as Fatty Alcohols, Fatty Acids, Alfa Olefin Sulphonates and Refined Glycerin.
Vegoils segment includes refined vegetable oils and vanaspati.
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 energy generation through windmills and medical Diagnostics business.
- The geographical segments are as follows:
 - Sales in India represent sales to customers located in India.
 - Sales outside India represent sales to customers located outside India.

SCHEDULE 22: NOTES TO ACCOUNTS (Contd.)**20. Related Party Disclosures****a) Names of related parties and description of relationship****Parties where control exists**

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

Subsidiary companies

Godrej Agrovet Ltd.

Goldmohur Foods & Feeds Ltd.

Nature's Basket Ltd.

Godrej Oil Palm Ltd.

Golden Feeds Products Ltd.

Cauvery Palm Oil Ltd.

Godrej Properties Ltd.

Girikandra Holiday Homes & Resorts Ltd.

Godrej Developers P. Ltd.

Godrej Real Estate P. Ltd.

Godrej Reality P. Ltd.

Godrej Sea View Properties P. Ltd.

Godrej Waterside Properties P. Ltd.

Happy Highrises Ltd.

Godrej Estate Developers P. Ltd.

Godrej Hicare Ltd. (Upto March 31, 2009)

Godrej International Ltd.

Godrej Global Solutions Ltd. (Upto June 30, 2008)

Godrej Global Solutions Inc. (Upto June 30, 2008)

Godrej Global Solutions (Cyprus) Ltd. (Upto June 30, 2008)

Ensemble Holdings & Finance Ltd.

Godrej Hygiene Care Pvt. Ltd. (formerly known as
Build Tough Properties Pvt. Ltd.)**Fellow Subsidiaries:**

Wadala Commodities Ltd.

Godrej (Malaysia) Sdn Bhd

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 Sara Lee Ltd. (Upto March 28, 2009)

Godrej Hershey Ltd.

Compass BPO Ltd.

Key Management Personnel

Mr. A.B. Godrej

Chairman

Mr. N.B. Godrej

Managing Director

Ms. T.A. Dubash

Executive Director

& President (Marketing)

Mr. Mathew Eipe

Executive Director

& President (Chemicals)

Mr. V. Banaji

Executive Director & President

(Group Corporate Affairs)

Mr. M.P. Pusalkar

Executive Director & President

Mr. C.K. Vaidya

Executive Director & President

(Business Excellence)

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 SCA Hygiene Ltd.

Rapidol (PTY) Ltd.

Inecto Manufacturing Ltd.

Inecto Ltd.

Godrej Global Mideast FZE

Godrej Netherlands BV

Godrej Investments Pvt. Ltd.

Bahar Agrochem & Feeds Pvt. Ltd.

Godrej Holdings P. Ltd.

Swadeshi Detergents Ltd.

Vora Soap Ltd.

Lawkim Ltd.

Cartini India Ltd.

Prashant Metal Forming Industries P. Ltd.

SCHEDULE 22: NOTES TO ACCOUNTS (Contd.)**b) Transactions with Related Parties**

Rs. lac

Nature of Transaction	Holding Company	Subsidiary Companies	Fellow Subsidiaries	Associate/Joint Venture Companies	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	Total
Sale of Goods	-	-	-	1,277.97	-	-	5.29	1,283.26
Previous Year	-	5.03	-	45.23	-	-	841.69	891.95
Sale of Fixed Assets	-	4.94	-	-	-	-	-	4.94
Previous Year	-	6.22	-	20.73	-	-	-	26.95
Purchase of goods	23.29	4.78	-	761.99	-	-	0.06	790.12
Previous Year	35.96	1.81	670.47	209.34	-	-	712.78	1,630.36
Purchase of Fixed Assets	207.10	1441.40	-	-	-	100.00	-	1748.49
Previous Year	167.38	168.70	5.15	-	-	-	-	341.23
Processing charges received	-	-	-	198.38	-	-	-	198.38
Previous Year	-	-	-	209.68	-	-	40.03	249.71
Commission/Royalty received	-	105.14	-	178.89	-	-	-	284.03
Previous Year	-	5.00	2.50	87.47	-	-	31.59	126.56
Recovery of establishment & Other Expenses	32.40	349.26	8.58	1,941.17	-	-	12.87	2,344.29
Previous Year	5.02	370.31	0.45	488.42	-	-	1,237.72	2,101.92
Rent, Establishment & other exps paid	304.36	73.93	19.11	168.62	-	82.31	0.84	649.17
Previous Year	228.47	60.90	19.17	14.23	0.40	82.31	101.31	506.79
Interest received	-	17.22	-	-	-	-	3.50	20.72
Previous Year	-	30.56	-	-	-	-	3.50	34.06
Interest paid	-	6.54	8.00	-	-	-	-	14.54
Previous Year	-	-	4.60	-	-	-	207.66	212.26
Dividend income	-	2,132.25	-	2,889.12	-	-	-	5,021.37
Previous Year	-	94.35	48.15	383.03	-	-	867.60	1,393.13
Dividend paid	2,340.03	-	-	-	68.62	729.47	-	3,138.11
Previous Year	1,872.02	-	-	-	54.89	585.42	-	2,512.33
Remuneration	-	-	-	-	792.16	55.74	-	847.90
Previous Year	-	-	-	-	662.67	43.19	-	705.86
Purchase of Investments	-	4.00	-	35,129.26	-	-	-	35,133.26
Previous Year	-	25,305.04	-	5,160.00	-	-	299.90	30,764.94
Sale of Investments	4,291.80	4,729.78	-	-	-	-	-	9,021.58
Previous Year	-	1,019.83	-	-	-	-	-	1,019.83
Intercompany Deposits - Accepted	-	265.78	-	17.44	-	-	-	283.32
Previous Year	-	-	100.00	-	-	-	2,000.00	2,100.00
Intercompany Deposits Repaid during the year	-	231.15	-	22.30	-	-	-	253.45
Previous Year	-	-	-	-	-	-	3,000.00	3,000.00
Intercompany Deposits - Advanced	-	1300.00	-	-	-	-	-	1300.00
Previous Year	-	1,612.00	-	-	-	-	-	1,612.00
Intercompany Deposits Repayment received during the year	-	1300.00	-	-	-	-	-	1300.00
Previous Year	-	1,612.00	-	-	-	-	-	1,612.00
Directors Fees	-	-	-	-	2.10	-	-	2.10
Previous Year	-	-	-	-	1.65	-	-	1.65
Balance Outstanding as on March 31, 2009								
Receivables	20.52	4,764.21	0.13	177.16	-	-	9.65	4,971.67
Previous Year	2.83	37.81	0.13	69.14	-	-	211.42	321.33
Payables	-	163.01	6.84	155.01	-	-	(0.12)	324.74
Previous Year	5.44	13.56	3.26	49.99	-	-	89.03	161.28
Guarantees Outstanding	-	-	-	2,225.00	-	-	-	2,225.00
Previous Year	-	500.00	1,000.00	-	-	-	161.00	1,661.00

SCHEDULE 22: NOTES TO ACCOUNTS (Contd.)

c) The Significant Related Party transactions are as under:

Nature of Transaction	This Year Rs. Lac	Previous Year Rs. Lac	Nature of Transaction	This Year Rs. Lac	Previous Year Rs. Lac
Sale of goods			Interest paid		
- Godrej Consumer Products Ltd.	1,188.61	841.63	- Wadala Commodities Ltd	8.00	-
- Godrej Saralee Ltd.	89.36	45.17	- Ensemble Holdings & Finance Ltd	6.54	-
			- Godrej Investments Ltd	-	207.66
Sale of fixed assets			Inter Corporate Deposits - Accepted		
- Godrej Properties Ltd.	4.94	-	- Ensemble Holdings & Finance Ltd.	250.00	-
- Godrej Hershey Ltd.	-	20.73	- Godrej Investments Ltd.	-	2,000.00
- Godrej Agrovat Ltd.	-	6.22	- Wadala Commodities Ltd	-	100.00
Purchase of goods & Fixed Assets			Inter Corporate Deposits - Repaid		
- Godrej Properties Ltd.	1,398.48	168.70	- Ensemble Holdings & Finance Ltd	200.00	-
- Godrej Consumer Products Ltd.	531.11	712.78	- Godrej Investments Ltd.	-	3,000.00
- Godrej Hershey Ltd.	225.02	203.78			
- Godrej & Boyce Mfg. Co. Ltd.	230.39	203.33	Inter Corporate Deposits - Advanced		
- Heros Aid Project	100.00	-	- Godrej Agrovat Ltd.	1,300.00	1,600.00
- Godrej Hi Care Ltd.	46.87	-	- Ensemble Holdings & Finance Ltd.	-	12.00
- Godrej Saralee Ltd.	5.86	5.56			
- Wadala Commodities Ltd	-	670.47	Inter Corporate Deposits - Repayment Received		
- Godrej Infotech Ltd.	-	5.15	- Godrej Agrovat Ltd.	1,300.00	1,600.00
Processing Charges received			- Ensemble Holdings & Finance Ltd.	-	12.00
- Godrej Hershey Ltd.	198.38	209.68			
- Godrej Consumer Products Ltd.	-	40.03	Dividend income		
Commission / Royalty received			- Godrej Properties Ltd.	1,961.86	-
- Godrej Hershey Ltd.	173.43	87.47	- Godrej Consumer Products Ltd.	1,854.93	867.60
- Godrej Properties Ltd.	102.63	-	- Godrej Saralee Ltd.	1,034.19	383.03
- Godrej Consumer Products Ltd.	5.46	13.59	- Godrej Agrovat Ltd.	91.13	-
- Godrej Global Solutions Ltd.	2.51	5.00	- Ensemble Holdings & Finance Ltd.	79.26	94.35
- Godrej Upstream Ltd.	-	16.39	- Wadala Commodities Ltd	-	48.15
Recovery of Establishment & other expenses			Dividend paid		
- Godrej Consumer Products Ltd.	1,212.62	1,228.70	- Godrej & Boyce Mfg. Co. Ltd.	2,340.03	1,872.02
- Godrej Saralee Ltd.	351.22	292.73			
- Godrej Agrovat Ltd.	219.94	259.63	Remuneration to Key Management Personnel		
- Godrej Hershey Ltd.	204.60	195.69	- Mr. N. B. Godrej	219.84	182.06
- Compass BPO Ltd.	172.73	-	- Mr. V. F. Banaji	151.58	130.85
- Godrej Properties Ltd.	77.76	28.35	- Mr. Mathew Eipe	135.02	106.26
- Godrej Hicare Ltd.	45.30	46.96	- Ms. T. A. Dubash	137.82	105.33
- Godrej & Boyce Mfg. Co. Ltd.	32.40	5.02	- Mr. M. P. Pusalkar	131.84	87.34
- Godrej SCA Hygiene Ltd.	12.87	9.03	- Mr. C. K. Vaidya	16.06	50.83
- Nature's Basket Ltd.	7.69				
- Godrej Global Solutions Ltd.	6.26	33.78	Remuneration to Relatives of Key Management Personnel		
Rent, Establishment & other exps paid			- Ms. Nisaba A. Godrej	53.57	43.19
- Godrej & Boyce Mfg. Co. Ltd.	304.36	228.47	- Mr. Pirojsha Godrej	2.17	-
- Godrej Consumer Products Ltd.	136.39	101.31	Sale of Investments		
- Ms. R.N. Godrej	82.31	82.31	- Godrej & Boyce Mfg. Co. Ltd.	4,291.80	-
- Godrej Saralee Ltd.	32.20	12.44	- Godrej Hygiene Care Pvt. Ltd. (formerly known as Build Tough Properties P. Ltd.)	4,729.78	-
- Godrej Agrovat Ltd.	29.31	13.50	- Godrej International Ltd.	-	1,019.83
- Godrej Hicare Ltd.	26.38	8.35	Purchase of Investments		
- Godrej Properties Ltd.	18.24	25.00	- Godrej Consumer Products Ltd.		-
- Godrej Infotech Ltd.	9.85	9.06		31,689.26	
- Wadala Commodities Ltd	6.38	10.11	- Godrej Hershey Ltd.	3,440.00	5,160.00
- Nature's Basket Ltd.	2.88	-	- Godrej Hygiene Care Pvt. Ltd. (formerly known as Build Tough Properties P. Ltd.)	4.00	-
- Godrej Global Solutions Ltd.	-	14.04	- Godrej Properties Ltd.	-	15,000.00
Interest received			- Godrej Agrovat Ltd.	-	10,000.80
- Godrej Agrovat Ltd.	17.22	30.55	- Ensemble Holdings & Finance Ltd.	-	302.25
- Swadeshi Detergents Ltd.	3.50	3.50	- Godrej Investments Ltd.	-	299.00
			- Godrej Global Solutions Ltd.	-	1.99
			- Lawkim Ltd.	-	0.90

SCHEDULE 22: NOTES TO ACCOUNTS (Contd.)

	Rs. lac	This Year Rs. lac	Previous Year Rs. lac
21. Computation of Profits under Section 349 of the Companies Act, 1956			
Profit for the year after tax as per Profit & Loss Account		1,807.69	10,880.97
Add: Depreciation as per accounts	2,646.19		2,547.00
Managerial Remuneration	827.26		662.75
Profit/(loss) on sale of assets under Section 349	27.49		-
Provision for doubtful debts/advances and depletion in value of investments	480.63		1,569.58
Provision for Tax (including tax on extraordinary items)	217.73		626.57
		<u>4,199.30</u>	<u>5,405.90</u>
		6006.99	16,286.87
Less: Depreciation under Section 350 of the Companies Act, 1956	2,619.81		2,520.38
Profit/(loss) on sale of assets as per books	99.01		46.46
Profit on sale of investments	5,626.55		6,672.90
Profit on sale of M.D. division	26.00		310.28
Provision for diminution in investment written back	1,686.04		-
		<u>10,057.41</u>	<u>9,550.02</u>
Net Profit for the purpose of Directors' Remuneration		<u>(4,050.42)</u>	<u>6,736.85</u>
Managerial remuneration to Managing and Executive Directors @ 10% of the net profits		-	673.69
Managerial remuneration paid/payable		<u>827.26</u>	<u>662.75</u>
Managerial remuneration paid this year is as approved by Central Government			
22. Managerial Remuneration			
Salaries and allowances		686.97	546.04
Contribution to Provident Fund		30.27	25.99
Estimated Monetary value of perquisites		110.02	90.72
TOTAL		<u>827.26</u>	<u>662.75</u>
The above does not include contribution to Gratuity Fund as separate figures are not available.			
23. Auditors' Remuneration			
Audit fees (including Rs. 1.13 lac to branch auditors, Previous Year Rs.1.18 lac)		30.02	30.57
Tax audit fees		4.80	4.80
Certification and other services		11.30	33.55
Tax Consultation and representation		9.40	10.40
Consultation and management services		5.45	4.00
Out of pocket expenses		1.12	0.77
TOTAL		<u>62.09</u>	<u>84.09</u>

SCHEDULE 22 : NOTES TO ACCOUNTS (Contd.)**24. Turnover (Net)**

Item	Unit	This Year		Previous Year	
		Quantity	Value	Quantity	Value
			Rs. lac		Rs. lac
Fatty Acids	MT	51352	27,554.26	49964	23,966.77
Glycerin	MT	8904	4,832.14	10115	5,017.34
Alpha Olefin and its precursors	MT	47959	32,247.82	58753	32,707.10
Synthetic Detergent	MT	15137	10,988.08	18649	4,960.13
Medical Diagnostic Products			160.29		780.05
Others			5,841.13		6,099.15
TOTAL			81,623.72		73,530.54

25. Inventories - Finished Goods

Item	Unit	MARCH 31, 2009		MARCH 31, 2008		MARCH 31, 2007	
		Quantity	Value Rs. lac	Quantity	Value Rs. lac	Quantity	Value Rs. lac
Fatty Acids	MT	1054	555.60	1437	667.62	1581	676.69
Glycerin	MT	140	55.44	282	197.69	397	128.59
Alpha Olefin and its precursors	MT	2822	1,876.34	3627	2,171.95	4383	2,233.20
Synthetic Detergent	MT	519	352.84	1185	408.36	696	201.03
Oils & Vanaspati	MT	-	-	-	-	3	2.04
Medical Diagnostic Products		-	-	-	-	-	150.55
Others		-	1.66	-	2.04	-	1.05
TOTAL			2,841.88		3,447.66		3,393.15

26. Raw Materials Consumed

	Unit	This Year		Previous Year	
		Quantity	Value Rs. lac	Quantity	Value Rs. lac
Oils & Fats	MT	103420	39,893.90	159531	28,853.80
Chemicals and Catalysts	MT	22412	10,208.01	17945	6,213.78
Packing Materials, etc.			3,692.13		3,626.84
TOTAL			53,794.04		38,694.42

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

27. Purchase of Goods

	Unit	This Year		Previous Year	
		Quantity	Value Rs. lac	Quantity	Value Rs. lac
Fatty Acids	MT	-	-	30	11.48
Medical Diagnostic Products			162.23		540.16
Others			361.72		220.66
TOTAL			523.95		772.30

SCHEDULE 22 : NOTES TO ACCOUNTS (Contd.)**28. Licensed, Installed and Utilised Capacity**

Item	Unit	Licensed Capacity	Installed Capacity		Actual Production	
			This Year	Previous Year	This Year	Previous Year
Fatty Acids	MT	}	73300	73300	50969	49820
Glycerin	MT	}	8280	8280	8663	9433
Alpha Olefin and its precursors	MT	}	65000	65000	47154	57997
Refined Oils & Vanaspati	MT	}	38700	38700	9189	10123
Synthetic Detergents	MT	}	29250	29250	22738	19138
Hydrogen (Captive consumption)	NM 3	}	19200000	20424000	-	388299
Oxygen (By-Product)	NM 3	}	-	612000	-	194150

NOTES:

1. The Licensed Capacities are not applicable in view of the exemption from licensing granted under Notification SO 477 (E) dated 25th July, 1991, issued under the Industries (Development & Regulation) Act, 1951.
2. Production of Fatty Acid includes Nil MT (Previous year 821 MT) produced under process contracts for third parties.
3. Installed capacity excludes the installed capacity for manufacture of intermediates which are intended to be used for internal consumption to manufacture A.O. and its precursors and derivatives.
4. Production of Synthetic Detergent includes 7871 MT (Previous year 16389 MT) produced under process contracts for third parties.
5. Production of Refined Oil and Vanaspati is under process contract.

	This Year Rs. lac	Previous Year Rs. lac
29. Value of Imports on CIF Basis (includes only Imports directly made)		
Raw materials	22,264.53	32,388.28
Goods for resale	156.93	637.67
Stores & spares	247.65	305.86
Capital goods	1,251.24	9.09
TOTAL	23,920.35	33,340.90
30. Expenditure in Foreign Currency		
Interest	33.53	194.49
Travelling expenditure	62.21	168.82
Other expenditure	1,553.56	744.14
Expenses for Foreign Branch:		
- Salaries and allowance	136.26	125.69
- Rent	23.05	23.11
- Others	12.14	21.30
TOTAL	1,820.75	1,277.55

	This Year Rs. lac	Previous Year Rs. lac
31. Value of Consumption of Raw Materials & Spares		
Raw Materials	%	%
Imported (including duty content)	33,844.55 63	27,941.59 72
Indigenous	19,949.49 37	10,752.83 28
	53,794.04 100	38,694.42 100
Spares		
Imported (including duty content)	370.54 31	176.22 19
Indigenous	833.04 69	751.95 81
	1,203.58 100	928.17 100
32. Dividends Remitted in Foreign Currency (subject to deduction of tax, as applicable)		
Final Dividend for Financial Year 2006-07 to 4 shareholders on 1188 shares	0.07	0.06
TOTAL	0.07	0.06
33. Earnings in Foreign Exchange		
Export of goods (F.O.B.: this year Rs. 30616.20 lac previous year Rs.28407.82 lac)	32,183.63	30,197.45
Others	206.84	31.89
TOTAL	32,390.47	30,229.34

SCHEDULE 22 : NOTES TO ACCOUNTS (Contd.)**34. Employee Benefits**

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

	Gratuity		Pension	
	This Year Rs. lac	Previous Year Rs. lac	This Year Rs. lac	Previous Year Rs. lac
a) Change in Present Value of Obligation				
Present value of the obligation at the beginning of the year	2,214.96	1,986.25	73.28	89.14
Current Service Cost	102.70	151.11	-	-
Interest Cost	177.20	158.90	-	-
Contribution by Plan Participants	-	-	-	-
Actuarial (Gain) / Loss on Obligation	(57.45)	(56.44)	45.67	(10.09)
Foreign Currency exchange rate changes	-	-	-	-
Benefits Paid	(1.88)	(24.86)	(12.31)	(5.77)
Past Service Cost	-	-	-	-
Amalgamations	-	-	-	-
Curtailments	-	-	-	-
Settlements	-	-	-	-
Present value of the obligation at the end of the year	2,435.53	2,214.96	106.64	73.28
b) Change in Plan Assets				
Fair value of Plan Assets at the beginning of the year	1,458.81	1,302.53	-	-
Expected return on Plan Assets	116.70	104.20	-	-
Actuarial (Gain) / Loss on Plan Assets	(39.18)	52.08	-	-
Foreign Currency exchange rate changes	-	-	-	-
Contributions by the Employer	-	-	-	-
Contributions by Plan Participants	-	-	-	-
Benefits Paid	-	-	-	-
Amalgamations	-	-	-	-
Settlements	-	-	-	-
Fair value of Plan Assets at the end of the year	1,536.33	1,458.81	-	-
c) Amounts Recognised in the Balance Sheet:				
Present value of Obligation at the end of the year	2,435.53	2,214.96	-	-
Unrecognised Past Service Cost	-	-	-	-
Fair value of Plan Assets at the end of the year	1,536.33	1,458.81	-	-
Net Obligation at the end of the year	899.20	756.15	-	-
d) Amounts Recognised in the statement of Profit and Loss:				
Current Service Cost	102.70	151.11	-	-
Interest cost on Obligation	177.20	158.90	-	-
Expected return on Plan Assets	(116.70)	(104.20)	-	-
Expected return on Reimbursement Right recognised as an asset	-	-	-	-
Net Actuarial (Gain)/Loss recognised in the year	(18.28)	(41.54)	-	-
Past Service Cost	-	-	-	-
Effect of Curtailment or Settlement	-	-	-	-
Net Cost Included in Personnel Expenses	144.92	164.27	-	-
e) Actual return on Plan Assets	77.53	62.39	-	-
f) Estimated contribution to be made in next financial year	-	-	-	-
g) Actuarial Assumptions				
i) Discount Rate	7.5% P.A.	8% P.A.	7.5% P.A.	8% P.A.
ii) Expected Rate of Return on Plan Assets	7.5% P.A.	8% P.A.	7.5% P.A.	8% P.A.
iii) Salary Escalation Rate	4.5% P.A.	5% P.A.	4.5% P.A.	5% P.A.
iv) Employee Turnover	-	-	-	-
v) Mortality	L.I.C 1994-96 ULTIMATE	L.I.C 1994-96 ULTIMATE	L.I.C 1994-96 ULTIMATE	L.I.C 1994-96 ULTIMATE

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

SCHEDULE 22 : NOTES TO ACCOUNTS (Contd.)**35. 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, 2009	Percentage of Ownership interest as at 31st March, 2008
Godrej SaraLee Ltd. (upto 28 March 2009)	India	Household Insecticides	-	20.00%
Godrej Hershey Ltd	India	Beverages & Foods	43.00%	43.00%

The Company's interests in Joint Venture are reported as Long Term Investments (Schedule "6") and stated at cost less provision, if any, for permanent diminution in value of such investments. The Company's share of each of the assets, liabilities, income and expenses, etc. related to its interests in these joint ventures are:

	This Year Rs. lac	Previous Year Rs. lac
I. ASSETS		
1. Fixed Assets	3,522.56	5,346.42
2. Investments	17,740.44	16,198.00
3. Current Assets, Loans and Advances		
a) Inventories	2,278.14	3,138.05
b) Sundry Debtors	1,142.08	1,734.46
c) Cash and Bank Balances	664.78	1,582.10
d) Other Current Assets	-	-
e) Loans and Advances	2,304.36	2,816.73
II. LIABILITIES		
1. Loan Funds		
a) Secured Loans	5,772.32	6,556.13
b) Unsecured Loans	462.25	142.27
2. Current Liabilities and Provisions		
a) Liabilities	2,443.69	5,549.35
b) Provisions	287.24	381.43
3. Deferred Tax- Net	-	96.41
III. INCOME		
1. Turnover (net of excise)	32,772.45	27,420.58
2. Other Income	329.42	194.32
IV. EXPENSES		
1. Material consumed and purchase of goods	18,702.96	16,326.74
2. Expenses	11,792.39	9,297.17
3. Inventory change	(102.89)	(500.17)
4. Depreciation	419.87	359.12
5. Interest	556.48	751.82
6. Provision for Taxation	376.01	342.12
V. OTHER MATTERS		
1. Contingent Liabilities	683.70	1,062.73
2. Capital Commitments	13.33	241.52

SCHEDULE 22 : NOTES TO ACCOUNTS (Contd.)**36. Figures for the previous year have been regrouped wherever necessary.****37. Additional Information as Required Under Part IV Of Schedule VI To The Companies Act, 1956****1. Registration Details**

Registration No.	:	97781
State Code	:	11
Balance Sheet Date	:	31/3/2009

2. Capital raised during the year (Amount in Rs. lac)

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

**3. Position of mobilisation and deployment of funds
(Amount in Rs. lac)**

Total Liabilities	:	166,086.87
Total Assets	:	166,086.87

Sources of Funds

Paid-up Capital	:	3,197.59
Reserves & Surplus	:	99,514.61
Secured Loans	:	23,282.16
Unsecured Loans	:	36,814.31
Deferred Tax Liability	:	3,278.20

Application of Funds

Net Fixed Assets	:	28,870.84
Investments	:	114,808.02
Net Current Assets	:	22,022.14
Misc. Expenditure	:	385.87
Accumulated Losses	:	-

4. Performance of Company (Amount in Rs. lac)

Turnover (Total Income)	:	97,127.60
Total Expenditure	:	95,477.53
Profit/(Loss) before tax (Including extra ordinary income)	:	1,589.00
Profit/(Loss) after tax	:	1,807.69
Earning per Share in Rs. (on an annualised basis)	:	0.56
Dividend rate %	:	125.00

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

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

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

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF THE GODREJ INDUSTRIES LIMITED ON CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached Consolidated Balance Sheet of Godrej Industries Limited and its subsidiaries as at March 31, 2009, and also the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended, both annexed thereto. These consolidated financial statements are the responsibility of Godrej Industries Limited'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 whether the financial statements are free of material misstatements. 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. (a) We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect the group's share of total assets of Rs. 19,153 lakh as at March 31, 2009, and the group's share of total revenues of Rs. 86,282 lakh and net cash outflows amounting to Rs. 149 lakh for the year ended on that date 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 the subsidiaries and joint ventures is based solely on the report of the other auditors.
 (b) As stated in Note 2 of Schedule 22, the financial statements of a Jointly controlled entity, whose financial statements reflect the Group's share of total assets of Rs. 761 lakh as at March 31, 2009 and the Group's share of total revenue of Rs. 3,512 lakh and net cash inflows amounting to Rs. 46 lakh for the year ended on that date are not audited as of the date of this report and have been included in the consolidated financial statements on the basis of unaudited management accounts.
 (c) As stated in Note 2 of Schedule 22, the financial statements of certain associates whose financial statements reflect the Group's share of associates' profit up to March 31, 2009 of Rs. 983 lakh and the share of profit for the year of Rs. 388 lakh has been included in the consolidated financial statements on the basis of unaudited management accounts.
4. We report that the consolidated financial statements have been prepared by the management of Godrej Industries Limited 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 Interests in Joint Ventures issued by the Institute of Chartered Accountants of India.
5. Without qualifying our opinion, we draw attention to Note 13 (b) of Schedule 22 - Notes to Accounts, regarding a loan of Rs. 17,304 lakh to a Trust for purchase of the Godrej Industries Ltd. shares from the market equivalent to options granted under an Employee Stock Option Plan. As at March 31, 2009, the market value of the shares held by the ESOP Trust is lower than the cost of acquisition of the shares by Rs. 12,307 lakh. The repayment of the loans granted to the ESOP Trust is dependent on the exercise of options by the employees and the market price of the underlying equity shares of the unexercised options at the end of the exercise period. In the opinion of the management, the fall in the value of the underlying equity shares is on account of current market volatility and the loss, if any, can be determined only at the end of the exercise period, in view of which provision for the diminution is not considered necessary in the financial statements.
6. *Reference is invited to note 12 (a) of Schedule 22 - Notes to Accounts, regarding the recoverability of advances given to certain individuals amounting to Rs. 1,033 lakh 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 by the investee company. Both the parties are in appeal before the Company Law Board and the Hon'ble High Court. The impact thereof on the profit for the year and the reserves as at March 31, 2009 could not be ascertained.*
7. Based on our audit and on consideration of the reports of other auditors on separate financial statements and the management's certification of the unaudited financial statements, in our opinion, the consolidated financial statements, *subject to the observations in paragraphs 3 and 6 above*, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Godrej Industries Limited Group as March 31, 2009;
 - b) in case of the Consolidated Profit and Loss Account, of the consolidated results of operations for the year ended on that date; and
 - c) in 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

Viraf R. Mehta
Partner

Mumbai, May 27, 2009

Membership No: 32083

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	Rs. lac	This Year Rs. lac	Previous Year Rs. lac
SOURCES OF FUNDS				
1. Shareholders' Funds				
(a) Share capital	1	3,197.59		3,197.59
(b) Reserves & surplus	2	137,590.92	140,788.51	133,444.44
			11,831.77	136,642.03
2. Minority Interest				9,942.38
3. Loan Funds				
(a) Secured loans	3	80,264.90		51,170.50
(b) Unsecured loans	4	77,081.89	157,346.79	53,798.32
			5,016.16	104,968.82
4. Deferred Tax Liability				5,197.79
TOTAL			314,983.23	256,751.02
APPLICATION OF FUNDS				
5. Fixed Assets	5			
(a) Gross block		86,908.24		91,262.05
(b) Less: Depreciation/Impairment		41,811.79		41,543.06
(c) Net block		45,096.45		49,718.99
(d) Capital work-in-progress		2,454.54	47,550.99	1,838.97
			52,346.04	51,557.96
6. Goodwill (on consolidation)				53,957.18
7. Investments	6		65,266.38	21,774.40
8. Current Assets, Loans and Advances				
(a) Inventories	7	74,335.73		64,360.74
(b) Sundry debtors	8	87,519.93		67,096.45
(c) Cash and bank balances	9	12,520.42		36,491.60
(d) Other Current Assets		21.94		149.19
(e) Loans and advances	10	77,718.56		65,987.63
		252,116.58		234,085.61
Less: Current Liabilities and Provisions				
(a) Liabilities	11	94,525.35		97,410.44
(b) Provisions	12	8,287.59		8,347.06
		102,812.94		105,757.50
Net Current Assets			149,303.64	128,328.11
9. Miscellaneous Expenditure	13		516.18	1,133.37
(To the extent not written off or adjusted)				
			314,983.23	256,751.02
Significant Accounting Policies	21			
Notes to Accounts	22			

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

As per our Report attached

Signatures to Balance Sheet and Schedules 1 to 13, 21 and 22

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

A.B. Godrej
Chairman

N.B. Godrej
Managing Director

V. R. Mehta
Partner

M. Eipe
Executive Director
& President (Chemicals)

M.P. Pusalkar
Executive Director
& President (Corporate Projects)

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

Mumbai, May 27, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	Rs. lac	This Year Rs. lac	Previous Year Rs. lac
INCOME				
Turnover (gross)			343,467.80	302,498.91
Less: Excise duty			7,298.81	7,727.05
Turnover (net)			336,168.99	294,771.86
Other Income	14		20,254.51	13,430.09
			356,423.50	308,201.95
EXPENDITURE				
Materials consumed and cost of sales	15		252,943.24	206,747.92
Expenses	16		72,048.13	69,073.48
Inventory change	17		3,583.96	(1,207.95)
Interest and financial charges (net)	18		10,038.43	7,449.37
Depreciation			4,702.77	5,141.13
(Net of transfer from Revaluation Reserve Rs 133.69 lac previous year Rs. 148.93 lac)				
			343,316.53	287,203.95
Profit Before Tax & Extraordinary Items			13,106.97	20,998.00
Profit from continuing operations before tax		12,976.80		24,064.09
Income tax				
- current tax		(5,158.47)		(5,287.63)
- fringe benefit tax		-		(129.27)
- deferred tax		29.88		(162.68)
- adjustment of previous years (net)		(166.41)		(1,337.64)
Profit from continuing operations after tax			7,681.80	17,146.87
Profit from discontinuing operations before tax		130.17		(3,066.09)
Income tax				
- current tax		(34.59)		(8.84)
- fringe benefit tax		-		(2.68)
- deferred tax		(7.53)		-
Loss from discontinuing operations after tax			88.05	(3,077.61)
Profit for the year after taxation before extraordinary items			7,769.85	14,069.26
Extraordinary Items (net of tax)	19		2,122.32	3,824.74
Profit for the year after extraordinary items			9,892.17	17,894.00
Prior Period adjustments (net)	20		(85.02)	-
			9,807.15	17,894.00
Share of profit in Associates			3,622.24	115.34
Profit before Minority Interest			13,429.39	18,009.34
Share of Minority Interest			(2,282.39)	(1,226.83)
Profit after Minority Interest			11,147.00	16,782.51
Surplus brought forward		36,308.59		26,391.27
Adjustment of opening profit of subsidiaries/ Jointly controlled entities on acquisition/ deletion		316.99		392.27
			36,625.58	26,783.54
Adjustment of goodwill pursuant to scheme of arrangement in a jointly controlled entity			(52.85)	-
Profit Available for Appropriation			47,719.73	43,566.05
APPROPRIATIONS:				
Dividend on Equity Shares				
- Final			3,996.99	3,996.97
Tax on distributed profits			1,135.14	1,233.70
Transfer to Special Reserve under Section 45IC of RBI Act, 1934			27.97	-
Transfer to General Reserve			1,305.48	2,026.80
Surplus carried forward			41,254.15	36,308.59
TOTAL			47,719.73	43,566.05
Basic & Diluted Earnings per share before extra ordinary items			2.82	4.29
Basic & Diluted Earnings per share after extra ordinary items (refer Note 19)			3.49	5.56
Significant Accounting Policies	21			
Notes to Accounts	22			

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

As per our Report attached

Signatures to Profit & Loss Account and Schedules 14 to 22

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

A.B. Godrej
Chairman

N.B. Godrej
Managing Director

V. R. Mehta
Partner

M. Eipe
Executive Director
& President (Chemicals)

M.P. Pusalkar
Executive Director
& President (Corporate Projects)

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

Mumbai, May 27, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	This year Rs. lac	Previous year Rs. lac
A. Cash Flow from operating activities:		
Profit before tax	13,106.97	20,998.00
Adjustments for:		
Depreciation	4,702.77	5,141.13
Foreign exchange	504.23	88.65
Profit on sale of investments	(13,490.71)	(9,275.18)
Profit on sale of fixed assets	(80.64)	(62.07)
Dividend income	(563.35)	(916.42)
Interest income	(7,994.24)	(4,639.11)
Interest expense	14,108.75	9,248.52
Voluntary retirement compensation paid	-	(65.07)
Deferred expenditure written off	744.50	628.16
Provision in diminution on value of investments/(written back)	(1,688.19)	1,588.93
Provision for doubtful debts and sundry balances written off (net)	1,127.83	100.44
Others	811.76	(23.22)
Operating profit before working capital changes	11,289.68	22,812.76
Adjustments for:		
Inventories	(10,587.80)	(20,428.15)
Trade and other receivables	(22,241.61)	(60,204.98)
Trade payables	(7,278.80)	29,063.16
Cash generated from operations	(28,818.53)	(28,757.21)
Direct taxes paid	(8,965.26)	(6,912.92)
Direct taxes refund received	408.44	220.07
Net Cash used in operating activities	(37,375.35)	(35,450.06)
B. Cash Flow from investing activities:		
Purchase of fixed assets	(7,522.79)	(10,424.15)
Proceeds from sale of fixed assets	448.86	381.95
Proceeds from transfer of business	-	2,654.04
Purchase of investments	(171,623.51)	(73,119.99)
Proceeds from sale of investments	140,269.02	83,209.20
Intercompany deposits/Loans (net)	(1,177.63)	(5,615.92)
Interest received	7,224.42	4,137.77
Dividend received	561.36	916.42
Net Cash (used in)/from investing activities	(31,820.27)	2,139.32
Proceeds from transfer of business/demerger	8,894.05	-
Proceeds from sale of Medical Diagnostics Division	26.00	600.00
Net Cash (used in)/from investing activities after extraordinary item	(22,900.22)	2,739.32
C. Cash Flow from financing activities:		
Proceeds from issue of share capital	1,371.13	58,786.24
Proceeds from issue of debentures	-	1,421.00
Proceeds from borrowings	151,045.60	86,965.66
Repayments of borrowings	(105,546.62)	(81,377.54)
Bank overdrafts (net)	8,870.35	7,092.21
Interest paid	(14,773.73)	(8,973.93)
Dividend paid	(3,248.47)	(2,931.91)
Tax on distributed profits	(1,186.79)	(565.76)
Net Cash from financing activities	36,531.47	60,415.97
Net increase in cash and cash equivalents	(23,744.10)	27,705.23
Cash and cash equivalents (Opening Balance)	36,491.60	8,881.57
Add: cash and cash equivalents taken over pursuant to Business Acquisition	23.92	80.07
Less: cash and cash equivalents on Demerger/Transfer/Dilution	(251.00)	(175.27)
Cash and cash equivalents (Closing Balance)	12,520.42	36,491.60
(including share in jointly controlled entities - Rs. 1581.07 lac)		
Notes:		
1. Cash and Cash equivalents.		
Cash on hand and balances with banks	12,515.11	36,492.49
Effect of exchange rate changes	5.31	(0.89)
Cash and cash equivalents	12,520.42	36,491.60
2. The above cashflow statement includes share of cashflows from jointly controlled entities as under:		
a) Net cash from operating activities	(136.95)	
b) Net cash used in investing activities	(1,018.93)	
c) Net cash used in financing activities	1,000.32	
3. The figures of previous year have been regrouped wherever necessary.		

As per our Report attached

Signatures to Cash Flow Statement

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

V. R. Mehta
Partner

Mumbai, May 27, 2009

M. Eipe
Executive Director
& President (Chemicals)

A.B. Godrej
Chairman

M.P. Pusalkar
Executive Director
& President (Corporate Projects)

N.B. Godrej
Managing Director

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

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	This Year Rs. lac	Previous Year Rs. lac
SCHEDULE 1 : SHARE CAPITAL		
Authorised:		
800,000,000 Equity shares of Re. 1 each	8,000.00	8,000.00
100,000,000 Unclassified Shares of Rs.10 each	10,000.00	10,000.00
	<u>18,000.00</u>	<u>18,000.00</u>
Issued, Subscribed and Paid Up:		
319,758,602 (previous year 319,758,602) Equity shares of Re.1 each fully paid	3,197.59	3,197.59
	<u>3,197.59</u>	<u>3,197.59</u>

Of the above ,

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

SCHEDULE 2 : RESERVES AND SURPLUS

	As at 1.4.2008	Additions	Deductions	Adjustments on acquisition/dilution	As at 31.03.2009
Securities Premium Account	81,804.71	-	1,604.47	-	80,200.24
	2,657.02	87,879.26	8,731.57	-	81,804.71
Capital Investment Subsidy Reserve	52.27	18.77	-	-	71.04
	80.39	-	28.12	-	52.27
Revaluation Reserve	1,671.21	-	261.28	-	1,409.93
	1,825.71	-	154.50	-	1,671.21
Special Reserve u/s. 451C of RBI Act, 1934	166.98	27.97	-	-	194.95
	132.31	34.67	-	-	166.98
Capital Redemption Reserve	3,301.34	-	176.34	-	3,125.00
	3,301.34	-	-	-	3,301.34
Capital Reserve	-	3.87	-	-	3.87
	-	-	-	-	-
General Reserve	10,316.14	1,305.48	746.50	-	10,875.12
	9,936.18	2,026.80	1,325.47	(321.37)	10,316.14
Foreign Exchange Fluctuation Reserve	(176.79)	764.93	131.52	-	456.62
	28.79	22.36	227.94	-	(176.79)
Profit & Loss Account	36,308.58	11,147.00	6,518.42	316.99	41,254.15
	26,391.27	16,782.51	7,257.47	392.27	36,308.58
Total - This Year	<u>133,444.44</u>	<u>13,268.02</u>	<u>9,438.53</u>	<u>316.99</u>	<u>137,590.92</u>
Total - Previous Year	<u>44,353.01</u>	<u>106,745.60</u>	<u>17,725.07</u>	<u>70.90</u>	<u>133,444.44</u>

Pursuant to the court orders the book value of trademark of Rs. 1272.07 lac, Non compete fees of Rs. 217.05 lac & goodwill of Rs. 547.82 lac was adjusted against Profit & loss account by Rs. 52.85 lac, Security Premium account by Rs. 1303.60 lac, General Reserve by Rs. 504.15 lac and Capital redemption reserve by Rs. 176.34 lac in the books of subsidiary & jointly controlled entity.

SCHEDULE 3 : SECURED LOANS

Term loans from financial institutions	-	2,156.00
Term loans from banks	39,144.71	32,480.53
10% Secured Redeemable Optionally Convertible Debentures	2,156.00	-
Bank overdrafts, packing credits, etc.	25,338.37	9,977.84
Other Loans	6,500.00	-
Share in jointly controlled entities	7,125.82	6,556.13
	<u>80,264.90</u>	<u>51,170.50</u>

SCHEDULE 4 : UNSECURED LOANS

Fixed deposits	2,164.31	190.98
Intercompany deposits	300.00	150.00
Commercial Paper	3,000.00	2,000.00
Short term loans		
- from Banks	60,150.28	49,590.48
- from Others	2,500.00	-
Other loans from banks	8,000.00	1,257.85
Sales tax deferment facility	466.74	466.74
Share in jointly controlled entities	500.56	142.27
	<u>77,081.89</u>	<u>53,798.32</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)

SCHEDULE 5 : FIXED ASSETS

Rs. Lac

ASSETS	GROSS BLOCK				DEPRECIATION/IMPAIRMENT				NET BLOCK	
	As on 01.04.2008	Additions	Deductions/ Adjustments	As on 31.3.2009	Upto 01.04.2008	Deductions/ Adjustments	For the Year	Upto 31.03.2009	As on 31.03.2009	As on 31.03.2008
Tangible Assets										
Land - Freehold	1,062.59	32.99	106.62	988.96	4.13	-	-	4.13	984.83	1,058.46
- Leasehold	241.26	-	70.42	170.84	32.35	7.67	2.75	27.43	143.41	208.91
Buildings	11,021.46	279.07	1,826.57	9,473.96	3,378.07	300.76	397.60	3,474.91	5,999.05	7,643.39
Plant & Machinery	55,640.93	1,092.15	4,334.81	52,398.27	27,882.35	1,722.48	2,876.42	29,036.29	23,361.98	27,758.58
Research Centre	164.13	-	-	164.13	74.97	-	5.46	80.43	83.70	89.16
Furniture & Fixtures	1,688.76	273.91	194.27	1,768.40	895.97	75.33	123.30	943.94	824.46	792.79
Office & Other Equipments	2,028.96	162.51	335.09	1,856.38	873.59	155.81	101.44	819.22	1,037.16	1,155.37
Vehicles/vessels	1,477.27	2,083.36	294.63	3,266.00	597.25	161.66	201.53	637.12	2,628.88	880.02
Trees Development Cost	117.03	-	-	117.03	19.98	-	19.97	39.95	77.08	97.05
Intangible Assets										
Goodwill	1,603.55	-	1,603.55	-	591.40	591.40	-	-	-	1,012.15
Trademarks	3,638.36	-	2,457.89	1,180.47	1,549.86	1,191.18	91.17	449.85	730.62	2,088.50
Technical Knowhow Fees	200.00	-	-	200.00	199.98	-	-	199.98	0.02	0.02
Software	993.31	55.82	(8.10)	1,057.23	765.01	3.63	68.17	829.55	227.68	228.30
ASSETS ACQUIRED UNDER FINANCE LEASE										
Plant & Machinery	-	-	-	-	-	-	-	-	-	-
Vehicles	311.17	16.23	20.77	306.63	155.13	15.72	62.44	201.85	104.78	156.04
Share in jointly controlled entities	11,073.27	2,039.07	(847.60)	13,959.94	4,523.02	342.09	886.21	5,067.14	8,892.80	6,550.25
TOTAL - This Year	91,262.05	6,035.11	10,388.92	86,908.24	41,543.06	4,567.73	4,836.46	41,811.79	45,096.45	49,718.99
- Previous Year	87,729.75	15,462.68	11,930.38	91,262.05	39,023.23	2,814.32	5,334.16	41,543.07		
Capital Work in-Progress									2,454.54	1,838.97
TOTAL									47,550.99	51,557.96

- Buildings, Plant & Machinery and Research Centre at Vikhroli Factory were revalued on 30th June, 1992 on the basis of a Valuation Report submitted by professional valuers.
- Depreciation for the year includes Rs.133.69 lac (Previous Year Rs.148.93 lac) being depreciation on revalued component of the fixed assets.
- Accumulated depreciation includes impairment loss of Rs. 707.90 lac on plant & machinery in an earlier year.
- Capital work-in-progress is net of impairment loss of Rs. 204.10 lac provided in an earlier year on an infructuous asset under construction.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)

SCHEDULE 6 : INVESTMENTS

SCHEDULE 6 : INVESTMENTS						Rs. in Lac		
Investee Company / Institutions	Face value (Rs)	Number			Qty. as on 31.03.09	Notes	Amount	
		Qty. as on 01.04.08	Acquired during the year	Sold/adjusted during the year			As on 31.03.09	As on 31.03.08
LONG TERM INVESTMENTS : At Cost								
A. TRADE INVESTMENTS								
Equity Shares : Fully Paid								
Bharuch Eco-Aqua Infrastructure Ltd.	10	440,000			440,000		44.00	44.00
Preference Shares : Partly paid								
Wadala Commodities Ltd. (Formerly Godrej Foods Limited)	10	5,000,000			5,000,000	(a)	450.00	450.00
(8% Redeemable Cumulative Preference Shares, 2012)								
B. OTHER INVESTMENTS : Fully paid unless stated otherwise								
Equity Shares								
Quoted :								
Godrej Consumer Products Ltd.	1	23,136,108	32,233,881	-	55,369,989	(b)	51,163.47	9,216.28
Amrutnjan Health Care Ltd.	10	-	15,423	-	15,423		54.11	-
Others		-	-	-	-		7.68	-
Unquoted :								
Associate Companies								
Swadeshi Detergents Ltd.	10	209,370	-	-	209,370		-	-
Creamline Diary Products Ltd.	10	2,671,993	-	-	2,671,993		1,504.98	1,378.50
Polychem Hygine laboratories Private Limited	10	455,000	-	-	455,000		242.21	199.30
Al Rahba International Trading LLC	AED 100	45	-	-	45		-	-
Personalitree Academy Ltd.	10	389,269	-	-	389,269		-	-
Compass BPO Ltd.	£0.25	13,692	-	-	13,692		132.24	64.17
Other Companies								
Avesthagen Limited	10	195,577	-	-	195,577	(c)	980.43	980.43
Cbay Infotech Ventures Pvt. Ltd.	10	32,258	-	-	32,258		100.00	100.00
Gharda Chemicals Ltd.	100	114	-	-	114	(d)	11.57	11.57
Tahir Properties Ltd. (Partly paid)	100	25	-	-	25	(a)	0.01	0.01
KaROX Technologies Ltd.	10	250,000	-	-	250,000		100.50	100.50
HyCa Technologies Pvt. Ltd.	10	12,222	-	-	12,222		125.00	60.00
Aadhar Retailing Limited	10	3,000,000	-	1,100,000	1,900,000		121.21	144.64
Common Stock/Membership Units :								
Unquoted :								
CBay Systems Ltd., USA	\$0.01	4,091,073	-	-	4,091,073	(e)	253.52	253.52
Boston Analytics LLC	\$1.00	1,067,754	-	-	1,067,754		688.09	688.09
Verseon LLC - Class A Units	\$1.90	1,315,789	1,315,789	-	2,631,578	(c)	1,142.34	1,142.34
Newmarket Limited	£1.00	100	-	-	100		1,042.30	594.21
Quoted:								
CBaySystems Holdings Ltd., UK	\$0.10	8,182,148	-	-	8,182,148		3,809.30	3,809.30
Preference Shares :								
Unquoted :								
Tahir Properties Ltd. (Class - A) (partly paid)	100	25	-	-	25	(a)	0.02	0.02
Cbay SystemsLimited - 8% series E cummulative convertible redeemable Preference Stock							507.20	631.46
Government Securities								
Unquoted :								
National Saving Certificate	92,000	-	-	-	-		0.25	-
Optionally convertible Loan notes / debentures :								
Unquoted :								
Compass BPO Ltd. (10%)	\$1,000	97	-	-	97	(f)	83.19	83.19
Verseon Corporation (13%)	\$1,000,000	-	-	-	-	(f)	397.60	397.60
Boston Analytics Inc. (15%)	\$750,000	-	-	-	-	(f)	299.68	-
Boston Analytics Inc. (20%)	\$1,550,000	-	-	-	-	(f)	673.03	-
Boston Analytics Inc. (12%)	\$950,000	-	-	-	-	(f)	469.21	-
Tricom India Limited (8%)	10	-	13,135,050	-	13,135,050	(f)	1,313.51	-
Shares in Co-operative Society : Fully Paid								
Unquoted :								
The Saraswat Co-op. Bank Ltd.	10	1,000	-	-	1,000		0.13	0.10
Sachin Industrial Co-op.Society	500	-	-	-	-		0.02	-
Investment in the capital of Partnership Firm :								
View Group LP	-	-	-	-	-		0.01	0.01
CURRENT INVESTMENTS								
Units of Mutual Fund :								
Unquoted :								
LIC Mutual Fund - Growth plan		4,077,638		4,077,638	-		-	600.00
UTI Liquid cash plan - Inst.	-	44,683		44,683	-		-	595.00
Birla Cash plus - Inst Premium	-	4,917,296		4,917,296	-		-	635.00
							65,716.81	22,179.24
Less : Provision for diminution in value of Investments							(450.43)	(404.84)
							65,266.38	21,774.40
Aggregate book value of Investments								
Quoted							54,972.77	13,025.58
Unquoted							10,293.61	8,748.82
Market Value of Quoted Investments							65,266.38	21,774.40
							73,559.03	33,365.50

NOTES:

- (a) Uncalled Liability on partly paid shares
 - Tahir Properties Ltd. - Equity - Rs. 80 per share.
 - Tahir Properties Ltd. - Preference - Rs. 30 per share.
 - Wadala Commodities Limited - Preference - Re. 1 per share.
- (b) 1,95,00,000 shares of Godrej Consumer Products Limited have been pledged as security against loan from J.P. Morgan Securities India Pvt. Ltd.
- (c) Additional consideration payable for the acquisition of 9833 shares on the occurrence of certain contingent events on or before 31st Aug, 2009 - Rs. 104.13 lac.
- (d) The said shares have been refused for registration by the investee company.
- (e) Shares received in lieu of units on conversion from LLC to Corporation.
- (f) Optionally Convertible Notes are convertible as under :
 - Compass BPO Limited : Between April 1, 2008 and April 1, 2010 @ £ 53.75 per share.
 - Verseon Corporation - After December 1, 2008 until the due date but not later than September 15, 2012.
 - Boston Analytics Inc. - on June 30, 2009

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)

	This Year Rs. lac	Previous Year Rs. lac		This Year Rs. lac	Previous Year Rs. lac
SCHEDULE 7: INVENTORIES (at lower of cost and net realisable value)			SCHEDULE 11 : CURRENT LIABILITIES		
Stores and spares	1,469.59	2,670.39	Acceptances	2,131.81	3,896.38
Raw materials	10,191.17	15,422.68	Sundry creditors	30,321.59	37,231.03
Construction work-in-progress	47,550.14	28,462.25	Advances from customers	44,598.35	36,971.51
Work-in-progress	2,680.98	6,242.44	Sundry deposits	2,070.00	2,039.31
Stock under cultivation	445.09	534.57	Investor Education & Protection Fund		
Finished Goods	5,412.59	5,955.89	- Unclaimed Dividend	18.74	34.37
Stock-in-trade	36.28	16.94	- Unpaid Matured Deposits	16.82	25.70
Poultry stock	2,055.76	1,917.53	Other liabilities	7,727.20	11,248.11
Share in jointly controlled entities	4,494.13	3,138.05	Interest accrued but not due on loans	667.64	414.68
	<u>74,335.73</u>	<u>64,360.74</u>	Share in jointly controlled entities	6,973.20	5,549.35
				<u>94,525.35</u>	<u>97,410.44</u>
SCHEDULE 8: SUNDRY DEBTORS (Unsecured)			SCHEDULE 12 : PROVISIONS		
Debts outstanding over six months			Proposed dividend	3,996.99	3,996.99
Considered good	1,878.50	3,181.93	Provision for tax on distributed profits	956.60	1,118.17
Considered doubtful	744.33	605.64	Provision for retirement benefits	2,788.80	2,850.47
	<u>2,622.83</u>	<u>3,787.57</u>	Share in jointly controlled entities	545.20	381.43
Other debts				<u>8,287.59</u>	<u>8,347.06</u>
Considered good	82,962.61	62,180.06			
	<u>85,585.44</u>	<u>65,967.63</u>	SCHEDULE 13: MISCELLANEOUS		
Less: Provision for doubtful debts	(789.00)	(605.64)	EXPENDITURE		
	<u>84,796.44</u>	<u>65,361.99</u>	(To the extent not written off or adjusted)		
Share in jointly controlled entities	2,723.49	1,734.46	Deferred revenue expenditure		
	<u>87,519.93</u>	<u>67,096.45</u>	- Voluntary retirement compensation	386.75	1,068.44
			Share in jointly controlled entities	129.43	64.93
				<u>516.18</u>	<u>1,133.37</u>
SCHEDULE 9: CASH AND BANK BALANCES			SCHEDULE 14: OTHER INCOME		
Cash and cheques on hand	1,019.74	570.72	Interest :		
Balances with scheduled banks			- Debentures	159.46	31.97
- on current accounts	4,635.20	3,880.84	- Income tax refund	41.98	72.67
- on deposit accounts (refer Note 9)	5,230.88	30,457.95	- Deposits	2,702.32	1,839.96
Share in jointly controlled entities	1,634.60	1,582.09	Dividend	563.35	916.42
	<u>12,520.42</u>	<u>36,491.60</u>	Profit on sale of fixed assets (Net)	80.64	-
SCHEDULE 10: LOANS AND ADVANCES (Unsecured and considered good unless otherwise stated)			Profit on sale of long-term investments (refer Note 17)	13,168.66	9,275.18
Loans and Advances (refer Note 12 a)	5,135.76	6,881.04	Profit on sale of current investments	322.05	-
Loan to GIL ESOP Trust (net of provision for doubtful loans Rs. 313 lac, previous year Rs. Nil)	15,375.82	10,162.76	Provision for depletion in value of investment written back	1,688.19	-
Advances recoverable in cash or in kind or for value to be received net of provision for doubtful advances of Rs. 1214.10 lac, previous year Rs.487.44 lac)	25716.78	23926.63	Bad debt recovered	9.24	-
Intercompany deposits	1,973.75	1,142.00	Miscellaneous income	1,173.12	1,099.57
Deposits and balances with			Share in jointly controlled entities	345.50	194.32
- Customs & excise authorities	635.28	1,182.30		<u>20,254.51</u>	<u>13,430.09</u>
- Others	12,946.10	7,719.55			
Due on Management projects (refer Note 12b)	8,704.80	11,834.64			
Advance payment of taxes (Net of provision for tax)	2,437.37	321.98			
Share in jointly controlled entities	4,792.90	2,816.73			
	<u>77,718.56</u>	<u>65,987.63</u>			

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)

	This Year Rs. lac	Previous Year Rs. lac		This Year Rs. lac	Previous Year Rs. lac
SCHEDULE 15 : MATERIALS CONSUMED AND COST OF SALES			SCHEDULE 17 : INVENTORY CHANGE		
Raw materials consumed :			Stocks at the commencement of the year		
Stocks at the commencement of the year	15,422.68	15,567.90	Finished goods	5,955.89	7,229.25
Add : Purchases (net)	207,103.36	161,798.86	Work-in-progress	6,242.45	6,893.70
	222,526.04	177,366.76	Stock under cultivation	534.57	411.24
Less : Stocks as at the close of the year	10,191.17	15,422.68	Poultry stock	1,917.53	1,562.62
Raw Materials consumed during the year	212,334.87	161,944.08	Share in jointly controlled entities	2,034.73	1,498.11
Purchase of goods for resale	9,781.52	19,798.53		16,685.17	17,594.92
Share in jointly controlled entities	18,702.96	16,326.74			
Cost of Sales - Property Development			Less : Stock adjustment for subsidiaries deleted	369.16	2,117.70
Stocks at the commencement of the year	28,479.19	11,705.89	Less : Stocks at the close of the year:		
Add : Construction Expenditure during the year	31,231.12	25,451.87	Finished goods	5,412.59	5,955.89
	59,710.31	37,157.76	Work-in-progress	2,680.98	6,242.45
Less : Stocks as at the close of the year	47,586.42	28,479.19	Stock under cultivation	445.09	534.57
	12,123.89	8,678.57	Poultry stock	2,055.76	1,917.53
	252,943.24	206,747.92	Share in jointly controlled entities	2,137.63	2,034.73
SCHEDULE 16: EXPENSES				12,732.05	16,685.17
Salaries, wages and allowances	12,483.81	14,989.85	(Increase)/Decrease in Inventory	3,583.96	(1,207.95)
Contribution to provident fund and other funds	990.99	986.31	SCHEDULE 18 : INTEREST AND FINANCIAL CHARGES (NET)		
Employee welfare expenses	983.86	972.89	Interest paid		
Stores and spares consumed	1,717.51	1,669.83	- on debentures and fixed loans	7,004.19	4,847.07
Power and fuel	8,757.36	8,269.77	- on bank overdrafts	4,174.71	2,193.77
Processing charges	4,920.46	5,222.57	- on Inter corporate deposits	223.55	228.53
Rent	1,106.45	1,614.28	- other interest	1,416.99	1,276.52
Rates and taxes	632.61	665.79		12,819.44	8,545.89
Repairs and maintenance			Less : Interest received		
- Machinery	992.03	923.48	- on loans and deposits	26.95	101.42
- Buildings	683.43	461.90	- on Customer balances, etc.	5.68	1,954.71
- Other assets	218.80	544.81	- projects and landlords	4,252.20	418.51
Insurance	203.65	261.44	- others	805.65	76.33
Freight	4,363.60	5,459.31		5,090.48	2,550.97
Commission	5,636.75	3,509.55	Net Interest	7,728.96	5,994.92
Discount	286.24	281.70	Other financial charges	1,289.31	702.63
Advertisement and publicity	1,816.18	1,261.00	Foreign exchange loss	263.82	-
Selling and distribution expenses	821.39	673.87	Share in jointly controlled entities	756.34	751.82
Bad debts written off	285.39	535.31		10,038.43	7,449.37
Provision for doubtful debts and advances	1,127.83	100.44	SCHEDULE 19 : EXTRAORDINARY ITEMS		
Provision for depletion in the value of long-term investments	-	1,588.93	Profit on Sale of business	2,122.32	3,935.51
Loss on Sale of Fixed Assets	-	8.41	Current Tax	-	(102.41)
Excise duty on inventory change	429.64	1,065.51	Deferred Tax	-	(8.36)
Foreign Exchange loss/(gain)	2,155.55	(157.25)		2,122.32	3,824.74
Miscellaneous expenses	7,214.61	8,866.61	SCHEDULE 20 : PRIOR PERIOD ADJUSTMENTS		
Share in jointly controlled entities	14,219.99	9,297.17	Short provision for expenses	(85.02)	-
	72,048.13	69,073.48		(85.02)	-

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)**SCHEDULE 21: SIGNIFICANT ACCOUNTING POLICIES:-****a) Accounting Convention**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the generally accepted accounting principles in India and the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

b) Use of Estimates

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

c) Fixed Assets

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

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

d) Intangible Assets

The group has evaluated the useful lives of the Intangible Assets - 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.

Particulars	Estimated useful lives
Goodwill	8 - 20 years
Trade marks	8 - 15 years
Technical Know how	10 years
Non-compete fees	7 - 8 years
Computer software	4 - 6 years

e) Impairment of Assets

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

f) Borrowing Costs

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

g) Investments

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

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

h) 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.

i) Provisions and Contingent Liabilities

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

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

j) Foreign Exchange Transactions

i) Transactions in foreign currency are recorded at exchange rates prevailing on the day of the transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the period end are translated at closing rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions are recognised in the Profit and Loss Account.

ii) Forward exchange contracts other than those entered into to hedge foreign currency risk of firm commitments or highly probable forecast transactions are translated at period end exchange rates. Premium or discount on such forward exchange contracts is amortised as income or expense over the life of the contract.

iii) Realised gain or losses on cancellation of forward exchange contracts are recognised in the Profit and Loss Account of the period in which they are cancelled.

iv) Exchange differences in respect of other unexpired foreign currency derivative contracts, which have been entered into to hedge foreign currency risks are marked to market and losses, if any, are recognised in the Profit and Loss Account.

k) Revenue Recognition

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

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)

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

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

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

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

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

Interest income is recognised on a time proportion basis.

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

l) Research and Development Expenditure

Revenue expenditure on Research 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 & Development is included under additions to fixed assets.

m) Depreciation

Leasehold land is amortised equally over the lease period. Leasehold improvements are amortised over five years.

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

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

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

n) Employee Benefits

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

i) Defined Contribution Plan

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

iii) Other long-term benefits

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

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

o) Incentive Plans

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

p) Hedging

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

q) Deferred Revenue Expenditure

The compensation payable under the Voluntary Retirement Schemes, the benefit of which is expected to accrue in future is deferred over its payback period. The compensation is generally amortised over three to five years depending on the pay back period, however the pay back period is restricted to March 31, 2010.

r) 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

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)

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.

s) Segment Reporting

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

SCHEDULE 22: NOTES TO ACCOUNTS:-**1. Principles of Consolidation:**

The consolidated financial statements relate to Godrej Industries Limited, the holding company, its majority owned subsidiaries, Joint ventures and Associates (collectively referred to as 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.

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, 2009.

The accounts of ACI Godrej Agrovet Pvt Ltd. a joint venture company with Godrej Agrovet Ltd, Creamline Dairy Products Ltd, Polychem Hygiene Laboratories Pvt. Ltd, Al Rahba International Trading Ltd., & Compass connections limited associate companies have not been audited for the year ended March 31, 2009 as of the Balance Sheet date and have been consolidated on the basis of the accounts as certified by their respective management.

3. Information on subsidiaries, joint ventures and associates :

(a) The subsidiary companies considered in the consolidated financial statements are :

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			This Year	Previous Year
1	Godrej Agrovet Ltd.	India	75.26%	75.26%
2	Goldmohur Foods & Feeds Ltd. (100% subsidiary of Godrej Agrovet Ltd.)	India	-	75.26%
3	Golden Feed Products Ltd. (100% subsidiary of Godrej Agrovet Ltd.)	India	75.26%	75.26%
4	Godrej Oil Palm Limited (formerly known as Godrej Aquafeed Limited) (80% subsidiary of Godrej Agrovet Ltd.)	India	60.21%	60.21%
5	Cauvery Palm Oil Limited (51% subsidiary of Godrej Agrovet Ltd.)	India	38.38%	38.38%
6	Aadhar Retailing Ltd. (up to 27-03-08)	India	-	75.26%
7	Natures Basket Ltd. (100% subsidiary of Godrej Agrovet Ltd., w.e.f. 29-05-08)	India	75.26%	-
8	Godrej Gokarna Oil Palm Ltd. (formerly known as Godrej Oil Palm Ltd., upto 25-02-08)	India	-	34.84%
9	Godrej Properties Ltd.	India	81.40%	82.55%
10	Girikandra Holiday Homes & Resorts Ltd. (Subsidiary of Godrej Properties Ltd, upto 06-06-08.)	India	-	82.55%

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			This Year	Previous Year
11	Godrej Realty Pvt. Ltd. (51% subsidiary of Godrej Properties Ltd.)	India	41.51%	42.10%
12	Godrej Waterside Properties Pvt. Ltd. (51%, subsidiary of Godrej Properties Ltd.)	India	41.51%	42.10%
13	Godrej Developers Pvt. Ltd. (51% subsidiary of Godrej Properties Ltd.)	India	41.51%	82.55%
14	Godrej Real Estate Private Limited (100% subsidiary of Godrej Properties Ltd.)	India	81.40%	82.55%
15	Godrej Seaview Properties Private Limited (100% subsidiary of Godrej Properties Ltd.)	India	81.40%	82.55%
16	Happy Highrises Limited (100% subsidiary of Godrej Properties Ltd.)	India	81.40%	82.55%
17	Godrej Estate Developers Pvt Ltd. (100% subsidiary of Godrej Properties Ltd.)	India	81.40%	-
18	Godrej Hygiene Care Pvt. Ltd. (Formerly known as Build Tough Properties Pvt. Limited)	India	100%	-
19	Godrej Hicare Ltd. (up to 31-03-09)	India	-	76.86%
20	Ensemble Holdings & Finance Ltd.	India	100%	100%
21	Godrej International Ltd., UK	UK	100%	100%
22	Godrej Global Solutions Ltd. (upto 30-06-08)	India	-	100%

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			This Year	Previous Year
23	Godrej Global Solutions (Cyprus) Ltd. (100% subsidiary of Godrej Global Solutions Ltd., upto 30-06-08)	Greece	-	100%
24	Godrej Global Solutions Inc. (100% subsidiary of Godrej Global Solutions Ltd., upto 30-06-08)	USA	-	100%

(b) Interests in Joint Ventures :

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			This Year	Previous Year
1	Godrej Sara Lee Ltd. (Shares held by 100% subsidiary Godrej Hygiene Care Pvt. Ltd.)	India	20.00%	20.00%
2	Godrej Sara Lee Bangladesh Pvt. Ltd. (100% subsidiary of Godrej Sara Lee Ltd.)	Bangladesh	20.00%	20.00%
3	Godrej Sara Lee Lanka Pvt. Ltd. (100% subsidiary of Godrej Sara Lee Ltd.)	Sri Lanka	20.00%	20.00%
4	Sara Lee Household and Body Care India Pvt. Ltd. (merged with Godrej Sara Lee Ltd w.e.f. 01-04-08)	India	-	20.00%
5	Sara Lee Household and Body Care Lanka Pvt. Ltd. (merged with Godrej Sara Lee Lanka Pvt. Ltd. w.e.f. 22-03-09)	Sri Lanka	-	20.00%
6	Al Rahba International Trading LLC (joint venture partner of Godrej Agrovat Ltd.)	U.A.E.	-	33.87%

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			This Year	Previous Year
7	ACI Godrej Agrovet Pvt. Ltd. (joint venture partner of Godrej Agrovet Ltd.)	Bangladesh	37.63%	37.63%
8	Godrej Gold Coin Acqafeed Ltd. (joint venture partner of Godrej Agrovet Ltd.)	India	36.88%	36.88%
9	Godrej IJM Palm Oil Ltd. (formerly Godrej Gokarna Oil Palm Ltd) (joint venture partner of Godrej Agrovet Ltd.) (from 26.02.08)	India	36.29%	34.84%
10	Godrej Tyson Foods Ltd (joint venture partner of Godrej Agrovet Ltd.)	India	36.88%	-
11	Godrej Hershey Limited	India	43.00%	43.00%
12	Nutrine Confectionery Ltd. (100% subsidiary of Godrej Hershey Limited)	India	43.00%	43.00%

(c) Investment in Associates :

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			This Year	Previous Year
1	Swadeshi Detergents Ltd.	India	41.08%	41.08%
2	Godrej Consumer Products Limited	India	21.55%	-
3	Personalitree Academy Ltd. (associate of Ensemble Holdings & Finance Ltd.)	India	26.00%	26.00%
4	Creamline Dairy Products Ltd. (associate of Godrej Agrovet Ltd.)	India	19.57%	19.57%
5	Aadhaar Retailing Limited	India	-	22.58%

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			This Year	Previous Year
6	(associate of Godrej Agrovet Ltd.) Al Rahba International Trading LLC (associate of Godrej Agrovet Ltd.)	U.A.E.	25.08%	-
7	Polychem Hygiene Laboratories Pvt. Ltd. (associate of Godrej Agrovet Ltd.)	India	19.57%	19.57%
8	Compass Connections Limited	U.K.	20.71%	20.71%

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

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

Rs. lac

S. No.	Name of the Company	Cost of Acquisition	Goodwill included in cost of acquisition	Share in profits/ (loss) of associates post acquisition	Provision for diminution in the value of investments	Carrying cost of Investments
1	Swadeshi Detergents Ltd.	191.32 191.32	91.46 91.46	(135.81) (136.06)	55.51 55.26	- -
2	Godrej Consumer Products Limited	49,223.86 -	37,845.36 -	1,939.61 -	- -	51,163.47 -
3	Personalitree Academy Ltd.	110.28 110.28	42.84 42.84	(42.04) (42.04)	68.24 68.24	- -
4	Creamline Dairy Products Ltd.	1,038.00 1,038.00	398.41 398.41	466.98 340.50	- -	1,504.98 1,378.50
5	Aadhaar Retailing Ltd.	- 191.39	- -	- (46.75)	- -	- 144.64
6	Al Rahba International Trading LLC	8.10 -	69.55 -	(8.10) -	- -	- -
7	Polychem Hygiene Lab Pvt. Ltd.	162.75 162.75	88.99 88.99	79.46 36.55	- -	242.21 199.30
8	Compass Connection Ltd.	124.54 124.54	80.56 80.56	73.87 45.10	66.17 105.47	132.24 64.17
	Total this year	50,858.85	38,617.17	2,373.97	189.92	53,042.90
	Total previous year	1,818.28	702.26	197.30	228.97	1,786.61

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)**6. Contingent Liabilities**

S. No.	Description	This Year Rs. Lac	Previous Year Rs. Lac
(a)	Claims against the Company not acknowledged as debts:		
1	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.	2,029.35	1,909.20
2	Customs Duty demands relating to less charge, differential duty, classification, etc.	856.94	856.94
3	Sales Tax demand relating to purchase tax on Branch Transfer/Non-availability of C Forms, etc at various levels.	2,054.42	2,142.59
4	Octroi demand relating to classification issue on import of Palm Stearine and interest thereon.	1,124.04	1,031.64
5	Stamp duties claimed on certain properties which are under appeal by the Company	330.73	182.23
6	Income Tax demands against which the Company has preferred appeals	2,297.56	1,991.11
7	Industrial relations matters under appeal	234.60	146.99
8	Others	289.67	1,097.16
(b)	Guarantees issued by banks, excluding guarantees issued in respect of matters reported in (a) above	666.65	8,113.18
(c)	Guarantees given by the Company in respect of credit/guarantee limits sanctioned by banks to subsidiary and other companies	4,313.66	1,729.00
(d)	Letters of credit issued by bank on behalf of the company	84.26	35.00
(e)	Uncalled liability on partly paid shares/debentures	41.70	446.65
(f)	Additional consideration against acquisition of shares	50.11	104.13
(g)	Case/Claim filed by Processors for claiming various expenses	104.13	-
(h)	Share in Jointly Controlled Entities	1,106.70	1,062.73

7. Capital Commitments

S. No.	Description	This Year Rs. Lac	Previous Year Rs. Lac
1	Estimated value of contracts remaining to be executed on capital account, to the extent not provided	1,938.14	3,383.09
2	Share in Jointly Controlled Entities	138.74	241.52

8. Investments

- a) During the year the entire holding of 51,07,125 equity shares in Godrej Sara Lee Limited has been transferred from Godrej Industries Limited to its wholly owned subsidiary company Godrej Hygiene Care Pvt Ltd. (formerly known as Build Tough Properties Pvt. Ltd.) at book value.
- b) The Company has on March 31, 2009 sold its entire holding of 60,67,100 equity shares in its subsidiary company, Godrej Hicare Limited, for a consideration of Rs. 3,677.12 lac which has been received and the profit thereon recognised in the Profit and Loss account. The Group is entitled to receive an additional sale consideration upto a maximum amount of Rs. 3,102.26 lac on the satisfaction of certain conditions and subject to the Company (GHCL) achieving certain financials parameters over various periods ending on June 30, 2009. The said additional consideration being contingent on achieving certain financial parameters in future, has not been recognised in the accounts.

9. Cash and Bank Balances :

- a) Balances with scheduled banks on deposit accounts include Rs. 34,014,876/- (Previous year Rs. 39,384,677/-) received from flat buyers and held in trust on their behalf in a corpus fund.

10. Deferred Tax :

Major components of Deferred Tax arising on account of timing differences as at March 31, 2009 are:

Description	This Year Rs. lac	Previous Year Rs. lac
Assets		
Provision for retirement benefits	521.00	417.00
Provision for doubtful debts/advances	784.71	279.75
VRS Expenses	298.00	229.00
Others	(213.42)	632.23
	<u>1,390.29</u>	<u>1,557.98</u>
Liabilities		
Depreciation	6,385.94	6,557.93
Share in Jointly Controlled Entities	20.51	197.84
	<u>6,406.45</u>	<u>6,755.77</u>
Net Deferred Tax Liability	<u>5,016.16</u>	<u>5,197.79</u>

Loans and Advances :

11. The Group has been entering into Development Agreements with landlords. Development Manager Fees amounting to Rs. 60,230,839 (Previous year Rs. 170,243,559/-) accrued as per terms of the Agreement are receivable by the Group based upon progress milestones specified in the respective Agreements and have been disclosed as Development Manager Fees accrued but not due in Schedule 10.

- 12a) Loans and Advances include Rs. 1033 lac (Previous year Rs. 1033 lac) 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, which has been admitted."

Interest on the aforesaid loan amounting to Rs. 315 lac 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.

- 12b) Due on Management Projects include a sum of Rs. 21,479,389/- (Previous year Rs. 20,872,941/-) on account of a project, where the matter is sub-judice with arbitrators.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)**13. Employee Stock Option Plans :**

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

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:

	This Year		Previous Year	
	No. of Options	Wt. average exercise price (*)	No. of Options	Wt. average exercise price (*)
Options outstanding at the beginning of the year	7,309,500	177.10	2,100,000	65.39
Options granted during the year :				
April 5, 2007	-	-	2,320,000	152.55
April 11, 2007	-	-	305,000	155.05
October 3, 2007	-	-	50,000	175.80
January 23, 2008	-	-	435,000	290.40
March 31, 2008	-	-	2,259,500	285.60
May 2, 2008	340,000	284.60		
May 26, 2008	835,450	276.70		
June 3, 2008	150,000	254.45		
Options exercised during the year :	-	-	-	-
Options forfeited/expired during the year :	835,000	209.87	160,000	152.55
Options outstanding at the year end	7,799,950	190.43	7,309,500	177.10

(*) 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 weighted average balance life of options outstanding as on March 31, 2009 is 3.62 years.

The options granted shall vest after three years from the date of grant of option, provided the employee continues to be in employment and the option is exercisable within two years after vesting.

Modification of the ESOP scheme :

1. The vesting period for options granted on 14/02/06 was increased to a maximum of 5 years and the exercise period to 3 years from vesting.
2. The exercise period of unvested options of retiring employees increased from 6 months to 2 years.
3. The options granted to the employees of participating Companies shall continue in case of restructuring including sale of shares of participating Companies.

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.

	This Year Rs. Lac	Previous Year Rs. Lac
Net Profit (as reported)	11,147.00	16,782.51
Less : Stock based compensation expense determined under fair value based method (Pro Forma)	2,645.00	967.00
Net Profit (Pro Forma)	8,502.00	15,815.51
	Amount Rs.	Amount Rs.
Basic & Diluted Earnings per share before Extraordinary Items (as reported)	2.82	4.29
Basic & Diluted Earnings per share before Extraordinary Items (Pro Forma)	2.68	3.20
Basic & Diluted Earnings per share after Extraordinary Items (as reported)	3.49	5.56
Basic & Diluted Earnings per share after Extraordinary Items (Pro Forma)	2.66	3.27

- b) The independent ESOP trust has purchased shares of the GIL from the market against the options granted. The purchases are financed by loans from the Group companies amounting to Rs. 17304.07 lac (previous year Rs. 14611.82 lac). As on March 31, 2009, the market value of the shares purchased by the Trust is lower than the acquisition cost of the shares by Rs. 12306.77 lac (previous year Rs. Nil).

The repayment of the loans granted to the ESOP trust is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period. The fall in value of the underlying equity shares is on account of current 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 Rs. 12306.77 lac is not considered necessary in the financial statements.

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)**14. Leases :****a) Operating Leases :**

The group has entered into leave and licence agreements in respect of its commercial and residential premises. These are not non-cancelable and range between 12 months to 36 months and are renewable by mutual consent on mutually acceptable terms. Leave and licence arrangements being similar in substance to operating leases, the particulars of the premises under leave and licence arrangement are as under:

	This Year	Previous Year
	Rs. Lac	Rs. Lac
Gross carrying amount of premises	1,747.95	1,782.60
Accumulated depreciation	953.58	949.72
Depreciation for the period	50.87	59.53

The total of future minimum lease payments under non cancelable operating leases for each of the following periods:

Period	Minimum future lease rentals	Jointly controlled entities
Within one year	3,030.22	55.02
Later than one year and not later than five years	3,104.63	14.30
Later than five years	108.43	-
Total	6,243.28	69.32

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, 2009, in respect of vehicles acquired under lease are as under:

Period	Total minimum lease payments outstanding as on March 31, 2009	Un-matured Interest	Present value of minimum lease payments
	Rs. Lac	Rs. Lac	Rs. Lac
Within one year	78.74	19.14	69.15
Later than one year and not later than five years	73.67	12.68	57.10
	<u>152.41</u>	<u>31.82</u>	<u>126.25</u>

15. Hedging Contracts :

The group uses forward exchange contracts to hedge its foreign exchange exposure relating to the underlying transactions and firm commitments. 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**

Details	This Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Futures contracts outstanding	6	-	10	-
Number of units under above contracts in MT.	4,500	-	2,600	-

b) Forward Exchange contracts

Details	This Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Total number of contracts outstanding	24	6	27	16
Foreign currency value				
- US Dollar (million)	10.04	2.42	14.69	6.70
- Euro (million)	-	0.50	-	2.06

ii) Un-hedged foreign currency exposures

Details	This Year		Previous Year	
	Purchase	Sale	Purchase	Sale
Uncovered Foreign exchange exposure as at the year end				
- US Dollar (million)	2.08	3.56	33.67	7.49
- Euro (million)	0.04	0.17	-	-

16. Turnover :

	This Year	Previous Year
	Rs. Lac	Rs. Lac
Turnover includes		
i) Processing charges	948.01	1,201.08
ii) Export Incentives	963.18	1,101.93
iii) Licence fees and service charges	6,679.45	5,094.29
iv) Project / Development Management Fees	1,437.56	3,095.28
v) Claims	45.10	49.62
vi) Share in jointly controlled entities	13,949.39	775.41
	<u>24,022.69</u>	<u>11,317.61</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)**17. Exceptional Items :**

		This Year Rs. Lac	Previous Year Rs. Lac
i)	Included under Other Income		
	Profit on sale of long-term investments	8,969.63	9,275.18
ii)	Write back/(Provision) for diminution in investment	1,688.19	(1,588.93)

18. Profit and Loss Account :

- a) Exchange differences recognised in the Profit and Loss Account for the year is a loss of Rs. 2419.37 lac (Previous year gain of Rs. 173.36 lac). The exchange difference in respect of forward exchange contracts to be recognised in subsequent accounting periods is Rs. 21.31 lac (Previous year Rs. 16.57 lac).
- b) Research and Development Expenditure of revenue nature charged to the Profit and Loss Account amounts to Rs. 173.30 lac (Previous year Rs. 172.75 lac).

19. Earnings per share :

		This Year	Previous Year
a)	Calculation of weighted average number of equity shares		
	Number of shares at the beginning of the year	Nos. 319,758,602	291,851,652
	Number of equity shares outstanding at the end of the year	Nos. 319,758,602	319,758,602
	Weighted average number of equity shares outstanding during the year	Nos. 319,758,602	301,992,702
b)	Net profit after tax excluding extraordinary items	Rs. lac 9,024.68	14,069.26
c)	Net profit after tax available for equity shareholders including extraordinary items	Rs. lac 11,147.00	16,782.51
d)	Basic and diluted earnings per share of Re 1 each excluding extraordinary Items	Rupees 2.82	4.66
e)	Basic and diluted earnings per share of Re 1 each including extraordinary Items	Rupees 3.49	5.56

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

20. Related Party Disclosures :**a) Names of related parties and description of relationship**

Parties where control exists	Relatives Key Management Personnel	
Godrej & Boyce Mfg. Co. Ltd., the holding company	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
Fellow Subsidiaries:	Ms. R.N. Godrej	Wife of Mr. N.B. Godrej
Wadala Commodities Ltd.	Mst. B.N. Godrej	Son of Mr. N.B. Godrej
Godrej (Malaysia) Sdn Bhd	Mst. S.N. Godrej	Son of Mr. N.B. Godrej
Godrej (Singapore) Pte Ltd.	Mst. H.N. Godrej	Son of Mr. N.B. Godrej
Godrej Infotech Ltd.	Ms. M. Mahendran	Wife of Mr. A. Mahendran

Veromatic International BV
Veromatic Services BV
Water Wonder Benelux BV

Other related parties with whom the Company had transactions during the year Enterprises over which key management personnel exercise significant influence

Associate/Joint Venture Companies	Inecto Manufacturing Ltd.
Godrej Consumer Products Ltd.	Inecto Ltd.
Godrej SCA Hygiene Ltd.	Godrej Global Mideast FZE
Godrej Sara Lee Ltd.	Rapidol (PTY) Ltd.
Godrej Hershey Ltd.	Bahar Agrochem & Feeds Pvt. Ltd.
Compass BPO Ltd.	Swadeshi Detergents Ltd.
HDFC Venture Trustee Co. Ltd.	Vora Soap Ltd.
Red Fort India Real Estate	Lawkim Ltd.

Key Management Personnel

Mr. A.B. Godrej	Chairman
Mr. N.B. Godrej	Managing Director
Ms. T.A. Dubash	Executive Director & President (Marketing)
Mr. Mathew Eipe	Executive Director & President (Chemicals)
Mr. V. Banaji	Executive Director & President (Group Corporate Affairs)
Mr. M.P. Pusalkar	Executive Director & President
Mr. C.K. Vaidya	Executive Director & President (Business Excellence)
Mr. A. Mahendran	Managing Director (Godrej Sara Lee Ltd.)
Mr. Ravi Venkateswar	Director Finance & Chief Financial Officer
Mr. M.S. Korde	Managing Director (Godrej Properties Ltd.)
Mr. B.S. Yadav	Executive Director & President

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)**b) Transactions with Related Parties :**

Nature of Transaction							Rs. Lac
	Holding Company	Fellow Subsidiaries	Associate/ Joint Venture Companies	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	Total
Sale of Goods	29.09	-	1,327.34	-	-	49.28	1,405.71
Previous Year	10.22	-	85.51	-	-	842.71	938.44
Sale of Fixed Assets	-	-	-	-	-	-	-
Previous Year	-	-	20.73	3.10	-	-	23.83
Advance given	88.22	-	-	20.16	40.00	-	148.38
Previous Year	6.50	-	-	-	-	-	6.50
Loan given	-	-	-	173.00	-	-	173.00
Previous Year	-	-	-	1,103.83	-	-	1,103.83
Loan repaid	-	-	-	23.99	-	-	23.99
Previous Year	-	-	-	0.49	-	-	0.49
Purchase of goods	141.57	-	1,087.79	-	-	1.99	1,231.35
Previous Year	36.96	670.47	224.47	-	-	2,828.32	3,760.22
Purchase of Fixed Assets	242.00	-	4.16	-	100.00	-	346.16
Previous Year	205.28	5.15	-	-	-	-	210.43
Processing charges received	-	-	198.38	-	-	-	198.38
Previous Year	-	-	209.68	-	-	40.03	249.71
Commission / Royalty received	-	-	178.89	-	-	-	178.89
Previous Year	-	2.50	87.47	-	-	31.59	121.56
Recovery of Establishment & Other Expenses	32.40	8.58	1,991.57	-	-	-	2,032.55
Previous Year	13.77	0.45	504.88	-	-	1,238.37	1,757.47
Rent, Establishment & other exps paid	1,604.75	21.73	174.51	2.17	117.33	0.84	1,921.33
Previous Year	1,305.99	21.43	48.76	0.40	88.31	105.30	1,570.19
Interest received	-	-	2.26	147.26	-	3.50	153.02
Previous Year	-	-	-	-	-	54.00	54.00
Interest paid	-	8.00	167.75	-	-	-	175.75
Previous Year	-	4.60	-	-	-	207.66	212.26
Dividend income	-	-	1,854.93	-	-	-	1,854.93
Previous Year	-	48.15	383.03	-	-	867.60	1,298.78
Dividend paid	2,340.03	-	-	92.40	729.47	71.33	3,233.23
Previous Year	2,779.29	-	-	54.89	585.42	-	3,419.60
Remuneration	-	-	-	1,258.80	55.74	-	1,314.54
Previous Year	-	-	-	1,095.23	43.19	-	1,138.42
Purchase of Investments	-	-	39,331.56	-	-	-	39,331.56
Previous Year	-	-	5,160.00	-	-	299.90	5,459.90
Sale of Investments	4,291.80	-	-	-	-	-	4,291.80
Previous Year	-	-	-	-	0.06	-	0.06
Intercompany Deposits - Accepted	-	-	17.44	-	-	-	17.44
Previous Year	-	100.00	-	-	-	2,000.00	2,100.00
Intercompany Deposits Repaid during the year	-	-	22.30	-	-	-	22.30
Previous Year	-	-	-	-	-	3,000.00	3,000.00
Intercompany Deposits - Advanced	-	-	175.00	-	-	-	175.00
Previous Year	-	-	-	-	-	1,500.00	1,500.00
Intercompany Deposits Repayment received during the year	-	-	175.00	-	-	-	175.00
Previous Year	-	-	-	-	-	1,500.00	1,500.00
Directors Fees	-	-	-	4.17	-	-	4.17
Previous Year	-	-	-	1.65	-	-	1.65
Balance Outstanding as on March 31, 2009							
Receivables	29.93	0.13	187.14	-	-	9.65	226.85
Previous Year	22.55	0.13	116.45	-	40.00	241.18	420.31
Payables	90.06	6.84	319.23	-	-	0.12	416.25
Previous Year	175.38	3.26	49.99	-	-	89.03	317.66
Debentures Outstanding	-	-	2,156.00	-	-	-	2,156.00
Previous Year	-	-	2,156.00	-	-	-	2,156.00
Guarantees Outstanding	-	-	2,225.00	-	-	-	2,225.00
Previous Year	-	1,000.00	-	-	-	161.00	1,161.00

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)

c) The significant Related Party transactions are as under :

Nature of Transaction	This Year Rs. Lac	Previous Year Rs. Lac	Nature of Transaction	This Year Rs. Lac	Previous Year Rs. Lac
Sale of goods			Interest received		
- Godrej Consumer Products Ltd.	1,204.21	842.71	- Mr. A. Mahendran	147.26	-
- Godrej Saralee Ltd.	107.26	78.95	- Swadeshi Detergents Ltd.	3.50	3.50
- Godrej Global Mideast FZE	43.99	-	- Godrej Hershey Ltd.	2.26	-
- Godrej & Boyce Mfg. Co. Ltd.	29.09	-	- Lawkim Ltd.	-	50.50
- Godrej Hershey Ltd.	15.87	-			
Sale of fixed assets			Interest paid		
- Godrej Hershey Ltd.	-	20.73	- Red Fort India Real Estate	167.75	-
- Mr. A. Mahendran	-	3.10	- Wadala Commodities Ltd.	8.00	-
			- Godrej Investments Ltd.	-	207.66
Purchase of goods & Fixed Assets			Inter Corporate Deposits - Repaid		
- Godrej Consumer Products Ltd.	531.11	827.67	- Godrej Investments Ltd.	-	3,000.00
- Godrej & Boyce Mfg. Co. Ltd.	383.56	242.23			
- Godrej SCA Hygiene Ltd.	317.32	-	Inter Corporate Deposits - Accepted		
- Godrej Hershey Ltd.	225.02	203.98	- Godrej Investments Ltd.	-	2,000.00
- Heros Aid Project	100.00	-	- Wadala Commodities Ltd.	-	100.00
- Godrej Saralee Ltd.	18.50	20.49			
- Bahar Agrochem & Feeds P. Ltd.	-	2,000.65	Inter Corporate Deposits - Advanced		
- Wadala Commodities Ltd.	-	670.47	- Godrej Hershey Ltd.	175.00	-
- Godrej Infotech Ltd.	-	5.15	- Lawkim Ltd.	-	1,500.00
Processing Charges received			Inter Corporate Deposits - Repayment Received		
- Godrej Hershey Ltd.	198.38	209.68	- Godrej Hershey Ltd.	175.00	-
- Godrej Consumer Products Ltd.	-	40.03	- Lawkim Ltd.	-	1,500.00
Commission / Royalty received			Dividend income		
- Godrej Hershey Ltd.	173.43	87.47	- Godrej Consumer Products Ltd.	1,854.93	867.60
- Godrej Consumer Products Ltd.	5.46	13.59	- Godrej Saralee Ltd.	-	383.03
- Godrej Upstream Ltd.	-	16.39	- Wadala Commodities Ltd.	-	48.15
Recovery of Establishment & Other expenses			Dividend paid		
- Godrej Consumer Products Ltd.	1,212.62	1,228.98	- Godrej & Boyce Mfg. Co. Ltd.	2,340.03	2,779.29
- Godrej Saralee Ltd.	358.28	303.96	- Mr. N. B. Godrej	71.33	-
- Godrej Hershey Ltd.	204.60	200.92	- Mr. Pirojsha Godrej	23.78	-
- Compass BPO Ltd.	172.73	-			
- Godrej & Boyce Mfg. Co. Ltd.	32.40	13.77	Remuneration to Key Management Personnel		
- Godrej SCA Hygiene Ltd.	30.46	9.03	- Mr. N. B. Godrej	219.84	182.06
Rent, Establishment & Other expenses paid			- Mr. V. F. Banaji	151.58	130.85
- Godrej & Boyce Mfg. Co. Ltd.	1,604.75	1,305.99	- Mr. M. S. Korde	145.89	189.79
- Godrej Consumer Products Ltd.	136.65	105.30	- Ms. T. A. Dubash	137.82	105.33
- Ms. R.N. Godrej	82.31	82.31	- Mr. Mathew Eipe	135.02	106.26
- Godrej Saralee Ltd.	37.25	34.41	- Mr. M. P. Pusalkar	131.84	87.34
- Ms. P.A. Godrej	27.82	-	- Mr. B. S. Yadav	91.75	51.54
- Godrej Infotech Ltd.	12.47	10.87	- Mr. A. Mahendran	68.64	56.82
- Ms. M. Mahendran	7.20	6.00	- Mr. A.B. Godrej	58.55	-
- Wadala Commodities Ltd.	6.38	10.56	- Mr. H. K. Press	34.76	-
- Godrej Hershey Ltd.	0.56	12.56	- Mr. Pirojsha Godrej	34.63	-
Advance given			- Mr. Ravi Venkateswar	31.07	22.30
- Godrej & Boyce Mfg. Co. Ltd.	88.23	6.50	- Mr. C. K. Vaidya	16.06	90.13
- Ms. M. Mahendran	40.00	40.00	- Mr. Dalip Sehgal	1.35	-
			- Mr. S. Tipnis	-	72.81
Loan given			Remuneration to Relatives of Key Management Personnel		
- Mr. A. Mahendran	193.15	1,103.83	- Ms. Nisaba A. Godrej	53.57	43.19
			- Mr. Pirojsha Godrej	2.17	-
Loan repaid			Sale of Investments		
- Mr. A. Mahendran	23.17	0.49	- Godrej & Boyce Mfg. Co. Ltd.	4,291.80	-
- Mr. Ravi Venkateswar	0.81	0.07	- Mr. A. Mahendran	-	0.06
			Purchase of Investments		
			- Godrej Consumer Products Ltd.	31,689.26	-
			- Red Fort India Real Estate	4,202.30	-
			- Godrej Hershey Ltd.	3,440.00	5,160.00
			- Godrej Investments Ltd.	-	299.00
			- Lawkim Ltd.	-	0.90

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd.)

21. Segment Information :

Information about primary business segments	Chemicals		Animal Feed		Veg Oils		Estate & Property Development		Household Insecticides		Beverages & Foods		Finance & Investments		Others		Rs. Lac	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
(A) Revenue	77800.70	69175.20	98191.92	84262.28	53827.63	42048.88	27101.37	25188.70	19490.78	16361.28	17727.17	14319.44	10528.25	8404.38	51755.68	48441.79	356423.50	308201.95
External Sales	17.87	14.09	2,553.31	777.38	100.50	90.16	546.79	504.21	1.47	8.36	96.76	88.14	4177.11	1397.96	35.19	162.40	7529.00	3047.70
Intersegment Sales	77818.57	69189.29	100745.23	85039.66	53928.13	42139.04	27648.16	25692.91	19492.25	16369.64	17823.93	14407.58	14705.36	9802.34	51790.87	48604.19	363952.50	311744.65
Total Sales	(17.87)	(14.09)	(2,553.31)	(777.38)	(100.50)	(90.16)	(546.79)	(504.21)	(1.47)	(8.36)	(96.76)	(88.14)	(4177.11)	(1397.96)	(35.19)	(162.40)	(7529.00)	(3042.70)
Less: Intersegment Sales	77800.70	69175.20	98191.92	84262.28	53827.63	42048.88	27101.37	25188.70	19490.78	16361.28	17727.17	14319.44	10528.25	8404.38	51755.68	48441.79	356423.50	308201.95
(B) Results																		
Segment result before interest, exceptional items and tax	(1849.89)	8300.06	3013.24	1003.96	(44.52)	382.02	12428.11	13294.82	3171.31	2502.96	(300.16)	(61.05)	10527.95	6815.45	6291.20	1335.76	33237.24	33573.98
Unallocated expenses																	(10091.84)	(5126.61)
Interest Expense (net)																	(10038.43)	(7449.37)
Profit before tax																	13106.97	20998.00
Taxes																	2122.32	3824.74
Add: Extra Ordinary items (Net of Tax)																	(85.02)	-
Add: Prior Period items																	9807.15	17894.00
Profit after taxes																	3622.24	115.34
Share of profit in associates																	13429.39	18009.34
Profit before Minority Interest																	(2282.39)	(1226.83)
Share of Minority Interest																	11147.00	16782.51
Net Profit after Minority Interest																	381983.69	360558.80
Segment Assets	40612.67	61352.33	18223.73	23661.25	3638.26	2154.70	148857.11	97201.46	6238.98	9139.00	9769.19	11058.66	140208.92	116870.93	14434.83	39120.47	35812.48	1949.72
Unallocated Assets																	417796.17	362508.52
Total Assets																	98136.66	120938.25
Segment Liabilities	13795.00	24895.06	10693.03	19839.68	1360.64	1011.91	54632.79	48198.43	3275.18	4585.62	2730.93	2527.11	664.75	267.90	10984.34	19612.54	178871.00	104928.24
Unallocated Liabilities																	277007.66	225866.49
Total Liabilities	964.52	2338.93	453.84	1182.32	7.77	32.61	927.16	156.87	310.09	7341.23	474.72	457.51	1,917.97	-	1594.60	10602.88	6650.67	22112.35
Total Cost incurred during the year to acquire segment assets	2367.55	2254.79	402.10	522.49	49.94	52.82	179.75	167.61	222.27	174.28	245.96	218.01	-	-	1235.20	1751.13	4702.77	5141.13
Segment depreciation																		
Information about Secondary Business Segments																		
Revenue by Geographical markets																		
India																	This Year	Previous Year
Outside India																	265338.59	226940.48
Total																	97084.91	81261.47
Carrying Amount of Segment assets																	356423.50	308201.95
India																	412944.23	358401.85
Outside India																	4851.94	4106.67
Total																	417796.17	362508.52

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.
- Vegetable oils segment includes the business of processing and bulk trading of Refined vegetable oils and vanaspati and international vegetable oil trading.
- Estate and property development segment includes the business of development and sale of real estate and leasing and leave and licensing of properties.
- Household Insecticides segment includes the business of production and sale of household insecticides and commercial pest management services.
- 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 and Investments includes investments in subsidiaries, associates companies and other investments.
- Others includes Integrated Poultry, Agri Inputs and tissue culture, Oil Palm Plantations, distribution of Medical Diagnostics equipment, energy generation through windmills.
- The geographical segments are as follows - Sales in India represent sales to customers located in India. Sales outside India represent sales to customers located outside India.

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

1. Name of the Subsidiary Company	Godrej Agrovat Limited	Godrej Properties Limited	Ensemble Holdings & Finance Limited	Godrej International Limited	Godrej Hygiene Care Private Limited	Godrej Oil Palm Limited
2. The Company's interest in the subsidiaries as on March 31, 2009						
a. Number of Equity Shares	9112956	48495209	3774160	2355000	50000	(See note
Total Number of Shares	12118752	60420259	3774160	2355000	50000	1 below)
b. Face Value	10	10	10	£1	10	
c. Extent of Holding	75.20%	80.26%	100.00%	100.00%	100.00%	
3. Net aggregate profit/(Loss) of the subsidiary company so far it concerns the members of the Company	Rs.lac	Rs.lac	Rs.lac	Rs.lac	Rs.lac	
A. For the financial year ended on March 31, 2009						
i. Not dealt with in the books of Account of the Company	2324.71	6155.03	61.97	633.79	(0.45)	-
ii. Dealt with in the books of account of the Company	-	-	79.26	-	-	-
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	962.12	5267.12	(409.55)	25876.78	-	-
ii. Dealt with in the books of account of the Company	3203.20	6393.97	481.54	11348.28	-	-

Notes:

The Financial Year of the subsidiary companies have ended on March 31, 2009.

- 70,500 Equity Shares of Rs.10 each in Godrej Oil Plantations Ltd. (representing 100% of the share capital) are held by Godrej Agrovat Ltd.
- 50,000 Equity Shares of Rs.10 each in Golden Feed Products Ltd. (representing 100% of the share capital) are held by Godrej Agrovat Ltd.
- 70,50,000 Equity Shares of Rs.10 each in Natures Basket Limited (representing 100% of the share capital) are held by Godrej Agrovat Ltd.
- 19,38,000 Equity Shares of Rs.10 each in Cauvery Palm Oil Ltd. (representing 51% of the share capital) are held by Godrej Agrovat Ltd.
- 50,000 Equity Shares of Rs.10 each in Godrej Estate Developers Pvt. Ltd. (representing 100% of the share capital) are held by Godrej Properties Ltd.
- 34,032 Equity Shares of Rs.10 each in Godrej Developers Pvt. Ltd. (representing 51% of the share capital) are held by Godrej Properties Ltd.
- 50,000 Equity Shares of Rs.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 Rs.10 each in Godrej Realty Pvt. Ltd. (representing 51% of the share capital) are held by Godrej Properties Ltd.
- 50,000 Equity Shares of Rs.10 each in Godrej Sea View Properties Pvt.Ltd. (representing 100% of the share capital) are held by Godrej Properties Ltd.

Golden Feed Products Limited	Natures Basked Limited	Cauvery Palm Oil Limited	Godrej Estate Developers Pvt. Ltd.	Godrej Developers Pvt. Ltd.	Godrej Real Estate Pvt. Ltd.	Godrej Realty Pvt.Ltd.	Godrej Seaview Propertis Limited	Godrej Waterside Properties Pvt.Ltd.	Happy Highrises Limited
(See note 2 below)	(See note 3 below)	(See note 4 below)	(See note 5 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)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

10. 5,10,000 Equity Shares of Rs.10 each in Godrej Waterside Properties Pvt.Ltd. (representing 51% of the share capital) are held by Godrej Properties Ltd.
11. 2,03,120 Equity Shares of Rs.10 each in Happy Highrises Ltd. (representing 100% of the share capital) are held by Godrej Properties Ltd.
12. 691,155 Equity Shares of Rs.10 each in Godrej Properties Ltd. are held by Ensemble Holdings & Finance Ltd.
13. 8,100 Equity Shares of Rs.10 each in Godrej Agrovat Ltd. are held by Ensemble Holdings & Finance Ltd.

A.B. Godrej
Chairman

N.B. Godrej
Managing Director

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

M.P. Pusalkar
*Executive Director
& President (Corporate Projects)*

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

Mumbai, May 27, 2009

FOR YOUR USE

Godrej Industries Limited

**ACCOUNTS OF
SUBSIDIARY COMPANIES
2008-2009**

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2009**To The Shareholders**

Your Directors have pleasure in submitting their Report alongwith the audited Accounts for the financial year ended on March 31, 2009.

Financial Results

Your Company's performance (after giving effect to the court order approving the scheme of arrangement merging Goldmohur Foods and Feeds Limited with Godrej Agrovet Limited) during the year as compared with that during the previous year is summarised below: -

	THIS YEAR Rs. lac	PREVIOUS YEAR Rs. lac
Total Income	132068.88	119096.46
Profit Before Taxation (PBT)	2684.46	(3478.50)
Less : Provision for Taxation	1352.81	474.81
Add : Extraordinary Income/(Expense) (Net)	4505.67	7836.44
Profit After Taxation (PAT)	5837.72	3883.12
Balance Brought Forward from previous year	5987.82	2246.48
Total	11825.14	5987.82
Appropriations:		
Final Dividend	121.18	121.18
Tax on Dividend	20.60	20.60
General Reserve	148.28	—
Balance Carried Forward to Balance Sheet	11535.09	5987.82
Total	11825.14	6129.60

Review of Operations

The year under review, saw a good turnaround of the core business of your company viz. animal feed. The agricultural inputs division of your company also returned a good performance.

The year under review also witnessed some restructuring, with the processed chicken business, being transferred to Godrej Tyson Foods Limited (formerly Godrej Foods Limited)(GTFL). Your company divested 51% shareholding in GTFL to Tyson Foods Inc., a global food major.

Your company, also transferred the gourmet food retailing business, carried under the banner of Nature's Basket, to your company's 100% subsidiary Natures Basket Limited. This change is expected to bring in a greater focus on this exclusive food retailing business.

This good performance of the animal feeds and agricultural input businesses coupled with the restructuring, enabled you company to post a profit (post extraordinary items and taxes) of Rs.58.37 crore. The business-wise performance is reviewed hereunder:

ANIMAL FEEDS:

The animal feed business of your company recorded an extremely good performance, with focus on sourcing and quality. Your company tied up with some strategic suppliers for certain critical raw materials. Your company also brought in the required focus on quality to become quality leaders in the industry. Your company also brought in fuel efficiency by replacing the existing boilers with solid fuel boilers. Though the commodity cycle adversely impacted your company's performance in the first half of the financial year, your company partially made good this adverse impact by taking strategic positions on some critical raw materials and taking timely price increases.

AGRICULTURAL INPUTS:

The Agricultural Inputs Division continued to return an excellent performance with 32% growth in sales. Your company's in-house developed herbicide product "Hitweed", which was commercially launched in the previous year, saw a good market acceptance. The sales of "Hitweed" grew from Rs.9 lac in the previous year to Rs.149 lac in the year under review

NATURES BASKET:

During the year under review your company launched the remodeled Natures' Basket store at Worli, Mumbai. Your company transferred the Natures' Basket business to its' 100% subsidiary Natures Basket Limited

FINANCE AND INFORMATION SYSTEMS:

Your company continued to manage treasury operations very efficiently. Your Company was able to procure funds at a very competitive pricing. Your Company continues to enjoy the apex rating of A1+ from ICRA for it's Commercial Paper Programme of Rs. 15 crore. During the year under review, your company obtained the apex rating of A1+ from ICRA for it's short term borrowing program of Rs.230 crore. Your company also obtained of LA+ for its long term borrowing program of Rs.27 crore. Your company continues to leverage IT across it's businesses.

OTHER INITIATIVES:

Your company accords great importance to the security of it's information assets. Your company has in place, all the procedures and policies that are in line with ISO security standards. During the year under review, your company was accredited with ISO 27001 for Information Security Management System.

DIVIDEND

Your Directors have declared an Final dividend for 2008-09 amounting to Rs.1 per share of face value of Rs.10/- each, i.e.10 %.

FIXED DEPOSITS

Your Company has not accepted any public deposits during the financial year under review.

SUBSIDIARY COMPANIES

Your Company continues to be the holding Company of Golden Feed Products Ltd (GFPL), Cauvery Palm Oil Limited (CPOL) and Godrej Oil Plantation Limited (GOPL), the name of which was changed to Godrej Oil Palm Limited (GOPL). During the year under review, your company sold 51% of the shares in Godrej Foods Limited (GFL), the name of which was consequently changed to Godrej Tyson Foods Limited, to Tyson Foods Inc. Consequent to this sale, the aforesaid company ceases to be the subsidiary of your company.

During the year, your Company has promoted Natures Basket Limited (NBL), a wholly owned subsidiary. Your company transferred, its Nature's Basket business to this company effective 1st July, 2008.

The audited Balance Sheets of GFPL,CPOL,GOPL and NBL as at 31st March, 2009 together with their audited Profit & Loss Accounts, Directors' Reports and Auditors' Reports are attached to the Balance Sheet and Profit & Loss Account of your Company.

JOINT VENTURES

Your company continues to have Joint Venture arrangement in ACI Godrej Agrovet Private Limited (Bangladesh), Godrej Gold Coin Aqua Feed Limited and Godrej Gokarna Oil Palm Limited, the name of which has been changed to Godrej IJM Palm Oil Limited.

As mentioned elsewhere in the report, your company has entered into a joint venture arrangement with Tyson Foods Inc. in Godrej Foods Limited, the name of which has consequently been changed to Godrej Tyson Foods Limited.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information in respect of these matters, 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 forming part of this Report, is annexed hereto (Annexure - A).

DIRECTORS

During the year under review, there have been no changes in the Directors of the Company.

Mr. N. B. Godrej, Ms. Tanya A. Dubash and Dr. S. L. Anaekar retire by rotation at the ensuing Annual General Meeting of the Company in accordance with Section 256 of the Companies Act, 1956 and Article 124 of the Articles of Association of the Company and being eligible offer themselves for reappointment.

AUDITORS

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

ADDITIONAL INFORMATION

The additional information required to be given under the Companies Act, 1956, has been laid out in the Schedules attached to and forming part of the Accounts. The Notes to the Accounts referred to the Auditors' Report are self-explanatory and therefore do not call for any further explanation .

AUDIT COMMITTEE

Pursuant to the provisions of Section 292-A of the Companies Act, 1956, your Company has constituted the Audit Committee of the Board of Directors.

The following Directors are the Members of the Audit Committee: -

- (1) Mr. K.N. Petigara - Chairman
- (2) Dr. S.L. Anaekar - Member
- (3) Mr. B.S. Yadav - Member

The Audit Committee, pursuant to the terms of reference specified by the Board from time to time has made recommendations to the Board in respect of internal control systems, half-yearly & annual financial statements, standard accounting principles, Risk Management policies, etc. The Board of Directors has since accepted the recommendations of the Audit Committee.

REMUNERATION COMMITTEE

Pursuant to the provisions of schedule XIII to the Companies Act, 1956, your Company has constituted Remuneration Committee of the Board of Directors to approve the payment of remuneration to the Managerial Personnel.

The following Directors are the Members of the Remuneration Committee: -

- (1) Mr. K.N. Petigara - Chairman
- (2) Dr. S.L. Anaekar - Member
- (3) Mr. Amit Choudhury - Member

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 they have selected such accounting policies and applied them consistently and made judgments and estimates 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 they have taken proper and sufficient care 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 they have prepared the annual accounts on a going concern basis.

HUMAN RESOURCES

Your company continues to take various initiatives for the development of its human resources and has maintained healthy and harmonious industrial relations. The Board would like to place on record its sincere appreciation for the unstinted support it continues to receive from all associates.

PARTICULARS OF EMPLOYEES

Details of the employees covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2002, are attached (ANNEXURE B)

For and on behalf of the Board

A. B. GODREJ
Director

B.S. YADAV
Executive Director
& President

Mumbai, May 20, 2009.

ANNEXURE 'A'**ANNEXURE FORMING PART OF THE DIRECTORS' REPORT**

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

A] Conservation of Energy

The Company continues its policy of promoting energy conservation measures considering the same as a necessity for saving costs as well as a social responsibility. A regular review of energy consumption and the systems installed to control utilization of energy is undertaken. Some of the measures adopted by your Company towards conservation of energy were as follows :-

1. Installation of appropriate meters in accordance with the equipment load requirement
2. Introduction of bypass of molasses blender
3. Provision of capacitors
4. Exercising control over factory lighting
5. Introduction of "switch off" provision when the machinery is not in use to avoid idle running
6. Use of CNG, a clean fuel without adulteration in genset, boiler, lab and canteen as an alternate to HSD
7. Maintenance of power factor level control
8. Avoidance of idle running of machines by creating awareness amongst workers and supervisors.

B) Technology absorption, Adaptation and Innovation

- I. During the year under review, in-house research in quality systems and standards was continuously carried out. Some of the key measures undertaken include :-
 - a) Use of CNG, a clean fuel without adulteration in genset, boiler, lab and canteen as an alternate to HSD
 - b) Measures for increased use of alternative sources of energy
 - c) Measures for quality enhancement at a low cost

II. The benefits derived as a result of various measures undertaken are as follows :-

- 1) Improvement in the life of machinery
- 2) Enhancement in the quality of products manufactured
- 3) Decline in process and storage losses
- 4) Low combustion on account of clean fuels
- 5) Reduction in processing costs

III. The Company's expenditure on R&D is given below :-

Expenditure on R & D		
	THIS YEAR	PREVIOUS YEAR
	Rs. lac	Rs. lac
(a) Capital	—	—
(b) Recurring	129.99	130.67
(c) Total	129.99	130.67
(d) Total R & D expenditure as a percentage of total turnover	0.10%	0.11 %

C. Foreign Exchange earnings and outgo

- I. Your Company's efforts to export agricultural inputs (Vipul - liquid, Achook, Nimin) to US, Kenya and other promising markets continued during the year.

	THIS YEAR	PREVIOUS YEAR
	Rs. lac	Rs. lac
II. Foreign exchange used	3398.69	4328.90
III. Foreign exchange earned	151.73	82.23

For and on behalf of the Board

A. B. GODREJ
Director

B. S. YADAV
Executive Director
& President

Mumbai, May 20, 2009.

REPORT OF THE AUDITORS TO THE MEMBERS OF GODREJ AGROVET LIMITED

1. We have audited the attached Balance Sheet of Godrej Agrovet Limited, as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government 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 in paragraph (3) 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 purposes of our audit.
 - b) As referred to in Note 19 of Schedule 15, notes to accounts, the managerial remuneration paid to the managing director is in excess of the limits laid down under Section 198 read with Schedule XIII of the Companies Act, 1956, by Rs. 9,522 thousands. The amount is pending approval from the Central Government.
 - c) As referred to in Note 6 of Schedule 15, notes to accounts, investments in a joint venture and an associate aggregating to Rs. 91,455 thousands, exceeds the book value of the shares of those companies. The Company has also advanced Rs. 41,903 thousands to those companies. However, in view of the benefits of future profitability of these companies being non-quantifiable at this stage, we are unable to determine the quantum of the possible diminution in the value of these investments/advances.
- d) 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 these books.
- e) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- f) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- g) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon, *subject to (b) and (c) above*, 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 31st March, 2009; and
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2009, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership No. 35646

Mumbai, May 20, 2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, 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. No material discrepancies have been reported on such verification.
- (c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
- 2) (a) The Management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has granted unsecured loans amounting to Rs. 845,532 thousands to seven companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 188,263 thousands and the year-end balance of loan granted to such parties was Rs. 173,179 thousands.
- (b) *The Company has not charged interest on unsecured loans amounting to Rs. 73,147 thousands given to three companies which is prima facie prejudicial to the interest of the Company.* The rate of interest of other unsecured loans and the other terms and conditions of all the loans is not prima facie prejudicial to the interests of the Company.
- (c) As informed to us the receipt of principal and interest, to the extent due, has been regular.
- (d) As informed to us, there are no overdue amounts exceeding rupees one lakh and hence the question of commenting on reasonable steps taken for recovery of principal and interest does not arise.
- (e) The Company has taken unsecured loans of Rs. 241,759 thousands from two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs. 61,259 thousands and year-end balance of loan taken from such party was Rs. 11,759 thousands.
- (f) The rate of interest and the other terms and conditions of the unsecured loan taken is not prima facie prejudicial to the interest of the Company.
- (g) The payment of principal amounts and interest was also regular.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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 a continuing failure to correct major weakness in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956, have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, except for certain transactions for which, there are no similar services rendered to other parties or have been entered into on reciprocal basis and hence the prices are not comparable.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and hence the provisions of Section 58A, 58AA or any other provision of the Companies Act, 1956, read with the rules framed thereunder are not applicable.
- 7) In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and nature of its business.

- 8) According to the information and explanation 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 Company's products.
- 9) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, there are no undisputed dues payable in respect of above as at March 31, 2009 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 outstanding of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty or Cess on account of any dispute, other than the following:

Name of Statute	Amount (Rs.'000)	Forum where dispute is pending
Sales Tax Act	35,519	Commissioner, Appellate Tribunal and High Court
Income Tax Act	5,922	Commissioner of Income Tax (Appeals)

- 10) The Company does not have accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- 11) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to banks. There are no dues to financial institutions or debenture holders.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures 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) The Company does not deal in shares, securities, debentures and other investments.
- 15) According to the information and explanations given to us, the Company has given a corporate guarantee for loans taken by its subsidiary/associate from banks. The terms and conditions are not prima facie prejudicial to the interest of the Company.
- 16) According to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.
- 17) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investment.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
 Partner
 Membership No. 35646

Mumbai, May 20, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	THIS YEAR Rs. '000	PREVIOUS YEAR Rs. '000	Rs. '000
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	121,188		121,188
Reserves & Surplus	2	2,562,393		2,112,681
			2,683,580	2,233,869
LOAN FUNDS				
Secured Loans	3	290,294		559,567
Unsecured Loans	4	2,036,165		1,652,999
			2,326,459	2,212,566
DEFERRED TAX LIABILITY				
			124,050	113,770
TOTAL		5,134,089	4,560,205	
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	5	1,094,958		1,876,695
Less: Depreciation		423,515		619,743
Net Block		671,443		1,256,952
Capital work-in-progress/ Advances		41,523		25,407
			712,966	1,282,359
INVESTMENTS				
	6		1,663,714	1,092,531
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories		1,198,601		1,136,552
Sundry Debtors		868,572		578,586
Cash and Bank Balances		311,922		299,166
Other Current Assets		60		9,319
Loans and Advances		1,890,640		2,134,578
		4,269,795		4,158,201
LESS : CURRENT LIABILITIES AND PROVISIONS				
Liabilities	8	1,471,616		1,920,870
Provisions	9	40,770		52,017
		1,512,386		1,972,887
NET CURRENT ASSETS			2,757,409	2,185,314
TOTAL		5,134,089	4,560,205	
NOTES TO ACCOUNTS				
	15			

The Schedules referred to above form an integral part of the Balance Sheet.
 As per our Report attached For and on behalf of
KALYANIWALLA & MISTRY
 CHARTERED ACCOUNTANTS

ERMIN K. IRANI **V. V. CHAUBAL** **A. B. GODREJ** **B. S. YADAV**
 Partner Company Secretary Director Executive Director
 Membership no. 35646 & President
 Mumbai, May 20, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	THIS YEAR Rs. '000	PREVIOUS YEAR Rs. '000	Rs. '000
INCOME				
From Operations	10	12,935,470		11,588,626
Other Income	11	271,418		321,019
			13,206,888	11,909,646
EXPENDITURE				
Materials	12	10,512,600		9,345,625
Expenses	13	2,093,989		2,536,499
Interest and financial charges	14	259,668		232,147
Depreciation		72,185		143,225
			12,938,442	12,257,496
PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY INCOME				
			268,446	(347,850)
Profit/(Loss) on Continuing Operations		310,155		(33,441)
Provision for Tax				
Current Tax including Mat Credit Entitle- ment	115,603			18,300
Fringe Benefit Tax		9,112		9,491
Deferred		10,280		12,231
		134,995		40,022
Profit/(Loss) on Discontinuing Operations for Processed Chicken Business		(19,800)	175,160	(73,464)
Provision for Tax				
Current Tax including Mat Credit Entitlement	—			—
Fringe Benefit Tax	195	195		—
			(19,995)	—
Profit/(Loss) on Discontinuing Operations for Retail Business		(21,910)		(314,410)
Provision for Tax				
Current Tax including Mat Credit Entitlement	—			—
Fringe Benefit Tax	91	91		2,659
			(22,001)	(317,069)
PROFIT/(LOSS) BEFORE EXTRAORDINARY INCOME/EXPENSES				
			133,165	(390,532)
Extraordinary Income (on transfer of) Part of Proc- essed Chicken Business		476,654		417,441
Provision for Current Tax including Mat Credit Entitlement		—		(4,800)
			476,654	412,641
Extraordinary Income (on transfer of) of Retail Business		7,376		366,203
Provision for Current Tax including Mat Credit Entitlement		—		—
			7,376	366,203
Extraordinary Expenditure for Employee Benefits		(17,568)		
Extraordinary Expenditure on stamp charges		(1,795)		
Extraordinary Expenditure for Advisory for Business Transfer		(14,099)		
			(33,462)	—
PROFIT AFTER TAX AND EXTRAORDINARY INCOME				
Surplus Brought Forward		583,732		388,312
Add: Surplus Brought Forward from GFFL (as per the scheme of merger)		—		12,743
AMOUNT AVAILABLE FOR APPROPRIATION		1,182,514	612,960	
APPROPRIATION:				
Proposed Dividend		12,118		12,118
Tax on Dividend		2,060		2,060
Transfer to General Reserve		14,828		—
Surplus carried forward		1,153,509		598,782
TOTAL		1,182,514	612,960	
Earnings per share before extraordinary items (Basic/Diluted) in Rs. (Refer Note 30)			10.99	(36.32)
Earnings per share after extraordinary items (Basic/Diluted) in Rs. (Refer Note 30)			48.17	36.11
NOTES TO ACCOUNTS				
	15			

The Schedules referred to above form an integral part of the Profit and Loss Account.
 As per our Report attached For and on behalf of
KALYANIWALLA & MISTRY
 CHARTERED ACCOUNTANTS

ERMIN K. IRANI **V. V. CHAUBAL** **A. B. GODREJ** **B. S. YADAV**
 Partner Company Secretary Chairman Executive Director
 Membership no. 35646 & President
 Mumbai, May 20, 2009

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2009

	THIS YEAR		PREVIOUS YEAR			THIS YEAR		PREVIOUS YEAR	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000		Rs. '000	Rs. '000	Rs. '000	Rs. '000
SCHEDULE 1 : SHARE CAPITAL					SCHEDULE 2 : RESERVES & SURPLUS (Contd.)				
AUTHORISED					GENERAL RESERVE				
150,00,000 Equity Shares of Rs 10/ each		<u>150,000</u>	<u>150,000</u>		As per last Balance Sheet	116,172		60,320	
ISSUED, SUBSCRIBED AND PAID UP					Add : Balance of GFFL as per scheme of Merger	—		51,852	
1,21,18,752 Equity Shares of Rs. 10/- each fully paid		<u>121,188</u>	<u>121,188</u>		Add : Transfer from Capital Investment Subsidy	—		4,000	
Of the above shares					Add : Transferred from Profit & Loss Account	<u>14,828</u>		—	
(a) 91,12,956 Equity shares of Rs. 10/- each fully paid up are held by Godrej Industries Limited the Holding Company.							131,000	116,172	
(b) 52,47,600 Equity Shares of Rs.10/- each have been issued as fully paid bonus shares by capitalising Securities Premium Account					PROFIT AND LOSS ACCOUNT		<u>1,153,509</u>	<u>598,782</u>	
SCHEDULE 2 : RESERVES & SURPLUS					TOTAL		<u>2,562,393</u>	<u>2,112,681</u>	
SECURITIES PREMIUM ACCOUNT					SCHEDULE 3 : SECURED LOANS				
As per last Balance Sheet	1,392,125		459,290		From Banks				
Add Balance of GFFL as per scheme of Merger	—		136,233		Term Loans		200,200	458,400	
Add : Received during the year	—		980,000		(amount due within a year Rs. 133,200 thousand, 'Previous year Rs. 183,200 thousand)				
Less : Trade Marks adjusted as per court order	122,343		—		Cash Credit/Working Capital Demand Loans		90,094	101,167	
Less : Investment GFFL (as per the scheme of merger)	—		183,398		TOTAL		<u>290,294</u>	<u>559,567</u>	
		1,269,782	1,392,125		Note : Refer Note - 5				
CAPITAL INVESTMENT SUBSIDY					SCHEDULE 4 : UNSECURED LOANS				
As per last Balance Sheet	5,602		9,602		From Banks				
Less : Transfer to General Reserve	—		4,000		Term Loans		2,036,165	1,652,999	
Add : Received during the year	<u>2,500</u>		—		(amount due within a year Rs. 2,036,165 thousand, 'Previous year Rs. 1,636,334 thousand)				
		8,102	5,602		TOTAL		<u>2,036,165</u>	<u>1,652,999</u>	

SCHEDULE 5 : FIXED ASSETS

ASSETS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 1.4.2008	Transfer in due to Merger	Additions	Deductions/ Adjustments	As at 31.3.2009	Upto 1.4.2008	Transfer in due to Merger	For the Year	Deductions/ Adjustments	Upto 31.3.2009	As at 31.3.2009	As at 31.3.2008
Tangible Assets												
Freehold Land	90,092		3,299	9,893	83,498	—		—	—	—	83,498	90,092
Leasehold Land	9,329		—	7,042	2,287	1,216		121	767	570	1,717	8,113
Buildings	332,278		2,499	159,655	175,122	76,391		6,514	16,825	66,080	109,042	255,887
Staff Quarters	171		—	171	—	45		—	45	—	—	126
Plant & Machinery	1,001,107		35,198	359,418	676,887	342,263		50,309	110,697	281,875	395,012	658,844
Furniture & Fixtures	42,758		8,847	14,730	36,875	15,337		4,372	3,655	16,054	20,821	27,421
Leasehold Improvements	29,939		8,437	34,513	3,863	9,678		3,148	10,693	2,133	1,730	20,261
Office & Other Equipments	53,992		7,672	22,210	39,454	16,025		2,229	3,487	14,767	24,687	37,967
Vehicles	56,533		13,782	17,050	53,265	22,219		5,316	7,796	19,739	33,526	34,314
Research Centre	3,707	—	—	—	3,707	2,122		176	—	2,298	1,409	1,585
Intangible Assets												
Trade marks	236,789		—	236,789	—	114,448		—	114,448	—	—	122,341
Technical Know-How Fees	20,000	—	—	—	20,000	19,999		—	—	19,999	1	1
TOTAL	1,876,695	—	79,734	861,471	1,094,958	619,743	—	72,185	268,413	423,515	671,443	
Previous Year	1,530,802	459,402	365,514	479,022	1,876,695	433,802	153,062	143,225	110,347	619,743	—	1,256,952
Capital Work-In-Progress/Advances											41,523	25,407
											<u>712,966</u>	<u>1,282,359</u>

	THIS YEAR		PREVIOUS YEAR			THIS YEAR		PREVIOUS YEAR	
	Rs.'000	Rs.'000		Rs.'000		Rs.'000	Rs.'000		Rs.'000
SCHEDULE 6 : INVESTMENTS					SCHEDULE 6 : INVESTMENTS (Cond.)				
LONG TERM					IN COMPANIES				
TRADE UNQUOTED									
IN SUBSIDIARY COMPANIES									
(a)	In Golden Feeds Products Limited 50,000 equity shares of Rs.10/- each	500		500	(a)	12,00,000 (previous year 8,00,000) Fully-paid Equity share of Tk. 100/- each in ACI Godrej Agrovet Private Limited (Aquired 4,00,000 shares during the year)	79,954		55,645
(b)	In Godrej Oil Palm Ltd (formely known as Godrej Oil Plantations Ltd) 56,400 equity shares of Rs. 10/ each	398,395		398,395	(b)	45 Fully-paid Equity share of AED. 1500/- each in Al Rahba International Trading Limited Liability Company	810		810
(c)	In Natures Basket Ltd 705,000 Equity Shares of Rs. 10 each acquired during the year	70,500			(c)	26,71,993 fully paid Equity shares of Rs.10/- each in Creamline Dairy Products Limited	103,800		103,800
(d)	In Cauvery Oil Plantations Ltd 19,38,000 equity shares of Rs.10/ each	142,830		142,830	(d)	4,55,000 fully paid Equity shares of Rs.10/- each in Polchem Hygiene Laboratories Private Limited	16,275		16,275
		612,225		541,725					

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2009

	THIS YEAR		PREVIOUS YEAR		THIS YEAR		PREVIOUS YEAR
	Rs.'000	Rs.'000	Rs.'000		Rs.'000	Rs.'000	Rs.'000
SCHEDULE 6 : INVESTMENTS (Cond.)				SCHEDULE 7 : CURRENT ASSETS, LOANS & ADVANCES (Cond.)			
(e) 53,80,916 fully paid Equity shares of Rs. 10/- each in Godrej Goldcoin Aquafeed Limited, (Previous year 49,00,000)(Acquired during the year 4,80,916)	198,729		181,089	(E) LOANS AND ADVANCES :			
(f) 62,867 fully paid Equity shares of Rs. 10/- each in Godrej Gokarna Oil Palm Limited	63,542		63,542	(Unsecured and considered good unless otherwise stated)			
(g) 19,00,000 (previous year 30,00,000) fully paid Equity share of Rs 10 each in Aadhar Retailing Limited (sold during the year 11,00,000)	81,700		129,000	Loans and Advances recoverable in cash or in kind or for value to be received. (Refer Note - 9(b))			
(h) 80,409 Fully Equity Shares of Rs.10 each in Godrej Tyson Foods Ltd (Acquired 159,459 Fully paid equity shares of Rs.10 each, 79,050 shares sold during the year)	506,035		-	Considered Good	1,456,629		1,909,109
				Considered Doubtful	66,452		10,682
					1,523,081		1,919,790
				Less: Provision for doubtful advances	66,452		10,682
					1,456,629		1,909,109
				(Of the above Rs.4,70,000, Previous year Rs. 5,45,626 thousand is receivable on account of sale of business/investments)			
IN CO-OPERATIVE SOCIETY				Share application money pending allotment	93,190		-
3 Shares of Rs.500/- each in Sachin Industrial Co-operative Society Limited.		2	2	Inter Corporate Deposits	201,600		115,700
				Other Deposits			
				i) Government Authorities	419		6,239
				ii) Others	64,366		57,642
				Advance payment of Taxes [including MAT Credit Entitlement Rs. 117,500 thousand (previous year Rs. 41,010 thousands) (Net of provision for taxation Rs. 302,042 thousand; Previous Year Rs. 192,077 thousand)]			
					74,436		45,888
NON TRADE QUOTED						1,890,640	2,134,578
IN COMPANIES						4,269,796	4,158,202
(i) 1207 Fully paid Equity in Castrol India Limited	316		316	SCHEDULE 8 : LIABILITIES			
(j) 840 Fully paid Equity in Colgate Palmolive (India) Limited	326		326	Acceptances		213,181	389,638
				Inter Corporate Deposits	11,700		
AGGREGATE COST OF QUOTED INVESTMENTS		642	642	Sundry Creditors			
TOTAL		1,663,714	1,092,531	Dues to Micro, Small and Medium enterprises (Refer Note - 11)	-		-
QUOTED INVESTMENTS				Others	1,062,442		1,377,766
COST		642	642			1,074,142	1,377,766
MARKET VALUE		792	613	Advances from Customers		107,820	85,574
SCHEDULE 7 : CURRENT ASSETS, LOANS & ADVANCES				Sundry Deposits		76,473	67,892
(A) INVENTORIES:						1,471,616	1,920,870
Raw Materials including in Transit & Packing material	748,521		692,407	SCHEDULE 9 : PROVISIONS			
Finished Products	234,157		235,830	Dividend		12,118	12,118
Poultry stock	205,576		191,753	Tax on Dividend		2,060	2,060
Stores and Spares	10,347		16,562	Gratuity		6,444	16,976
		1,198,601	1,136,552	Leave Encashment		20,148	20,862
(B) SUNDRY DEBTORS						40,770	52,017
(Unsecured and considered good unless otherwise stated)				SCHEDULE 10 : INCOME FROM OPERATIONS			
Debts outstanding for a period exceeding six months				Sales	12,834,626		11,543,557
Considered Good	204,216		497,530	Less : Excise Duty recovered on Sales	-		-
Considered Doubtful	59,970		32,979	Net Sales		12,834,626	11,543,557
	264,186		194,418				
Other Debts	664,356		417,148	Claims and Compensations		610	4,967
Total	928,542		611,566	Financial Operations			
Less: Provision for doubtful debts	59,970		32,979	Dividend on Investments (Gross)	6,964		6,706
		868,572	578,586	Interest (Gross) (Tax at Source Rs. 19,533 thousand; Previous year Rs. 5,996 thousand)		93,270	33,396
						100,234	40,102
						12,935,470	11,588,626
[Debts amounting to Rs. 12,263 thousand (previous year Rs. 25,280/- thousand) are secured by equitable mortgage/hypothecation of assets/ deposit of title deeds, Rs. 60,575/- thousand (previous year Rs. 38,391/-thousand) against Security Deposits, Rs. 117,310/- thousand (previous year Rs. 125,129/-) against Bank Guarantees]				SCHEDULE 11 : OTHER INCOME			
(C) CASH AND BANK BALANCES:				Profit on sale of Investments	235,376		282,563
Cash and Cheques on hand	33,350		54,769	Miscellaneous Income	36,042		38,456
Balances with Scheduled Banks					271,418		321,019
i) In Current Accounts	236,586		203,072	SCHEDULE 12 : MATERIALS			
ii) In Fixed Deposit Accounts				a) RAW MATERIALS CONSUMED			
[(Rs. 40 thousand (Previous year Rs. 68 thousand) pledged with government authorities)]	41,986		41,325	Opening stock	666,955		648,684
		311,922	299,166	Add: Taken over as per scheme of merger	-		281,859
				Add : Purchases during the year	10,117,700		7,881,136
					10,784,655		8,811,679
				Less :Transfer on sale/demerger of Business	-		609
				Less : Sales during the year	187,507		498,935
					10,597,148		8,312,134
				Less : Closing Stocks	748,521		666,955
(D) OTHER CURRENT ASSETS:		60	9,319		9,848,627		7,645,179

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2009

	THIS YEAR		PREVIOUS YEAR
	Rs.'000	Rs.'000	Rs.'000
SCHEDULE 12 : MATERIALS (Cond.)			
b) PURCHASE FOR RESALE		706,766	1,815,865
c) INVENTORY CHANGE			
Opening Stock			
Finished Goods	235,830		318,852
Stock under cultivation	-		41,124
Poultry Stock	191,753		156,262
	427,583		516,238
Add: Taken over as per scheme of merger	-		58,632
	427,583		574,870
Less : Transferred on sale/demerger of business	30,643		262,706
Less : Closing Stock			
Finished Goods	234,157		235,830
Poultry Stock	205,576		191,753
	439,733		427,583
		(42,793)	(115,419)
		10,512,600	9,345,625

SCHEDULE 13 : EXPENSES			
1 Salaries, Wages, Bonus, Gratuity and Allowances		378,758	563,651
2 Contribution to Provident Fund and Other Funds and Administration Charges		20,078	27,281
3 Employee Welfare Expenses		35,355	36,231
4 Processing charges		446,636	499,914
5 Consumable Stores		36,843	69,420
6 Power and Fuel		164,528	224,586
7 Rent		39,533	119,233
8 Rates and Taxes		7,275	14,428
9 Repairs & Maintenance			
Building	3,633		2,895
Plant & Machinery	22,646		28,988
Other assets	3,570		5,041
		29,849	36,924
10 Insurance		5,701	9,141
11 Postage, telephony and stationery		29,667	48,110
12 Auditor's Remuneration		4,440	4,489
13 Legal & Professional Fees		28,552	43,902
14 Freight, Coolie and Cartage		102,263	198,996
15 Discount, Commission and Selling Expenses		524,249	316,705
16 Advertisement and Publicity		11,710	51,177
17 Travelling Expenses		74,825	115,380
18 Bad Debts/Advances written off		24,072	53,339
19 Provision for Doubtful Debts and Advances		67,286	2,857
20 Loss on sale of Fixed Assets (Net)		1,747	5,578
21 General Expenses		76,597	95,158
		2,109,964	2,536,499
22 Less: Shared Expenses recovered		(15,975)	-
TOTAL		2,093,989	2,536,499

SCHEDULE 14 : INTEREST AND FINANCIAL CHARGES			
(a) Interest paid on fixed loans			
i) Banks	236,909		192,497
ii) Inter Corporate Deposits	9,582		16,639
		246,491	209,136
(b) Interest paid on other loans			
i) Banks	3,915		5,516
ii) Others	3,131		2,282
		7,046	7,796
(c) Other Financial Charges		6,131	15,215
TOTAL		259,668	232,148

SCHEDULE 15 : NOTES TO ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES:

- a) The financial statements are prepared under the historical cost convention and on the 'going concern basis', with revenues recognised and expenses accounted on their accrual in accordance with the generally accepted accounting principles, and in compliance with the applicable Accounting Standards and other requirements of the Companies Act, 1956.
- b) Fixed assets have been stated at cost and include incidental and/or installation/development expenses incurred in putting the asset to use and interest on borrowing incurred during construction period. Pre-operative expenses for major projects are also capitalized, where appropriate.
- c) Carrying amount of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.
- d) Depreciation/Amortisation has been provided for as under:
- | | Asset type | Period |
|--------|--|--|
| (i) | Leasehold Land | Primary lease period |
| (ii) | Leasehold improvements and equipments | Primary lease period or 16 years whichever is less |
| (iii) | Trees Development cost | 15 years |
| (iv) | Nursery/Greenhouse building | 10 years |
| (v) | Poultry Equipments/Signage | 3 years |
| (vi) | Technical Know-how of a capital nature | 6 years |
| (vii) | Computer software | 6.17 years |
| (viii) | Moulds | 2 years |

e) Grants/Subsidies :

- (i) Investment Subsidy under the Central/State investment incentive scheme is credited to Capital Investment Subsidy Reserve and treated as a part of the shareholders' funds.
- (ii) Grants/Subsidies related to specific fixed assets are shown as a deduction from the gross value of the asset concerned in arriving at its book value.
- (iii) Grants/Subsidies related to revenue are presented as a credit to the profit and loss statement or are deducted in reporting the related expense.
- f) 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. Current investments are stated at lower of cost and net realizable value.
- g) Raw materials and Poultry Stock are valued at weighted average cost. Finished goods and work-in-progress are valued at lower of cost and net realisable value. These costs include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Stores and spares are valued at cost using the First-In-First-Out method.

h) Employee Benefits:

- i) Short-term employee benefits (payable wholly within twelve months of rendering the service):

Short-term benefits such as salaries, wages, short-term compensation absences, etc., are determined on an undiscounted basis and recognised in the period in which the employee renders the related service.

- ii) Post-employment benefits:

Defined Contribution Plans: The Company's contributions paid/payable to provident Fund, Employees State Insurance Scheme, Employees Pension Schemes, 1995 and other funds, are determined under the relevant approved schemes and/or statutes and are recognised as expense in the Profit and Loss Account during the period in which the employee renders the related service. There are no further obligations other than the contributions payable to the approved trusts/appropriate authorities. However, the rules of Company's Provident Fund Scheme, 1952, for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company. The Company's PF does not have any existing Deficit or Interest shortfall. In view of the track record of the Company's PF Trust - its assets, return on investments and accumulated reserves - the Company does not anticipate any deficiency in the foreseeable future. In any case making reasonable actuarial assumptions for determining and measuring any probable future obligations arising due to interest shortfall, would pose a formidable challenge.

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2009

Defined Benefit Plans: The Company's gratuity and leave encashment/long-term compensated absences schemes are defined benefit plans. The Company's liability for the defined benefit schemes is actuarially determined based on the projected unit credit method. The Company's net obligations in respect of such plans is calculated by estimating the amount of future benefit that the employees have earned in return for their services in the current and prior periods that benefit is discounted to determine its present value and the fair value of the plan asset is deducted. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

Terminal Benefits: All terminal benefits including voluntary retirement compensation are fully written off to the Profit.

- i) Miscellaneous expenditure:
- i) Non-Compete fee is amortised over a period of five years or the period of the agreement (wherever applicable).
 - ii) Front-end fee paid on loans raised from financial institutions is amortised over the period of the loan.
- j) Revenue is recognised when goods are despatched to external customers. Sales are inclusive of realised exchange fluctuations on export receivables but net of returns, sales tax, rebates, etc.
- k) Revenue expenditure on Research and Development is charged to Profit and Loss Account of the year in which it is incurred. Capital Expenditure incurred during the year on Research and Development is shown as an addition to Fixed Assets under the head "Research Centre".
- l) Interest and commitment charges incurred in connection with borrowing of funds, which are directly attributable to the acquisition, construction or production of an asset that necessarily takes substantial period of time to get ready for its intended use, upto the time the said asset is put to use are capitalised, as a part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.
- m) Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains/losses are recognised in the Profit and Loss Account.
- n) Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent that there is a 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 difference at the year-end, based on the tax rates and laws enacted or substantially enacted on the balance sheet date.
- o) The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.
- p) Provisions are recognized 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 CONTINGENT LIABILITY:

In respect of :

	THIS YEAR Rs. '000	PREVIOUS YEAR Rs. '000
(a) Income Tax Matters	5,922	21,751
Demand raised by the Deputy Commissioner of Income Tax after the completion of scrutiny assessment for the A.Y. 2006-2007.		
(b) Sales Tax Matters	35,674	35,951
The Company has filed Appeal with the Sales Tax tribunal in Tamilnadu for F.Y. 1993-94 to 1995-96, for classifying branch transfer as sales. [Against the above the Company has paid advance of Rs. 800 thousand (Previous year Rs. 800 thousand)]		
The Company has also filed an Appeal before Sales Tax Appellate (Vijaywada) in Andhra Pradesh F.Y. 2005-06 to May 2008 contesting the tax determined by the Sales Tax Authorities consequent to assessment of Value added Tax under Rule 25(5) of AP VAT Rules. [Against the above the Company has paid an advance of Rs. 1.55 lac (Previous year Rs. Nil)]		
The Company has filed an appeal in Bombay High Court against an order of the Director of Marketing, Pune in connection with Agricultural Produce Market Committee (APMC) in respect of poultry business. (Against the above the company has paid advance of Rs. 14,300 thousand (previous year Rs. 14,300 thousand))		

	THIS YEAR Rs. '000	PREVIOUS YEAR Rs. '000
(c) Excise Matter	83,112	35,575
The Company has preferred an appeal with the Excise Dept. in the matter of classification of Agri Products and presently the case is pending with the Commissioner of Central Excise.		
(d) Guarantee issued to Banks on behalf of the Joint venture/ Associates companies.	125,839	109,838
(e) Guarantees issued by the Banks and counter guaranteed by the company (other than those mentioned in (d) & (e) above) Rs. 3,467 thousand (Previous year Rs. 3,036 thousand) have been secured by deposit with bank.	61,927	40,827
(f) Case/Claim filed by Processors for claiming various expenses.	4,170	39,697

3 CAPITAL COMMITMENTS:

The estimated value of contracts remaining to be executed on Capital Account to the extent not provided for.	17,357	6,851
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4 SECURED LOANS:

- a) Term Loans from Banks are secured by an equitable mortgage of specified immovable properties and hypothecation of specified movable assets of the Company.
- b) Cash Credit and other facilities from banks are secured by hypothecation of stocks and book debts of the Company (both present and future).

5 FIXED ASSETS:

Legal formalities relating to the transfer of title of immovable assets situated at Chennai (acquired as a part of the take over of Agrovet business from Godrej Industries Limited and Hyderabad (as part of the merger of Godrej Plant Biotech Limited) are being complied with. Stamp duty payable thereon is not presently determinable.

Pursuant to provisions of Section 78 of the Companies Act, 1956 and Article 8 of the Articles of Association of the Company & based on the confirmation of the Honourable High Court of Judicature at Bombay, an amount of Rs. 114,448 thousand standing in the Securities Premium Account of the Company has been utilized for adjustment of amount standing in Trade Marks as of March 31, 2009.

6 INVESTMENTS IN JOINT VENTURES/ASSOCIATES:

The Company has equity investment of Rs. 90,645 thousand (Previous year Rs. 55,645 thousands) in ACI Godrej Agrovet Private Limited and Rs. 810 thousand (Previous year Rs. 810 thousand) in Al Rahaba International Trading LLC. The Company's investments in Joint ventures and an Associate are carried at costs, which are higher than their respective book values. The diminution in the value of these investments is considered to be of a temporary nature, in view of the Company's long-term financial involvement in, and the future profitability projected by the two companies. No provision for diminution in the value of investments is therefore considered necessary in the accounts. Similarly, no provision for Debtors / Loans and advance of Rs. 4,558 thousand (Previous year Rs. 4,328 thousands) in ACI Godrej Agrovet Private Limited has been made. However, in view of dilution of Godrej Agrovet Ltd's stake in Al Rahaba, from 70 % to 33% in the current year, & it no longer being GAVL's subsidiary it was considered necessary to provide for Debtors/Loans. Accordingly, an amount of Rs. 19,700 thousand is provided out of the total of Rs. 37,605 thousand (previous year Rs. 37,575 thousand)

7 INFORMATION IN RESPECT OF JOINT VENTURES (JOINTLY CONTROLLED ENTITY):

Name	Country of Incorporation	Percentage Holding	THIS YEAR Rs.	PREVIOUS YEAR Rs.
(a) ACI Godrej Agrovet Private Limited	Bangladesh	50%	50%	
ACI Godrej Agrovet Private Limited has its operations in the fields of Animal Feed, Poultry businesses etc.				
Interest in Assets, Liabilities, Income and Expense with respect of jointly controlled entity				
			193,407	101,758
Assets			193,407	101,758
Liabilities			466,613	277,669
Income			450,434	275,058
Expense				
(b) Godrej Tyson Foods Limited	India	49%	49%	
The Company is in the Poultry business.				
Interest in Assets, Liabilities, Income and Expense with respect of jointly controlled entity				
			579,594	—
Assets			579,594	—
Liabilities			772,601	—
Income			852,483	—
Expense				
(c) Godrej Gold Coin Aquafeed Limited	India	49%	49%	
The Company is in the Aqua Feed business.				
Interest in Assets, Liabilities, Income and Expense with respect of jointly controlled entity				
			289,712	312,844
Assets			289,712	312,844
Liabilities			79,811	156,136
Income			115,547	191,986
Expense				

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2009

(d)	Godrej IJM Oil Palm Limited	India	48.22%	48.22%	10	CURRENT LIABILITIES:																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
	The Company is in the Oil Palm business.				Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act 2006". Amount overdue as on March 31, 2009 to Micro, Small & Medium Enterprises on account of principal amount together with interest, aggregate to Rs Nil (Previous year- Rs Nil.)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
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SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2009

17 DISCLOSURE IN RESPECT OF LEASES:

The Company's leasing arrangements are in respect of operating leases for premises occupied by the Company. These leasing arrangements are cancellable, and are renewable on a periodic basis by mutual consent on mutually acceptable terms.

- a. The total of future minimum lease payments under non - cancellable operating leases for each of the following periods :

	THIS YEAR Rs. '000	PREVIOUS YEAR Rs. '000
i. Not later than one year	8,604	2,405
ii. Later than one year and not later than five years	16,273	5,498
iii. Later than five years	6,006	—
b. Lease payments recognised in the statement of Profit & Loss for the period : Minimum lease payments	3,252	100,439

18 LICENSED & INSTALLED CAPACITY AND ACTUAL PRODUCTION:

Item	For the year Ended	Capacity Per Annum		Actual Production MT	Third Party Production MT
		Registered MT	Installed MT		
a) Animal Feeds	31.3.2009 31.3.2008	Not Applicable Not Applicable	359,974 500,600	383,496 250,691	442,283 544,724
		Million Plants	Million Plants	Million Plants	
b) Tissue Culture Plants	31.3.2009 31.3.2008	4.25 4.25	5 5	3 3	- -
c) Agri Inputs					
(i) Plant Growth Promoter Liquids	31.3.2009 31.3.2008	500 KL 500 KL	500 KL 500 KL	467KL 497KL	51KL
(ii) Plant Growth Regulator Granules	31.3.2009 31.3.2008	5000 MT 5000 MT	5000 MT 5000 MT	3384MT 4077MT	

19 (a) COMPUTATION OF PROFIT FOR THE PURPOSE OF MANAGERIAL REMUNERATION:

	THIS YEAR Rs.'000	PREVIOUS YEAR Rs.'000
Profit after tax as per Profit and Loss account	583,732	388,310
Add : Depreciation as per accounts	72,185	143,225
Add : Extra ordinary expenses	33,462	
Managerial Remuneration, including Directors sitting fees	9,250	9,188
Provision for Doubtful Debts / Advances	67,286	2,857
Provision for Tax (including Deferred tax)	56,723	47,480
(Loss) / Profit on sale of Fixed assets (net)	1,747	5,578
	<u>240,653</u>	<u>208,329</u>

Less : Depreciation as per Section 350 of the Companies Act, 1956

Add : Depreciation as per accounts	72,185	143,225
Less : Profit on transfer of business	484,029	783,644
Less : Profit on sale of Investments	235,376	282,563
	<u>791,591</u>	<u>1,209,432</u>

Net Profit/(Loss) for the purpose of Directors remuneration

5% thereof	32,794	(612,793)
	<u>1,640</u>	<u>-</u>

MAXIMUM REMUNERATION PERMISSIBLE UNDER THE ACT

(Computed on the basis of inadequacy of profits as per Schedule XIII - Part II)

(b) MANAGERIAL REMUNERATION

a) Salaries	8,760	8,418
b) Contribution to Provident fund	412	429
c) Estimated monetary value of perquisites	3	237
	<u>9,175</u>	<u>9,084</u>
d) Directors' Sitting Fees	75	104
	<u>9,250</u>	<u>9,188</u>

Note: (a) All the above items have been included under respective heads under "Expenses" in Schedule 13

(b) Performance linked variable remuneration is on the basis of provision made in the books of accounts
(In case of the Managing Director - Performance Linked Variable Remuneration of Rs. NIL thousand (Previous year Rs. NIL) is on the basis of provision made in the books of accounts.)

(c) The remuneration paid to the Managing Director is in excess of the remuneration prescribed under Section 198 read with Schedule XIII to the Companies Act, 1956 by Rs. 4,638 thousands (previous year Rs. 4,884 thousand). The company has made an application for the necessary approval from the Central Government for the remuneration in excess of the prescribed limits.

20 COMMON EXPENSES SHARED BY THE COMPANIES :

Expenses (Schedule 13) include Rs. 21,344 thousand (Previous Year Rs. 20,570 thousand) charged by Godrej Industries Limited, the Holding Company.

21 AUDITORS' REMUNERATION:

	THIS YEAR Rs. '000	PREVIOUS YEAR Rs. '000
Audit fees	2,565	2,207
Audit under Other Statutes	806	949
Tax representation before Authorities	713	615
Management Consultancy	88	335
Certification	15	140
Reimbursement of Expenses	112	243
TOTAL	<u>4,300</u>	<u>4,489</u>

22 VALUE OF IMPORTS ON CIF BASIS:

(INCLUDES DIRECT IMPORTS ONLY)

Raw Materials	326,518	399,196
Spares	4,804	1,927
Capital Goods	940	9,030
	<u>332,262</u>	<u>410,513</u>

23 EXPENDITURE IN FOREIGN CURRENCY:

Travelling Expenses	5,928	4,059
Others	1,679	18,318
	<u>7,607</u>	<u>22,377</u>

24 EARNINGS IN FOREIGN EXCHANGE:

F.O.B value of goods exported	15,173	8,223
Others	-	-
	<u>15,173</u>	<u>8,223</u>

25 VALUE OF CONSUMPTION OF RAW MATERIALS, SPARES & TOOLS:

(INCLUDING CAPITALIZED ITEMS)

	THIS YEAR		PREVIOUS YEAR	
	Rs. '000	%	Rs. '000	%
RAW MATERIALS :				
Imported items (including duty content)	129,865	1	255,183	3
Indigenous	9,718,762	99	7,389,996	97
TOTAL	<u>9,848,627</u>	<u>100</u>	<u>7,645,179</u>	<u>100</u>
SPARES & TOOLS :				
Imported Items	-	-	-	-
Indigenous	36,843	100	69,420	100
TOTAL	<u>36,843</u>	<u>100</u>	<u>69,420</u>	<u>100</u>

26 EMPLOYEE BENEFITS:

I. Defined Contribution Plans:

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

	Rs. '000	Rs. '000
Employers' Contribution to Provident Fund	9,827	18,905

II. Defined Benefit Plans:

Contribution to Gratuity Fund

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. Gratuity is payable to all eligible employees on superannuation, death or on separation/termination in terms of the provisions of the Payment of Gratuity Act or as per the Company's policy whichever is beneficial to the employees.

The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2009:

	This Year Rs. '000	Previous Year Rs. '000
Change in present value of obligation		
Present value of obligation as at April 1, 2008	37,167	43,452
Interest Cost	2,973	3,420
Service Cost	3,704	4,236
Benefits Paid	(8,424)	(13,789)
Actuarial (gain)/loss on obligation	(1,218)	9,878
Present value of obligation, as at March 31, 2009	<u>34,203</u>	<u>47,197</u>

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2009

Change in plan assets

Fair value of plan assets as at April 1, 2008	28,539	40,876
Expected return on plan assets	2,283	3,270
Contributions	7,000	-
Benefits paid	(8,424)	(12,398)
Actuarial gain/(loss) on plan assets	(1,639)	(3,208)
Fair value of plan assets as at March 31, 2009	<u>27,760</u>	<u>28,539</u>

Amount recognised in the Balance Sheet

Present value of obligation, as at April 1, 2008	34,203	45,516
Fair value of plan assets as at March 31, 2009	<u>27,759</u>	<u>(28,539)</u>
Net obligation as at March 31, 2009	<u>6,444</u>	<u>16,976</u>

Net gratuity cost for the year ended March 31, 2009

Current Service Cost	3,704	4,236
Interest Cost	2,973	3,420
Expected return on plan assets	(2,283)	(3,270)
Net Actuarial (gain)/loss to be recognised	<u>422</u>	<u>13,086</u>
Net gratuity cost	<u>4,816</u>	<u>17,473</u>

Assumptions used in accounting for the gratuity plan

	%	%
Discount Rate	8	8
Salary escalation rate	4	5
Expected rate of return on plan assets	8	8
The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets.

27 Research & Development Expenditure of revenue nature charged to the Profit and Loss Account amounts to Rs.12,999 thousand (previous year Rs.13,067 thousand).

28 The amount of exchange difference included in the Profit and Loss Account, under the related heads of expenses /(income), is Rs. 366 thousand (Previous year expense Rs.1,735 thousand). The amount of exchange difference in respect of forward exchange contracts to be recognised in the profit and loss account of subsequent accounting periods Rs. Nil (previous year Rs. Nil thousand).

29 The Company has provided loan to Godrej Industries Limited Employee Stock Option Scheme (GIL ESOP), which is administered by an independent ESOP Trust which purchases shares of GIL from the market equivalent to the number of stock options granted from time to time to eligible employees. The repayment of the loans granted by the company to ESOP trust is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period.

30 EARNINGS PER SHARE:

	THIS YEAR	PREVIOUS YEAR
	Rs.'000	Rs.'000
Profit/(Loss) after tax before extraordinary income	133,165	(390,534)
Profit/(Loss) after tax and extraordinary income	583,732	388,310
Weighted average number of equity shares outstanding	12,118,752	10,752,632
EPS before extraordinary items		
Basic earnings per share (Rs.)	10.99	(36.32)
Diluted earnings per share(Rs.)	10.99	(36.32)
EPS after extraordinary items		
Basic earnings per share (Rs.)	48.17	36.11
Diluted earnings per share(Rs.)	48.17	36.11
Nominal value of shares (Rs.)	10.00	10.00

31 SEGMENT INFORMATION

(i) Information about Primary business Segments			For the year ended March 31, 2009 (Rs. '000)							For the year ended March 31, 2008 (Rs. '000)								
	Animal Feeds	Agri	Aadhaar	Nature's Basket	Retail	Integrated Poultry Business	Other Business	Unallocated	Total	Animal Feeds	Agri	Aadhaar	Nature's Basket	Retail	Integrated Poultry Business	Other Business	Unallocated	Total
	(A)	(B)	(C)	(D)	(E=(C+D))	(F)	(G)	(H)	(A+B+E+F+G+H)	(A)	(B)	(C)	(D)	(E = (C+D))	(F)	(G)	(H)	(A+B+E+F+G+H)
Revenue	9,995,075	1,082,950		43,462	43,462	1,733,834	234,635		13,089,956	7,347,231	839,271	736,428	138,554	874,982	1,901,277	677,167		11,639,928
Less : Inter-segment	(255,331)	-			-			-	(255,331)	(77,738)	(18,633)							(96,371)
External Sales	9,739,745	1,082,950		43,462	43,462	1,733,834	234,635	-	12,834,626	7,269,493	820,638	736,428	138,554	874,982	1,901,277	677,167		11,543,557
Result																		
Segment Result	300,245	156,870		(21,910)	(21,910)	7,044	(2,869)		439,380	98,232	147,396	(314,410)	(87,773)	(402,183)	(111,283)	3,622		(315,395)
Unallocated expenditure net of unallocated income								(482,252)	(482,252)								(175,490)	(175,490)
Interest expenses								(259,668)	(259,668)								(230,699)	(230,699)
Interest Income								93,270	93,270								33,309	33,309
Dividend Income and Profit on sale of Investments								242,340	242,340								289,243	289,243
Profit before taxation and exceptional items	300,245	156,870		(21,910)	(21,910)	7,044	(2,869)	(406,310)	33,070	98,232	147,396	(314,410)	(87,773)	(402,183)	(111,283)	3,622	(83,636)	(347,853)
Provision for taxation								135,281	135,281								47,480	47,480
Profit after taxation and before exceptional items	300,245	156,870		(21,910)	(21,910)	7,044	(2,869)	(541,591)	(102,211)	98,232	147,396	(314,410)	(87,773)	(402,183)	(111,283)	3,622	(131,116)	(395,333)
Exceptional Items								685,943	685,943								783,644	783,644
Less: Tax on Exceptional Items								-	-								-	-
Exceptional item (net of Tax)								685,943	685,943	98,232	147,396	(314,410)	(87,773)	(402,183)	(111,283)	3,622	652,528	388,311
Prior years adjustments								-	-								-	-
Profit after taxation and exceptional items	300,245	156,870		(21,910)	(21,910)	7,044	(2,869)	144,352	583,732	98,232	147,396	(314,410)	(87,773)	(402,183)	(111,283)	3,622	652,528	388,311
Other Information																		
Segment assets	129,402	(1,418)		(0)	(0)	6,605,738	244	(87,491)	6,646,476	1,526,620	505,544	-	81,156	81,156	969,975	145,011	3,304,786	6,533,092
Segment liabilities	7,975	42		-	-	5,890,242	-	(1,935,358)	3,962,901	1,456,607	80,604	-	19,645	19,645	233,969	13,619	2,494,778	4,299,222
Capital expenditure	42,638	1,353		6,317	6,317	11,180	282	17,963	79,734	37,627	2,440	117,692	39,042	156,733	103,258	504	64,952	365,514
Depreciation	27,334	2,215		3,567	3,567	13,508	1,418	24,142	72,185	18,783	2,211	25,507	10,705	36,212	38,354	1,429	46,236	143,225
Impairment Loss																		
Non-cash expenses other than depreciation																		

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2009

(ii) Information about Secondary business Segments

	THIS YEAR			PREVIOUS YEAR		
	India	Outside India	Total	India	Outside India	Total
Revenue by geographical segment						
Total Sales	13,073,696	16,260	13,089,956	11,631,705	8,223	11,639,928
Less : Inter-segment	(255,331)		(255,331)	(96,371)	-	(96,371)
External Sales	12,818,365	16,260	12,834,626	11,535,334	8,223	11,543,557
Carrying amount of segment assets	6,646,476	-	6,646,476	6,533,092	-	6,533,092
Additions to fixed assets	79,734		79,734	365,514	-	365,514

(i) The company is organized into four main business segments, namely

- Animal Feeds - comprising of compound feed for cattle, poultry, aqua etc.
- Agri-business - comprising of plant growth promoters, pesticides etc.
- Retail - comprises of Nature's Basket Division till 30.6.08
- Integrated Poultry business

Segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns, the organisation structure, and the internal financing reporting systems.

(ii) The Segment revenue in each of the above business segments consists of sales (net of returns, sales tax, rebates etc.)

(iii) The Segment revenue in the geographical segments considered for disclosure are as follows:

- Revenue within India includes sales to customers located within India
- Revenue outside India includes sales to customers located outside India

(iv) Segment Revenue, Results, Assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis

32. RELATED PARTY DISCLOSURES:

Related party disclosures as required by AS - 18, "Related Party Disclosures", are given below"

1. Relationships:

(i) Holding Companies:

Godrej Industries Limited (GIL) holds 70.29% (Previous year 70.29%) in the Company. GIL is the subsidiary of Godrej & Boyce Mfg. Co. Limited, the ultimate Holding Company.

(ii) Subsidiary Companies:

Golden Feed Products Limited
Cauvery Palm Oil Ltd
Godrej Oil Palm Ltd (formerly Godrej Oil Plantations Ltd)
Godrej Tyson Foods Limited (from 01.06.2008)
Natures Basket Limited (from 01.07.2008)

(iii) Fellow Subsidiaries:

Godrej Consumer Products Limited
Godrej Infotech Limited
Godrej Hershey Limited
Godrej Sara Lee Limited
Godrej Properties Limited
Godrej Hicare Limited
Ensemble Holdings & Finance Limited

(iv) Joint Ventures:

ACI Godrej Agrovet Private Limited
Al Rahaba Trading International LLC
Godrej Goldcoin Aquafeed Limited
Godrej IJM Oil Palm Ltd. (formerly Godrej Oil Palm Ltd.)
Godrej Tyson Foods Limited (from 27.06.2008)

(v) Associates:

Creamline Dairy Products Limited
Polchem Hygiene Laboratories Private Limited
Aadhar Retailing Limited (upto 30.06.08)

(vi) Other related parties where persons mentioned in (viii) below exercise significant influence:

Bahar Agrochem & Feeds Private Limited
Avestha Gengraine Technologies Pvt Ltd
Krithika Agro Farm Chemicals and Engineering Industries Private Limited

(vii) Key management personnel:

Mr.B.S.Yadav

(viii) Individuals exercising control or significant influence (and their relatives):

Mr. A.B. Godrej
Mr. N.B. Godrej

2. The following transactions were carried out with the related parties in the ordinary course of business :

(i) Details relating to parties referred to in items 1(i), (ii), (iii), (iv), (v) and (vi) above

	Rs. '000					
	Holding Companies	Subsidiaries	Fellow Subsidiaries	Joint Ventures	Associates	Other related Parties
	(i)	(ii)	(iii)	(iv)	(v)	(vi)
1. Issue of share capital (incl. Premium)	-	-	-	-	-	-
	1,000,000	-	-	-	-	-
2. Share application money	-	-	-	-	-	-
3. Purchase / Transfer of fixed assets	633	-	-	-	-	-
	561	-	-	-	-	-
4. Sale of Business / Investments	-	70,000	-	464,832	-	30,100
	-	1,410,610	-	-	-	-
5. Investment in share capital	-	500	-	93,462	-	19,825
	-	1,056,111	-	18,648	-	-
6. Advances given during the year	-	-	-	-	-	-
	-	5,000	-	47,100	396,425	-
7. Intercompany deposits placed during the year	-	86,600	580,000	53,932	40,000	-
	-	-	-	-	110,700	-
8. Intercompany deposits taken during the year	230,000	-	-	45,500	-	-
	160,000	-	30,000	-	-	-
9. Loan Given	-	-	-	125,000	-	-
	-	-	-	-	-	-
10. Sale of materials / finished goods	-	24,222	-	1,264,135	38,959	-
	59	9,071	-	-	1,771	-
11. Sundry deposits placed	3,154	-	-	-	-	-
	-	-	-	-	-	-
12. Purchase of materials / finished goods	369	8,636	1,008	12,086	53,547	124,656
	-	28	2,193	48,540	16,575	200,065
13. Expenses charged to other companies	1,856	55,892	282	21,504	17,599	26
	1,044	9,742	169	26,168	5	69
14. Expenses charged by other companies	21,627	(636)	7,373	(3,056)	232	-
	20,608	10,300	441	1,236	-	-
15. Interest income on loan given	-	-	-	1,955	-	-
	-	-	-	50	10,300	230
16. Interest expense on intercompany deposits taken	1,722	-	-	-	-	-
	3,055	-	401	-	-	-
17. Interest income on intercompany deposits placed	-	5,022	3,888	2,057	-	-
	-	-	-	-	-	-
18. Intercompany deposits written off	-	-	-	-	-	-
	-	-	-	-	-	-
19. Dividend Income	-	-	-	-	6,680	-
	-	-	-	-	6,680	-
20. Dividend Paid	9,113	-	-	-	-	-
	9,113	-	7	-	-	-
21. Sundry Income	-	-	-	-	-	-
	-	-	-	-	-	-
22. Outstanding Loans Receivables	-	-	-	-	-	-
	-	-	-	-	-	-
23. Outstanding receivables, net of (payables)	(1,360)	115,245	343	146,498	49,796	33,213
	(1,057)	(79,961)	131	89,043	397,624	6,978
24. Guarantees issued in favour of	-	-	-	19,200	-	-
	-	3,000	-	20,963	-	-
25. Guarantees Outstanding	-	-	-	129,039	-	-
	-	3,000	-	109,839	-	-
(ii) Details relating to persons referred to in items 1 (vii) & (viii) above		THIS YEAR	PREVIOUS YEAR			
1. Remuneration		9,175	9,084			
2. Dividend paid		586	586			
3. Outstanding loans receivable		-	-			
4. Sale of investments		-	-			

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2009

3. Significant Related Party Transactions

	Nature of Transactions	Holding Companies (i)	Amount	Subsidiaries (ii)	Amount	Fellow Subsidiaries (iii)	Amount
1.	Issue of share capital (incl. Premium)	Godrej Industries Ltd	-				
			1,000,000				
2.	Share application money				-		
3.	Purchase/Transfer of fixed assets	Godrej Industries Ltd			-		
			163		-		
		Godrej & Boyce Mfg. Co. Ltd	633		-		
			398				
4.	Sale of Business/Investment			Godrej Oil Palm Limited	-		
					497,494		
				Natures Basket Limited	70,000		
					-		
				Aadhar Retailing Ltd	-		
					800,000		
				Godrej IJM Palm Oil Limited	-		
					113,116		
5.	Investment in share capital						
				Godrej IJM Palm Oil Limited	-		
					133,042		
				Godrej Oil Palm Limited	-		
					497,494		
				Cauvery Palm Oil Limited	-		
					-		
				Aadhaar Retailing Limited	-		
					425,575		
				Natures Basket Limited	500		
					-		
6.	Advances given during the year			Cauvery Palm Oil Limited	-		
					5,000		
				Aadhaar Retailing Ltd.	-		
					-		
				Kritika Agro Farm Chemical & Engineering Industries Pvt. Limited	-		
					-		
7.	Intercompany deposits taken during the year	Godrej Industries Ltd	230,000			Ensemble Holdings & Finance Limited	-
			160,000				30,000
8.	Intercompany deposits placed during the year			Cauvery Palm Oil Limited	25,500	Godrej Hershey Limited	200,000
					-		-
				Natures Basket Limited	61,100	Godrej Hi Care Limited	30,000
					-		-
						Godrej Properties Limited	350,000
							-
9.	Sale of materials/finished goods/debtors	Godrej Industries Ltd	-	Godrej Oil Palm Limited	24,222		
			59		9,071		
10.	Purchase of materials/finished goods	Godrej Industries Ltd	-	Godrej Oil Palm Limited	8,378	Godrej Consumer Products Limited	-
			-		-		2,173
		Godrej & Boyce Mfg. Co. Ltd	369	Cauvery Palm Oil Limited	258	Godrej Consumer Products Ltd	898
			-		-		-
				Golden Feed Products Limited	-	Godrej Hershey Limited	15
					28		20
11.	Expenses charged to other companies	Godrej & Boyce Mfg. Co. Ltd	-	Godrej Oil Palm Limited	52,475	Godrej Consumer Products Ltd.	16
			760		-		28
		Godrej Industries Ltd	1,856	Aadhar Retailing Ltd	-	Godrej Hershey Ltd	28
			284		9,088		43
				Cauvery Palm Oil Limited	3,311	Godrej Hi Care Ltd	229
					-		51
				Golden Feed Products Limited	107	Godrej Properties Ltd	8
					654		42
						Godrej Sara Lee Ltd	-
							5
12.	Sundry Deposits Placed	Godrej Industries Ltd	1,054				
			-				
		Godrej & Boyce Mfg. Co. Ltd	2,100				
			-				

3. Significant Related Party Transactions (Contd.)

13.	Expenses charged by other companies	Godrej Industries Ltd	21,344	Godrej Oil Palm Limited	(636)	Godrej Consumer Products Ltd.	643
			20,570		-		377
		Godrej & Boyce Mfg. Co. Ltd	283	Aadhaar Retailing Ltd.	-	Godrej Hi Care Ltd	94
			38		10,300	Godrej Infotech Ltd	64
							6,730
							-
14.	Interest income on loan given		-		-		-
			-		-		-
15.	Interest expense on intercorporate deposits taken	Godrej Industries Ltd	1,722			Ensemble Holdings & Finance Limited	-
			3,055				401
16.	Interest income on intercorporate deposits placed			Cauvery Palm Oil Limited	2,555	Godrej Hershey Limited	2,082
					-		-
				Natures Basket Limited	2,467	Godrej Hi Care Limited	842
					-		-
						Godrej Properties Ltd	964
							-
17.	Intercorporate deposits written off		-		-		-
			-		-		-
18.	Dividend Income		-		-		-
			-		-		-
19.	Dividend paid	Godrej Industries Ltd	9,113		-	Ensemble Holdings & Finance Limited	-
			9,113		-		7
20.	Outstanding intercorporate deposits receivable		-		-		-
			-		-		-
21.	Outstanding receivables, net of (payables)	Godrej Industries Ltd	(1,360)	Cauvery Palm Oil Limited	28,811	Godrej Hi Care Ltd	242
			(1,060)		-		13
		Godrej & Boyce Mfg. Co. Ltd	(1)	Natures Basket Limited	63,051	Godrej Properties Ltd	15
			-				42
				Golden Feeds Products Limited	9,376	Godrej Sara Lee Ltd	5
					24,460		5
				Godrej Oil Palm Limited	14,008	Godrej Consumer Products Ltd.	16
					(109,421)		28
				Cauvery Palm Oil Ltd	-	Godrej Hershey Ltd	65
					5000		43
22.	Sundry Income		-		-		-
			-		-		-
23.	Guarantees issued in favour of			Godrej Oil Palm Limited	-		
					3,000		
24.	Guarantees Outstanding			Godrej Oil Palm Limited	-		
					3,000		
	Nature of Transactions	Joint Ventures (iv)	Amount	Associates (v)	Amount	Other Related Parties (vi)	Amount
1.	Purchase of fixed assets		-		-		-
			-		-		-
2.	Sale of Investments		-		-	Bahar Agrochem & Feeds Private Limited	30,100
			-		-		-
3.	Investment in share capital	ACI Godrej Agrovet Private Limited	34,990		-	Bahar Agrochem & Feeds Private Limited	19,825
			18,087		-		-
		Godrej Tyson Foods Limited	40,832		-		-
			-		-		-
		Godrej Goldcoin Aquafeed Limited	17,640		-		-
			561		-		-
4.	Sales/Transfer of Fixed Assets		-		-		-
			-		-		-
5.	Sale of Business	Godrej Tyson Foods Limited	464,832		-		-
			-		-		-
6.	Advances given during the year		-	Aadhaar Retailing Ltd	-		-
			-		396,425		-
7.	Intercorporate deposits taken during the year	Godrej Tyson Foods Limited	45,500		-		-
			-		-		-
		Godrej Goldcoin Aquafeed Limited	-		-		-

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2009**3. Significant Related Party Transactions (continued) :**

			47,100		-		-
8.	Intercompany deposit placed during the year	Godrej Tyson Foods Limited	53,932	Aadhar Retailing Ltd	40,000		-
			-		110,700		-
9.	Loan Given	Godrej Goldcoin Aquafeed Limited	125,000		-		-
			-		-		-
10.	Sale of materials/finished goods	Godrej IJM Palm Oil Limited	6,856	Polchem Hygiene Laboratories Pvt. Limited	-		-
			-		1,771		-
		Godrej Tyson Foods Limited	1,257,279	Creamline Dairy Products Limited	2,505		-
			-		-		-
			-	Aadhar Retailing Ltd	36,454		-
			-		-		-
11.	Purchase of materials/finished goods	Godrej Goldcoin Aquafeed Limited	42	Polchem Hygiene Laboratories Pvt. Limited	52,723	Bahar Agrochem & Feeds Private Limited	124,656
			48,540		16,575		200,065
		Godrej Tyson Foods Limited	7,776	Aadhar Retailing Ltd	823		-
			-		-		-
		Godrej IJM Palm Oil Limited	4,268		-		-
			-		-		-
12.	Expenses charged to other companies	Al Rahaba Trading International LLC	31	Polchem Hygiene Laboratories Pvt. Limited	-	Bahar Agrochem & Feeds Private Limited	-
			197		5		37
		Godrej Goldcoin Aquafeed Limited	6,371	Aadhar Retailing Ltd	17,599	Kritika Agro Farm Chemical & Engineering Industries Pvt. Limited	26
			25,025		-		32
		Godrej Tyson Foods Limited	1,606		-		-
			-		-		-
		Godrej IJM Palm Oil Limited	13,267		-		-
			-		-		-
		ACI Godrej Agrovet Private Limited	230		-		-
			946		-		-
13.	Expenses charged by other companies	Godrej Goldcoin Aquafeed Limited	924	Aadhar Retailing Ltd	232		-
			1,217		-		-
		Godrej IJM Palm Oil Limited	(3,980)		-		-
			-		-		-
		Al Rahaba Trading International LLC	-		-		-
			19		-		-
14.	Interest Income on Loans given	Godrej Goldcoin Aquafeed Limited	1,955	Aadhar Retailing Ltd	-	Kritika Agro Farm Chemical & Engineering Industries Pvt. Limited	-
			50		10,300		230
15.	Interest Income on Intercompany Deposit Placed	Godrej Tyson Foods Limited	2,057		-		-
			-		-		-
16.	Dividend Income		-	Creamline Dairy Products Limited	6,680		-
			-		6,680		-
17.	Sundry Income		-		-		-
			-		-		-
18.	Outstanding Loans receivable		-		-		-
			-		-		-
19.	Outstanding receivables, net of payables	ACI Godrej Agrovet Private Limited	4,558	Polchem Hygiene Laboratories Pvt. Limited	(3,695)	Kritika Agro Farm Chemical & Engineering Industries Pvt. Limited	4,197
			4,328		(1,928)		4,171
		Al Rahaba Trading International LLC	37,605	Aadhar Retailing Ltd	51,754	Bahar Agrochem & Feeds Private Limited	29,017
			37,575		399,552		2,807
		Godrej Goldcoin Aquafeed Limited	81,869	Creamline Dairy Products Limited	1,738		-
			47,882		-		-
		Godrej IJM Palm Oil Limited	(13,132)		-		-
			(742)		-		-
		Godrej Tyson Foods Limited	35,597		-		-

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2009**3. Significant Related Party Transactions (continued) :**

			-		-		-
20.	Guarantees issued in favour of	Godrej Oil Palm Limited	-		-		-
			3,200		-		-
		ACI Godrej Agrovet Private Limited	19,200		-		-
			17,763		-		-
21.	Guarantees Outstanding	Al Rahaba Trading International LLC	59,582		-		-
			59,582		-		-
		ACI Godrej Agrovet Private Limited	66,257		-		-
			47,057		-		-
		Godrej IJM Palm Oil Limited	3,200		-		-
			3,200		-		-

33. PREVIOUS YEAR FIGURES ARE AS PER THE MERGED ACCOUNTS OF GODREJ AGROVET LIMITED AND GOLDMOHUR FOODS & FEEDS LIMITED AS COURT ORDER FOR MERGER DATED 26.9.08 WAS RECEIVED MUCH AFTER THE STAND ALONE ACCOUNTS WERE CIRCULATED. FIGURES OF THE PREVIOUS YEAR HAVE BEEN REGROUPED & RE-CLASSIFIED WHEREVER NECESSARY TO CONFORM TO THE CURRENT YEAR'S CLASSIFICATION.

34. INFORMATION REQUIRED TO BE FURNISHED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956:

i)	Registration Details	
	Registration No.	16655
	State Code	11
	Balance Sheet Date	31/3/2009
ii)	Capital raised during the year	
		(Rs. '000)
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
iii)	Position of mobilisation and deployment of funds	
		(Rs. '000)
	Total Liabilities	6,646,475
	Total Assets	6,646,475
	Sources of Funds	
	Paid-up Capital	121,188
	Reserves & Surplus	2,562,393
	Secured Loans	290,294
	Unsecured Loans	2,036,165
	Application of Funds	
	Net Fixed Assets	712,966
	Investments	1,663,714
	Net Current Assets	2,757,409
	Misc. Expenditure	-
	Accumulated Losses	Nil
iv)	Performance of Company	
		(Rs. '000)
	Turnover	13,206,888
	Total Expenditure	12,954,822
	Profit before tax before extraordinary income	268,446
	Profit before tax after extraordinary income	718,727
	Profit after tax	583,732
	Earning Per Share before extraordinary	10.99
	Earning Per Share after extraordinary	48.17
	Dividend rate	10.00%
v)	Generic Names of three principal products services of Company	
	Item Code No.	23099010
	Product Description	Animal Feeds

STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956.

1. Name of the Subsidiary	Natures Basket Ltd	Golden Feed Products Ltd.	Cauvery Palm Oil Ltd	Godrej Oil Palm Limited
2. Date on which it became a Subsidiary	July 1, 2008	July 14, 2003	March 1, 2008	August 18, 2006
3. Financial Year ending	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
4. The Company's interest in the Subsidiary as on 31.3.2009				
a) Number of fully paid Equity Shares held	700,500	50,000	1,938,000	56,400
b) Face Value	Rs. 10	Rs. 10	Rs. 73.18	Rs. 10
c) Extent of holding	100%	100%		80%
5. Net aggregate Profit/(Loss) of the subsidiary Company	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
so far as it concerns the members of the Company :-				
A) For the Financial Year ended on March 31, 2009 :				
i) Not dealt with in the Books of Account of the Company	18,519	-	-	-
ii) Dealt with in the Books of Account of the Company	47,500	-	-	-
B) For the Subsidiary Company's Previous Financial Years since became a Subsidiary				
i) Not dealt with in the Books of Account of the Company	40,590	-	-	-
ii) Dealt with in the Books of Account of the Company	81,801	-	-	-

For and on behalf of the Board

V. V. CHAUBAL
Company SecretaryA. B. GODREJ
DirectorB. S. YADAV
Executive Director
& President

Mumbai, May 20, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	THIS YEAR		PREVIOUS YEAR			THIS YEAR		PREVIOUS YEAR	
	Rs. ('000s)	Rs. ('000s)	Rs. ('000s)	Rs. ('000s)		Rs. ('000s)	Rs. ('000s)	Rs. ('000s)	Rs. ('000s)
A. Cash Flow from Operating Activities :					C. Cash Flow from Financing Activities :				
Net Profit Before Taxes (after extraordinary income)			718,733	435,790	Financial charges	(6,131)		(1,020)	
Adjustment for:					Proceeds from issue of capital	-		1,000,000	
Depreciation		72,185		143,225	Repayment of Borrowings	(258,200)		(30,316)	
Loss on sale of fixed assets		1,747		5,578	Proceeds from Borrowings	-		718,400	
Extraordinary Income:					Increase/(Decrease) in Cash Credit/WCDL	372,093		(243,302)	
Profit on transfer of business	(484,029)			(366,203)	Interest Paid	(253,538)		(231,128)	
Profit on demerger	-			(417,441)	Dividend Paid	(12,118)		-	
		(484,029)		(783,645)	Dividend Tax Paid	(2,060)		-	
Exchange difference		(152)		(15,980)	Net Cash used in Financing Activities		(159,952)	1,212,634	
Dividend income		(6,964)		(6,706)					
Finance charges		6,131		1,020	Net increase in Cash and Cash equivalents		12,757	166,105	
Interest income		(93,270)		(33,394)	Cash and Cash equivalents (Opening balance)	299,165		92,271	
Interest expenses		253,538		231,128	Less: Transfer on Demerger/Sale of Business	-		2,074	
Provision for Doubtful Debts and Advances		67,286		6,962	Add: Balance of GFFL Taken over as per scheme of merger	-		42,863	
Profit on sales on investments		(235,376)		(282,563)			299,165	133,060	
			(418,905)	(734,375)	Cash and Cash equivalents (Closing balance)		311,922	299,165	
Operating Profit before Working Capital Changes			299,828	(298,585)					
Adjustments for:									
Inventories		(97,382)		156,876					
Debtors and Other Receivables		(120,038)		(1,447,397)					
Creditors and Other Payables		(463,541)		86,391					
			(680,962)	(1,204,129)					
Cash Generated from Operations			(381,134)	(1,502,714)					
Direct Taxes paid (net of refund received)			(134,800)	(60,182)					
Net Cash Flow from Operating Activities			(515,934)	(1,562,896)					
B. Cash Flow from Investing Activities :									
Capital subsidy received	2,500			-					
Proceeds from sale of fixed assets	6,408			(340,478)					
Acquisition of fixed assets	(95,850)			6,647					
Intercompany Deposits Given	(85,900)			(115,700)					
Purchase of Investments	(138,721)			(186,588)					
Proceeds from sale of investments in subsidiaries	-			753,163					
Proceeds from sale of other investments	30,100			80					
Interest Received	73,737			18,115					
Dividend Received	6,964			6,706					
Net Cash used in Investing Activities before extraordinary item			(200,762)	141,944					
Proceeds from Extraordinary Items;									
Proceeds from transfer of business/demerger (note 3)			889,405	374,424					
Net Cash used in Investing Activities after extraordinary item			688,643	516,368					

NOTES:

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS) 3 on "Cash Flow Statements", and presents cash flows by operating, investing and financing activities.
- Figures in brackets are outflows/deductions.
- Proceeds from transfer of business/ demerger is for a total consideration of Rs.1,019,830 (PY 1,410,610 thousands) for the two(PY Three) business.

Out of the total consideration Rs.889,405 (PYRs.374,424) thousands has been received in cash and the balance by way of allotment of equity shares in demerged/transfer of business companies.
- Figures for the previous year have been regrouped/restated wherever necessary to conform to this year's classification.

For and on behalf of

For and on behalf of the Board

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTSERMIN K. IRANI
PartnerV. V. CHAUBAL
Company SecretaryA. B. GODREJ
DirectorB. S. YADAV
Executive Director
& PresidentMembership no. 35646
Mumbai, May 20, 2009

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2009**To The Shareholders**

Your Directors have pleasure in submitting their Report along with the audited Accounts for the financial year ended on March 31, 2009.

FINANCIAL RESULTS

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

	(Rs. Lac)	
	This Year	Previous Year
Total Income	-	-
Loss before Taxation	(2.22)	(3.04)
Add: Provision for Taxation	-	-
Loss after Taxation	(2.22)	(3.04)
Balance Brought Forward from previous year	(158.68)	(155.64)
Balance Carried Forward to Balance Sheet	(160.90)	(158.68)

REVIEW OF OPERATIONS

In the current year there is no business income.

DIVIDEND

Your Directors do not recommend any dividend for the year 2008-09.

FIXED DEPOSITS

Your Company has not accepted any public deposits during the financial year under review.

HOLDING COMPANY

Your Company continues to be a subsidiary of Godrej Agrovet Limited as defined under Section 4(1)(b) of the Companies Act, 1956.

SUBSIDIARY COMPANIES

The Company has no subsidiary companies during the year under review.

DIRECTORS

During the year under review, there have been no changes in the Directors of the Company.

Dr. S. L. Anaokar and Mr. B. S. Yadav retire by rotation at the ensuing Annual General Meeting of the Company in accordance with Section 256 of the Companies Act, 1956 and Article 15 of the Articles of Association of the Company and being eligible offer themselves for reappointment.

AUDITORS

You are requested to appoint Auditors for the current year and fix their remuneration. The retiring Auditors M/s. Kalyaniwalla & Mistry, Chartered Accountants, Mumbai, are eligible for reappointment and a certificate as required under Section 224 (1-B) of the Companies Act, 1956 has been received from them.

QUALIFICATIONS BY AUDITORS

The auditors have qualified in the Auditors' Report that the accumulated losses as at March 31, 2009 exceeds its paid up capital, resulting in the erosion of its net worth. Your Company still remains a "Going Concern" as the finance will continue to be available to the Company for its working capital requirements from its holding company Godrej Agrovet Limited.

ADDITIONAL INFORMATION

The additional information required to be given under the Companies Act, 1956, has been laid out in the Schedules attached to and forming part of the Accounts. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

STATUTORY INFORMATION**A. Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo**

The information in respect of these matters, 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 forming part of the Directors' Report is given in the Annexure "A" to this report.

B. Particulars of Employees

None of the employees is covered under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) (Amendment) Rules, 2002.

C. Directors' Responsibility Statement

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

- 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;
- that they have selected such Accounting Policies and applied them consistently and made judgements and estimates 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;
- that they have taken proper and sufficient care 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;
- that they have prepared the annual accounts on a going concern basis.

HUMAN RESOURCES

There are no employees in the Company.

For and on behalf of the Board

Dr. S. S. Sindhu Dr. P. N. Narkhede
Director Director

Mumbai, May 19, 2009

ANNEXURE 'A'**ANNEXURE FORMING PART OF THE DIRECTORS' REPORT**

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

A. Conservation of Energy

The Company has not established any manufacturing facility this year.

B. Technology absorption, adaptation and innovation

Not Applicable since the Company does not have any manufacturing facility at present.

C. Foreign Exchange earnings and outgo

Your Company had no foreign exchange earning as well as outgo.

For and on behalf of the Board

Dr. S. S. Sindhu Dr. P. N. Narkhede
Director Director

Mumbai, May 19, 2009

REPORT OF THE AUDITORS TO THE MEMBERS OF GOLDEN FEED PRODUCTS LIMITED

1. We have audited the attached Balance Sheet of Golden Feed Products Limited, as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government 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 in paragraph (3) above, we report that:
 - a) *The accumulated losses of the Company as at March 31, 2009 exceed its paid up capital resulting in the erosion of its net worth. The accounts for the year have been prepared on the 'Going Concern' basis on the understanding that finance will continue to be available to the Company for working capital requirements.*
 - b) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - c) 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 these books.
 - d) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- e) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon, subject to (a) above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2009 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on March 31, 2009, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

Membership No. 35646

Mumbai, May 19, 2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, 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. No material discrepancies have been reported on such verification.
- (c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
2. The Company does not have any inventories.
3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Consequently, the question of commenting whether the rates of interest and other terms and conditions are not prejudicial to the interest of the Company does not arise.
- (c) The Company has taken unsecured loans of Rs. 24,460 thousands from a Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs. 24,460 thousands and year-end balance of loan taken from such party was Rs. 9,376 thousands.
- (d) The Loan as aforesaid is interest free and the other terms and conditions are not prejudicial to the interest of the Company.
- (e) There is no schedule of repayment and hence the question of regular repayment does not arise.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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 a continuing failure to correct major weakness in internal controls.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956, have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exists.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and hence the provisions of Section 58A, 58AA or any other provision of the Companies Act, 1956, read with the rules framed thereunder are not applicable.
7. *In our opinion and according to the information and explanations given to us, the Company does not have a formal internal audit system.* However, there are adequate internal checks at appropriate levels commensurate with the size of the Company and nature of its business.
8. According to the information and explanation 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 Company's products.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, there are no undisputed dues payable in respect of above as at March 31, 2009 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 outstanding of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty or cess on account of any dispute.
10. As the Company has been registered for a period less than five years the question of commenting on its accumulated losses being less than fifty percent of its net worth does not arise. The Company has incurred cash loss during the financial year but has incurred cash loss in immediately preceding financial year.
11. According to the information and explanations given to us and based on the documents and records produced to us, the Company does not have dues to banks, financial institutions or debenture holders.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures 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. The Company does not deal in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not taken any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investment.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not issue any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

Membership No. 35646

Mumbai, May 19, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	Rs. '000	This Year Rs. '000	Previous Year Rs. '000
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	500		500
Reserves and Surplus		-	500	-
LOAN FUNDS				
Secured Loans		-		-
Unsecured Loans	2	9,376	24,460	24,460
TOTAL			9,876	24,960
APPLICATION OF FUNDS				
FIXED ASSETS	3	-	-	-
INVESTMENTS	4	-	25	25
CURRENT ASSETS, LOANS AND ADVANCES	5	-	-	-
Inventories		-		-
Sundry Debtors		-	19,658	-
Cash and Bank Balances		6	45	-
Other Current Assets		43	43	-
Loans and Advances		18	18	-
		67	19,764	-
LESS : CURRENT LIABILITIES AND PROVISIONS	6	6,305	10,697	-
Liabilities		-	-	-
Provisions		-	-	-
		6,305	10,697	-
NET CURRENT ASSETS			(6,239)	9,067
PROFIT & LOSS ACCOUNT			16,090	15,868
TOTAL			9,876	24,960
NOTES TO ACCOUNTS	10			

The Schedules referred to above form an integral part of the Balance Sheet As per our Report of even date attached

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership No. 35646
Mumbai, May 19, 2009

DR. S. S. SINDHU
Director

Signatures to Balance Sheet and Schedules 1 to 6 and 10
For and on behalf of the Board

DR. P. N. NARKEHEDE
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	Rs. '000	This Year Rs. '000	Previous Year Rs. '000
INCOME				
Sales		-	-	-
Other Income	7	4,417	4,417	5
EXPENDITURE				
Expenses	8	4,585		155
Interest and Financial Charges	9	54		150
Depreciation/Amortisation		-		3
			4,639	308
LOSS BEFORE TAXATION			(222)	(304)
Provision for Taxation		-	-	-
LOSS AFTER TAXATION			(222)	(304)
(Deficit) Brought Forward			(15,868)	(15,564)
DEFICIT CARRIED OVER			(16,090)	(15,868)
Earnings per share (Basic/Diluted) in Rs.			(32.18)	(31.74)
NOTES TO ACCOUNTS	10			

The Schedules referred to above form an integral part of the Profit and Loss Account As per our Report of even date attached

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership No. 35646
Mumbai, May 19, 2009

DR. S.S. SINDHU
Director

Signatures to Profit and Loss Account and Schedules 7 to 10
For and on behalf of the Board

DR. P.N. NARKEHEDE
Director

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	THIS YEAR Rs. '000	THIS YEAR Rs. '000	PREVIOUS YEAR Rs. '000
SCHEDULE 1 : SHARE CAPITAL			
Authorised			
100,000 Equity Shares of Rs.10 each		1,000	1,000
Issued, Subscribed and Paid up			
50,000 Equity Shares of Rs.10 each fully paid		500	500
All the above shares are held by Godrej Agrovet Ltd. (Holding Company) and its nominees			
SCHEDULE 2 : UNSECURED LOANS			
From Holding Company		9,376	24,460
(Amount due within a year Rs. 24,460 thousands; Previous year Rs. 23,939 thousands)			
TOTAL		9,376	24,460

	THIS YEAR Rs. '000	THIS YEAR Rs. '000	PREVIOUS YEAR Rs. '000
SCHEDULE 4 : INVESTMENTS			
LONG TERM (AT COST)			
UNQUOTED GOVERNMENT SECURITIES			
National Savings Certificates	25		25
(All the Securities have been deposited with various Government Authorities)			
TOTAL		25	25
SCHEDULE 5 : CURRENT ASSETS, LOANS & ADVANCES			
(A) INVENTORIES:		-	-
(B) SUNDRY DEBTORS:			
Debts outstanding for a period exceeding six months			
Considered Good	4,467		19,658
Considered Doubtful	-		-
Other Debts	4,467		19,658
TOTAL	4,467		19,658
Less: Provisions for doubtful debts	4,467		-
		-	19,658

SCHEDULE 3 : FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1-Apr-08	Additions	Deductions	As at 31-Mar-09	Upto 1-Apr-08	For the Year	On Deductions	Upto 31-Mar-09	As at 31-Mar-09	As at 31-Mar-08
Land - Freehold										
Leasehold improvements										
Buildings										
Plant & Machinery	-		-	-	-	-	-	-	-	-
Power Generating Windmill										
Furniture, fittings & fixtures										
Computers										
Motor Vehicles										
Trade Marks										
TOTAL	-	-	-	-	-	-	-	-	-	-
Previous Year	47		47	-	12	3	15	-	-	

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	THIS YEAR Rs.'000	THIS YEAR Rs.'000	PREVIOUS YEAR Rs.'000
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SCHEDULE 5 : CURRENT ASSETS,
LOANS & ADVANCES (Contd.)

(C) CASH AND BANK BALANCES :

Cash and Cheques on hand	-		-
Balances with Scheduled Banks			
In Current Accounts	6		45

(D) OTHER CURRENT ASSETS :

(E) LOANS AND ADVANCES :

(Unsecured and considered good)			
Loans and Advances recoverable in cash or		43	43
in kind or for value to be received	18		18

TOTAL		67	19,764
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SCHEDULE 6 : CURRENT LIABILITIES

AND PROVISIONS

CURRENT LIABILITIES

Sundry Creditors	1,045		5,462
Other Liabilities	2,437		2,411
Advances from Customers	2,823		2,823
TOTAL		6,305	10,696

SCHEDULE 7 : OTHER INCOME

Write in	4,417		5
	4,417		5

SCHEDULE 8 : EXPENSES

1. Salaries, Wages, Bonus	-		-
2. Provident and other funds	-		-
3. Workmen and staff welfare expenses	-		-
4. Processing charges	-		-
5. Power, light, fuel and water	-		-
6. Rent	-		-
7. Rates and taxes	-		2
8. Repairs and maintenance			
Buildings	-		-
Plant	-		1
Other Assets	-		1
9. Auditors' Remuneration	118		118
10. Legal and Professional charges	-		45
11. Carriage and freight	-		2
12. Travelling and motor car expenses	-		(12)
13. Provision for Doubtful Debts & Advances	4,467		-
TOTAL	4,585		155

SCHEDULE 9 : INTEREST AND FINANCIAL CHARGES

(a) Interest paid on fixed loans -			
i) Banks	-		-
ii) Others	-		14
(b) Other Financial Charges	54		136
TOTAL	54		150

SCHEDULE 10 : NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- The financial statements are prepared under the historical cost convention and on the 'going concern basis', with revenues recognised and expenses accounted on their accrual in accordance with the generally accepted accounting principles, and in compliance with the applicable Accounting Standards and other requirements of the Companies Act, 1956.
- Fixed assets have been stated at cost and include incidental and/or installation/development expenses incurred in putting the asset to use and interest on borrowing incurred during construction period. Pre-operative expenses for major projects are also capitalised, where appropriate.
- Carrying amount of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognised whenever carrying amount exceeds the recoverable amount.
- Depreciation/Amortisation has been provided for as under :
 - The Company has grouped additions and disposals in appropriate time periods of a month/quarter for the purpose of charging pro rata depreciation in respect of additions and disposals of its assets keeping in view the materiality of the items involved.
 - Depreciation is provided on the straight line method at the rates specified in Schedule IV to the Companies Act, 1956, except for computer hardware which is depreciated over its estimated useful life of four years.
- Amortisations
 - Asset type
 - Period
 - (i) Leasehold Land Primary lease period
 - (ii) Leasehold improvements and equipments Primary lease period or 16 years whichever is less
 - (iii) Signages 3 years
 - (iv) Technical knowhow, technical knowhow fees of a capital nature 10 years
 - (v) Computer software 6.17 years
- Raw materials are valued at weighted average cost. Finished goods and work-in-progress are valued at lower of cost and net realisable value. These costs include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

- Retirement benefits to employees comprise payments under defined contribution plans like provident fund and family pension. Payments under defined contribution plans are charged to the profit and loss account. The liability in respect of defined benefit schemes like gratuity and leave encashment benefit on retirement is provided on the actual basis.

- Revenue is recognised when goods are despatched to external customers.

- Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred tax liability is recognised, if material. Deferred tax assets can be realised. The tax effect is calculated on the accumulated timing difference at the year-end, based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

- The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

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

2. AUDITORS' REMUNERATION

	THIS YEAR Rs.	PREVIOUS YEAR Rs.
Audit fees	89,532	86,520
Audit under other statutes	28,840	28,840
TOTAL	118,372	115,360

3. RELATED PARTY DISCLOSURES

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

1. Relationships :

- Holding Companies:
Godrej Agrovet Limited (GAVL) holds 100% in the Company. GAVL is the subsidiary of Godrej Industries Limited (GIL). GIL is the subsidiary of Godrej & Boyce Mfg. Co. Limited, the ultimate holding company.
- Fellow subsidiaries:
Nature Basket Ltd.
Cauvery Palm Oil Ltd.
Godrej Oil Palm Ltd. (formerly Godrej Oil Plantations Ltd.)
Godrej Tyson Foods Limited (from 01.06.2008)

2. The following transactions were carried out with the related parties in the ordinary course of business :

Nature of Transactions	(Rs.) Holding Company	(Rs.) Fellow Subsidiary
1 Loan taken	521,000	-
2 Loan repaid	15,084	-
3 Expenses charged to other companies	106,512	-
4 Outstanding payable, net of (receivables)	9,376,216	-
	23,938,744	-

*All transaction are with Godrej Agrovet Limited.

4. EARNINGS PER SHARE

	THIS YEAR Rs.	PREVIOUS YEAR Rs.
Profit after tax and prior period expenses (Rs.)	(222,296)	(1,557,155)
Weighted average number of equity shares outstanding	50,000	50,000
Basic earnings per share	(32)	(31)
Diluted earnings per share	(32)	(31)
Nominal value of shares	10.00	10.00

5. Information required to be furnished under Part IV of Schedule VI of The Companies Act, 1956

(i) Registration Details	Application of Funds	
Registration No.	140599	Net fixed Assets
State Code	11	Investment
Balance Sheet date	31/3/2009	Net Current Assets
(ii) Capital raised during the year		Misc. Expenditure
		Accumulated Losses
Public Issue	Nil	(iv) Performance of Company
Rights Issue	Nil	
Bonus Issue	Nil	Turnover
Private Placement	Nil	Total Expenditure
(iii) Position of mobilisation and deployment of funds		Profit before tax
		Rs. Profit after tax
Total Liabilities	15,681,186	Earning Per share in Rs.
Total Assets	15,681,186	Dividend rate
Sources of Funds		
Paid-up Capital	500,000	(v) Genetic names of three principal
Reserves & Surplus		- products services of Company
Secured Loans		- Item Code No.
Unsecured Loans	9,375,936	Product Description

For and on behalf of the Board

Dr. S. S. Sindhu
Director

Dr. P. N. Narkhede
Director

Mumbai, May 19, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Rs. '000	This Year Rs. '000	Previous Year Rs. '000
A. Cash Flow from Operating Activities:			
Profit before Tax and Operational Items		(222)	(304)
Adjustments for:			
Depreciation	-		3
Finance Charges	54		136
Interest Expense	-		14
Provision for Doubtful Debts	4,467		-
Fixed Assets written off	-		-
Investments written off	-		-
Miscellaneous Expenditure written off	-		-
		4,521	153
Operating Profit before Working Capital Changes		4,299	(151)
Adjustments for:			
Inventories	-		-
Debtors and Other receivables	15,191		-
Creditors and Other payables	(4,391)		(457)
		10,800	(457)
Cash Generated from Operations		15,099	(608)
Direct Taxes Paid		-	-
Net Cash Generated from Operating Activities		15,099	(608)
B. Cash from Investing Activities:			
Proceeds from Disposal of Fixed Assets	-		35
Net Cash used in Investing Activities		-	35
C. Cash from Financing Activities:			
Net Proceeds from Borrowings	(15,084)		521
Repayment of Borrowings	-		-
Interest Paid	-		(14)
Other Financial Charges	(54)		(136)
Net Cash used in Financing Activities		(15,138)	370
Net Increase/(Decrease) in Cash and Cash Equivalents		(39)	(203)
Cash and Cash equivalents (Opening Balance)		45	249
Cash and Cash equivalents (Closing Balance)		6	45

As per our Report of even date attached

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

Membership No. 35646
Mumbai, May 19, 2009

For and on behalf of the Board

Dr. S. S. Sindhu
Director

DR. P. N. NARKHEDE
Director

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report along with the audited Accounts for the financial year ended on March 31, 2009.

CHANGE IN NAME

Your Company Godrej Oil Plantations Ltd has been renamed as Godrej Oil Palm Ltd during the year.

FINANCIAL RESULTS

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

o	This Year (Rs. lac)	Previous Year (Rs. lac)
Total Income	7431.68	5737.87
Profit Before Taxation (PBT)	975.35	1547.35
Less : Provision for Taxation	385.29	663.42
Profit After Taxation (PAT)	590.05	883.93
Balance brought forward from previous year	868.36	(15.57)
Total	1426.96	868.36
Balance Carried Forward to Balance Sheet	1426.96	868.36

OPERATIONAL HIGHLIGHTS

Your Company is undertaking a major expansion. As per plans the Crude Palm Oil mill (CPO), the current capacity of which is 20MT/hr is planned to be increased to 30MT/hr in FY'09-10 and with a further expandable capacity of 40MT/hr from FY'10-11 onwards. Apart from this the Company is also setting up a Captive power generation plant by which your Company will achieve self sufficiency in its power requirements and may also be in a position to sell the surplus power to the local electricity board. This expansion will make your Company one of the most significant oil palm company in India.

The current year has not been favorable for the oil palm business in India, the CPO sale price of average Rs.46,000/MT in April'08 went down to Rs.29,500/MT during the year. Further the Fresh Fruit Bunches (FFB which is the primary raw material) prices which was 12% of CPO prices went upto 12.83% of the CPO prices. Both these factors severely impacted the oil palm business in AP in general and the profitability of your Company was also affected adversely.

DIVIDEND - The Directors do not recommend any dividend for the year 2008-09.

FIXED DEPOSIT - The Company has not accepted any public deposits during the financial year under review.

HOLDING COMPANY - The Company is a subsidiary of Godrej Agrovet Limited as defined under Section 4(1)(b) of the Companies Act, 1956.

SUBSIDIARY COMPANIES-The Company has no subsidiary companies during the year under review.

DIRECTORS - The following are the current Directors of the Company:

1. Mr. N. B. Godrej
2. Mr. B. S. Yadav
3. Mr. R. R. Govindan
4. Mr. S. Varadaraj
5. Mr. Velayuthan Tan

Mr. Velayuthan Tan being an Additional Director (nominated by Blessed Resources Pte. Ltd. and appointed on December 8, 2008 as per Article 111 of the Articles of Association of the Company) holds office upto the date of the ensuing Annual General Meeting. He is eligible for appointment as a Director of the Company and notice in this respect under Section 257 of the Companies Act, 1956 has been received from one of the Members along with a deposit of Rs.500/- (Rupees Five Hundred only) for him signifying the intention to propose his candidature for the office of Director of the Company.

Mr. N. B. Godrej and Mr. B. S. Yadav retire by rotation at the ensuing Annual General Meeting of the Company in accordance with Section 256 of the Companies Act, 1956, and Article 124 of the Articles of Association of the Company and being eligible offer themselves for reappointment.

AUDITORS - You are requested to appoint Auditors for the current year and fix their remuneration. The retiring Auditors M/s. Kalyaniwalla & Mistry, Chartered Accountants, Mumbai are eligible for re-appointment and a certificate as required u/s 224 (1-B) of the Companies Act, 1956 has been received from them.

ADDITIONAL INFORMATION -The additional information required to be given under the Companies Act, 1956, has been laid out in the Schedules attached to and forming part of the Accounts. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

STATUTORY INFORMATION

A) Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo -

The information in respect of these matters, 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 forming part of the Directors' Report is given in the *Annexure "A"* to this report.

B) Particulars of Employees - None of the employees is covered under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) (Amendment) Rules, 2002.

C) 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 they have selected such Accounting Policies and applied them consistently and made judgements and estimates 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 they have taken proper and sufficient care 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 they have prepared the annual accounts on a going concern basis.

HUMAN RESOURCES

Your Company aims to focus on development of Human Resources. The industrial relations are cordial and the Board would like to place on record its sincere appreciation for the unstinted support from all the employees.

For and on behalf of the Board

Mumbai, May 19, 2009. B. S. YADAV Director R. R. GOVINDAN Director

ANNEXURE `A'

ANNEXURE FORMING PART OF THE DIRECTORS' REPORT

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

A. Conservation of Energy-The Company endeavors to encourage the use of energy conservation measures and undertakes a regular review of the level of energy consumption and the energy-saving systems and devices. Some of the measures adopted by your Company towards conservation of energy were as follows:-

Limit switches are provided for Tanks for automatic switching on and switching off the Motors. Installation of additional capacitors at MCC's. Replacing under loaded motors with optimum loaded motors. Switching off unwanted motive load when not in use. Installation of energy saving blowers to reduce the load. Replaced of 40W tubes with slim energy efficient 36W tubes. DG set is used as an alternate source of energy in factory. Replaced 10HP motor with 7.5HP motor of Day tank (sludge) pump at CPO Mill. Replaced 5HP motor with 3HP motor of Shell Conveyor at PKO Mill. Replaced 15HP motor with 5HP motor of Cooling Tower Water Pump at Refinery.

B. Technology absorption, adaptation and innovation - Your Company constantly endeavors for technological upgradation and conducts in-house Research & Development for achieving improved quality at a lower cost.

The benefits derived as a result of various measures undertaken are as follows :- Improvement in quality of products manufactured. Improvement in power factor levels and reduced load on cables. Reduction in process loss. Enhancement in the life of equipment. Your Company has received host country approval to Bio-Methanation Project (CMD Project) from ministry of Environment & Forest.

C. Foreign Exchange earnings and outgo

	THIS YEAR Rs. lac	PREVIOUS YEAR Rs. lac
I. Foreign exchange used	208.27	158.56
II. Foreign exchange earned	Nil	Nil

For and on behalf of the Board

Mumbai, May 19, 2009 B. S. YADAV Director R. R. GOVINDAN Director

REPORT OF THE AUDITORS TO THE MEMBERS OF GODREJ OIL PALM LIMITED (formerly Godrej Oil Plantations Limited)

1. We have audited the attached Balance Sheet of Godrej Oil Palm Limited (formerly Godrej Oil Plantations Limited), as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of section 227 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 in paragraph (3) 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 purposes of our audit.
 - b) As stated in Note 5 of Schedule 12, notes to accounts, the Company has amortised Licenses / Rights, an intangible asset for oil palm plantation business over a period of 20 years which exceeds the maximum limit of 10 years as prescribed by Accounting Standard 26 "Intangible Assets" issued by Institute of Chartered Accountants of India. The Company is of the view that the oil palm plantation business operates on a command area basis with the government allotting to various companies clearly demarcated area for the development of oil palm plantation. With this responsibility for the development for oil plantation comes the exclusive rights for the procurement of Fresh Fruit Bunches produced in the allotted area. Oil Palm Plantation has relatively long productive life of 30 years. Since the allotment right is expected to yield benefits over a long period, the amount paid towards the same is amortised over a 20 year period.
- c) 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 these books.
- d) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- e) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009; and
 - ii) in the case of the Profit and Loss Account, of the profit for the period ended on that date.
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2009, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI

Partner

Membership No. 35646

Mumbai, May 19, 2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the periodic verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been reported on such verification.
- (c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
- 2) (a) The Management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.
- (c) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (d) Consequently, the question of commenting on the rates of interest and conditions of the loans being prejudicial to the interests of the Company and payment of principal and the interest does not arise.
- 4) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with 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 a continuing failure to correct major weakness in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956, have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- 7) In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and the nature of its business.
- 8) We have broadly reviewed the books of accounts maintained by the Company pursuant to the order made by the Central Government for maintenance of cost records prescribed under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima- facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9) (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, during the period, the Company has no statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues incurred during the period covered. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at March 31, 2009 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 outstanding of Sales Tax, Income Tax, Wealth Tax, Excise Duty, Cess on account of any dispute.
- 10) As the Company has been registered for a period less than five years the question of commenting on its accumulated losses being less than fifty percent of its net worth does not arise. The Company has not incurred cash loss during the financial year but incurred cash loss in the immediately preceding financial year.
- 11) According to the information and explanations given to us and based on the documents and records produced to us, there are no dues to banks, financial institutions or debenture holders.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures 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) The Company does not deal in shares, securities, debentures and other investments.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) According to the information and explanations provided to us, there are no term loans, hence the question of its application for the purposes for which they were obtained is not applicable.
- 17) According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not raised funds on short-term or long-term basis.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company has not created any security in respect of debentures issued.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI

Partner

Membership No. 35646

Mumbai, May 19, 2009

BALANCE SHEET AS AT MARCH 31, 2009

		THIS YEAR		PREVIOUS YEAR
	Schedule	Rs.'000	Rs.'000	Rs.'000
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	705		705
Reserves & Surplus	2	<u>639,985</u>	<u>640,690</u>	<u>584,125</u>
				<u>584,830</u>
LOAN FUNDS				
Unsecured Loans	3		<u>49,376</u>	<u>49,174</u>
DEFERRED TAX LIABILITY			<u>52,988</u>	<u>31,454</u>
TOTAL			<u>743,054</u>	<u>665,458</u>
APPLICATION OF FUNDS				
FIXED ASSETS	4			
Gross Block		<u>497,842</u>		<u>476,549</u>
Less: Depreciation		<u>56,882</u>		<u>26,943</u>
Net Block		<u>440,960</u>		<u>449,606</u>
Capital work-in-progress / Advances		<u>29,625</u>		<u>14,281</u>
			<u>470,585</u>	<u>463,887</u>
CURRENT ASSETS, LOANS AND ADVANCES	5			
Inventories		<u>50,425</u>		<u>47,240</u>
Sundry debtors		<u>131,690</u>		<u>92,382</u>
Cash and Bank Balances		<u>84,392</u>		<u>1,770</u>
Other Current Assets		<u>408</u>		<u>78</u>
Loans and Advances		<u>31,812</u>		<u>110,910</u>
		<u>298,727</u>		<u>252,380</u>
LESS : CURRENT LIABILITIES AND PROVISIONS	6			
Liabilities		<u>18,753</u>		<u>14,776</u>
Provisions		<u>7,505</u>		<u>70,922</u>
		<u>26,258</u>		<u>50,809</u>
NET CURRENT ASSETS			<u>272,469</u>	<u>210,571</u>
TOTAL			<u>743,054</u>	<u>665,458</u>
NOTES TO ACCOUNTS	10			

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

As per our Report of even date attached For and on behalf of

KALYNIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership No. 35646
Mumbai, May 19, 2009

Signatures to Balance Sheet and Schedules 1 to 6 and 10

For and on behalf of the Board

B. S. Yadav
Director

R. R. Govindan
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

		THIS YEAR		PREVIOUS YEAR
	Schedule	Rs.'000	Rs.'000	Rs.'000
INCOME				
Sales		<u>742,805</u>		<u>573,787</u>
Other income	7	<u>364</u>		<u>1,460</u>
			<u>743,168</u>	<u>575,247</u>
EXPENDITURE				
Materials	8	<u>539,492</u>		<u>351,037</u>
Expenses	9	<u>75,950</u>		<u>41,714</u>
Interest		<u>250</u>		<u>-</u>
Depreciation		<u>29,941</u>		<u>27,761</u>
			<u>645,633</u>	<u>420,512</u>
PROFIT BEFORE TAXATION			<u>97,535</u>	<u>154,735</u>
Provision for Taxation				
Current Tax		<u>16,281</u>		<u>34,563</u>
Fringe Benefit Tax		<u>714</u>		<u>325</u>
Deferred tax		<u>21,534</u>		<u>31,454</u>
			<u>38,529</u>	<u>66,342</u>
PROFIT AFTER TAXATION			<u>59,005</u>	<u>88,393</u>
Prior years adjustments			<u>3,145</u>	<u>-</u>
Profit after Tax and prior period item			<u>55,860</u>	<u>88,393</u>
Surplus Brought Forward			<u>86,836</u>	<u>(1,557)</u>
Balance carried forward to Balance Sheet			<u>142,696</u>	<u>86,836</u>
Earnings per share (Basic/Diluted) in Rs. (Refer Note 17)			<u>792.34</u>	<u>1,253.80</u>
NOTES TO ACCOUNTS	10			

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

As per our Report of even date attached For and on behalf of

KALYNIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership No. 35646
Mumbai, May 19, 2009

Signatures to Profit and Loss Account and Schedules 7 to 10

For and on behalf of the Board

B. S. Yadav
Director

R. R. Govindan
Director

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	THIS YEAR		PREVIOUS YEAR
	Rs.'000	Rs.'000	Rs.'000
SCHEDULE 1 : SHARE CAPITAL			
AUTHORISED			
1,00,00,000 Equity Shares of Rs 10 each		<u>100,000</u>	<u>100,000</u>
ISSUED, SUBSCRIBED AND PAID UP			
70,500 Equity Shares of Rs 10 each fully paid.		<u>705</u>	<u>705</u>
Of the above :			
a) 56,400 equity shares are held by Godrej Agrovet Ltd. the holding Company.			
b) 20,500 equity shares have been issued pursuant to the scheme of demerger without payment being received in cash.			
SCHEDULE 2 : RESERVES & SURPLUS			
SECURITIES PREMIUM ACCOUNT			
As per last Balance Sheet	<u>497,289</u>		<u>-</u>
Received during the year	<u>-</u>		<u>497,289</u>
		<u>497,289</u>	<u>497,289</u>
PROFIT AND LOSS ACCOUNT			
TOTAL		<u>142,696</u>	<u>86,836</u>
		<u>639,985</u>	<u>584,125</u>

SCHEDULE 4: FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.08	Additions	Deductions	As at 31.03.09	Upto 01.04.08	For the Year	On Deductions	Upto 31.03.09	As at 31.03.09	As at 31.03.08
Tangible Assets										
Freehold Land	2,980	-	-	2,980	-	-	-	-	2,980	2,980
Buildings	28,889	10,494	-	39,382	1,113	1,437	-	2,550	36,832	27,775
Plant & Machinery	77,418	10,330	-	87,748	6,333	8,345	-	14,677	73,070	71,085
Furniture & Fixtures	410	12	-	422	75	47	-	122	301	335
Office & Other Equipments	755	71	14	812	55	46	3	98	713	700
Vehicles	2,125	145	-	2,271	(221)	294	-	73	2,198	2,346
Trees, Development Costs	11,703	-	-	11,703	1,997	1,997	-	3,994	7,709	9,706
Intangible Assets										
Computer Software	424	254	-	679	(1)	184	-	183	496	425
Grant of Licenses	351,845	-	-	351,845	17,592	17,592	-	35,185	316,661	334,253
Total	<u>476,549</u>	<u>21,307</u>	<u>14</u>	<u>497,842</u>	<u>26,943</u>	<u>29,941</u>	<u>3</u>	<u>56,882</u>	<u>440,960</u>	<u>-</u>
Previous Year	113,494	364,964	1,909	476,549	-	27,762	819	26,943	-	449,605
Capital Work-In-Progress/Advance									<u>29,625</u>	<u>14,281</u>
									<u>470,585</u>	<u>463,887</u>

Rs. '000

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	THIS YEAR		PREVIOUS YEAR		THIS YEAR		PREVIOUS YEAR
	Rs. '000	Rs. '000	Rs. '000		Rs. '000	Rs. '000	Rs. '000
SCHEDULE 5 : CURRENT ASSETS, LOANS & ADVANCES							
(A) INVENTORIES :				c) INVENTORY CHANGE			
Raw Materials	547		1,224	Opening Stock	-		-
Finished Products	3,242		4,576	Add : Taken over as per scheme of demerger			
Stores and Spares	2,127		1,509	Finished Goods	4,576		848
Stock under Cultivation	<u>44,509</u>		<u>39,931</u>	Stock under cultivation	<u>39,931</u>		<u>31,788</u>
		50,425	47,240		<u>44,507</u>		<u>32,636</u>
(B) SUNDRY DEBTORS (Unsecured and considered good unless otherwise stated)				Less : Closing Stock			
Debts outstanding for a period exceeding six months				Finished Goods	3,242		4,576
Considered Good	40,476		78,984	Stock under cultivation	<u>44,509</u>		<u>39,931</u>
Considered Doubtful	-		131		<u>47,751</u>		<u>44,507</u>
	<u>40,476</u>		<u>79,115</u>			(3,244)	(11,871)
Other Debts (less than six months)	<u>91,214</u>		<u>13,398</u>	TOTAL	<u>539,492</u>		<u>351,036</u>
TOTAL	<u>131,690</u>		<u>92,513</u>				
Less: Provision for doubtful debts	-		131				
		131,690	92,382	SCHEDULE 9 : EXPENSES			
(C) CASH AND BANK BALANCES :				1 Salaries, Wages, Bonus, Gratuity and Allowances	20,365		11,295
Cash and Cheques on hand	181		21	2 Contribution to Provident Fund and Other Funds and Administration Charges	852		513
Balances with Scheduled Banks				3 Employee Welfare Expenses	339		256
- In Current Accounts	4,211		1,749	4 Processing Charges	5,459		3,813
- In Fixed Deposit Accounts	<u>80,000</u>		-	5 Consumable Stores	4,659		3,151
		84,392	1,770	6 Power and Fuel	8,701		5,894
(D) OTHER CURRENT ASSETS :				7 Rent	824		641
(E) LOANS AND ADVANCES :				8 Rates and Taxes	2,249		297
Unsecured and considered good	29,026		108,154	9 Repairs & Maintenance			-
Deposits				Building	211		330
i) Government Authorities	1,004		1,004	Plant & Machinery	2,080		2,015
ii) Others	<u>1,782</u>		<u>1,752</u>	Other Assets	<u>76</u>		<u>66</u>
		31,812	110,910			2,367	2,411
TOTAL	<u>298,728</u>		<u>252,364</u>	10 Insurance		235	408
SCHEDULE 6 : LIABILITIES & PROVISIONS				11 Postage, Telephony and Stationery		786	685
LIABILITIES				12 Auditor's Remuneration		210	157
Sundry Creditors				13 Legal & Professional Fees		2,267	982
Dues to Micro, Small & Medium Enterprises (refer Note 5)	-		-	14 Bank Charges		560	766
Others	<u>17,263</u>		<u>12,713</u>	15 Freight, Coolie and Cartage		2,201	1,671
		17,263	12,713	16 Advertisement and Publicity		154	175
Investors Education and Protection Fund				17 Travelling Expenses		1,138	789
Advances from Customers		853	1,934	18 Bad Debts/Advances written off		-	38
Sundry Deposits		<u>637</u>	<u>129</u>	19 Provision for Doubtful Debts and Advances/(Writeback)		(131)	93
TOTAL		<u>18,753</u>	<u>14,776</u>	20 Loss on sale of Fixed Assets (Net)		8	64
PROVISIONS				21 Discounts, Commission & Brokerage		3,675	2,734
For Taxes (net of advance tax paid Rs. 45,960 thousand previous year Rs. Nil)	5,923		34,888	22 General Expenses		<u>19,031</u>	<u>4,881</u>
For Gratuity	1,167		1,028	TOTAL		<u>75,950</u>	<u>41,714</u>
For Leave Encashment	<u>415</u>		<u>117</u>				
		7,505	36,033				
TOTAL		<u>26,258</u>	<u>50,810</u>				
SCHEDULE 7 : OTHER INCOME							
Sundry Income		7	142				
Interest Income		303	242				
Insurance claims received		-	4				
Sundry Balances written back		<u>54</u>	<u>1,072</u>				
TOTAL		<u>364</u>	<u>1,461</u>				
SCHEDULE 8 : MATERIALS							
a) RAW MATERIALS CONSUMED							
Opening stock	1,224		-				
Add : Taken over as per scheme of demerger	-		537				
Add : Purchases during the year	<u>498,826</u>		<u>324,048</u>				
	500,050		324,585				
Less : Closing Stocks	<u>547</u>		<u>1,224</u>				
		499,503	323,361				
b) PURCHASE FOR RESALE							
		43,233	39,547				

SCHEDULE ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE 10: NOTES TO ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

- a) The financial statements are prepared under the historical cost convention and on the 'going concern basis', with revenues recognised and expenses accounted on their accrual in accordance with the generally accepted accounting principles and in compliance with applicable Accounting Standards and other requirements of the Companies Act, 1956.
- b) Fixed assets have been stated at cost and include incidental and/or installation/development expenses incurred in putting the asset to use and interest on borrowing incurred during construction period.
- c) Carrying amount of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

d) Depreciation/Amortization has been provided for as under :

- (a) The Company has grouped additions and disposals in appropriate time periods of a month/quarter for the purpose of charging pro rata depreciation in respect of additions and disposals of its assets keeping in view the materiality of the items involved.
- (b) (1) 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 four years.

(2) Amortizations

Asset type	Period
(i) Leasehold Land	Primary lease period
(ii) Trees Development cost	15 years
(iii) Grant of Licenses/Rights	20 years

e) Inventories:

Raw materials and stock under cultivation are valued at weighted average cost. Finished goods are valued at lower of cost and net realisable value. These costs include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Stores and spares are valued at cost using the First-In-First-Out method.

f) Employee Benefits:

- i) Short-term employee benefits (payable wholly within twelve months of rendering the service):
Short-term benefits such as salaries, wages, short-term compensation absences, etc., are determined on an undiscounted basis and recognised in the period in which the employee renders the related service.

ii) Post-employment benefits:

Defined Contribution Plans: The Company's contributions paid/payable to Provident Fund, Employees State Insurance Scheme, Employees Pension Schemes, 1995 and other funds, are determined under the relevant approved schemes and/or statutes and are recognised as expense in the Profit and Loss Account during the period in which the employee renders the related service. There are no further obligations other than the contributions payable to the approved trusts/appropriate authorities. However, the rules of Company's Provident Fund Scheme, 1952, for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company. The Company's PF does not have any existing Deficit or Interest shortfall. In view of the track record of the Company's PF Trust - its assets, return on investments and accumulated reserves - the Company does not anticipate any deficiency in the foreseeable future. In any case making reasonable actuarial assumptions for determining and measuring any probable future obligations arising due to interest shortfall, would pose a formidable challenge.

Defined Benefit Plans: The Company's gratuity and leave encashment/long-term compensated absences schemes are defined benefit plans. The Company's liability for the defined benefit schemes is actuarially determined based on the projected unit credit method. The Company's net obligations in respect of such plans is calculated by estimating the amount of future benefit that the employees have earned in return for their services in the current and prior periods that benefit is discounted to determine its present value and the fair value of the plan asset is deducted. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

Terminal Benefits: All terminal benefits including voluntary retirement compensation are fully written off to the Profit and Loss Account.

- g) Revenue is recognized when goods are despatched to external customers. Sales are inclusive of realised exchange fluctuations on export receivables but net of returns, sales tax, rebates, etc.
- h) Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortized over the period of the contract. Exchange gains/losses are recognized in the Profit and Loss Account.
- i) Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that there is a 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 difference at the year end, based on the tax rates and laws enacted or substantially enacted on the balance sheet date.
- j) The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.
- k) Provisions are recognized 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. CAPITAL COMMITMENTS:

	This Year Rs.'000	Previous Year Rs.'000
The estimated value of contracts remaining to be executed on Capital Account to the extent not provided for	786	3,183

3. UNSECURED LOANS:

Sales Tax Deferment availed under the scheme floated by the Directorate of Industries , Government of Andhra Pradesh is classified under Unsecured Loans.

4. AMORTIZING GRANT OF LICENSES/RIGHTS OVER 20 YEARS:

The oil palm plantation business operates on a command area basis with the government allotting to various companies clearly demarcated area for the development of oil palm plantation. With this responsibility for development for oil palm plantations, comes the exclusive rights for the procurement of Fresh Fruit Bunches produced in the allotted area. Oil Palm Plantation has a relatively long productive life of 30 years. Since the allotment right is expected to yield benefits over a long period, the amount paid towards the same is amortized over a 20 year period.

5. CURRENT LIABILITIES:

Under the Micro, Small & Medium Enterprises Development Act, 2006, which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the Act. Since the relevant information is not readily available, no disclosures have been made in the accounts.

6. DEFERRED TAX:

Major components of deferred tax arising on account of timing differences as on March 31, 2009 are:

	THIS YEAR Rs.'000	PREVIOUS YEAR Rs.'000
Asset		
Provision for Doubtful Debts	-	32
Others	538	530
	<u>538</u>	<u>562</u>
Liabilities		
Depreciation on Fixed Assets	53,526	32,016
	<u>53,526</u>	<u>32,016</u>
Net Deferred Tax Liability	<u>(52,988)</u>	<u>(31,454)</u>

7. SALES TURNOVER:

		THIS YEAR		PREVIOUS YEAR	
Unit	Quantity	Value Rs. '000	Quantity	Value Rs. '000	
Crude Palm Oil	MT	13,051	508,655	8,675	366,333
Palm Kernel Oil	MT	1,832	91,023	1,778	95,484
Palm Kernel Cake	MT	3,217	14,605	2,781	9,071
Seedlings	Nos	1,009,078	73,783	807,180	59,892
Agri Inputs			47,847		38,389
Others			6,892		4,618
TOTAL		<u>742,805</u>		<u>573,787</u>	

Note: Sales Turnover includes sale of items purchased by the Company for resale.

8. FINISHED GOODS INVENTORIES:

Crude Palm Oil	MT	70.66	1,544	19.92	562
Palm Kernel Oil	MT	6.07	176	19.38	673
Palm Kernel Cake	MT	57.54	247	22.89	86
Agri Inputs			1,275		3,255
TOTAL			<u>3,242</u>		<u>4,576</u>

9. PURCHASES FOR RESALE:

Agri Inputs		43,233	39,547
TOTAL		<u>43,233</u>	<u>39,547</u>

10. RAW MATERIALS CONSUMED:

Fresh Fruit Bunches	MT	73,833.02	429,740	46,801.14	240,561
Palm Nuts	MT	9,300.17	11,441	7,465.57	16,063
Palm Kernel	MT	399.91	8,868	1,146.14	21,609
Palm Sprouts	Nos	1,009,078	45,524	807,180	37,893
Others			3,931		7,235
TOTAL			<u>499,504</u>		<u>323,361</u>

11. LICENSED & INSTALLED CAPACITY AND ACTUAL PRODUCTION:

Item	For the year ended	Capacity Per Annum Registered MT	Installed MT	Actual Production MT
a) Crude Palm Oil	31.3.2009 31.3.2008	Not Applicable Not Applicable	66,000 66,000	73,827 46,800
b) Palm Kernel Oil	31.3.2009 31.3.2008	Not Applicable Not Applicable	12,000 12,000	9,700 8,612

Installed capacity and actual production is stated in quantity of Fresh Fruit Bunches, Palm Nuts and Palm Kernel crushed.

SCHEDULE ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

12. DISCLOSURE IN RESPECT OF LEASES:

The Company's leasing arrangements are in respect of operating leases for premises occupied by the Company. These leasing arrangements are cancellable, and are renewable on a periodic basis by mutual consent on mutually acceptable terms.

- a. The total of future minimum lease payments under non-cancellable operating leases for each of the following periods :

	THIS YEAR Rs. '000	PREVIOUS YEAR Rs. '000
i. Not later than one year	509	415
ii. Later than one year and not later than five years	-	-
iii. Later than five years	-	-
b. Lease payments recognised in the statement of Profit & Loss for the period :	509	415

13. AUDITORS' REMUNERATION:

	THIS YEAR Rs. '000	PREVIOUS YEAR Rs. '000
Audit fees	138	112
Audit under Other Statutes	44	45
Taxation Services	28	-
TOTAL	210	157

14. EXPENDITURE IN FOREIGN CURRENCY:

Travelling Expenses	66	99
TOTAL	66	99

15. VALUE OF CONSUMPTION OF RAW MATERIALS, SPARES & TOOLS:

	THIS YEAR		PREVIOUS YEAR	
	Rs. '000	%	Rs. '000	%
RAW MATERIALS :				
Imported items	-	0	-	5
(including duty content)				
Indigenous	499,504	100	323,361	95
TOTAL	499,504	100	323,361	100
SPARES & TOOLS :				
Imported items	-	-	-	-
Indigenous	4,659	100	3,151	100
TOTAL	4,659	100	3,151	100

16. EMPLOYEE BENEFITS:

I. Defined Contribution Plans:

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

	THIS YEAR Rs. '000	PREVIOUS YEAR Rs. '000
Employers' Contribution to Provident Fund	852	495

II. Defined Benefit Plans:

a. Contribution to Gratuity Fund

The Company makes provision for Gratuity in the books of accounts for qualifying employees. Gratuity is payable to all eligible employees on superannuation, death or on separation/termination in terms of the provisions of the Payment of Gratuity Act or as per the Company's policy whichever is beneficial to the employees.

The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2009:

	THIS YEAR Rs. '000	PREVIOUS YEAR Rs. '000
Change in present value of obligation		
Present value of obligation as at April 1, 2008	1,028	-
Interest Cost	-	-
Service Cost	-	-
Benefits Paid	-	-
Actuarial (gain)/loss on obligation	139	-
Present value of obligation, as at March 31, 2009	1,167	-
Amount recognised in the Balance Sheet		
Present value of obligation, as at March 31, 2009	1,167	1,028
Fair value of plan assets as at March 31, 2008	-	-
Net obligation as at March 31, 2009	1,167	1,028
Net gratuity cost for the year ended March 31, 2009		
Current Service Cost	-	-
Interest Cost	-	-
Expected return on plan assets	-	-
Net Actuarial (gain)/loss to be recognised	139	-
Net gratuity cost	139	-
Assumptions used in accounting for the gratuity plan	%	%
Discount Rate	8	8
Salary escalation rate	4	5
Expected rate of return on plan assets	8	8

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

17. EARNINGS PER SHARE:

	THIS YEAR Rs. '000	PREVIOUS YEAR Rs. '000
Profit after tax and prior period expenses	55,860	88,393
Weighted average number of equity shares outstanding	70,500	70,500
Basic earnings per share (Rs.)	792.34	1,253.80
Diluted earnings per share (Rs.)	792.34	1,253.80
Nominal value of shares (Rs.)	10	10

18. Figures of the previous year have been regrouped & re-classified wherever necessary to conform to the current year's classification.

19. SEGMENT INFORMATION FOR THE YEAR ENDED MARCH 31, 2009

(i) Information about Primary business Segments

	THIS YEAR		PREVIOUS YEAR	
	Oil Palm Plantations	Agri Inputs	Unallocated	Total
	(A)	(B)	(C)	(A)+(B)+(C)
Total Sales	694,958	47,847	-	742,805
Less : Inter-segment	-	-	-	-
External Sales	694,958	47,847	-	742,805
Result				
Segment Result	105,457	1,928	-	107,385
Unallocated expenditure net of unallocated income	-	-	9,600	9,600
Interest expenses	-	-	-	-
Interest Income	-	-	250	250
Dividend Income and Profit on sale of Investments	-	-	-	-
Profit before taxation and exceptional items	105,457	1,928	9,850	97,535
Provision for taxation	-	-	38,529	38,529
Profit after taxation and before exceptional items	105,457	1,928	-	59,006
Exceptional Items	-	-	-	-
Prior years adjustments	-	-	3,145	3,145
Profit after taxation and exceptional items	-	-	-	55,861
Other Information				
Segment assets	768,038	1,274	-	769,312
Segment liabilities	769,312	-	-	769,312
Capital expenditure	21,307	-	-	21,307
Depreciation	29,941	-	-	29,941
Non-cash expenses other than depreciation	-	-	-	-

	PREVIOUS YEAR		THIS YEAR	
	Oil Palm Plantations	Agri Inputs	Unallocated	Total
	(A)	(B)	(C)	(A)+(B)+(C)
Total Sales	535,398	38,389	-	573,787
Less : Inter-segment	-	-	-	-
External Sales	535,398	38,389	-	573,787
Result				
Segment Result	151,177	2,097	-	153,274
Unallocated expenditure net of unallocated income	-	-	1,218	1,218
Interest expenses	-	-	-	-
Interest Income	-	-	242	242
Dividend Income and Profit on sale of Investments	-	-	-	-
Profit before taxation and exceptional items	151,177	2,097	-	154,735
Provision for taxation	-	-	66,342	66,342
Profit after taxation and before exceptional items	151,177	2,097	-	88,393
Exceptional Items	-	-	-	-
Prior years adjustments	-	-	-	-
Profit after taxation and exceptional items	151,177	2,097	-	88,393
Other Information				
Segment assets	713,013	3,255	-	716,268
Segment liabilities	131,437	-	-	131,437
Capital expenditure	364,901	-	-	364,901
Depreciation	27,761	-	-	27,761
Impairment Loss	-	-	-	-
Non-cash expenses other than depreciation	-	-	-	-

SCHEDULE ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

(ii) Information about Secondary business Segments

	THIS YEAR		Rs.'000
	India	Outside India	Total
Revenue by geographical segment			
Total Sales	742,805	-	742,805
Less : Inter-segment	-	-	-
External Sales	742,805	-	742,805
Carrying amount of segment assets	769,312	-	769,312
Additions to fixed assets	21,307	-	21,307

	PREVIOUS YEAR		Rs.'000
	India	Outside India	Total
Revenue by geographical segment			
Total Sales	573,787	-	573,787
Less : Inter-segment	-	-	-
External Sales	573,787	-	573,787
Carrying amount of segment assets	716,268	-	716,268
Additions to fixed assets	364,901	-	364,901

(iii) Notes

- (i) The Company is organized into two main business segments, namely
- Oil Palm Plantation business
 - Agri-business - comprising of plant growth promoters, pesticides etc.
- Segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns, the organization structure, and the internal financing reporting systems.
- (ii) The Segment revenue in each of the above business segments consists of sales (net of returns, sales tax, rebates etc.)
- (iii) The Segment revenue in the geographical segments considered for disclosure are as follows :
- Revenue within India includes sales to customers located within India
 - Revenue outside India includes sales to customers located outside India
- (iv) Segment Revenue, Results, Assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

20. RELATED PARTY DISCLOSURES:

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

1. Relationships :

- Holding Companies :
Godrej Agrovet Limited (GAVL) holds 80% in the Company. GAVL is the subsidiary of Godrej Industries Limited (GIL) & GIL is the subsidiary of Godrej & Boyce Mfg. Co. Ltd., the ultimate Holding Company.
- Fellow Subsidiaries
Golden Feed Products Limited
Cauvery Palm Oil Limited.
- Associate Companies :
Blessed Resources Pte Limited, the second partner in the Company has 20% stake in the Company.
- Other related parties where persons mentioned (v) below exercise significant influence
Godrej Oil Palm Limited
Godrej Gold Coin Aquafeed Limited
Godrej Tyson Foods Ltd.
- Key management person
Mr. B. S. Yadav

2. The following transactions were carried out with the related parties in the ordinary course of business :

	Holding Companies	Fellow Subsidiaries	Other Related Parties
Nature of Transactions	(i)	(ii)	(iii)
I Issue of share capital (incl. Premium)	-	-	-
II Issue of Debentures	-	-	-
III Expenses charged by other companies	52,475	-	875
IV Expenses charged to other companies	636	-	846
V Sale of materials/finished goods	8,378	-	-
VI Purchase of Materials	24,222	-	2,044
VII Outstanding Payable	14,008	-	-

3. Significant Related Party Transactions :

Nature of Transactions	Holding Companies	Fellow Subsidiaries	Other Related Parties
(i)	(ii)	(iii)	
1 Issue of share capital (incl. Premium)	Godrej Agrovet Ltd	-	-
2 Issue of Debentures	Godrej Industries Ltd	-	-
3 Expenses charged by other companies	Godrej Agrovet Ltd	-	Godrej IJM Oil Palm Ltd
4 Expenses charged to other companies	Godrej Agrovet Ltd	-	Godrej IJM Oil Palm Ltd
5 Sale of materials/finished goods	Godrej Agrovet Ltd	-	-
6 Purchase of Material	Godrej Agrovet Ltd	-	Godrej IJM Oil Palm Ltd
7 Outstanding Payables	Godrej Industries Ltd	-	-

21. Information required to be furnished under Part IV of Schedule VI of the Companies Act, 1956.

i) Registration Details	Registration No. U15122MH2006TLC163857	Application of Funds	Net Fixed Assets	470,585
State Code	11	Investments	-	-
Balance Sheet Date	31/3/2009	Net Current Assets	272,469	-
ii) Capital raised during the year	Rs. '000	Misc. Expenditure	Nil	-
Public Issue	Nil	Accumulated Losses	Nil	-
Rights Issue	Nil	iv) Performance of Company	Rs. '000	
Bonus Issue	Nil	Turnover	743,168	-
Private Placement	0	Total Expenditure	645,633	-
iii) Position of mobilisation and deployment of funds	Rs. '000	Profit before tax	97,535	-
Total Liabilities	769,312	Profit after tax	59,006	-
Total Assets	769,312	Earning Per Share in Rs.	792.34	-
Sources of Funds		Dividend rate	-	-
Paid-up Capital	705	v) Generic Names of three principal products services of Company		-
Reserves & Surplus	639,985	Item Code No.	-	-
Secured Loans	-	Product Description	Crude Palm Oil and Palm Kernel Oil	-
Unsecured Loans	49,376			-

For and on behalf of the Board

B. S. YADAV
Director

R. R. GOVINDAN
Director

Mumbai, May 19, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	THIS YEAR	PREVIOUS YEAR
	Rs. '000	Rs. '000
A. Cash Flow from Operating Activities:		
Profit before Tax and Operational Items	97,535	154,735
Adjustments for:		
Depreciation	29,941	27,761
Loss on sale of Fixed Assets	8	64
Interest Income	(303)	(242)
Provision for Doubtful Debts & Advances	-	93
Prior Period Adjustment	(3,145)	-
Operating Profit before Working Capital Changes	124,036	182,411
Adjustments for:		
Inventories	(3,185)	(12,980)
Debtors increase/decrease	(39,308)	(137,826)
Other receivable increase/decrease	(330)	-
Loans and advances increase/decrease	79,098	-
Creditors and Other payables	4,413	(26,488)
Cash Generated from Operations	40,688	(177,294)
Direct taxes Paid	164,724	5,117
Net Cash Generated from Operating Activities	118,764	5,117
B. Cash from Investing Activities:		
Acquisition of Fixed Assets	(36,651)	(22,083)
Proceeds from sales of Fixed Assets	3	1,026
Interest Income	303	233
Net Cash used in Investing Activities	(36,344)	(20,824)
C. Cash from Financing Activities:		
Debt Interest Payable	202	13,352
Net Cash used in Financing Activities	202	13,352
Net Increase/(Decrease) in Cash and Cash Equivalents	82,622	(2,355)
Cash and Cash equivalents (Opening Balance)	1,769	3,115
Add: Cash & Bank Balances taken over from Godrej Agrovet Limited	-	1,009
	1,769	4,124

As per our Report of even date attached

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership No. 35646
Mumbai, May 19, 2009

For and on behalf of the Board

B. S. YADAV
Director

R. R. GOVINDAN
Director

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2009**To The Shareholders**

Your Directors have pleasure in submitting their Report along with the audited Accounts for the financial year ended on March 31, 2009.

FINANCIAL RESULTS

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

	Rs. lac	
	This Year	Previous Year
Total Income	385.85	130.49
Profit Before Taxation (PBT)	(190.52)	(27.97)
Less : Provision for Taxation	2.83	(2.68)
Profit After Taxation (PAT)	(193.36)	(30.64)
Balance brought forward from previous year	(59.20)	(70.35)
Total	(252.56)	(101)
Balance Carried Forward to Balance Sheet	(252.56)	(101)

OPERATIONAL HIGHLIGHTS

The current year has not been favorable for the oil palm business in India, the CPO sale price of average Rs. 46,000/MT in April'08 went down to Rs. 29,500/MT during the year. This severely impacted the oil palm business in India, your Company's profitability was also affected adversely.

For your Company the year was also very hard since the areas under plantations suffered because of heavy floods during the year in Thiruvavur, Nagapattinam and Cuddalore districts.

DIVIDEND

The Directors do not recommend any dividend for the year 2008-09.

FIXED DEPOSITS

The Company has not accepted any public deposits during the financial year under review.

HOLDING COMPANY

The Company is a subsidiary of Godrej Agrovet Limited as defined under Section 4(1)(b) of the Companies Act, 1956.

SUBSIDIARY COMPANIES

The Company has no subsidiary companies during the year under review.

DIRECTORS

The following are the current Directors of the Company:

1. Dr. Krishnamurthy Venkatraman
2. Mr. N. B. Godrej
3. Mr. Jayakar Krishnamurthy
4. Mr. B. S. Yadav
5. Mr. R. R. Govindan

Mr. N. B. Godrej and Mr. B. S. Yadav retire by rotation at the ensuing Annual General Meeting of the Company in accordance with Section 256 of the Companies Act, 1956 and the provisions of the Articles of Association of the Company and being eligible offer themselves for reappointment.

AUDITORS

You are requested to appoint Auditors for the current year and fix their remuneration. The retiring Auditors M/s. Kalyaniwalla & Mistry, Chartered Accountants, Mumbai, are eligible for re-appointment and a certificate as required u/s 224 (1-B) of the Companies Act, 1956, has been received from them.

ADDITIONAL INFORMATION

The additional information required to be given under the Companies Act, 1956, has been laid out in the Schedules attached to and forming part of the Accounts. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

STATUTORY INFORMATION

- A) Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo

The information in respect of these matters, 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 forming part of the Directors' Report is given in the Annexure "A" to this report.

- B) Particulars of Employees

None of the employees is covered under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) (Amendment) Rules, 2002.

- C) 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 they have selected such Accounting Policies and applied them consistently and made judgements and estimates 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 they have taken proper and sufficient care 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 they have prepared the annual accounts on a going concern basis.

HUMAN RESOURCES

Your Company aims to focus on development of Human Resources. The industrial relations are cordial and the Board would like to place on record its sincere appreciation for the unstinted support from all the employees

For and on behalf of the Board

V. Krishnamurthy
Chairman

R. R. Govindan
Director

Mumbai, May 19, 2009

ANNEXURE `A'**ANNEXURE FORMING PART OF THE DIRECTORS' REPORT**

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

- A) Conservation of Energy
The Company had taken adequate measures to conserve energy. The mill was operated with generated power from the Diesel Generator unit during the entire year.
- B) Technology absorption, adaptation and innovation
Your Company constantly endeavors for technological upgradation and conducts in-house Research & Development for achieving improved quality at a lower cost.
The benefits derived as a result of various measures undertaken are as follows :-
Improvement in quality of products manufactured
Improvement in power factor levels and reduced load on cables
Reduction in process loss
Enhancement in the life of Equipment

- C. Foreign Exchange earnings and outgo

	This Year Rs. lac	Previous Year Rs. lac
I. Foreign exchange used	Nil	Nil
II. Foreign exchange earned	Nil	Nil

For and on behalf of the Board

V. Krishnamurthy
Chairman

R. R. Govindan
Director

Mumbai, May 19, 2009

AUDITORS' REPORT

To
The Members of
Cauvery Palm Oil Limited

1. We have audited the attached Balance Sheet of Cauvery Palm Oil Limited, as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of section 227 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 in paragraph (3) 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 purposes 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 these books.

- c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - ii) in the case of the Profit and Loss Account, of the loss for the period ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2009, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

Membership No. 35646

Mumbai, May 19, 2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the periodic verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been reported on such verification.
- (c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
- 2) (a) The Management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.
- (c) The Company has taken unsecured loans of Rs. 25,500 thousands from a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs. 25,500 thousands and year-end balance of loan taken from such party was Rs. 25,500 thousands.
- (d) The rate of interest and the other terms and conditions of the unsecured loan taken is not prima facie prejudicial to the interest of the Company.
- (e) As informed to us the payment of principal and interest, to the extent due, has been regular.
- 4) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with 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 a continuing failure to correct major weakness in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956, have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- 7) In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and the nature of its business.

- 8) According to the information and explanation 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 Company's products.
- 9) (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, during the period, the Company has no statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues incurred during the period covered. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at March 31, 2009, 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 outstanding of Sales Tax, Income Tax, Wealth Tax, Excise Duty, Cess on account of any dispute.
- 10) *The accumulated losses of the Company at the end of the financial year do not exceed fifty percent of its net worth. The Company has incurred cash losses in the current financial year however, it did not incur cash losses in the immediately preceding financial year.*
- 11) According to the information and explanations given to us and based on the documents and records produced to us, there are no dues to banks, financial institutions or debenture holders.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures 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) The Company does not deal in shares, securities, debentures and other investments.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) According to the information and explanations provided to us, there are no term loans, hence the question of its application for the purposes for which they were obtained is not applicable.
- 17) According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not raised funds on short-term or long-term basis.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

Membership No. 35646

Mumbai, May 19, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	This Year Rs.	Previous Year Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	38,000,000	38,000,000
Reserves & Surplus	2	26,775,013	32,000,018
Loan Funds			
Secured Loans	3	35,568,732	24,853,982
Unsecured Loans	4	25,500,000	7,500,000
TOTAL		125,843,745	102,354,000
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		49,640,849	48,080,249
Less : Depreciation	5	10,632,189	8,237,977
Net Block		39,008,660	39,842,272
Project Development Cost	6	14,950,000	16,100,000
Current Assets, Loans & Advances	7		
Sundry Debtors		14,578,807	7,330,260
Cash and Bank Balances		982,743	214,744
Inventories		21,257,643	13,956,022
Loans & Advances		835,598	564,326
		37,654,791	22,065,352
Less: Current Liabilities & Provisions	8		
Current Liabilities		7,463,172	1,973,951
Provisions		2,615,940	3,153,586
		10,079,112	5,127,537
Net Current Assets		27,575,679	16,937,815
Miscellaneous Expenditure	9	19,053,394	19,373,765
(to the extent not written off or adjusted)			
Profit and Loss Account		25,256,012	10,100,148
TOTAL		125,843,745	102,354,000

Notes to Accounts & Significant Accounting Policies 15

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

As per our Report of even date attached

For and on behalf of

KALYNIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI

Partner
Membership No. 35646
Mumbai, May 19, 2009

Nilesh N. Pingale
Company Secretary

V. Krishnamurthy
Chairman

R. R. Govindan
Director

Signatures to Balance Sheet and
Schedules 1 to 9 and 15

For and on behalf of the Board

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	This Year Rs.	Previous Year Rs.
Income	10		
Sales - Palm Oil Mill		15,067,287	13,023,271
Revenue from Nursery Operations		23,454,055	22,376,015
Other Income		<u>64,243</u>	<u>665</u>
		38,585,585	35,399,951
Expenditure			
Materials	11	10,511,104	6,350,745
Payroll Cost	12	14,419,336	6,071,936
Expenses	13	24,026,248	14,384,933
Interest & Finance Charges	14	5,841,271	2,011,511
Depreciation		2,415,124	2,159,664
Less: Adjustment to capital reserve for current year depreciation		<u>(1,045,001)</u>	-
Project Development Cost Written Off		1,370,123	2,159,664
Misc Expenditure Written Off		1,150,000	1,150,000
		<u>320,371</u>	<u>317,951</u>
		57,638,453	32,446,740
(Loss) / Profit before Prior Year Exp/Rev		(19,052,868)	2,953,211
Prior Year Expenses/(Revenue)		-	2,953,211
(Loss) / Profit before tax		(19,052,868)	(2,796,789)
Provision for Taxation - Current		-	-
- Deferred		-	-
- Fringe Benefit Tax		283,000	268,081
(Loss) / Profit after Tax		(19,335,868)	(3,064,870)
Adjustment to capital reserve for previous year depreciation		4,180,004	-
Deficit brought forward from previous year		<u>(10,100,148)</u>	<u>(7,035,278)</u>
Deficit carried to Balance Sheet		(25,256,012)	(10,100,148)
Earnings Per Share (Basic/Diluted) in Rs. (Refer Note 8)		(5.09)	(0.81)

Notes to Accounts & Significant Accounting Policies 15

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

As per our Report of even date attached

For and on behalf of

KALYNIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI

Partner
Membership No. 35646
Mumbai, May 19, 2009

Nilesh N. Pingale
Company Secretary

V. Krishnamurthy
Chairman

R. R. Govindan
Director

Signatures to Profit and Loss Account &
Schedules 10 to 15

For and on behalf of the Board

SCHEDULES TO ACCOUNTS

	This Year Rs.	Previous Year Rs.
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs.10/- each	50,000,000	50,000,000
TOTAL	50,000,000	50,000,000
Issued, Subscribed and Paid up		
38,00,000 Equity Shares of Rs.10/- each.	38,000,000	38,000,000
-Of the above 19,38,000 Shares is held by Godrej Agrovet Limited the Holding Company		
- Includes 23,00,000 Equity Shares of Rs. 10/- each Issued as Full paid Bonus Shares by capitalising the Revaluation Reserve		
TOTAL	38,000,000	38,000,000
SCHEDULE 2 : RESERVES & SURPLUS		
Asset Revaluation Reserve	-	63,000,000
Less: Adjustment against Project Development Cost	-	63,000,000
	-	-
Capital Reserve As per last Balance Sheet	22,000,018	22,000,018
Less: Adjustment to Depreciation for previous year	4,180,004	-
Less : Adjustment to Depreciation for current year	<u>1,045,001</u>	-
	16,775,013	22,000,018
Share Premium Account	10,000,000	10,000,000
TOTAL	26,775,013	32,000,018

SCHEDULE 5 : FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2008	Additions	Deletions	As at 31.03.2009	Upto 01.04.2008	Additions	Deletions	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
Lands - Freehold	396,544	-	-	396,544	-	-	-	-	396,544	396,544
Lands - Leasehold	54,000	-	-	54,000	-	-	-	-	54,000	54,000
Buildings	14,475,707	-	-	14,475,707	1,408,865	351,797	-	1,760,662	12,715,045	13,066,842
Plant & Machinery	29,194,780	1,344,646	61,862	30,477,564	5,488,223	1,409,170	20,912	6,876,481	23,601,083	23,706,557
Office Equipment	73,506	256,716	-	330,222	31,678	259,468	-	291,146	39,076	41,828
Furniture & Fixtures	86,735	21,100	-	107,835	45,610	25,066	-	70,676	37,159	41,125
Computers	447,015	-	-	447,015	269,812	51,187	-	320,999	126,016	177,203
Vehicles	3,351,962	-	-	3,351,962	993,789	318,436	-	1,312,225	2,039,737	2,358,173
TOTAL	48,080,249	1,622,462	61,862	49,640,849	8,237,977	2,415,124	20,912	10,632,189	39,008,660	39,842,272
PREVIOUS YEAR	48,301,209	306,807	527,767	48,080,249	6,433,013	2,159,644	354,700	8,237,977	39,842,272	-

Rs.

SCHEDULES TO ACCOUNTS

	This Year Rs.	Previous Year Rs.
SCHEDULE 6 : PROJECT DEVELOPMENT COST		
As per last Balance Sheet	16,100,000	86,000,000
Less: Adjusted against Revaluation Reserve	-	63,000,000
Less: Written off of previous year	-	5,750,000
Less: Written off for the current year	1,150,000	1,150,000
TOTAL	14,950,000	16,100,000
SCHEDULE 7 : CURRENT ASSETS, LOANS & ADVANCES		
Sundry Debtors		
(Unsecured, considered good)		
Debts outstanding for more than six months	4,123,100	1,000
Other Debts	10,455,707	7,329,260
TOTAL	14,578,807	7,330,260
CASH AND BANK BALANCES		
Cash on hand	37,562	9,376
Balance with Scheduled Banks in Current Accounts	238,736	200,368
Fixed Deposit with Bank	706,445	5,000
TOTAL	982,743	214,744
INVENTORIES		
(At Cost)		
Stock of Stores and Spares	1,146,019	193,036
Stock of Crude Palm Oil	469,937	236,213
Stock of Seedlings	19,641,687	13,526,773
TOTAL	21,257,643	13,956,022
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind	725,220	487,744
or for value to be received	13,117	1,145
Interest Receivable	97,261	75,437
Deposits		
TOTAL	835,598	564,326
SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	-	-
Micro Enterprises and Small Enterprises	-	-
Others	2,366,667	1,265,797
Advance from Customers	168,025	115,685
Other Liabilities	4,928,480	592,469
TOTAL	7,463,172	1,973,951
PROVISIONS		
- For Gratuity	-	576,398
- For Bonus	607,711	-
- For Super Annuation	1,147,582	1,030,582
- For Leave Encashment	845,647	1,445,884
- For Fringe Benefit Tax	15,000	100,722
TOTAL	2,615,940	3,153,586
SCHEDULE 9 : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses		
As per the last Balance Sheet	6,067	12,138
Less : Written off during the year	6,067	6,071
TOTAL (A)	-	6,067
Pre-Operative Expenses - Nursery Operations	628,616	942,925
Less : Written off during the year	314,304	314,309
TOTAL (B)	314,312	628,616
Pre-Project Activities- Cuddalore & Villupuram Districts	18,739,082	5,151,855
Incurred during the year	-	13,587,227
TOTAL (C)	18,739,082	18,739,082
TOTAL (A+B+C)	19,053,394	19,373,765
SCHEDULE 10 : INCOME		
Sales - Palm Oil Mill		
Sale of Crude Palm oil	13,204,369	11,502,905
Sale of Oil Palm Nuts	1,862,918	1,520,366
	15,067,287	13,023,271
Revenue From Nursery Operations		
Sprouts Revenue	9,420,000	9,508,000
Seedlings Revenue	14,034,055	12,868,015
	23,454,055	22,376,015
Other Income		
Interest Received on Deposits	14,293	665
Gain on Fluctuation of Foreign Exchange	49,950	-
	64,243	665
SCHEDULE 11: MATERIALS		
Raw Materials Consumed	10,744,828	6,284,579
Inventory Change		
Opening Stock of Finished Goods	236,213	302,379
Less: Closing Stock of Finished Goods	469,937	236,213
	10,511,104	6,350,745

	This Year Rs.	Previous Year Rs.
SCHEDULE 12: PAYROLL COST		
Salaries, Wages, Bonus	13,195,851	5,480,184
Contribution to Provident and other Funds	967,378	431,790
Staff Welfare Expenses	256,107	159,962
	14,419,336	6,071,936
SCHEDULE 13: EXPENSES		
Advertisement and Sales Promotion	382,142	150,586
Auditors' Remuneration	245,000	20,849
Carriage and Freight	1,686,112	521,901
Insurance	305,653	253,097
Legal and Professional Charges	1,634,435	871,103
Miscellaneous Expenses	755,620	792,581
Nursery Daily Expenses	9,891,028	7,644,849
Postage, Telephone and Stationery	736,744	214,472
Power, Light and Fuel	917,290	718,708
Loss on Sale of Assets (Net)	40,950	9,715
Rates and Taxes	127,871	34,632
Rent	964,870	610,974
Repairs and Maintenance	588,196	468,398
Travelling and Motor Car Expenses	5,750,337	2,073,068
	24,026,248	14,384,933
SCHEDULE 14: INTEREST & FINANCE CHARGES		
On Fixed Loans		
- Banks	705,775	457,215
- Others	2,539,603	109,061
On Other Loans		
- Banks	2,297,210	1,357,830
- Bank Charges	298,683	87,405
	5,841,271	2,011,511

SCHEDULE 15 : NOTES TO ACCOUNTS

1. Significant Accounting Policies

- Cost Convention**
The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'), to the extent applicable.
- Revenue Recognition**
All receivables and expenditures are accounted on accrual basis except where stated otherwise.
- Sales**
Sales are exclusive of Sales Tax / VAT.
- Valuation of Stock of Seedlings**
The Valuation of stock of seedlings is at actual cost. The Valuation of Stores, Tools and Spares, Crude Palm Oil and Nuts are valued at cost or net realizable value whichever is lower.
- Fixed Assets**
Fixed Assets are stated at cost, which include all direct expenses incurred to bring the assets to the working condition for its intended use.
- Depreciation**
The Depreciation on Fixed Assets is calculated on Straight Line Method at rates specified in the Schedule XIV of the Companies Act, 1956. Depreciation is charged on a pro-rata basis for assets purchased / sold during the year. Individual assets costing Rs.5,000/- or less are depreciated in full in the year of purchase. Depreciation on assets purchased against grant in aid is adjusted against capital reserve.
- Employee Benefits**
 - Short-term employee benefits:**
All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognised at actual amounts due in the period in which the employee renders the related service.
 - Post-employment benefits:**
 - Defined Contribution Plans:**
Payments made to defined contribution plans such as Provident Fund are charged as an expense as they fall due.
 - Defined Benefit Plans:**
Gratuity: The Company accounts its liability for future gratuity benefits based on actuarial valuation as at the Balance Sheet date, determined using the Projected Unit Credit method. Gratuity benefit is funded with Life Insurance Corporation of India. Actuarial gains and losses are recognised immediately in the Profit & Loss Account.
Leave Encashment: Liability for Leave encashment payable at the time of retirement/resignation determined as on the Balance Sheet date, based on actuarial valuation using the Projected Unit Credit Method, is provided for. Actuarial gains and losses in respect of such benefits are charged to the Profit and Loss Account.
Superannuation: The Company has created a provision for contribution towards Superannuation fund equivalent to 15% of the salaries to only one employee. However, as the total number of such employees is less than the minimum required for the Constitution of a Superannuation Fund to be administered by Life Insurance Corporation of India / Other Approved Agency, the contribution is retained by the Company.
Other Benefits: All other benefits are either paid or provision is created in the Accounts.

SCHEDULES TO ACCOUNTS

h.	Government Grants		
	Grants in terms of Capital / Investment Subsidy are treated as Capital Reserve.		
i.	Foreign Exchange Fluctuations		
	Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year-end, are stated at year-end rates. Exchange gains / losses are recognised in the Profit and Loss Account.		
j.	Borrowing Cost		
	The Company had availed Term Loan from a Bank and the funds were utilized for the purchase of Assets in the regular course of the business of the Company. The Company also availed Working Capital facility from the said Bank. The interest cost on these loans is included in the finance charges. The interest cost of this Term Loan and the Working Capital facility is apportioned between Nursery Operations and Palm Oil Mill in the ratio of 60: 40, which is the ratio of Income of these activities.		
k.	Income Tax		
	Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent that there is a 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 difference at the year-end, based on the tax rates and laws enacted or substantially enacted on the Balance Sheet date.		
l.	Earnings Per Share		
	The basic earnings per share are computed using the weighted average number of common share outstanding during the period. Diluted earning per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, expect where the results would be anti-dilutive.		
m.	Intangible Assets.		
	The Company did not acquire any Intangible Asset during the year.		
n.	Miscellaneous Expenditure		
	i. The Miscellaneous Expenditure is amortised over a period of 5 years commencing from the year 2004-05, as allowed under Section 35D of the Income-Tax Act.		
	ii. Pre-operative Expenses of Rs. 15,71,543/- representing the net of expenditure over the income upto 31.03.2005, after considering stock of seedlings as on that date for the Nursery Operations, is being written off in 5 years commencing from the financial year 2005-2006.		
	iii. From the current financial year, Pre Project Expenses are written off in the year the expenses are incurred.		
o.	Project Development Cost		
	For the costs incurred till last year the Company writes off the balance Project Development Cost of Rs. 230 Lacs (after netting of the Revaluation Reserve of Rs. 630 Lacs) over a period of twenty years.		
	From the financial year 2008-09 your Company has changed the accounting policy for treatment of project development cost, as per the new policy the expenses incurred towards the project development cost from the financial year 2008-09 will be charged off in the same year.		
2.	Contingent Liabilities		
	a. The Company has given a Bank Guarantee of Rs. 10 Lacs (Previous Year: Nil) to Government of Tamil Nadu, through the Commissioner of Agriculture.		
	b. The estimated amount of contracts remaining to be executed on Capital Account and not provided for is Rs. Nil. (Previous year Rs. Nil).		
3.	The common expenses of Nursery Operations and Palm Oil Mill are apportioned in the appropriate working ratios.		
4.	The Company commenced Area Development Activity in Cuddalore and Villupuram Districts during 2006-2007 based on the Allotment Letter issued by Government of Tamil Nadu. The expenses capitalised upto March 2008 totalling to Rs. 187.39 Lacs shall be written off in the subsequent years.		
5.	The Term Loan and Bank Overdraft Facility from City Union Bank is secured by Equitable Mortgage of Palm Oil Mill Land, Buildings and Hypothecation of Plant and Machinery and other equipments, present and future, situated at the Palm Oil Mill and stock of oil palm seedlings at Company's Nurseries and the said loans are further guaranteed by a comfort letter from Godrej Agrovet Limited.		
6.	The Company has been granted Financial Assistance in the form of Grant-in-aid by the Government of India of Rs. 240 Lacs for establishment of demonstration unit of oil palm processing mill of 2.5 Tonnes per hour capacity at a total cost of Rs. 400 Lacs. Against this Financial Assistance, during the financial years 2002-03 and 2003-04, the Company received a total financial assistance of Rs. 22,000,018/-. This amount is credited to the 'Capital Reserve' and shown under the Head 'Reserves and Surplus'.		
7.	The Company has capitalised a sum of Rs. 230 Lacs out of the Revaluation Reserve Account by Issue of Bonus Shares in the ratio of 23: 5 and the Bonus Shares were allotted in the Board Meeting held on 27.02.2002.		
8.	Earnings Per Share:		
		This Year	Previous Year
	Profit / (loss) after tax and prior period items (Rs.)	(19,335,868)	(3,064,870)
	Weighted average number of equity shares outstanding	3,800,000	3,800,000
	Basic & Diluted earnings per share-	(5.09)	(0.81)
	Nominal value of shares - Rs.	10.00	10.00
9.	The Company has no financial leases. Operating leases are in the nature of lease of Nursery Lands with no restrictions and renewable at mutual consent.		
	The Company's leasing arrangements are in respect of operating leases for premises occupied by the Company. These leasing arrangements are cancellable, and are renewable on a periodic basis by mutual consent on mutually accepted terms.		

The aggregate lease rental payable by the Company and charged to Profit and Loss Account (Schedule 13) is as follows:

Particulars	This Year Rs.	Previous Year Rs.
Lease rental paid during the year	938,720	648,343
Future Lease Obligations		
Due within one year of balance sheet date	1,088,475	491,335
Due after one year and within five years of balance sheet date	2,428,348	774,223
Due after five years of balance sheet date	-	-

10. As per the information available with the Company, there is no overdue outstanding payable to Small Scale Industrial Units as at March 31, 2009.

11. Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force on October 2, 2006, the Company is required to make certain disclosures relating to Micro, Small and Medium Enterprises. The Company is in the process of compiling and assimilating the relevant information from its suppliers about their coverage under the Act. Since the relevant information is not readily available, no disclosures have been made in the Accounts.

12. Disclosure under AS-15 (Revised 2005):

I. **Defined Contribution Plans:**
Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

	This Year Rs.
Employers' Contribution to Provident Fund	967,378

II. **Defined Benefit Plan:**

a. **Contribution to Gratuity Fund**
The Company makes provision for gratuity in the books of accounts for qualifying employees. Gratuity is payable to all eligible employees on superannuation, death or on separation/termination in terms of the provisions of the Payment of Gratuity Act.

Reconciliation of the projected benefit obligations

	This Year Rs.
Change in projected benefit obligation	
Obligations at period beginning	576,398
Service Cost	187,535
Interest Cost	46,112
Benefits Paid	(288,461)
Actuarial (Gain)/ Loss	285,721
Obligations at period end	807,305

This Year
Rs.

Reconciliation of present value of obligation and fair value of plan assets

Fair Value of plan assets at the end of the year	1,003,748
Present Value of defined benefit obligation at the end of the year	807,305
Liability recognised at the balance sheet	196,443

This Year
Rs.

Gratuity cost for the period

Service cost	187,535
Interest cost	46,112
Expected return on plan assets	(69,275)
Actuarial Gain/ (Loss)	272,791
Net Gratuity cost	437,163

Assumptions	
Discount Rate	8.00%
Salary Escalation Rate	4.00%

13. Deferred Tax

A. Deferred Tax Liabilities arising from: 4,902,869

Differences between carrying amount of Fixed Assets in financial statements & the Income Tax Return

4,902,869

B. Deferred Tax Assets arising from:

Provision for Gratuity	250,184
Provision for Super Annuation	355,636
Provision for Leave Encashment	262,066
Unabsorbed depreciation allowance carried forward as per Income Tax Act, 1961	4,034,983

4,902,869

SCHEDULES TO ACCOUNTS

The deferred tax asset as at March 31, 2009, computed on unabsorbed depreciation amounts to Rs. 8,647,054 (Previous Year Rs.Nil). However, the same is restricted to the amount of deferred tax liability on timing differences amounting to Rs. 4,902,869. The difference amounting to Rs.3,744,186 has not been recognised in the absence of virtual certainty of future taxable income in accordance with Accounting Standards Interpretation (ASI) 9, on "Virtual certainty supported by convincing evidence", issued by the Institute of Chartered Accountants of India.

The tax impact for the above purpose has been arrived by applying tax rate of 30.99% being prevailing tax rate for Indian Companies under Income Tax Act, 1961.

14. The additional information pursuant to the provisions of paragraphs 3 and 4 of Part II of Schedule VI of Companies Act, 1956.

A. Description of Capacities, Production, Turnover, etc.

Sl. No.	Palm Oil Mill	This Year (in MT)	Previous Year (in MT)
a.	Licensed Capacity (Fresh Fruit Bunches)	12500	12500
b.	Installed Capacity (Fresh Fruit Bunches of Oil Palm)	12500	12500
c.	Opening Stock	7.660	9.425
d.	Production (Crude Palm Oil)	365.504	272.700
e.	Sales	358.827	274.465
f.	Closing Stock	14.337	7.660

B. Turnover

Sl. No.	Particulars	This Year	Previous Year
a.	Crude Palm Oil	MT 358.827 Rs. 13,204,369	274.465 11,502,905
b.	Oil Palm Nuts	MT 251.558 Rs. 1,862,918	206.635 15, 20,366

C. Break-up of Raw Material Consumed

Sl. No.	Particulars	This Year MT	Previous Year MT
a.	Fresh Fruit Bunches of Oil Palm (FFBs)	1,987.573	1,734.407

D. C.I.F. Value of Imports

Sl. No.	Particulars	This Year Rs.	Previous Year Rs.
a.	Raw Materials	NIL	NIL
b.	Oil Palm Sprouts	3,427,481	NIL

E. Expenditure in Foreign Currency

Sl. No.	Particulars	This Year Rs.	Previous Year Rs.
a.	Travelling Expenses	NIL	13,678
b.	Others	NIL	NIL

F. Value of Raw Material Consumed

Sl. No.	Particulars	This Year Rs.	Previous Year Rs.
a.	Imports	0% NIL	NIL
b.	Indigenous	100% 10,482,376	6,350,745

G. Earnings in Foreign Exchange

Sl. No.	Particulars	This Year Rs.	Previous Year Rs.
a.	Exports	NIL	NIL
b.	Others	NIL	NIL

15. Information as required under Part IV, Schedule VI of the Companies Act, 1956, is given in the Annexure.

16. The previous year figures have been regrouped and reclassified wherever necessary.

17. Prior period financial statements have been audited by a firm of Chartered Accountants other than Kalyaniwalla & Mistry. The opening balances are being taken, as per the Last Year's Accounts, which have been regrouped and reclassified, wherever necessary to conform to Current Year's classification.

18. Segment Information For The Year Ended March 31, 2009

(i) Information about Primary business Segments

Revenue	This Year			Revenue	Previous Year		
	Oil Palm Plantations (A)	Area Expansion & Nursery (B)	Total (A)+(B)		Oil Palm Plantations (A)	Area Expansion & Nursery (B)	Total (A)+(B)
Total Sales	15,093	23,493	38,586	Total Sales	13,024	22,376	35,400
Less : Inter-segment	-	-	-	Less : Inter-segment	-	-	-
External Sales	15,093	23,493	38,586	External Sales	13,024	22,376	35,400
Result	-	-	-	Result	-	-	-
Segment Result	(4,193)	(14,860)	(19,053)	Segment Result	(3,061)	6,015	2,953
Unallocated expenditure net of unallocated income	-	-	-	Unallocated expenditure net of unallocated income	-	-	-
Interest expenses	-	-	-	Interest expenses	-	-	-
Interest Income	-	-	-	Interest Income	-	-	-
Dividend Income and Profit on sale of Investments	-	-	-	Dividend Income and Profit on sale of Investments	-	-	-
Profit before taxation and exceptional items	(4,193)	(14,860)	(19,053)	Profit before taxation and exceptional items	(3,061)	6,015	2,953
Provision for taxation	(283)	-	(283)	Provision for taxation	(268)	-	(268)
Profit after taxation and before exceptional items	(4,476)	(14,860)	(19,336)	Profit after taxation and before exceptional items	(3,329)	6,015	2,685
Exceptional Items	-	-	-	Exceptional Items	-	-	-
Prior years adjustments	-	-	-	Prior years adjustments	-	(5,750)	(5,750)
Profit after taxation and exceptional items	(4,476)	(14,860)	(19,336)	Profit after taxation and exceptional items	(3,329)	265	(3,065)
Other Information				Other Information			
Segment assets	71,971	19,642	91,613	Segment assets	64,481	13,527	78,008
Segment liabilities	91,613	-	91,613	Segment liabilities	78,008	-	78,008
Capital expenditure	-	-	-	Capital expenditure	-	-	-
Depreciation	10,632	-	10,632	Depreciation	8,238	-	-
Impairment Loss	-	-	-	Impairment Loss	-	-	-
Non-cash expenses other than depreciation	-	-	-	Non-cash expenses other than depreciation	-	-	-

(ii) Information about Secondary business Segments

Revenue by geographical segment	This Year			Revenue by geographical segment	Previous Year		
	In India	Outside India	Total		In India	Outside India	Total
Total Sales	38,586	-	38,586	Total Sales	44,183	-	44,183
Less : Inter-segment	-	-	-	Less : Inter-segment	-	-	-
External Sales	38,586	-	38,586	External Sales	44,183	-	44,183
Carrying amount of segment assets	91,613	-	91,613	Carrying amount of segment assets	148,717	-	148,717
Additions to fixed assets	-	-	-	Additions to fixed assets	74,222	-	74,222

(iii) Notes

- (i) The Company is organised into two business segments, namely
 (a) Oil Palm Plantation business
 (b) Agri-business - comprising of plant growth promoters, pesticides etc.
 Segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns, the organisation structure, and the internal financing reporting systems.

- (ii) The Segment revenue in each of the above business segments consists of sales (net of returns, sales tax, rebates etc.)
 (iii) The Segment revenue in the geographical segments considered for disclosure are as follows :
 (a) Revenue within India includes sales to customers located within India
 (b) Revenue outside India includes sales to customers located outside India
 (iv) Segment Revenue, Results, Assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

SCHEDULES TO ACCOUNTS

19. Related Party Disclosures:
Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:
1. Relationships :
- (i) Holding Companies :
Godrej Agrovet Limited (GAVL) holds 51% in the Company. GAVL is the subsidiary of Godrej Industries Limited (GIL) & GIL is the subsidiary of Godrej & Boyce Mfg. Co. Ltd., the ultimate Holding Company.
- (ii) Fellow Subsidiaries
Golden Feed Products Limited
- (iii) Other related parties where persons mentioned in (v) below exercise significant influence
Godrej Oil Palm Limited
Godrej IJM Palm Oil Limited
Godrej Gold Coin Aquafeed Limited
Godrej Tyson Foods Ltd.
- (v) Key management person
Mr. B.S. Yadav
Mr. R.R. Govindan
2. The following transactions were carried out with the related parties in the ordinary course of business :

Nature of Transactions	Holding Companies (i)	Fellow Subsidiaries (ii)	Rs.'000 Other Related Parties (iii)
I Expenses charged by other companies	3,311		
II Sale of materials / finished goods	258		
III Outstanding Payables	3,311		
IV ICD accepted	28,055		

Significant Related Party Transactions :	Holding Companies (i)	Amount	Fellow Subsidiaries (ii)	Amount	Other Related Parties (iii)	Amount
1 Expenses Charged by other Companies						
	Godrej Agrovet Ltd.	3,311				
2 Sale of materials / finished goods						
	Godrej Agrovet Ltd.	258				
3 Outstanding Payables						
	Godrej Agrovet Ltd.	3,311				
4 ICD Accepted						
	Godrej Agrovet Ltd.	28,055				

20. Information as required under Part IV of Schedule VI of The Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

I. Registration Details:	
Registration No.	36551
State Code	18
Balance Sheet Date	31/03/09
II. Capital Raised during the year:	Rs.
Public Issue	-
Rights Issue	-
Bonus Issue	-
Private Placement	-
III. Position of Mobilisation and Deployment of Funds:	
Total Liabilities	125,843,745
Total Assets	125,843,745
Source of Funds:	
Paid up Capital	38,000,000
Reserves & Surplus	26,775,013
Secured Loans	35,568,732
Unsecured Loans	25,500,000
Application of Funds:	
Net Fixed Assets	53,958,660
Investments	-
Net Current Assets	27,575,679
Miscellaneous Expenditure	19,053,394
Accumulated Losses	25,256,012
IV. Performance of Company:	
Turnover	38,585,585
Total Expenditure	57,638,453
Profit/(Loss) Before Tax	(19,052,868)
Profit/(Loss) After Tax	(19,335,868)
Earnings Per Share (Rs.)	(5.09)
Dividend Rate	-
V. Generic names of three Principal Products/Services of Company (as per monetary terms)	
Item Code No. (ITC Code)	-
Product Description	Crude Palm Oil Oil Palm Nuts

For and on behalf of the Board

Nilesh N. Pingale
Company Secretary

V. Krishnamurthy
Chairman

R. R. Govindan
Director

Mumbai, May 19, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED
MARCH 31, 2009

	This Year Rs.	Previous Year Rs.
A. Cash Flow from Operating Activities:		
Profit before Tax and Operational Items	(19,052,868)	(2,796,789)
Adjustments for:		
Depreciation	1,370,123	2,159,664
Loss / (Profit) on sale of Fixed Assets	40,950	16,192
Interest Expense	5,841,271	2,011,511
Misc Expenses - Prior Period	-	5,750,000
Project Development Cost/ Miscellaneous Expenditure written off	1,470,371	1,467,255
	8,722,715	11,404,622
Operating Profit before Working Capital Changes	(10,330,153)	8,607,833
Adjustments for:		
Inventories	(7,301,621)	(3,406,814)
Debtors and Other receivables	(7,519,819)	117,384
Creditors and Other payables	4,951,576	(63,059)
	(9,869,864)	(3,352,489)
Cash Generated from Operations	(20,200,017)	5,255,344
Direct Taxes Paid	(283,000)	(268,081)
Net Cash Generated from Operating Activities	(20,483,017)	4,987,263
B. Cash from Investing Activities:		
Acquisition of Fixed Assets	(1,622,462)	(306,807)
Proceeds from sales of Fixed Assets	-	160,000
Cuddalore / Villupuram - Project Capitalised	-	(13,587,227)
Net Cash used in Investing Activities	(1,622,462)	(13,734,034)
C. Cash from Financing Activities:		
ICD received from GAVL	27,500,000	5,000,000
ICD Received from Sujo Lands and Properties	-	2,500,000
ICD Repaid to Sujo Lands and Properties	(2,500,000)	(1,000,000)
ICD Repaid to Godrej Agrovet Limited	(7,000,000)	-
(Decrease) / Increase in Cash Credit / Loan from Banks (net)	10,714,750	4,197,176
Interest Paid	(5,841,271)	(2,011,511)
Net Cash used in Financing Activities	22,873,479	8,685,665
Net Increase/(Decrease) in Cash and Cash Equivalents	768,000	(61,106)
Cash and Cash equivalents (Opening Balance)	214,743	275,850
Cash and Cash equivalents (Closing Balance)	982,743	214,744

For and on behalf of
KALYNIWALLA & MISTRY
Chartered Accountants

For and on behalf of the Board

ERMIN K. IRANI
Partner
Membership No. 35646
Mumbai, May 19, 2009

Nilesh N. Pingale
Company Secretary

V. Krishnamurthy
Chairman

R. R. Govindan
Director

DIRECTORS’ REPORT FOR THE PERIOD ENDED MARCH 31, 2009

To The Shareholders

Your Directors have pleasure in submitting their Report along with the audited Accounts for the period from May 29, 2008 to March 31, 2009.

Financial Results

Your Company’s performance during the year is summarized below. This is the first year of operations of Natures Basket Limited, hence comparative previous year figures are not shown:

	(Rs. Lac)
	For the period ended 31/3/2009
Total Income	1553.00
Loss before Taxation	(702.14)
Less: Provision for Taxation (Include Deferred/FBT)	2.50
Loss after Taxation	(699.64)
Balance Brought Forward from previous year	-
Balance Carried Forward to Balance Sheet	(699.64)

REVIEW OF OPERATIONS

During the period from May 29, 2008 to March 31, 2009 under review, the business was consolidated by changing focus of the product assortment from fresh fruits and vegetables to authentic world food.

The full impact of remodelling of stores at World Trade Centre, Powai and Lokhandwala was felt in 2008-09. These stores were remodelled with a refined look and feel and a significantly enhanced product assortment in pre-selected categories including the best of world food, cooking ingredients, impulse foods and addition of a wide array of wines, beer, cheese and delicatessen to choose from.

The changes in the stores and in the product assortment were promoted largely through PR, in store events and other below the line activation.

These changes were well received and resulted in same store sales growth. The growth was largely led by Warden Road Store, Powai, World Trade Centre and Lokhandwala.

Your Company refined its sourcing model by working in close association with local importers and consolidators across identified countries. As a consequence of these efforts, and focus on relatively price insensitive categories as well as stringent control on costs, Gross Product Margins improved significantly.

DIVIDEND

Your Directors do not recommend any dividend for the year 2008-09.

FIXED DEPOSITS

Your Company has not accepted any public deposits during the financial year under review.

HOLDING COMPANY

Your Company is a subsidiary of Godrej Agrovet Limited as defined under Section 4(1)(b) of the Companies Act, 1956.

SUBSIDIARY COMPANIES

The Company has no subsidiary companies during the year under review.

DIRECTORS

The following are the current Directors of the Company:

1. Mr. B. S. Yadav
2. Mr. A. Mahendran
3. Ms. Tanya A. Dubash

Mr. B. S. Yadav, Mr. R. S. Vijan and Mr. S. Varadaraj were appointed as the First Directors of the Company w.e.f. May 29, 2008, under Article 106A of the Articles of Association of the Company.

Mr. A. Mahendran and Ms. Tanya A. Dubash have been appointed as Additional Directors in accordance with Article 111 of the Articles of Association of the Company w.e.f. March 5, 2009, while Mr. R. S. Vijan and Mr. S. Varadaraj have resigned from directorship w.e.f. March 5, 2009.

Mr. A. Mahendran and Ms. Tanya A. Dubash being Additional Directors hold office upto the date of the ensuing Annual General Meeting (AGM). They are eligible for appointment as the Directors of the Company and notices in this respect under Section 257 of the Companies Act, 1956, have been received from one of the Members (viz., Godrej Agrovet Limited) along with a deposit of Rs. 500/- (Rupees Five Hundred only) for each of them signifying the intention to propose their candidatures for the office of Directors of the Company.

Mr. B. S. Yadav retires by rotation at the ensuing AGM of the Company in accordance with Section 256 of the Companies Act, 1956 and Article 124 of the Articles of Association of the Company and being eligible offers himself for reappointment.

AUDITORS

You are requested to appoint Auditors for the current year and fix their remuneration. The retiring Auditors M/s. Kalyaniwalla & Mistry, Chartered Accountants, Mumbai, are eligible for reappointment and a certificate as required u/s 224 (1-B) of the Companies Act, 1956, has been received from them.

ADDITIONAL INFORMATION

The additional information required to be given under the Companies Act, 1956, has been laid out in the Schedules attached to and forming part of the Accounts. The Notes to the Accounts referred to in the Auditors’ Report are self-explanatory and therefore do not call for any further explanation.

STATUTORY INFORMATION

- A) Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo
The information in respect of these matters, 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 forming part of the Directors’ Report is given in the Annexure “A” to this report.
- B) Particulars of Employees
None of the employees is covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) (Amendment) Rules, 2002.
- C) 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 they have selected such Accounting Policies and applied them consistently and made judgements and estimates 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 they have taken proper and sufficient care 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 they have prepared the annual accounts on a going concern basis.

HUMAN RESOURCES

Your Company continues to take various initiatives for the development of its human resources. The human relations at all locations is cordial. The Board would like to place on record its sincere appreciation for the unstinted support it receives from all associates.

FOR AND ON BEHALF OF THE BOARD

Mumbai, May 19, 2009

A. MAHENDRAN
Director

B. S. YADAV
Director

ANNEXURE `A'
ANNEXURE FORMING PART OF THE DIRECTORS' REPORT

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

- A. Conservation of Energy
The Company has not established any manufacturing facility this year.
- B. Technology absorption, adaptation and innovation
Not Applicable since the Company does not have any manufacturing facility at present.
- C. Foreign Exchange earnings and outgo
Your Company had no foreign exchange earning as well as outgo.

FOR AND ON BEHALF OF THE BOARD

Mumbai, May 19, 2009

A. MAHENDRAN
Director

B. S. YADAV
Director

REPORT OF THE AUDITORS TO THE MEMBERS OF NATURES BASKET LIMITED

1. We have audited the attached Balance Sheet of Natures Basket Limited, as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the period May 29, 2008 to March 31, 2009 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of section 227 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 in paragraph (3) 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 purposes 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 these books.
 - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - ii) in the case of the Profit and Loss Account, of the loss for the period ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2009, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA AND MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership No. 35646

Mumbai, May 19, 2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the periodic verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been reported on such verification.
- (c) There are no disposals of fixed assets during the year.
- 2) (a) The Management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.
- (c) The Company has taken unsecured loans of Rs. 61,100 thousands from a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs. 61,100 thousands and year-end balance of loan taken from such party was Rs. 61,100 thousands.
- (d) The rate of interest and the other terms and conditions of the unsecured loan taken is not prima facie prejudicial to the interest of the Company.
- (e) As informed to us the payment of principal and interest, to the extent due, has been regular.
- 4) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with 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 a continuing failure to correct major weakness in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956, have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- 7) In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and the nature of its business.
- 8) According to the information and explanation 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 Company's products.
- 9) (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, during the period, the Company has no statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues incurred during the period covered. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at March 31, 2009 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 outstanding of Sales Tax, Income Tax, Wealth Tax, Excise Duty, Cess on account of any dispute.
- 10) As the Company has been registered for a period less than five years the question of commenting on its accumulated losses being less than fifty percent of its net worth does not arise. The Company has incurred cash loss during the financial year.
- 11) According to the information and explanations given to us and based on the documents and records produced to us, there are no dues to banks, financial institutions or debenture holders.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures 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) The Company does not deal in shares, securities, debentures and other investments.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) According to the information and explanations provided to us, there are no term loans, hence the question of its application for the purposes for which they were obtained is not applicable.
- 17) According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not raised funds on short-term or long-term basis.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA AND MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership No. 35646

Mumbai, May 19, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	Rs. '000	As at 31.03.2009 Rs. '000
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1		70,500
LOAN FUNDS			
Unsecured Loans	2		63,008
DEFERRED TAX LIABILITY			-
TOTAL			<u>133,508</u>
APPLICATION OF FUNDS			
FIXED ASSETS	3		
Gross Block		74,775	
Less: Depreciation		<u>26,299</u>	
Net Block		48,476	
Capital Work in Progress / Advances		-	
			48,476
DEFERRED TAX ASSET			431
CURRENT ASSETS, LOANS AND ADVANCES	4		
Inventories		19,672	
Sundry Debtors		2,781	
Cash and Bank Balances		661	
Loans and Advances		<u>14,759</u>	
		37,873	
LESS: CURRENT LIABILITIES & PROVISIONS	5		
Liabilities		22,585	
Provisions		<u>650</u>	
		23,235	
NET CURRENT ASSETS			14,637
PROFIT & LOSS ACCOUNT			<u>69,964</u>
TOTAL			<u>133,508</u>
NOTES TO ACCOUNTS	9		

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

As per our Report attached.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

Membership No. 35646
Mumbai, May 19, 2009

Signatures to the Balance Sheet and Schedules 1 to 5 and 9

For and on behalf of the Board

A. MAHENDRAN
Director

B. S. YADAV
Director

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM MAY 28, 2008 TO MARCH 31, 2009

	Schedule	Rs. '000	For the Period ended 31.03.2009 Rs. '000
INCOME			
From Operations		154,105	
Other Income		<u>1,195</u>	
			155,300
EXPENDITURE			
Purchase of Traded Goods		133,724	
Acquisition of Traded Goods on Business Transfer		16,484	
Inventory Change	6	(19,672)	
Expenses	7	80,768	
Interest & Financial Charges	8	3,586	
Depreciation/Amortisation		<u>10,624</u>	
			225,514
(LOSS) BEFORE TAX			(70,214)
Provision For Tax			
Current Tax		-	
Deferred Tax		(431)	
Fringe Benefit Tax		<u>181</u>	
			(250)
(LOSS) AFTER TAX CARRIED TO BALANCE SHEET			<u>(69,964)</u>

Earnings Per Share (Basic/Diluted) in Rs.

(Refer Note 9)

NOTES TO ACCOUNTS

9

(13.23)

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

As per our Report attached.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

Membership No. 35646
Mumbai, May 19, 2009

Signatures to the Profit & Loss Account and Schedules 6 to 9

For and on behalf of the Board

A. MAHENDRAN
Director

B. S. YADAV
Director

SCHEDULES ATTACHED AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2009

	Rs. '000	As at 31.03.2009 Rs. '000
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED		
100,000,000 Equity Shares of Rs.10/- each		<u>1,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
7,050,000 Equity Shares of Rs.10/- each fully paid		<u>70,500</u>
Of the above shares		
(a) 50,000 Equity Shares of Rs.10/- each are held by Godrej Agrovet Limited, the Holding Company and its nominees		
(b) 7,000,000 Equity Shares of Rs. 10/- each have been issued pursuant to a scheme of acquisition of business without payment being received in cash		
SCHEDULE 2: UNSECURED LOANS		
Intercompany Deposits		61,100
(amount due within a year Rs. 61,100 thousand)		
Interest accrued and due on Intercompany Deposits		<u>1,908</u>
		<u>63,008</u>

SCHEDULE 3: FIXED ASSETS

ASSETS		GROSS BLOCK				DEPRECIATION					NET BLOCK
	As at 28.05.08	Assets Taken Over	Addi- tions	De- duc- tions	As At 31.03.09	Upto 28.05.08	Accum- deprn on Assets Taken Over	For the period	On De- duc- tions	Upto 31.03.09	As At 31.03.09
Tangible Assets											
Computers	-	6,593	783	-	7,376	-	2,563	1,330	-	3,893	3,483
Furniture & Fixtures	-	4,700	1,093	-	5,792	-	1,076	230	-	1,307	4,486
Equipments	-	4,853	1,347	-	6,200	-	479	208	-	687	5,513
A.C., Water Coolers	-	11,512	286	-	11,799	-	751	413	-	1,164	10,634
Motor Cars	-	435	-	-	435	-	112	31	-	143	291
Leasehold Improvements	-	34,513	1,284	-	35,797	-	10,693	7,858	-	18,551	17,246
Intangible Assets											
Goodwill	-	-	7,376	-	7,376	-	-	553	-	553	6,823
TOTAL	-	62,607	12,169	-	74,775	-	15,675	10,624	-	26,299	48,476
Previous Year	-	-	-	-	-	-	-	-	-	-	-

SCHEDULES ATTACHED AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2009

SCHEDULE 4: CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2009
	Rs. '000
(A) INVENTORIES	
Traded Goods	19,672
(B) SUNDRY DEBTORS	
(Unsecured and considered good unless otherwise stated)	
Debts outstanding for a period exceeding six months	-
Other Debts	2,781
	2,781
(C) CASH AND BANK BALANCES	
Cash in Hand	423
Balances with Scheduled Banks in Current Accounts	238
	661
(D) LOANS AND ADVANCES	
(Unsecured and considered good unless otherwise stated)	
Loans and Advances recoverable in cash or in kind or for value to be received	975
Deposits	
(a) Government Authorities	186
(b) Others	13,569
Advance Payment of Taxes (Net of provision for taxation Rs. 181 thousand)	29
	14,759
	37,873

SCHEDULE 5: CURRENT LIABILITIES AND PROVISIONS

(A) CURRENT LIABILITIES	
Investor Education and Protection Fund	-
Sundry Creditors	
(a) Dues to Micro, Small and Medium enterprises (Refer Note 3)	-
(b) Others	16,345
	16,345
Other liabilities	6,240
	22,585
(B) PROVISIONS	
Gratuity	
Leave Encashment	413
	237
	650

SCHEDULE 6: INVENTORY CHANGE

INVENTORY CHANGE	
Opening Stock of Traded Goods	-
Add : Transferred on acquisition of business	-
Less : Closing Stock	19,672
	(19,672)
	(19,672)

SCHEDULE 7: EXPENSES

Salaries, Wages, Gratuity & Allowances	17,498
Contribution to Provident Fund and other Funds and Administration Charges	670
Employee Welfare Expenses	1,075
Labour Charges	8,650
Rent	21,032
Rates & Taxes	378
Repairs & Maintenance	
- Others	1,662
Insurance	78
Postage, Telephony and Stationery	977
Computer Expenses	2,639
Electricity Charges	9,413
Licence Fees	114
Auditors' Remuneration	469
Legal & Professional Fees	1,750
Freight, Coolie and Cartage	7,078
Discount and Selling Expenses	613
Advertisement and Publicity	3,156
Travelling Expenses	620
General Expenses	2,896
	80,768

SCHEDULE 8: INTEREST AND FINANCIAL CHARGES

(a) Interest paid on fixed loans	
Intercompany Deposits	2,467
(b) Other Financial Charges	1,119
	3,586

SCHEDULE 9: NOTES TO ACCOUNTS

1. Significant Accounting Policies

- The financial statements are prepared under the historical cost convention and on the 'going concern basis', with revenues recognised and expenses accounted on their accrual in accordance with the generally accepted accounting principles, and in compliance with the applicable Accounting Standards and other requirements of the Companies Act, 1956.
- Fixed assets have been stated at cost and include incidental and/or installation/development expenses incurred in putting the asset to use and interest on borrowing incurred during construction period. Pre-operative expenses for major projects are also capitalised, where appropriate.
- Carrying amount of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognised whenever carrying amount exceeds the recoverable amount.
- Depreciation/Amortisation has been provided for as under:
 - The Company has grouped additions and disposals in appropriate time periods of a month/quarter for the purpose of charging pro rata depreciation in respect of additions and disposals of its assets keeping in view the materiality of the items involved.
 - 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 four years.
 - Amortisations
 - Asset type
 - Leasehold improvements and equipments - Primary lease period
 - Computer software - 6.17 years
 - Goodwill is amortised over a period of 10 years
- Trading inventories are valued at lower of cost and net realisable value. These costs include costs incurred in bringing the inventories to their present location and condition.
- Retirement benefits to employees comprise payments under defined contribution plans like provident fund and family pension. Payments under defined contribution plans are charged to the profit and loss account. The liability in respect of defined benefit schemes like gratuity and leave encashment benefit on retirement is provided on the basis of actuarial valuation at the end of each year.
- The Company recognizes revenue at the time it sells merchandise to the customer. Sales are net of returns, sales tax rebates, etc.
- Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognised and carried forward only to the extent that there is a 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 difference at the year-end, based on the tax rates and laws enacted or substantially enacted on the balance sheet date.
- The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.
- 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. Acquisition of retail business

The Company took over the Retail business from Godrej Agrovet Ltd., with effect from July 1, 2008 pursuant to a Business Transfer Agreement.

The following Assets and Liabilities were taken over at their book values:

	Rs. '000	Rs. '000
Fixed Assets:		
Goodwill	7,376	
Net Value	46,931	54,307
Current Assets, Loans & Advances:		
Inventories Traded Goods	16,484	
Sundry Debtors	195	
Cash & Bank Balances	644	
Other Current Assets	12,492	29,816
Current Liabilities:		(11,567)
TOTAL		72,556
In Consideration for transfer of business following was issued:		
7,000,000 equity shares of Rs. 10/- each		70,000
Debt		2,556
		72,556

3. Current Liabilities

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act, 2006".

Amount overdue as on March 31, 2009 to Micro, Small & Medium Enterprises on account of principal amount together with interest, aggregate to Rs. Nil (Previous year - Rs. Nil.)

SCHEDULES ATTACHED AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2009

4. **Deferred Tax**
The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are:

	For the period
	Rs. '000
Depreciation on Fixed Assets	210
Provision for Gratuity	140
Provision for Leave Encashment	81
Deferred Tax Asset	<u>431</u>

The Deferred Tax asset as at March 31, 2009 computed on unabsorbed depreciation amounts to Rs. 23,434 thousands.

The above amount has not been recognised in the absence of virtual certainty of future taxable income in accordance with Accounting Standard Interpretation (ASI) 9, on "virtual certainty supported by convincing evidence", issued by the Institute of Chartered Accountants of India.

5. **Quantitative Details for Sales/Inventories & Purchases**

Since the Company operates in the gourmet food retailing business, it deals with heterogeneous range of products. In view of the same quantitative details have not been disclosed.

6. **Disclosure in respect of leases**

The Company's leasing arrangements are in respect of operating leases for premises occupied by the Company.

These leasing arrangements are cancellable, and are renewable on a periodic basis by mutual consent on mutually acceptable terms.

- a. The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:
- | | |
|---|-----|
| i. Not later than one year | 256 |
| ii. Later than one year and not later than five years | 443 |
| iii. Later than five years | - |
- b. Lease payments recognised in the statement of Profit & Loss for the period : 210
- Minimum lease payments

7. **Auditors' Remuneration**

Audit fees	358
Audit under Other Statutes	110
TOTAL	<u>469</u>

8. **EMPLOYEE BENEFITS:**

I. Defined Contribution Plans:

Contribution to Defined Contribution Plan, recognised as expense for the period are as under:

	Rs. '000
Employers' Contribution to Provident Fund	670

II. Defined Benefit Plans:

Contribution to Gratuity Fund

The Company makes provision for Gratuity in the books of accounts for qualifying employees. Gratuity is payable to all eligible employees on superannuation, death or on separation/termination in terms of the provisions of the Payment of Gratuity Act or as per the Company's policy whichever is beneficial to the employees.

The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2009:

	Rs. '000
Change in present value of obligation	
Present value of obligation as at 1st April 2008	-
Interest Cost	-
Service Cost	-
Benefits Paid	-
Actuarial (gain)/loss on obligation	-
Present value of obligation, as at March 31, 2009	<u>413</u>

Amount recognised in the Balance Sheet

Present value of obligation, as at March 31, 2009	-
Fair value of plan assets as at March 31, 2009	413
Net obligation as at March 31, 2009	<u>413</u>

Net gratuity cost for the year ended March 31, 2009

Current Service Cost	-
Interest Cost	-
Expected return on plan assets	-
Net Actuarial (gain)/loss to be recognised	413
Net gratuity cost	<u>413</u>

Assumptions used in accounting for the gratuity plan

Discount Rate	8
Salary escalation rate	4
Expected rate of return on plan assets	-

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

9. **Earnings Per Share**

Profit after tax and before extraordinary items (Rs. '000)	(69,964)
Profit after tax and after extraordinary items (Rs. '000)	(69,964)
Weighted average number of equity shares outstanding	5,288
Basic and Diluted earnings per share before extraordinary items (Rs.)	(13.23)
Basic and Diluted earnings per share after extraordinary items (Rs.)	(13.23)
Nominal value of shares (Rs.)	10

10. **Related Party Transactions**

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

1. **Relationships :**

- (i) **Holding Companies**
Godrej Agrovet holds 100% in the Company.
GAVL is a subsidiary of Godrej Industries Limited (GIL) holding 70.29% (Previous year 70.29%) in the Company.
- (ii) **Subsidiary companies**
None
- (iii) **Fellow Subsidiaries**
Golden Feed Products Limited
Cauvery Palm Oil Ltd.
Godrej Oil Palm Ltd. (formerly Godrej Oil Plantations Ltd.)
Godrej Tyson Foods Limited was a subsidiary of Godrej Agrovet Ltd. only upto June 27, 2008
- (iv) **Joint Ventures**
None
- (v) **Associates**
None
- (vi) **Other related parties where persons mentioned in (viii) below exercise significant influence**
None
- (vii) **Key management personnel**
Mr. B.S. Yadav
- (viii) **Individuals exercising control or significant influence (and their relatives)**
Mr. A.B. Godrej
Mr. N.B. Godrej

2. **The following transactions were carried out with the related parties in the ordinary course of business :**

- (i) Details relating to parties referred to in items 1(i), (ii), (iii), (iv), (v) and (vi) above

						Rs. '000
	Nature of Transactions	Holding Companies	Subsidiaries	Fellow Subsidiaries	Joint Ventures	Associates
		(i)	(ii)	(iii)	(iv)	(v)
1	Issue of share capital (incl. Premium)	70,500				
2	Business acquired during the year	72,556				
3	Intercompany deposits taken during the year	61,100				
4	Expenses charged by other companies	619				
5	Interest expense on intercompany deposits taken	1,908				
6	Outstanding receivables, net of (payables)	(43)				

3. Significant Related Party Transactions :

	Nature of Transactions	Holding Companies	Amount	Subsidiaries	Amount	Fellow Subsidiaries	Amount
		(i)		(ii)		(iii)	
1	Issue of share capital (incl. Premium)	Godrej Agrovet Ltd.	70,500				
2	Business acquired during the year	Godrej Agrovet Ltd.	72,556				
3	Expenses charged by other companies	Godrej Industries Ltd.	619				
4	Intercompany deposits taken during the year	Godrej Agrovet Ltd.	61,100				
5	Interest expense on intercompany deposits taken	Godrej Agrovet Ltd.	1,908				
6	Outstanding receivables, net of (payables)	Godrej Agrovet Ltd.	(43)				

11. The Company was incorporated on May 28, 2008, and hence, the accounts have been prepared from date of incorporation upto March 31, 2009. This being the first year of operations, previous year figures have not been disclosed.

SCHEDULES ATTACHED AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2009

12. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details	
Registration No.	U15310MH2008PLC182816
State Code	11
Balance Sheet Date	31.03.2009
II Capital Raised during the period	(Amounts in Rs. '000)
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	70,500
III Position of mobilisation and deployment of funds	(Amounts in Rs. '000)
Total Liabilities	156,743
Total Assets	156,314
Sources of Funds	
Paid-up Capital	70,500
Reserves and Surplus	-
Secured Loans	-
Unsecured Loans	63,008
Application of Funds	
Net Fixed Assets	48,476
Investments	-
Net Current Assets	14,637
Misc. Expenditure	-
Accumulated Losses	69,964
IV Performance of Company	
Turnover	154,105
Total Expenditure	225,514
(Loss)/Profit before tax	(70,214)
(Loss)/Profit after tax	(69,964)
Earnings per share Rs.	(13.23)
(on an annualised basis)	
Dividend rate %	-
V Generic Names of principal products / services of the Company	
Item Code No.	651
Product description	Retail Trade in Vegetables and Fruits together

	659
1. Retail trade in food and food articles, beverages, tobacco and intoxicants not elsewhere classified.	

(* represents Heading no. of the Harmonised Commodity Description and coding system)

For and on behalf of the Board

A. MAHENDRAN
Director

B. S. YADAV
Director

Mumbai, May 19, 2009

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2009

	As At 31.03.2009	
	Rs. '000	Rs. '000
A. Cash Flow from Operating Activities :		
Net Profit Before Taxes		(70,214)
Adjustments for:		
Depreciation	10,624	
Interest expenses	2,467	
		<u>13,091</u>
Operating Profit before Working Capital Changes		<u>(57,123)</u>
Adjustments for:		
Inventories	(5,744)	
Debtors and Other Receivables	(3,922)	
Creditors and Other Payables	10,769	
		<u>1,102</u>
Cash Generated from Operations		<u>(56,021)</u>
Direct Taxes Paid		210
Net Cash Flow from Operating Activities		<u>(56,231)</u>
B. Cash Flow from Investing Activities :		
Acquisition of fixed assets		(12,169)
Net Cash used in Investing Activities		<u>(12,169)</u>
C. Cash Flow from Financing Activities :		
Proceeds from issue of capital		70,500
Proceeds from Borrowings		384
Interest Paid		(2,467)
Net Cash used in Financing Activities		<u>68,417</u>
Net increase in Cash and Cash equivalents		<u>17</u>
Cash and Cash equivalents (Opening Balance)		-
Add: Cash Balance taken over from Godrej Agrovet Limited	644	644
Cash and Cash equivalents (Closing Balance)		<u>661</u>

NOTES:

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (AS) 3 on "Cash Flow Statements", and presents cash flows by operating, investing and financing activities.
- Figures in brackets are outflows/deductions.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership no. 35646
Mumbai, May 19, 2009

For and on behalf of the Board

A. MAHENDRAN
Director

B. S. YADAV
Director

DIRECTORS' REPORT FOR THE YEAR ENDED ON MARCH 31, 2009

To The Shareholders,

Your Directors submit their Report along with the audited Accounts for the year ended on March 31, 2009.

REVIEW OF OPERATIONS

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

	THIS YEAR (Rs.'000)	PREVIOUS YEAR (Rs.'000)
Gross Revenue earned	15,710	19,737
Profit/(Loss) for the year	15,543	19,426
Provision for Taxation	1,416	2,205
Adjustment in respect of prior years	(13)	(52)
Loss brought forward	(79,270)	(80,250)
Loss carried forward	(78,663)	(79,270)

Dividend

The Board of Directors have declared and paid interim dividend for the year 2008-09 of Rs.2.10 per share. The same is recommended as the final dividend for the year.

COMPLIANCE WITH GUIDELINES ISSUED BY THE RESERVE BANK OF INDIA

Your Company has been granted a Certificate of Registration by Reserve Bank of India to carry on the business as Non-Banking Financial Institution.

Your Company has not accepted any public deposits during the year under review, nor does it propose to accept the same. As such, pursuant to Non-Banking Financial Companies (Reserve Bank) Directions, 1998, issued by Reserve Bank of India vide notification No.DFC.114/DG (SPT) dated January 2, 1998, your Company is not required to obtain rating from a rating agency in this regard. Hence, rating for Fixed Deposit obtained from CRISIL in 1996-97 has not been renewed.

In view of the above, there are no overdue or unclaimed deposits.

DIRECTORS

In accordance with Article 124 of the Articles of Association of your Company, Mr. H.K. Press retires by rotation and being eligible offers himself for reappointment.

AUDITORS

You are requested to appoint Auditors for the current year and to authorise the Board of Directors to fix their remuneration. The retiring auditors, M/s Kalyaniwalla Mistry and Associates, Chartered Accountants are eligible for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- 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;
- that they have selected such accounting policies and applied them consistently and made judgements and estimates 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 of the Company for that year.
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguard of the assets of the Company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis.

ADDITIONAL INFORMATION

The additional information required to be given under the Companies Act, 1956, has been laid out in the Accounts to the extent applicable. The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

The information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo, required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, has not been given, since such requirement is not applicable to the Company.

During the year under review, the Company did not have any employee attracting the provisions of Section 217(2A) of Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, requiring disclosure in the Report.

For and on behalf of the Board of Directors
M. EIPE
Director
H. K. PRESS
Director

Mumbai, May 27, 2009

REPORT OF THE AUDITORS'

To The Members of ENSEMBLE HOLDINGS & FINANCE LIMITED

- We have audited the attached Balance Sheet of Ensemble Holdings and Finance Limited as at March 31, 2009 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 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.
- Further to our comments in the Annexure referred to above, we report that:
 - 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;
 - 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;
 - The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

- In our opinion, the Profit and Loss Account and Balance Sheet dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- 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:
 - in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009,
 - in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.
 - in the case of Cash Flow Statement, of the cash flow for the year ended on that date.
- On the basis of the written representations received from the Directors as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA MISTRY & ASSOCIATES
Chartered Accountants
V. M. PADWAL
Partner
Membership No: 49639
Mumbai, May 27, 2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date on the accounts of Ensemble Holdings & Finance Limited for the year ended March 31, 2009:

- The Company, during the current year, has not granted any loans, secured or unsecured, to any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and the outstanding from two company covered in the register maintained under Section 301 of the Companies Act, 1956 is Rs. 28,110,000/-.
 - In our opinion and according to information and explanations given to us, the rate of interest and other terms and conditions of unsecured loans given by the Company, are prima facie not prejudicial to the interest of the Company except for unsecured loan given to Godrej Hicare Limited which has been adequately provided for.
 - All parties except for Godrej Hicare Limited have repaid the principal amounts as stipulated and have been regular in the payment of interest.
 - In our opinion, the Company has taken reasonable steps for the recovery of principal and interest in respect of overdue balance of Rs. 23,110,000/- due from Godrej Hicare Limited.
 - The Company had not taken unsecured loans from a company covered in the register maintained under Section 301 of the Companies Act, 1956.
- Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that all transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956, have been so entered.
 - These transactions have been made at reasonable prices having regard to the prevailing market prices at the relevant time.
- In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed thereunder.
- The Company has an internal audit system, which in our opinion, is commensurate with the size and nature of its business.
- According to the records examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Income Tax and other statutory dues as applicable to it. According to the information and explanation given to us, no undisputed amounts payable in respect of statutory dues were outstanding, at the year end for a period of more than six months from the date they became payable.
 - According to the information and explanation given to us there are no dues of sales tax, income tax, wealth tax, service tax, excise duty or cess, which have not been deposited on account of any dispute.

- The accumulated losses of the Company as at end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash losses during the current financial year and in the immediate preceding financial year.
- According to the information and explanations given to us and the records examined by us, we observed that the Company has not borrowed any money from financial institutions or banks or debenture holders.
- According to the information and explanations given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
- In our opinion and according to the information and explanation given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
- In our opinion, the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the Company are held in its own name.
- According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- According to the information and explanations given to us and the records examined by us we observed that the Company has not taken any term loan.
- On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanation given to us, we report that the Company has not utilized any funds raised on short-term basis for long-term investments.
- The Company has not made any preferential allotment of shares to parties or companies covered under Section 301 of the Companies Act, 1956.
- The Company did not issue any debentures during the financial year.
- The Company has not raised any money through a public issue during the year.
- Based upon the audit procedures performed and the information and explanation given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.
- In our opinion, clauses (i), (ii), (iv) and (viii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, are not applicable.

For and on behalf of
KALYANIWALLA MISTRY & ASSOCIATES
Chartered Accountants
V. M. PADWAL
Partner
Membership No: 49639
Mumbai, May 27, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	AS AT 31.03.09 Rupees	AS AT 31.03.08 Rupees
SOURCE OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	37,741,600	37,741,600
(b) Reserves & Surplus	2	113,979,815	109,745,512
		<u>151,721,415</u>	<u>147,487,112</u>
APPLICATION OF FUNDS			
1. INVESTMENTS	3	22,854,717	25,925,566
2. CURRENT ASSETS, LOANS AND ADVANCES			
(a) Cash & Bank Balances	4	1,840,175	20,079,916
(b) Other Current Assets	5	1,104,004	1,930,989
(c) Loans and Advances	6	48,765,882	20,441,208
		<u>51,710,061</u>	<u>42,452,113</u>
LESS: CURRENT LIABILITIES AND PROVISIONS	7		
Current Liabilities		159,112	160,622
Provisions		1,346,980	-
		<u>1,506,092</u>	<u>160,622</u>
NET CURRENT ASSETS		<u>50,203,969</u>	<u>42,291,491</u>
3. PROFIT & LOSS ACCOUNT		<u>78,662,729</u>	<u>79,270,055</u>
TOTAL		<u>151,721,415</u>	<u>147,487,112</u>
NOTES TO ACCOUNTS	10		

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

As per our Report of even date attached

For and on behalf of
KALYANIWALLA MISTRY & ASSOCIATES
Chartered Accountants

V.M. PADWAL S.
Partner

SRINIVASAN
Company Secretary

M. EIPE
Director

H.K. PRESS
Director

Mumbai, May 27, 2009

Signatures to Balance Sheet and
Schedules 1 to 7 and 10
For and on behalf of Board

PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	Year Ended 31.03.09 Rupees	Year Ended 31.03.08 Rupees
INCOME			
Interest Income	8	5,533,647	3,363,815
Dividend		3,045,473	6,828
Profit on sale of investments (Net)		5,973,980	16,240,125
Profit on sale of Mutual Funds		942,121	125,964
Reversal of Prov for depletion in Investment		215,293	-
		<u>15,710,514</u>	<u>19,736,732</u>
EXPENDITURE			
Expenses	9	167,252	142,215
Interest		-	888
Provision for diminution on investments		-	167,293
		<u>167,252</u>	<u>310,396</u>
PROFIT / (LOSS) BEFORE TAX		<u>15,543,262</u>	<u>19,426,336</u>
Provision for Taxation		1,416,000	2,205,000
PROFIT / (LOSS) AFTER TAX		<u>14,127,262</u>	<u>17,221,336</u>
Adjustments for Income tax of prior years		(12,917)	(51,854)
PROFIT AVAILABLE FOR APPROPRIATION		<u>14,114,345</u>	<u>17,169,482</u>
APPROPRIATION			
Dividend			
Interim Dividend		7,925,736	9,435,400
Dividend Distribution Tax		1,346,980	1,603,550
Transfer to Special Reserve Fund u/s 45IC of RBI Act, 1934		2,822,869	3,433,896
Transfer to General Reserves		1,411,434	1,716,948
		<u>13,507,019</u>	<u>16,189,794</u>
Balance available for set off against b/f deficit in P&L A/c		607,326	979,688
Loss brought forward		<u>(79,270,055)</u>	<u>(80,249,743)</u>
Loss Carried Forward		<u>(78,662,729)</u>	<u>(79,270,055)</u>
Earnings Per Share	10 (5)	3.74	4.55
NOTES TO ACCOUNTS	10		

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

As per our Report of even date attached

For and on behalf of
KALYANIWALLA MISTRY & ASSOCIATES
Chartered Accountants

V.M. PADWAL S.
Partner

SRINIVASAN
Company Secretary

M. EIPE
Director

H.K. PRESS
Director

Mumbai, May 27, 2009

Signatures to Profit & Loss
Account and Schedules 8 to 10
For and on behalf of Board

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	THIS YEAR Rupees	PREVIOUS YEAR Rupees
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
5,000,000 Equity Shares of Rs. 10/- each	50,000,000	50,000,000
ISSUED, SUBSCRIBED AND PAID UP		
3,774,160 Equity Shares of Rs. 10/- each fully paid up (100% Shares are held by Godrej Industries Ltd., the Holding Company)	<u>37,741,600</u>	<u>37,741,600</u>
	<u>37,741,600</u>	<u>37,741,600</u>

	THIS YEAR Rupees	PREVIOUS YEAR Rupees
SCHEDULE 2 : RESERVES & SURPLUS		
SHARE PREMIUM		
As per last Balance Sheet	84,945,040	84,945,040
Special Reserves u/s 45IC of RBI Act, 1934		
Opening Balance	16,670,648	-
Add: Transferred from Profit and Loss Account	2,822,869	
	<u>19,493,517</u>	<u>16,670,648</u>
General Reserve		
Opening Balance	8,129,824	
Add: Transferred from Profit and Loss Account	1,411,434	
	<u>9,541,258</u>	<u>8,129,824</u>
	<u>113,979,815</u>	<u>109,745,512</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009
SCHEDULE 3 : INVESTMENTS

Investee Company/Institution	Face Value	Quantity as on 01.04.08	Quantity		Quantity as on 31.03.09	Amount	
			Acquired during the year	Sold during the year		As on 31.03.09 Rupees	As on 31.03.08 Rupees
Long Term Investments (At Cost)							
Equity shares - Quoted							
Other Companies							
Agro Tech Foods Ltd.	10	1	-	-	1	53	53
Colgate Palmolive India Ltd.	10	1	-	-	1	151	151
Dabur India Ltd.	1	3	-	-	3	59	59
Henkel India Ltd.	10	1	-	-	1	31	31
Hindustan Unilever Ltd.	1	751	-	-	751	90,589	90,589
Gillette India Ltd.	10	1	-	-	1	400	400
Marico Industries Ltd.	1	40	-	-	40	271	271
Nirma Ltd.	5	2	-	-	2	255	255
Procter & Gamble Hygiene & Health Care Ltd.	10	1	-	-	1	490	490
Venkys India Ltd.	10	1	-	-	1	37	37
Femcare Pharma	10	-	15,242	15,242	-	-	-
Amrutanjan	10	-	15,423	-	15,423	5,410,332	-
Unquoted							
Companies under the Same Management:							
Godrej Properties Ltd.	10	691,155	-	-	691,155	5,488,688	5,488,688
Godrej Agrovet Ltd.	10	7,300	800	-	8,100	1,808,707	1,407,697
Godrej Hicare Ltd.	10	4,800	-	4,800	-	-	48,000
Godrej Global Solutions Ltd.	10	8,340	-	8,340	-	-	302,290
Godrej Gokarna Oil Palm Limited	10	2	-	-	2	3,240	3,240
Other Companies:							
karROX Technologies Ltd.	10	250,000	-	-	250,000	10,050,000	10,050,000
Personalitree Academy Ltd.	10	389,269	-	-	389,269	11,027,991	11,027,991
Unquoted: Preference shares							
Godrej Global Solutions Ltd. (Acqd during the year)	10	-	18,000	18,000	-	-	-
Unquoted : Non-Convertible Debentures							
Companies under the Same Management:							
Godrej Oil Plantations Limited	10	160	-	-	160	1,600	1,600
Current Investments							
Mutual Funds - Unquoted							
LIC Mutual Fund - Growth Plan							
						-	8,747,196
						33,882,895	37,169,038
						11,028,178	11,243,472
						22,854,717	25,925,566
Less: Provision for diminution in value of Investments							
Aggregate Book Value of Investments :							
Quoted Investments							
Unquoted Investments							
						5,502,668	92,336
						17,352,049	25,833,230
						22,854,717	25,925,566
Market Value of quoted Investments							
						5,458,501	177,314

Market Value of quoted Investments

	THIS YEAR Rupees	PREVIOUS YEAR Rupees
SCHEDULE 4 : CASH AND BANK BALANCES		
Cash on hand	1,301	1,131
Balances with Scheduled Banks		
in Current Accounts	1,838,874	78,785
in FD with Banks	-	20,000,000
	1,840,175	20,079,916
SCHEDULE 5 : OTHER CURRENT ASSETS		
Outstanding Income	1,104,004	1,930,989
	1,104,004	1,930,989
SCHEDULE 6 : LOANS AND ADVANCES		
(Unsecured, considered good, unless stated otherwise)		
ESOP Loans	24,691,000	20,266,637
Share Application Money (considered doubtful)	300,000	300,000
Intercompany Deposits (considered good)	24,000,000	-
Intercompany Deposits (considered doubtful)	23,110,000	23,110,000
	47,410,000	23,410,000
Less : Provision for Doubtful Loans and Advances	(23,410,000)	(23,410,000)
	24,000,000	-
Advance Payment of Taxes	74,882	174,571
	48,765,882	20,441,208
SCHEDULE 7 : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	159,112	160,622
Provisions		
Tax on Distributed Profits	1,346,980	-
	1,506,092	160,622
SCHEDULE 8 : INTEREST INCOME (Gross)		
On Loans (TDS Rs. 554,712/-, previous year Rs. 448,106/-)	2,447,977	1,977,521
On Intercompany Deposits (TDS Rs. 688,933/-, previous year Rs. 184,990/-)	3,040,300	816,370
On Fixed Deposits with Bank (TDS Rs. 10,281/-, previous year Rs. 125,009/-)	45,370	551,853
On Refund received from Income-tax	-	18,071
	5,533,647	3,363,815
SCHEDULE 9 : EXPENSES		
Salary	60,000	60,000
Profession Tax	2,500	2,500
Directors' sitting fees	-	500
Auditors' Remuneration	49,635	44,944
Professional Charges	44,944	30,000
Miscellaneous Expenses	10,173	4,271
	167,252	142,215

SCHEDULE 10: NOTES TO ACCOUNTS
1. Significant Accounting Policies
a. Accounting Convention

The financial statements are prepared under the historical cost convention, on accrual basis in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b. Income recognition:

- Dividend income is recognised when the right to receive the same is established.
- Interest income is recognised on time proportion basis.
- Profit/loss on sale of investments is accounted on the trade dates.

c. 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 decline, other than that 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 investments.

d. Taxes on Income:

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

Deferred tax is recognised on timing differences, being the 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 subject to the consideration of prudence are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The tax effect is calculated on the accumulated timing differences at the year end based on the tax rate and laws enacted or substantially enacted on the Balance Sheet date.

2. Investments:

- The Company has acquired and sold the following investments during the year :

	This Year		Previous Year	
	No. of units/shares	Purchase Cost (Rs.)	No. of units/shares	Purchase Cost (Rs.)
LIC Mutual Fund	2,996,333	44,600,000	1,826,882	25,552,804
SBI Mutual Fund	128,507	2,500,000	-	-
Fem Care Pharma	15,242	4,189,265	-	-
Godrej Global Solutions Ltd (Pref. shares)	18,000	1,80,000	-	-

SCHEDULE 10: NOTES TO ACCOUNTS (Contd.)

3. Amount due from a Company under the same management:

	This Year Rupees	Previous Year Rupees
Godrej Hicare Ltd	23,110,000	23,110,000
Godrej Industries Ltd	5,000,000	-
	<u>28,110,000</u>	<u>23,110,000</u>

4. Auditors' Remuneration:

(includes service tax wherever applicable)

Audit Fees	33,090	28,090
Tax Audit Fees	16,545	16,854
	<u>49,635</u>	<u>44,944</u>

5. Earnings per share:

a. Net Profit/(Loss) after Tax available for shareholders	14,114,345	17,169,482
b. Weighted Average Number of Equity Shares	3,774,160	3,774,160
c. Basic and Diluted Earnings per Share of Rs. 10 each	3.74	4.55

6. Related Party Disclosures:

- a) Related Parties with whom transactions have taken place during the year, with the name and description of relationship.

Parties where control exists

Godrej Industries Limited, the holding company

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

Related Parties with whom transactions have taken place during the year

Holding Company Fellow Subsidiaries

Godrej Industries Limited

Godrej Properties Limited

Godrej Agrovet Limited

Individual exercising significant influence over the enterprise

Ms. T. A. Dubash

Mr. H. K. Press

Mr. M. Eipe

b) Transactions with Related Parties

(Rs. in Lac)

Sr. No.	Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiary	Associate/Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Total
i)	Acceptance of ICB	-	-	-	-	-	-	-
	Previous year	12.00	-	-	-	-	-	12.00
ii)	Refund of ICB	-	-	-	-	-	-	-
	Previous year	12.00	-	-	-	-	-	12.00
iii)	Interest paid on ICB	-	-	-	-	-	-	-
	Previous year	0.01	-	-	-	-	-	0.01
iv)	Dividend Received	-	-	28.57	-	-	-	28.57
	Previous year	-	-	-	-	-	-	-
v)	ICD Placed	250.00	-	-	-	-	-	250.00
	Previous year	-	-	-	-	-	-	-
vi)	ICD Refunded	200.00	-	-	-	-	-	200.00
	Previous year	-	-	-	-	-	-	-
vii)	Interest Received on ICD	6.54	-	-	-	-	-	6.54
	Previous year	-	-	-	-	-	-	-
viii)	Sale of Investments	-	-	-	-	-	-	-
	Previous year	302.25	-	-	-	-	-	302.25
ix)	Dividend Paid	79.26	-	-	-	-	-	79.26
	Previous year	94.35	-	-	-	-	-	94.35
x)	Remuneration	-	-	-	-	0.60	-	0.60
	Previous year	-	-	-	-	0.60	-	0.60

c) The significant Related Party Transactions are as under

(Rs. in Lac)

Nature of Transaction	Amount	Nature of Transaction	Amount
Placement of ICD		Interest recd on ICD placed	
Godrej Industries Limited	250.00	Godrej Industries Limited	6.54
Refund of ICB		Dividend Paid	
Godrej Industries Limited	-	Godrej Industries Limited	79.26
Interest paid on ICB		Remuneration	
Godrej Industries Limited	-	Mr. H. K. Press	0.60

7. Additional information required under Schedule VI, Part IV of the Companies Act, 1956, to the extent not applicable has not been given.

8. Previous year's figures have been regrouped/reclassified wherever necessary.

9. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration details		
Registration No	:	11-65457
State Code	:	11
Balance Sheet Date	:	31.03.2009
2. Capital raised during the year		(Amount in Rs. Thousands)
Public Issue	:	-
Rights Issue	:	-
Bonus Issue	:	-
Private Placement	:	-
3. Position of mobilisation and deployment of funds		(Amount in Rs Thousands)
Total Liabilities	:	151,721
Total Assets	:	151,721
Sources of funds:		
Paid up Capital	:	37,742
Reserves & Surplus	:	113,980
Secured Loans	:	-
Unsecured Loans	:	-
Application of funds:		
Net Fixed Assets	:	-
Investments	:	22,855
Net Current Assets	:	50,204
Miscellaneous Expenditure	:	-
Accumulated Losses	:	78,663
4. Performance of Company		(Amount in Rs Thousands)
Turnover (Total Income)	:	15,711
Total Expenditure	:	167
Profit before tax	:	15,543
Profit after tax	:	14,127
Earnings per share in Rs.	:	3.74
Dividend rate (%)	:	21%
5. Generic names of three principal products/services of the Company	:	The Company is a Loan and Investment Company

As per our Report attached

For and on behalf of

KALYANIWALLA MISTRY & ASSOCIATES

Chartered Accountants

Signatures to Balance sheet Statement

For and on behalf of Board

V.M. PADWAL S.

Partner

SRINIVASAN

Company Secretary

M. EIPE

Director

H.K. PRESS

Director

Mumbai, May 27, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	THIS YEAR Rupees	PREVIOUS YEAR Rupees
Cash flow from Operating Activities		
Profit before tax	15,543,262	19,426,336
Adjustments for :		
Profit on sale of long term investments	(5,973,980)	(16,240,125)
Profit on sale of Mutual Fund	(942,121)	(125,964)
Provision for Diminution in value of long term Investments	-	167,293
Reversal of Provision for Diminution in value of LT Investments	(215,293)	-
Interest Expense - GIL	-	888
Interest Income (GIL)	(653,589)	-
Operating Profit before working capital changes	7,758,279	3,228,428
Adjustments for :		
Accrued Interest	826,985	(1,490,879)
Trade Payables	1,345,470	28,407
Cash generated from operations	9,930,734	1,765,956
Direct Taxes paid	(1,387,216)	(2,233,354)
Direct Taxes refund recd	57,988	116,589
Net Cash from Operating Activities	8,601,506	(350,809)
Cash flow from Investing Activities		
Proceeds from sale of investments	67,482,850	56,176,805
New investments made	(57,280,607)	(34,701,135)
Interest Income (GIL)	653,589	-
Loans	(28,424,363)	8,533,363
Net cash generated/(used) from Investing Activities	(17,568,531)	30,009,033
Cash flow from Financing Activities		
Interest Paid on Borrowings	-	(888)
Dividend Paid	(7,925,736)	(9,435,400)
Tax on Distributed Profits	(1,346,980)	(1,603,550)
Net cash generated / (used) from Financing Activities	(9,272,716)	(11,039,838)
Net increase / (decrease) in cash and cash equivalents	(18,239,741)	18,618,386
Cash and cash equivalents (opening balance)	20,079,916	1,461,530
Cash and cash equivalents (closing balance)	1,840,175	20,079,916

As per our Report attached

For and on behalf of

KALYANIWALLA MISTRY & ASSOCIATES

Chartered Accountants

Signatures to Cash Flow Statement

For and on behalf of Board

V.M. PADWAL S.

Partner

SRINIVASAN

Company Secretary

M. EIPE

Director

H.K. PRESS

Director

Mumbai, May 27, 2009

SCHEDULE TO BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY

(as required in terms of Paragraph 9BB of

Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998)

(Rs. in lacs)

Particulars	Amount Outstanding	Amount overdue
LIABILITIES SIDE :		
1. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	Nil	Nil
: Unsecured	Nil	Nil
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Intercompany loans and borrowing	Nil	Nil
(e) Commercial Paper	Nil	Nil
(f) Public Deposits*	Nil	Nil
(g) Other Loans (specify nature)	Nil	Nil
* Please see Note 1 below		
2. Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	Nil	Nil
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
(c) Other public deposits	Nil	Nil
* Please see Note 1 below		
ASSETS SIDE :		
3. Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	Amount outstanding	
(a) Secured		Nil
(b) Unsecured		
i) Loans/Advances		246.91
ii) Intercompany Deposits		471.10
iii) Advance Payment of Taxes		7.49
4. Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease		Nil
(b) Operating lease		Nil
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire		Nil
(b) Repossessed Assets		Nil
(iii) Hypothecation loans counting towards EL/HP activities		
(a) Loans where assets have been repossessed		Nil
(b) Loans other than (a) above		Nil
5. Break-up of Investments:		
Current Investments:		
1. Quoted :		
(i) Shares : (a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of mutual funds		Nil
(iv) Government Securities		Nil
(v) Others (please specify)		Nil
2. Unquoted :		
(i) Shares : (a) Equity		Nil
(b) Preference		Nil
(ii) Debentures and Bonds		Nil
(iii) Units of mutual funds		Nil
(iv) Government Securities		Nil
(v) Others (Please specify)		Nil

Long-Term investments :

1. Quoted :			
(i) Share : (a) Equity			55.02
(b) Preference			-
(ii) Debentures and Bonds			Nil
(iii) Units of mutual funds			Nil
(iv) Government Securities			Nil
(v) Others (Please specify)			Nil
2. Unquoted :			
(i) Shares : (a) Equity			283.80
(b) Preference			-
(ii) Debentures and Bonds			Nil
(iii) Units of mutual funds			Nil
(iv) Government Securities			Nil
(v) Others (Please specify)			Nil
6. Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:			
Please see Note 2 below			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group :			
Loans	Nil	Nil	Nil
(c) Other related parties			
Intercompany Deposits -			
Godrej Hicare Ltd.	Nil	Nil	Nil
Godrej Industrials Ltd.	Nil	50	50
2. Other than related parties			
a) Advance Tax Payment	Nil	57.49	57.49
Total	Nil	57.49	57.49
7. Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):			
Please see note 3 below			
Category	Market Value/Break-up or fair value or NAV		Book Value (Net of Provisions)
1. Related Parties **			
(a) Subsidiaries		Nil	Nil
(b) Companies in the same group :			
Quoted			
Unquoted	4317.12		73.02
(c) Other related parties		Nil	Nil
2. Other than related parties			
Quoted :	54.59		55.02
Unquoted :	206.95		210.78
Total	4578.66		338.82

** As per Accounting Standard of ICAI (Please see Note 3)

Start up Company hence fair value considered at face value.

8. Other information:	
Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
(ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
(iii) Assets acquired in satisfaction of debt	Nil

Notes :

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break-up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long-term or current in column (5) above.

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2009

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report alongwith the Audited Accounts for the year ended March 31, 2009.

1. OPERATING RESULTS:

Your Company's performance during the year as compared to the previous period is summarized below:

	2008-2009 (Rs. in lacs)	2007-2008 (Rs. in lacs)
Profit before Taxation	10603.42	11531.84
Provision for Taxation	(3124.00)	(3928.00)
Provision for Fringe Benefit Tax	(16.50)	(12.45)
Provision for deferred tax	10.61	(2.59)
Provision for MAT credit entitlement	-	-
Profit after Taxation	7473.53	7588.80
Add: Surplus brought forward	2655.39	1914.91
Less: Utilized for issue of Bonus Shares during the year	-	(1864.63)
Prior year tax adjustments	(101.01)	(1344.17)
AMOUNT AVAILABLE FOR APPROPRIATION	10027.91	6294.91
Appropriations:		
Your Directors recommend appropriations as under:		
Proposed Dividend	1510.51	2461.24
Dividend Distribution Tax	256.71	418.28
Transfer to General Reserve	750.00	760.00
Surplus carried forward	7510.69	2655.39
TOTAL APPROPRIATIONS	10027.91	6294.91

2. DIVIDEND:

Your Directors recommend for approval of the members at the ensuing Annual General Meeting payment of dividend of 25% (Rs.2.50 per share) for the year ended March 31, 2009.

3. REVIEW OF OPERATIONS:

Your Company posted a total income of Rs. 18813.08 lacs during the year ended March 31, 2009.

The highlights of the year have been that your Company has signed an MOU with the Ahmedabad Municipal Corporation for the development of a special township project at village Jagatpur, Gujarat. During the year, your Company also signed an agreement for development of an integrated township at Kalyan, a suburb of Mumbai Metropolitan region. Red Fort India Real Estate Babur, the real estate investment division of Red Fort Capital Advisors, a private equity investor, invested to the extent of 49% in your subsidiary Godrej Developers Private Limited.

The Company has entered into an agreement with M/s. Lobelia Properties Private Limited for Rs. 149.65 crore of which the Company has received Rs. 74.82 crore and the balance is receivable as on March 31, 2009. However the possession of the property is with the Company pending receipt of balance consideration.

4. FUTURE PROSPECTS AND OUTLOOK OF THE COMPANY:

Your Company has a well diversified portfolio spread across established Tier-1 and emerging Tier-II and III locations. Our business model of partnering with landowners for sourcing of land coupled with our outsourcing strategy for developing of each project has helped us during this slowdown in the industry. Going forward, our Company will focus on residential developments and more specifically on mid income housing, given the strong demand in this segment. Continuing our commitment towards customer delight, your Company shall aim to deliver comprehensive quality through design, service and process improvements.

5. INITIAL PUBLIC OFFERING:

Your Company has filed the Draft Red Herring Prospectus with the Securities and Exchange Board of India on May 30, 2008 in relation to the proposed Initial Public Offer of 9,429,750 equity shares of Rs. 10/- each (including a pre-IPO placement of upto 2,444,750 equity shares).

Your Company has made initial in principle listing application for the equity shares with the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The observations from the Securities and Exchange Board of India on the Draft Red Herring Prospectus are pending.

6. DEMATERIALIZATION OF SECURITIES WITH NSDL & CDSL:

Your Company has entered into an Agreement with National Securities Depository Limited and Central Depository Services (India) Limited for the dematerialization of Equity shares in accordance with the Depositories Act, 1996.

7. AWARDS & RECOGNITIONS:

Your Company has received the "Corporate Governance of the Year" award in the 23rd Annual Awards for Excellence in Real Estate for the year 2008 held by Accommodation Times.

8. IMPLEMENTATION OF SAP:

During the year the Company has implemented SAP ERP ECC6.0. The new system has gone live from January 1, 2009.

9. SALE OF SUBSIDIARY:

During the year your Company has sold its entire stake in Girikandra Holiday Homes and Resorts Limited to Valuable Infrastructure Private Limited for an amount of Rs. 19.61 crores.

10. SUBSIDIARY COMPANIES:

- During the year the Company has formed a new Wholly Owned Subsidiary viz Godrej Estate Developers Private Limited.
- During the year the Company has diluted its stake in Godrej Developers Private Limited by transferring 15,968 equity shares of Rs.10/- each to Red Fort India Real Estate Babur at a premium of Rs. 12,841.86/- per equity share. Godrej Developers Private Limited has also issued 16,730 equity shares of Rs.10/- each at a premium of Rs. 12,841.86/- per equity share to Red Fort India Real Estate Babur. Post issue of shares to Red Fort India Real Estate Babur your Company now holds 51% stake in Godrej Developers Private Limited.

- The Company has redeemed 10,000 10% Non-Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each in Godrej Developers Private Limited.
- The audited Balance Sheet as at March 31, 2009 and Profit & Loss Account ended on that date together with the Reports of Directors and Auditors thereon of our Subsidiary Companies namely Godrej Realty Private Limited, Godrej Waterside Properties Private Limited, Godrej Real Estate Private Limited, Godrej Developers Private Limited, Godrej Sea View Properties Private Limited, Happy Highrises Ltd. and Godrej Estate Developers Private Limited alongwith Statement as required under Section 212 of the Companies Act, 1956, is included in the Annual Report.

11. DIRECTORS:

The Board of Directors in their meeting held on October 25, 2008 has appointed Mr. Pirojsha A. Godrej and Mr. S. Narayan as Additional Directors of the Company. They will hold office upto the ensuing Annual General Meeting of the Company. In the same meeting Mr. Pirojsha A. Godrej was appointed as Executive Director w.e.f. November 1, 2008 for a period of three years, for which an application to the Central Government has been made.

In order to enable the Company to have a larger and stronger Board to meet new challenges in the business environment and growing competition, the Board of Directors has increased the maximum number of directors that may be appointed from 12 to 16. This was subsequently approved by the Shareholders at the Extraordinary General Meeting held on January 10, 2009, and an Application seeking Central Government approval has been made in this regard.

Mr. Milind Korde's tenure as Managing Director ended on March 31, 2009. The Company has greatly benefited from his experience. Mr. Korde was re-appointed as the Managing Director of the Company for a period of three years w.e.f April 1, 2009, in the Board Meeting held on January 10, 2009 subject to approval of the Shareholders.

The Board recommends his re-appointment as Managing Director to the members of the Company.

In accordance with the Article 133 of the Articles of Association of the Company and the provisions of the Companies Act, 1956, Ms. Parmeshwar A. Godrej, Mr. N.B. Godrej, Mr.Keki B. Dadiseth and Mrs. Lalita D. Gupte, retire by rotation and being eligible, offer themselves for re-appointment.

12. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

13. RE-CONSTITUTION OF COMMITTEES:

The Board of Directors in their meeting held on January 10, 2009 reconstituted the Audit and Remuneration committees by appointing Mr. S. Narayan as a member of the Audit Committee and Remuneration Committee.

14. ALTERATION IN THE ARTICLES OF ASSOCIATION:

Your Company has pursuant to a resolution passed in the Extra-ordinary General Meeting held on January 10, 2009, altered its Articles of Association of the Company to enable the Company to purchase its own shares as and when required and for increasing the maximum number of Directors to Sixteen from the existing Twelve.

15. ADDITIONAL INFORMATION:

- (a) In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are required to be set out in the annexure to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to all the shareholders of the Company excluding the statement of particulars of the employee under Section 217 (2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the annexure may write to the Company Secretary at the Registered Office of the Company.
- (b) 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, is provided hereunder:
 - (i) Conservation of Energy:
Expenses on account of Energy are negligible.
 - (ii) Technology Absorption:
It is an on going process.
 - (iii) Foreign Exchange Earnings & Outgo:
During 2008-09, expenditure in foreign currencies amounted to Rs. 4,82,51,644/- on account of travelling and expenses incurred for business promotion. The Company has not earned any Foreign Exchange during the year.

16. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors' confirm that:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates 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 ended March 31, 2009 and of the profit of the Company for that year;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

17. ACKNOWLEDGEMENT:

Your Directors wish to place on record, sincere thanks to the Union Government, State Government and also to all the Government agencies, Banks, Financial Institutions, Customers, Shareholders, Fixed Deposit Holders, Joint Venture Partners, Vendors and other related organizations 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

Place : Mumbai,
Date : May 11, 2009

REPORT OF THE AUDITORS TO THE MEMBERS OF GODREJ PROPERTIES LIMITED

1. We have audited the attached Balance Sheet of GODREJ PROPERTIES LIMITED, as at March 31, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of section 227 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 in paragraph (3) 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(f) of Schedule 19-Notes to Accounts, in respect of projects under long term contracts undertaken and/or financed by the Company, we have relied upon the management's estimates of the percentage of completion, costs to completion and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profits/losses have been accounted, interest income accrued and realizability of the construction work in progress and project advances determined.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date, and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2009, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership No. 35646

Place: Mumbai

Dated: May 11, 2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, 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.
- (c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
- 2) (a) The Management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Consequently, the question of commenting on the rates of interest and conditions of

the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.

- (c) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (d) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
- 6) In our opinion and according to the information and explanations given to us, the Company has complied with directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956, and the rules framed thereunder.
- 7) In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and nature of its business.
- 8) The maintenance of cost records has not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- 9) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at March 31, 2009 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 outstanding of Income Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty or Cess on account of any dispute other than the following:

Sr. No.	Name of the Statute	Amount	Forum where dispute is pending
1	Income Tax Act, 1961	101,798,275	Commissioner of Income Tax (Appeals)

- 10) The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.
- 11) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to banks. The Company does not have dues to financial institutions or debenture holders.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures 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 and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.
- 15) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and other financial institutions.
- 16) In our opinion and according to the information and explanations given to us, the Company has utilized the term loan for the purpose it was taken.
- 17) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investment.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
ERMIN K. IRANI
Partner
Membership No. 35646
Place: Mumbai
Dated: May 11, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	604,202,590	604,202,590
Reserves & Surplus	2	2,377,875,458	1,817,344,904
LOAN FUNDS			
Secured Loans	3	2,566,929,456	985,755,408
Unsecured Loans	4	1,903,589,895	1,529,844,710
		<u>7,452,597,399</u>	<u>4,937,147,612</u>
APPLICATION OF FUNDS			
FIXED ASSETS	5		
Gross Block		75,040,934	54,138,926
Less: Depreciation		<u>37,313,275</u>	<u>27,357,996</u>
Net Block		37,727,659	26,780,930
Capital Work-In-Progress/Advances		<u>32,536,657</u>	<u>2,141,192</u>
		70,264,316	28,922,122
INVESTMENTS	6	557,189,373	556,949,053
DEFERRED TAX ASSET		4,859,000	3,798,000
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	525,039,067	115,552,452
Sundry Debtors	8	5,164,494,542	4,057,123,512
Cash & Bank Balances	9	147,337,283	63,954,075
Loans & Advances	10	5,886,785,733	4,911,652,525
		<u>11,723,656,625</u>	<u>9,148,282,564</u>
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	11	4,707,206,884	4,398,857,726
Provisions	12	196,165,031	401,946,401
		<u>4,903,371,915</u>	<u>4,800,804,127</u>
NET CURRENT ASSETS		<u>6,820,284,710</u>	<u>4,347,478,437</u>
		<u>7,452,597,399</u>	<u>4,937,147,612</u>
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	19		

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

Signatures to the Balance Sheet and Schedules 1 to 12 and 19

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

A. B. GODREJ
Chairman

MILIND S. KORDE
Managing Director

ERMIN K. IRANI
Partner

SHODHAN KEMBHAVI
Company Secretary

Mumbai, Dated : May 11, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
INCOME			
Sales		1,259,401,567	1,964,843,693
Operating Income	13	200,793,744	309,528,280
Other Income	14	421,112,992	627,561
TOTAL INCOME		<u>1,881,308,303</u>	<u>2,274,999,534</u>
EXPENDITURE			
Cost of sales	15	644,528,613	867,857,303
Employee Remuneration & Benefits	16	37,508,060	97,955,758
Administration Expenses	17	99,708,180	109,332,227
Interest & Finance Charges (Net)	18	28,542,953	38,180,332
Depreciation		<u>10,677,865</u>	<u>8,489,763</u>
		<u>820,965,671</u>	<u>1,121,815,383</u>
Profit for the year		<u>1,060,342,632</u>	<u>1,153,184,151</u>
Provision for Taxation			
for Current Tax		(312,400,000)	(392,800,000)
for Fringe Benefit Tax		(1,650,000)	(1,245,000)
for Deferred Tax		1,061,000	(259,000)
Profit After Tax		<u>747,353,632</u>	<u>758,880,151</u>
Less : Prior years tax adjustments		(10,101,372)	(134,416,774)
Surplus brought forward		265,538,964	191,491,250
Less: Utilised		-	(186,462,720)
Amount Available for Appropriation		<u>1,002,791,224</u>	<u>629,491,907</u>
Less :			
Proposed Dividend		151,050,648	246,124,143
Dividend Distribution Tax		25,671,058	41,828,800
Transfer to General Reserve		<u>75,000,000</u>	<u>76,000,000</u>
Surplus carried forward to Balance Sheet		<u>751,069,518</u>	<u>265,538,964</u>
Earnings per share Basic/Diluted in Rs. (Refer Note 9)		12.20	10.64
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	19		

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

Signatures to the Profit and Loss Account and Schedules 13 to 19

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

A. B. GODREJ
Chairman

MILIND S. KORDE
Managing Director

ERMIN K. IRANI
Partner

SHODHAN KEMBHAVI
Company Secretary

Mumbai, Dated : May 11, 2009

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
100,000,000 Equity Shares of Rs. 10/- each	1,000,000,000	1,000,000,000
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
ISSUED, SUBSCRIBED & PAID UP		
60,420,259 Equity Shares of Rs. 10/- each fully paid up.	604,202,590	604,202,590
(Of the above 48,495,209 (previous year 49,358,459) shares are held by Godrej Industries Ltd, the Holding Company)		
	<u>604,202,590</u>	<u>604,202,590</u>

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 2		
RESERVES & SURPLUS		
Share Premium As per last Balance Sheet	1,475,805,940	245,172,265
Add : Received during the year	-	1,475,805,940
Less : Utilised for issue of Bonus Shares during the year	-	(245,172,265)
	<u>1,475,805,940</u>	<u>1,475,805,940</u>
General Reserve - As per last Balance Sheet	76,000,000	83,928,615
Less : Utilised for issue of Bonus Shares during the year	-	(83,928,615)
Add : Transfer from Profit & Loss Account	75,000,000	76,000,000
	<u>151,000,000</u>	<u>76,000,000</u>
Profit and Loss Account	<u>751,069,518</u>	<u>265,538,964</u>
	<u>2,377,875,458</u>	<u>1,817,344,904</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees		As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 3			SCHEDULE 4		
SECURED LOANS			UNSECURED LOANS		
1) Cash Credit / Working Capital Demand Loan (Secured by equitable mortgage of immovable property of the Company's Project at Juhu, Mumbai)	1,966,929,456	985,755,408	Banks	1,883,589,895	1,510,746,710
2) Short Term Loan from Banks (Secured by way of equitable mortgage of its interest, in the immovable property of the project undertaken by the Company at Chandigarh)	600,000,000	-	Companies	20,000,000	-
			Fixed Deposits	-	19,098,000
	<u>2,566,929,456</u>	<u>985,755,408</u>	Of the above,	<u>1,903,589,895</u>	<u>1,529,844,710</u>
Of the above,			Repayable within a year	1,903,589,895	1,529,844,710
Repayable within a year	600,000,000	-			

SCHEDULE 5 : FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April 2008 Rs.	Additions Rs.	Deductions Rs.	As at 31st March 2009 Rs.	Upto 1st April 2008 Rs.	For the Year Rs.	Deductions Rs.	Upto 31st March 2009 Rs.	As at 31st March 2009 Rs.	As at 31st March 2008 Rs.
Tangible Assets										
Leasehold Improvement	9,772,245	3,072,463	-	12,844,708	6,252,083	2,414,941	-	8,667,024	4,177,684	3,520,162
Office Equipment	7,143,321	3,871,544	215,750	10,799,115	2,456,310	1,022,889	109,389	3,369,810	7,429,305	4,687,011
Site Equipments	2,072,120	-	-	2,072,120	1,515,840	77,379	-	1,593,219	478,901	556,280
Furniture & Fixtures	10,875,551	2,561,200	199,060	13,237,691	4,714,121	1,789,708	128,288	6,375,541	6,862,150	6,161,430
Computer	14,911,490	5,960,463	-	20,871,953	8,919,982	3,752,069	-	12,672,051	8,199,902	5,991,508
Motor Vehicle	3,093,854	4,385,806	825,015	6,654,645	2,273,116	632,856	484,907	2,421,065	4,233,580	820,738
Intangible Assets										
Licenses & Software	6,270,345	2,290,357	-	8,560,702	1,226,544	988,024	-	2,214,568	6,346,134	5,043,801
Total	54,138,926	22,141,833	1,239,825	75,040,934	27,357,996	10,677,865	722,584	37,313,278	37,727,657	26,780,930
Previous Year	44,391,084	11,712,077	1,964,235	54,138,926	20,339,615	8,489,763	1,471,382	27,357,996	26,780,930	
Capital Work-in-progress									32,536,657	2,141,192
							TOTAL		70,264,314	28,922,122

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees		As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 6 : INVESTMENTS			Unquoted Investments		
Long Term			1,000 Equity Shares of Rs.10/- each of Saraswat Co-operative Bank Limited	10,000	10,000
Quoted Investments			25,000 Equity Shares of Rs.10/- each of Amitabh Bachchan Corporation Limited	2,500	2,500
100 Equity Shares of Rs.10/- each of Alacrity Housing Limited	742	742	Investments In Subsidiary Companies		
100 Equity Shares of Rs.10/- each of Alsa Construction & Housing Limited	616	616	510,000 Equity Shares of Rs.10/- each of Godrej Realty Pvt. Ltd.	5,100,000	5,100,000
100 Equity Shares of Rs.10/- each of Ansal Buildwell Limited	1,066	1,066	10% Secured redeemable optionally convertible debentures	76,500,000	76,500,000
100 Equity Shares of Rs.10/- each of Ansal Housing & Construction Limited	1,366	1,366	Godrej Realty Pvt. Ltd.		
600 Equity Shares of Rs.5/- each of Ansal Properties & Infrastructure Limited	3,081	3,081	510,000 Equity Shares of Rs.10/- each of Godrej Waterside Properties Pvt. Ltd.	5,100,000	5,100,000
100 Equity Shares of Rs.10/- each of Lok Housing & Construction Limited	1,241	1,241	10% Secured redeemable optionally convertible debentures of Godrej Waterside Properties Pvt. Ltd.	147,900,000	147,900,000
100 Equity Shares of Rs.10/- each of Mantri Housing & Construction Limited	1,641	1,641	50,000 Equity Shares of Rs.10/- each of Godrej Sea View Properties Pvt. Ltd.	500,000	500,000
100 Equity Shares of Rs.10/- each of Premier Hsg & Industrial Ent Limited	1,516	1,516	50,000 Equity Shares of Rs.10/- each of Godrej Real Estate Pvt. Ltd.	500,000	500,000
100 Equity Shares of Rs.10/- each of D.S. Kulkarni Developers	891	891	34,032 (Previous Year 50,000) Equity Shares of Rs.10/- each of Godrej Developers Pvt. Ltd.	340,320	500,000
13,000 Equity Shares of Rs.2/- each of Unitech Limited	6,366	6,366	Nil (Previous Year 10,000) - 10% non convertible cumulative redeemable preference shares of Rs.10/- each of Godrej Developers Pvt. Ltd.	-	100,000
72 Equity Shares of Rs.10/- each of The Great Eastern Shipping Company Limited	2,485	2,485	203,120 Equity Shares of Rs. 10/- each of Happy Highrises Limited	320,720,050	320,720,050
18 Equity Shares of Rs.10/- each of The Great Offshore Limited	621	621	50,000 Equity Shares of Rs.10/- each of Godrej Estate Developers Pvt. Ltd.	500,000	-
100 Equity Shares of Rs.10/- each of Radhe Developers Limited	266	266		<u>557,189,373</u>	<u>556,949,053</u>
23,700 Equity Shares of Rs.10/- each of United Textiles Limited	2,370	2,370	1. Cost of Quoted Investments	24,268	24,268
	<u>24,268</u>	<u>24,268</u>	2. Market Value of Quoted Investments	611,739	3,906,889
Less : Provision for Dimiuntion in Value	<u>7,765</u>	<u>7,765</u>			
	<u>16,503</u>	<u>16,503</u>			

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees		For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
SCHEDULE 7: INVENTORIES			SCHEDULE 15 : COST OF SALES		
Stock in trade	3,628,193	24,274,569	Own Projects		
Construction Work in progress	521,410,874	91,277,883	Opening Stock:	115,552,452	787,897,597
	<u>525,039,067</u>	<u>115,552,452</u>	Add: Expenditure/Transfers from Advances during the period		
SCHEDULE 8 : SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)			Development Rights	100,000,000	-
Due over Six months	3,098,146	11,914,947	Construction, Material & Labour	474,430,413	639,547,457
Others	<u>5,161,396,396</u>	<u>4,045,208,565</u>	Infrastructure	-	466,940
	<u>5,164,494,542</u>	<u>4,057,123,512</u>	Architect Fees	52,628,095	10,133,714
SCHEDULE 9 : CASH & BANK BALANCES			Advertisement Expenses	7,481,511	10,991,867
Cash & Cheques-in-Hand	66,444,003	175,568	Overheads	270,052,154	98,303,279
Balance with Scheduled Banks - on Current Accounts	42,959,442	20,720,225	Interest	<u>149,423,052</u>	<u>44,802,837</u>
- on Fixed Deposit Accounts	<u>37,933,838</u>	<u>43,058,282</u>		<u>1,054,015,225</u>	<u>804,246,094</u>
	<u>147,337,283</u>	<u>63,954,075</u>	Less : Project transferred to Subsidiary Company	-	(641,677,572)
SCHEDULE 10 : LOANS & ADVANCES (UNSECURED, CONSIDERED GOOD)			Less : Closing Stock	<u>(525,039,070)</u>	<u>(115,552,452)</u>
Advances recoverable in cash or in kind or for value to be received	2,501,432,277	2,532,802,308		<u>644,528,613</u>	<u>834,913,667</u>
Loan to GIL ESOP Trust	89,091,768	77,425,000	Development Projects Cost	-	32,943,636
Loan to GPL ESOP Trust	282,842,884	275,160,185		<u>644,528,613</u>	<u>867,857,303</u>
Due on Management Projects	870,480,333	1,216,407,750	SCHEDULE 16 : EMPLOYEE REMUNERATION & BENEFITS		
Less: Transfer to Cost of Sales - Development Projects	-	(32,943,636)	Salaries, Bonus, Gratuity & Allowances	30,994,798	92,856,235
	<u>870,480,333</u>	<u>1,183,464,114</u>	Contribution to Provident & other funds	6,489,379	4,300,118
Development Manager Fees Accrued but not due	60,230,839	170,243,559	Other Employee Benefits	<u>23,883</u>	<u>799,405</u>
Interest Accrued	67,412,273	33,877,676		<u>37,508,060</u>	<u>97,955,758</u>
Deposits	<u>2,015,295,359</u>	<u>638,679,683</u>	SCHEDULE 17 : ADMINISTRATION EXPENSES		
	<u>5,886,785,733</u>	<u>4,911,652,525</u>	Cost of Project Management	1,321,416	1,233,107
SCHEDULE 11 : CURRENT LIABILITIES			Consultancy Charges	7,861,766	67,205,659
Sundry Creditors	103,978,759	145,415,525	Service Charges	98,139	130,110
Investor Education and Protection Fund	-	-	Compensation Claims	-	750,000
Advances received against sale of flats	4,029,999,223	3,375,118,599	Loss on sale of Fixed Assets (Net)	17,548	289,087
Deposits	250,590	410,590	Power & Fuel	3,516,734	1,160,399
Unclaimed Fixed Deposits	761,000	1,199,000	Rent	10,971,849	11,445,408
Other liabilities	529,652,976	687,134,887	Insurance	263,030	878,708
Due to Management Projects	<u>42,564,336</u>	<u>189,579,125</u>	Rates & Taxes	21,284	48,441
	<u>4,707,206,884</u>	<u>4,398,857,726</u>	Repairs & Maintenance	235,645	126,908
SCHEDULE 12 : PROVISIONS			Other Operating Expenses	75,400,769	26,078,956
Gratuity	6,450,060	4,211,619	Provision for diminution in value of investments written back	-	(14,556)
Leave Encashment	5,900,090	4,766,476		<u>99,708,180</u>	<u>109,332,227</u>
Proposed Dividend	151,050,648	246,124,143	SCHEDULE 18 : INTEREST AND FINANCE CHARGES (NET)		
Tax on Dividend	25,671,058	41,828,800	Interest Paid		
For Taxation	7,093,175	105,015,363	- Banks	406,638,640	211,828,551
(Net of Advance Tax & Tax of deducted at source of Rs. 994,065,196/-, Previous Year Rs. 571,998,138/-)			- Inter Corporate Deposits	1,566,422	3,193,383
	<u>196,165,031</u>	<u>401,946,401</u>	- Projects and landlords	64,905,596	44,473,685
SCHEDULE 13 : OPERATING INCOME (GROSS)			- Others	<u>2,142,981</u>	<u>3,446,006</u>
Income From Development Projects	188,348,882	289,039,919	Total Interest Paid	<u>475,253,639</u>	<u>262,941,625</u>
Compensation Received from Project	3,900,000	10,000,000	Add : Brokerage & other Financial charges	<u>37,702,599</u>	<u>7,097,841</u>
Project Management fees	31,676	25,612	Total Interest/ Finance Charges Paid	<u>512,956,238</u>	<u>270,039,466</u>
Other Income from Customers	8,486,786	10,436,349	Less: Interest Received (Gross)		
Lease Rent	14,400	14,400	- Customers	82,879	-
Licence Fees	<u>12,000</u>	<u>12,000</u>	- Projects and landlords	425,219,562	191,699,669
	<u>200,793,744</u>	<u>309,528,280</u>	- Others	<u>59,110,844</u>	<u>40,159,465</u>
Tax Deducted at source	<u>20,742,353</u>	<u>33,100,597</u>	Total Interest Received	<u>484,413,285</u>	<u>231,859,134</u>
SCHEDULE 14 : OTHER INCOME			NET INTEREST	<u>28,542,953</u>	<u>38,180,332</u>
Dividends	7,469	32,102	Tax Deducted at source	73,540,105	41,114,503
Profit on sale of Long Term Investments	419,903,138	-	SCHEDULE 19 : NOTES TO ACCOUNTS & ACCOUNTING POLICIES		
Miscellaneous Income	<u>1,202,385</u>	<u>595,459</u>	1) Accounting Policies		
	<u>421,112,992</u>	<u>627,561</u>	a) General		
			The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.		
			b) Fixed Assets		
			Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.		
			Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.		
			c) Depreciation / Amortization		
			Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.		

SCHEDULES FORMING PART OF THE ACCOUNTS

Assets acquired on lease are depreciated over the period of the lease.

Leasehold improvements are amortized over a period of five years.

Intangible Assets are amortized over a period of six years.

d) **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 recognize a decline, other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

e) **Inventories**

Inventories are valued as under :

- a) Completed Flats - At lower of Cost or Market value
- b) Construction Work-in-Progress - At cost

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 Company.

f) **Revenue Recognition**

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, 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.

Revenue on bulk deals on sale of its properties is recognized on execution of documents.

Income from operation of commercial complexes is recognized over the tenure of the lease / service agreement.

Interest income is accounted on an accrual basis at contracted rates.

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

g) **Development Manager Fees**

The company has been entering into Development & Project Management agreements with landlords. Accounting for income from such projects is done on accrual basis on percentage of completion or as per the terms of the agreement.

h) **Employee Benefits**

a) **Short-term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognized at actual amounts due in the period in which the employee renders the related service.

b) **Post-employment benefits:**

(i) **Defined Contribution Plans:**

Payments made to defined contribution plans such as Provident Fund are charged as an expense as they fall due.

(ii) **Defined Benefit Plans:**

The cost of providing benefits i.e. gratuity is determined using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses are recognized immediately in the Profit & Loss Account.

The fair value of the plan assets is reduced from the gross obligation under the defined benefit plan, to recognize the obligation on net basis.

Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

(iii) **Other long-term employee benefits:**

Other long-term employee benefits viz., leave encashment is recognized as an expense in the profit and loss account as and when they accrue. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the profit and loss account.

i) **Borrowing Cost**

Interest and finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress / Due on Management Project, as a part of the cost of the projects at weighted average of the borrowing cost / rates as per Agreements respectively.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

j) **Earnings Per Share**

The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed

using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

k) **Provision For Taxation**

Tax expense comprises both current, deferred and fringe benefit tax.

Current and fringe benefit tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

l) **Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains / losses are recognised in the Profit and Loss Account.

m) **Allocation of Expenses**

Corporate Employee Remuneration and Administration expenses are allocated to various projects on a reasonable basis as estimated by the management.

n) **Provisions and Contingent Liabilities**

Provisions are recognized 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) **Contingent Liabilities:**

Matters	As at 31st March 2009 (Rs.)	As at 31st March 2008 (Rs.)
a) Uncalled amount of Rs. 80/- & Rs. 30/- on 70 & 75 partly paid shares respectively of Tahir Properties Limited	7,850/-	7,850/-
b) Claims against the Company not acknowledged as debts represents cases filed by parties in the Consumer forum and High Court and disputed by the Company as advised by our advocates. In the opinion of the management the claims are not sustainable.	6,523,647/-	7,876,293/-
c) Claims against the Company under the Labour Laws for disputed cases	2,989,240/-	1,989,240/-
d) Guarantees given by Bank, counter guaranteed by the Company	20,100,000/-	6,000,000/-
e) Letters of credit issued by banks on behalf of the Company	Nil	1,912,746/-
f) Claims against the company under Bombay Stamp Act, 1958	14,850,000/-	14,850,000/-
g) Other Claims against the Company not acknowledged as debts	Nil	3,925,000/-

Capital Commitment outstanding for the year ended 2008-09 (Net of Advance) is amounting to Rs. 6,227,909/- (Previous Year Rs. NIL)

3) **Inventories**

Stock - in - Trade includes shares in the following Companies - at cost or market value (whichever is lower) :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Tahir Properties Limited		
a) 70 Equity shares of Rs. 100/- each, Rs. 20/- paid up	1,400	1,400
b) 75 Redeemable Preference Class A shares of Rs.100/- each, Rs.70/- paid	5,250	5,250
Girikandra Holiday Homes & Resorts Limited		
500 Equity shares of Rs. 1,000/- each, fully paid up	NIL	22,580,200

4) **Cash & Bank Balances**

Balances with scheduled banks on deposit accounts include Rs.34,014,876/- (Previous year Rs. 39,384,677/-) received from flat buyers and held in trust on their behalf in a corpus fund.

SCHEDULES FORMING PART OF THE ACCOUNTS

5) Loans and Advances

a) Amounts due from companies under the same management.

Particulars	Balance as on March 31, 2009	Maximum Debit Balance during the period	Balance as on March 31, 2008	Maximum Debit Balance during previous year
Godrej Industries Limited				
- Advances	24,136	24,136	24,136	412,303
- Deposits	1,625,000	1,650,000	1,350,000	1,350,000
Girikandra Holiday Homes & Resorts Limited				
- Advances	NIL	NIL	28,730,564	28,730,564
Godrej Realty Private Limited				
- Advances	15,344,207	22,660,360	22,655,305	22,655,305
- Deposits	NIL	2,130,000	NIL	NIL
Godrej Waterside Properties Private Limited				
- Advances	124,718,617	177,970,294	166,055,935	280,091,794
- Deposit	78,475,978	912,539,306	567,094,306	567,094,306
Godrej Sea View Properties Private Limited				
- Advances	22,379	22,379	21,230	21,230
Godrej Real Estate Private Limited				
- Advances	758,278,189	758,278,189	668,621,952	668,621,952
- Deposit	87,720,225	87,720,225	54,270,225	54,270,225
Godrej Developers Private Limited				
- Advances	61,931,120	151,277,439	150,734,687	150,734,687
- Deposit	330,894,318	330,894,318	85,500,000	85,500,000
Happy Highrises Limited				
- Advances	164,695,640	164,695,640	70,247,423	70,247,423
- Deposit	721,220,000	721,220,000	689,950,000	689,950,000
Godrej Estate Developers Private Limited				
- Advances	18,000	18,000	NIL	NIL

b) Due on Management Projects include a sum of Rs. 21,479,389/- (Previous Year Rs. 20,872,941/-) on account of a project, where the matter is sub-judice with arbitrators.

6) Inventories, Current Assets, Loans and Advances

a) Construction Work in Progress and Due on Management projects represents materials at site and unbilled cost on the projects based on projections and estimates by the Company of the expected revenues and costs to completion. In the opinion of the management, the net realizable value of the construction work in progress will not be lower than the costs so included.

b) The Company has been entering into Development Agreements with landlords. Development Manager Fees amounting to Rs. 110,230,839/- (Previous Year Rs. 170,243,559/-) accrued as per terms of the Agreement are receivable by the Company based upon progress milestones specified in the respective Agreements and have been disclosed as Development Manager Fees accrued but not due in Schedule 10.

7) Leases

a) The Company's significant leasing arrangements are in respect of operating leases for Residential premises. Lease income from operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises given under operating leases are as under:

Particulars	Current Year Rs.	Previous Year Rs.
Future minimum lease receipts under non-cancelable operating leases		
• Not later than 1 year	26,400	26,400
• Later than 1 year and not later than 5 years	105,600	105,600

b) The Company's significant leasing arrangements are in respect of operating leases for Commercial/Residential premises. Lease expenditure for operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises taken on operating leases are as under:

Particulars	Current Year Rs.	Previous Year Rs.
Future minimum lease payments under non-cancelable operating leases		
• Not later than 1 year	23,191,357	9,686,988
• Later than 1 year and not later than 5 years	30,558,198	2,290,348
• Later than 5 years	7,061,962	NIL

8) Employee Stock Option Plan :

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

The Scheme is administered by an Independent ESOP Trust which has purchased shares from Godrej Industries Limited (The holding Company), equivalent to the number of options granted to the participating companies.

Particulars	No. of Options	Weighted Average Exercise Price
Options Outstanding at the beginning of the year	442,700	620.00 (plus interest)
Options granted	-	-
Options exercised	-	-
Less : Forfeited/Expired	-	-
Options Outstanding at the year end	442,700	620.00 (plus interest)

The Option granted shall vest after three years from the date of grant of option, provided the employee continues to be in employment and the option is exercisable within two years after vesting.

The employee share based payment plans have been accounted based on the intrinsic value method and no compensation expense has been recognized since, the price of the underlying equity shares on the grant date is same/less than exercise price of the option, the intrinsic value of option, therefore being determined as nil.

The Company has provided loan to Godrej Industries Limited Employee Stock Option Scheme (GIL ESOP), which is administered by an independent ESOP Trust which purchases shares of GIL from the market equivalent to the number of stock options granted from time to time to eligible employees. The repayment of the loans granted by the Company to ESOP Trust is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period.

9) Earnings Per Share

Particulars	Current Year	Previous Year
Profit after tax and prior years tax adjustments as per Profit & Loss Account	Rs. 737,252,260	Rs. 624,463,377
Weighted average no. of equity shares outstanding	60,420,259	58,714,813
Basic earnings per share	Rs. 12.20	Rs. 10.64
Nominal value of shares	Rs. 10/-	Rs. 10/-

Previous years figures have been computed on weighted average basis due to issue of bonus shares and rights shares

10) Dues To Micro, Small And Medium Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force from 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts.

11) The amount of exchange difference included in the Profit and Loss Account, under the related heads of expenses is Rs. 13,971,672/- (Previous Year Rs. 129,169/-).

12) Expenditure in Foreign Currency

Particulars	Current Year Rs.	Previous Year Rs.
Travelling Expenses	1,663,605	1,924,257
Other Expenditure	46,588,039	18,717,983
Total	48,251,644	20,642,240

13) Deferred Tax

The tax effect of significant temporary differences that resulted in deferred tax assets are:

Particulars	Current Year Rs.	Previous Year Rs.
Depreciation on Fixed Assets	661,000	746,000
Others	4,198,000	3,052,000
Deferred Tax Asset	4,859,000	3,798,000

SCHEDULES FORMING PART OF THE ACCOUNTS

14) Computation of Net Profit under Section 349 of the Companies Act, 1956.

Particulars	Current Year Rs.	Previous Year Rs.
Profit before Tax as per Profit and Loss Account	1,060,342,632	1,153,184,151
Add :		
Managerial Remuneration	23,624,083	20,400,294
Depreciation	10,677,865	8,489,763
Loss on sale of Fixed Asset	17,548	289,087
Less:		
Depreciation	10,677,865	8,489,763
Net Profit for the purpose of Directors' Remuneration	1,083,984,263	1,173,873,532
(a) 11% (Previous Year 5%) of Net Profit as computed above	119,238,269	58,693,677

Managerial Remuneration:-

	Particulars	Current Year Rs.	Previous Year Rs.
A	Salaries	15,609,280	8,286,772
B	Contribution to Provident Fund	823,552	471,040
C	Estimated Monetary Value of Perquisites	1,123,358	280,577
D	Performance Linked Variable Remuneration	495,833	10,247,480
E	Director Sitting Fees to Non-Executive Directors	772,060	180,000
F	Commission to Non-Executive Directors	4,800,000	934,425
	Total	23,624,083	20,400,294

Notes:

In case of the Managing Director and Executive Director, Performance Linked Variable Remuneration of Rs. 4,95,833/- (Previous Year Rs. 10,247,480/-) is on the basis of provision made in the accounts

15) Amounts paid to Auditors:

Particulars	Current Year Rs.	Previous Year Rs.
Audit Fees	2,525,870	1,579,288
Audit under Other Statutes	904,460	623,598
Certification under other Statutes	3,418,553	NIL
Other Certifications	108,995	205,051
Consultancy Charges	495,788	377,540
Reimbursement of Expenses	2,121	5,002

16) Segment Information : As the Company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

17) Related Party Disclosures.

1. Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

(i) Relationships:

Shareholders (Holding Company)
Godrej Industries Limited (GIL) holds 80.26% shares in the Company. GIL is the subsidiary of Godrej & Boyce Mfg. Co. Limited, the Ultimate Holding Company.

(ii) Subsidiaries :

Girikandra Holiday Homes & Resorts Limited (100% upto April 28,2008)
Godrej Realty Private Limited (51%)
Godrej Waterside Properties Private Limited (51%)
Godrej Real Estate Private Limited (100%)
Godrej Developers Private Limited (51%)
Godrej Sea View Properties Private Limited (100%)
Happy Highrises Limited (100%)
Godrej Estate Developers Private Limited (100%)

(iii) Other Related Parties in Godrej Group, where common control exists :

Vora Soaps Limited
Bahar Agrochem & Feeds Private Limited
Ensemble Holdings & Finance Limited
Godrej Appliances Limited
Godrej Agrovat Limited
Godrej Consumer Products Limited
Godrej Hicare Limited
Godrej Hershey Limited
Godrej Infotech Limited
Lawkim Limited

(iv) Key Management Personnel :

Mr. Milind Surendra Korde
Mr. Pirojsha Godrej

(v) Individuals exercising Significant Influence :

Mr. A. B. Godrej
Mr. N. B. Godrej

2. The following transactions were carried out with the related parties in the ordinary course of business.

(i) Details relating to parties referred to in items 1 (i), (ii) and (iii) above

Sr. No	Description	Godrej & Boyce Mfg Co. Ltd.	Godrej Industries Ltd	Subsidiaries	Other Related Parties In Godrej Group
		(i)	(ii)	(iii)	(iv)
1.	Issue of equity share capital	-	-	-	-
		-	1,499,999,480	-	-
2.	Investment in equity/ preference share capital	-	-	500,000 325,420,050	-
3.	Investment in debentures	-	-	-	-
		-	-	147,900,000	-
4.	Sale of Investments (Preference Shares)	-	-	214,944,318	-
5.	Purchase of fixed assets	2,977,879 690,391	555,627	-	-
6.	Advances given	8,822,568 650,000	-	1,697,797,318 1,396,814,531	-
7.	Advance received against sale of flats	-	135,484,520 16,870,120	-	-
8.	Loans & Advances repaid	-	-	1,876,301,328 187,101,694	-
9.	Deposit given	-	625,000 675,000	-	-
10.	Deposit repaid	-	350,000 675,000	-	-
11.	Inter-Corporate Deposit given	-	-	-	350,000,000 150,000,000
12.	Inter-Corporate Deposit repaid	-	-	-	350,000,000 150,000,000
13.	Interest received on Inter-Corporate Deposit	-	-	-	964,383 5,049,862
14.	Construction & other expenses incurred on behalf of other companies	-	1,108,550 422,073	406,168,736 985,494,069	-
15.	Expenses charged by other companies (net)	107,880,517 107,368,472	5,323,036 3,230,536	7,178,648	1,247,601 458,309
16.	Dividend Paid	-	196,185,842	-	8,112,751
17.	Outstanding receivables, net of (payables)	(9,005,774) (16,993,766)	24,136 24,136	2,347,580,672 2,512,226,169	(28,632)
18.	Deposits Receivable	-	1,625,000 1,350,000	-	-

Figures in italics are for previous year

(ii) Details relating to persons referred to in items 1 (iv) & (v) above

Sr. No	Key Management Personnel	Current Year Rs.	Previous Year Rs.
1.	Remuneration	18,052,023	18,979,137
2.	Reimbursement of Travel Expenses	217,200	194,400
3.	Individuals exercising significant Influence :		
	Dividend paid - Mr.N.B.Godrej	7,133,210	NIL
	- Mr. Pirojsha Godrej	2,377,724	NIL

SCHEDULES FORMING PART OF THE ACCOUNTS

3. Significant Related Party Transactions.

Nature of Transactions	Subsidiaries & Other Related Parties in the Godrej Group	Amount Rs.
Issue of equity share capital	Godrej Industries Limited	-
		1,499,999,480
Investment in equity share capital	Godrej Estate Developers Pvt. Ltd	500,000
	Happy Highrises Limited	-
		320,720,050
Sale of Investments (Preference Shares)	Godrej Developers Private Limited	214,944,318
Investment in debentures	Godrej Waterside Properties Private Limited	-
		147,900,000
Purchase of fixed assets	Godrej & Boyce Mfg Co. Limited	2,977,879
	Godrej Industries Limited	690,391
		555,627
Advances given	Godrej Waterside Properties Private Limited	1,186,033,000
	Godrej Developers Private Limited	567,094,306
		333,644,318
		85,500,000
Advances Repaid	Godrej Waterside Properties Private Limited	1,674,651,328
	Godrej Industries Limited	187,101,694
Advance received against sale of flats	Godrej Industries Limited	135,484,520
		16,870,120
Inter-Corporate Deposits taken during the year	Godrej Agrovet Ltd.	350,000,000
Inter-Corporate Deposits repaid during the year	Godrej Agrovet Ltd.	350,000,000
Deposit Given	Godrej Industries Limited	625,000
		675,000
Deposit Repaid	Godrej Industries Limited	350,000
		675,000
Construction & other expenses incurred on behalf of other companies	Happy Highrise Ltd.	114,240,742
	Godrej Waterside Properties Private Ltd	82,085,060
	Godrej Real Estate Private Limited	136,308,667
	Godrej Developers Private Limited	56,345,158
		108,151,756
		675,246,973
		47353,570
		152,029,966
Expenses charged by other companies. (net)	Godrej & Boyce Mfg. Co. Limited	107,880,517
		107,368,412
Interest Income on Inter-Corporate Deposits given	Godrej Agrovet Ltd	964,384
Outstanding receivables, net of (payables)	Godrej Real Estate Private Limited	845,998,414
	Happy Highrises Limited	722,892,177
	Godrej Developers Private Limited	885,915,639
		760,197,423
		397,087,438
		236,234,687
Dividend Paid	Godrej Industries Limited	196,185,842
Deposit Receivable	Godrej Industries Limited	1,625,000
		1,350,000

Figure in italics are for previous year.

18) Employee Benefits

(i) Defined Contribution Plans:

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

Particulars	Current year (Rs.)
Employers' Contribution to Provident Fund	6,444,909

(ii) Defined Benefit Plans:

a. Contribution to Gratuity Fund

Gratuity is payable to all eligible employees on death or on separation/termination in terms of the provisions of the Payment of Gratuity Act or as per the Company's policy whichever is beneficial to the employees.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2009:

Change in present value of obligation	
Present value of obligation as at 1st April 2008	4,211,619
Interest Cost	336,929
Service Cost	727,433
Benefits Paid	(392,197)
Effect of Liability Transfer in	841,500
Actuarial (gain)/loss on obligation	724,776
Present value of obligation, as at 31st March, 2009	6,450,060
Amount recognized in the Balance Sheet	
Present value of obligation, as at 31st March, 2009	(724,776)
Fair value of plan assets as at 31st March, 2009	-
Net obligation as at 31st March 2009	(724,776)
Net gratuity cost for the year ended 31st March, 2009	
Current Service Cost	727,433
Interest Cost	336,929
Expected return on plan assets	-
Net Actuarial (gain)/loss to be recognized	724,776
Net gratuity cost	1,789,138
Assumptions used in accounting for the gratuity plan	
	(In %)
Discount Rate	7.75
Salary escalation rate	4.75

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

19) Information in respect of Joint Ventures

Jointly Controlled Operations - Development of the following Residential/Commercial Projects:

Coliseum, Mumbai
 Woodsman Estate, Bangalore
 Gold County, Bangalore
 Planet Godrej, Mumbai
 Glenelg, Mumbai
 Edenwoods, Mumbai
 Shivajinagar, Pune
 GVD, Kalyan
 Riverside, Kalyan
 Avloan Project
 Sanjay Khan, Bangalore
 Grenville Park, Mumbai
 Walkeshwar, Mumbai
 Eternia Chandigarh Project
 Godrej Garden City, Ahmedabad
 K. Syama Raju, Bangalore
 Kochi

20) Previous year figures have been regrouped/rearranged wherever necessary to confirm to current year's classification.

21) Additional information as required under Part IV of Schedule VI of the Companies Act, 1956, to the extent not applicable has not been given.

22) Statement Pursuant to Part IV of Schedule VI of the Companies Act, 1956
 Balance Sheet Abstract for the Year Ended 31st March, 2009 And Company's General Business Profile

a)	Registration Details	
	Registration No.	U74120MH1985PLC035308
	State Code	11
	Balance Sheet Date	31st March, 2009
b)	Capital raised during the year (Amount in Rs. Thousands)	
	Public Issue	Nil
	Rights Issue (Including Premium)	Nil
	Bonus Issue	Nil
	Private Placement	Nil
c)	Position of mobilisation and deployment of funds (Amount in Rs. Thousands)	
	Total Liabilities	1,23,55,969
	Total Assets	1,23,55,969
	Sources of Funds	
	Paid-up Capital	6,04,203
	Reserves & Surplus	25,54,597
	Secured Loans	25,66,929
	Unsecured Loans	19,03,590
	Application of Funds	
	Net Fixed Assets	70,264
	Investments	5,57,189
	Net Current Assets	69,97,007
	Misc. Expenditure	Nil
	Deferred Tax Asset	4,859
	Accumulated Losses	Nil
d)	Performance of Company (Amount in Rs. thousands)	
	Turnover	18,81,308
	Total Expenditure (Net of other income)	8,20,965
	Profit before tax	10,60,343
	Profit after tax	7,47,354
	Earning per Share in Rs. (on an annualized basis)	12.20
	Dividend rate %	25
e)	Generic Name of three principal products/services of Company	N.A.

SCHEDULES FORMING PART OF THE ACCOUNTS**STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

1. Name of the Company : Godrej Estate Developers Private Limited
2. Financial Year ending : 31st March, 2009
3. The Company's interest in the subsidiary as on above date. : 50,000 Equity Shares of Rs. 10/- each, fully paid-up (representing 100% of the share Capital)
4. Net Profit/(Loss) of the subsidiary : (Rs. 45,095/-)
company (Not dealt with in the accounts of the Company)

A. B. GODREJ
CHAIRMAN
MILIND S. KORDE
MANAGING DIRECTOR
SHODHAN KEMBHAVI
COMPANY SECRETARY

Mumbai, Dated : May 11, 2009

STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Company : Godrej Realty Private Limited
2. Financial Year ending : 31st March, 2009
3. The Company's interest in the subsidiary as on above date. : 510,000 Equity Shares of Rs. 10/- each, fully paid-up (representing 51% of the share Capital)
4. Net Profit/(Loss) of the subsidiary : Rs. 2,774,711/-
company (Not dealt with in the accounts of the Company)

A. B. GODREJ
CHAIRMAN
MILIND S. KORDE
MANAGING DIRECTOR
SHODHAN KEMBHAVI
COMPANY SECRETARY

Mumbai, Dated : May 11, 2009

STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Company : Godrej Waterside Properties Private Limited
2. Financial Year ending : 31st March, 2009
3. The Company's interest in the subsidiary as on above date. : 510,000 Equity Shares of Rs. 10/- each, fully paid-up (representing 51% of the share Capital)
4. Net Profit/(Loss) of the subsidiary : Rs. 16,351,906/-
company (Not dealt with in the accounts of the Company)

A. B. GODREJ
CHAIRMAN
MILIND S. KORDE
MANAGING DIRECTOR
SHODHAN KEMBHAVI
COMPANY SECRETARY

Mumbai, Dated : May 11, 2009

STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Company : Godrej Real Estate Private Limited
2. Financial Year ending : 31st March, 2009
3. The Company's interest in the subsidiary as on above date. : 50,000 Equity Shares of Rs. 10/- each, fully paid-up (representing 100% of the share Capital)
4. Net Profit/(Loss) of the subsidiary : (Rs. 34,360/-)
company (Not dealt with in the accounts of the Company)

A. B. GODREJ
CHAIRMAN
MILIND S. KORDE
MANAGING DIRECTOR
SHODHAN KEMBHAVI
COMPANY SECRETARY

Mumbai, Dated : May 11, 2009

STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Company : Godrej Developers Private Limited
2. Financial Year ending : 31st March, 2009
3. The Company's interest in the subsidiary as on above date. : 34,032 Equity Shares of Rs. 10/- each, fully paid-up (representing 51% of the share Capital)
4. Net Profit/(Loss) of the subsidiary : (Rs. 45,248 /-)
company (Not dealt with in the accounts of the Company)

A. B. GODREJ
CHAIRMAN
MILIND S. KORDE
MANAGING DIRECTOR
SHODHAN KEMBHAVI
COMPANY SECRETARY

Mumbai, Dated : May 11, 2009

STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Company : Godrej Sea View Properties Private Limited
2. Financial Year ending : 31st March, 2009
3. The Company's interest in the subsidiary as on above date. : 50,000 Equity Shares of Rs. 10/- each, fully paid-up (representing 100% of the share Capital)
4. Net Profit/(Loss) of the subsidiary : (Rs. 79,028/-)
company (Not dealt with in the accounts of the Company)

A. B. GODREJ
CHAIRMAN
MILIND S. KORDE
MANAGING DIRECTOR
SHODHAN KEMBHAVI
COMPANY SECRETARY

Mumbai, Dated : May 11, 2009

STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Company : Happy Highrises Limited
2. Financial Year ending : 31st March, 2009
3. The Company's interest in the subsidiary as on above date. : 203,120 Equity Shares of Rs. 1000/- each, fully paid-up (representing 100% of the share Capital)
4. Net Profit/(Loss) of the subsidiary : (Rs. 31,971 /-)
company (Not dealt with in the accounts of the Company)

A. B. GODREJ
Chairman
MILIND S. KORDE
Managing Director
SHODHAN KEMBHAVI
Company Secretary

Mumbai, Dated : May 11, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Profit for the Year before Taxation	1,060,342,632	1,153,184,151
Adjustment for:		
Depreciation	10,677,865	8,489,763
Interest Paid	512,956,238	270,039,466
Profit/(Loss) on sale of Fixed Asset (Net)	17,548	289,087
Provision for Diminution in value of Investment written back	-	(14,556)
Interest Income	(484,413,285)	(231,859,134)
Dividend Received	(7,469)	(32,102)
Profit on Sale of Long Term Investment	(419,903,138)	-
Operating Profit before working capital changes	679,670,391	1,200,096,675
Adjustment for:		
Change in Inventory	(409,486,615)	672,345,146
Change in Sundry Debtors	(1,107,371,030)	(1,859,241,757)
Change in Loans & Advances	(941,598,612)	(3,865,284,547)
Change in Current Liabilities/Provisions	311,721,214	2,035,370,065
	(1,467,064,653)	(1,816,714,418)
Taxes Paid (Net)	422,073,560	410,283,474
Net Cash Flow from Operating Activities	(1,889,138,213)	(2,226,997,892)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(52,537,298)	(11,712,077)
Sale of Fixed Assets	499,693	203,770
Sale of Investments	420,162,818	-
Purchase of Investments	(500,000)	(473,320,050)
Interest Received	450,878,689	207,473,633
Dividend Received	7,469	32,102
Net Cash Flow from Investing Activities	818,511,371	(277,322,622)
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Share Capital	-	1,499,999,480
Change in Cash Credit	981,174,047	811,856,278
(Repayment)/Proceeds from Term Loan	600,000,000	-
Proceeds from unsecured Borrowings	372,843,185	400,579,416
(Repayment)/Proceeds from Inter Company Deposit	20,000,000	(10,000,000)
(Repayment)/Acceptance of Fixed Deposits	(19,098,000)	2,200,000
Interest Paid	(512,956,239)	(270,039,466)
Payment of Dividend	(246,124,143)	-
Tax on Distributed Profits	(41,828,800)	-
Net Cash Flow from Financing Activities	1,154,010,050	2,434,595,708
Net Increase/(Decrease) in Cash & Cash Equivalent	83,383,208	(69,724,806)
Cash & Cash Equivalent -Opening Balance	63,954,075	133,678,881
Cash & Cash Equivalent -Closing Balance	147,337,283	63,954,075

Notes :

1. The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating and financing activities.
2. Figures for the previous year have been regrouped/restated wherever necessary to conform to this year's classification.

For and on behalf of

KALYANIWALLA & MISTRY
Chartered Accountants

A. B. GODREJ
Chairman

MILIND S. KORDE
Managing Director

ERMIN K. IRANI
Partner

SHODHAN KEMBHAVI
Company Secretary

Mumbai, Dated : May 11, 2009

BOARD OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2009

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report alongwith the Audited Accounts for the year ended March 31, 2009.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the period ended March 31, 2009 reveal that there is surplus at the end of the period. During the year the Company has created Debenture Redemption Reserve as required under Section 117(C) of the Companies Act, 1956.

2. REVIEW OF OPERATIONS:

The Company has conceptualized and finalized the design for the First Phase of the Project and is awaiting further approvals for the same.

M/s Desai & Gaikwad has executed a Deed of Cancellation with your Company since they were not in a position to make available the agreed lands for the Second Phase at Village Bavdhan, District Pune as was agreed by them in the Memorandum of Understanding. The said MOU now stands cancelled and M/s Desai & Gaikwad have refunded the advance of Rs.7,62,30,000/- along with interest thereon at the rate of 10% p.a.

3. DIVIDEND:

As there are no distributable profits, the Directors regret that no dividend can be recommended.

4. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Milind S. Korde, retires by rotation and being eligible, offers himself for re-appointment.

5. CHANGE IN TERMS OF DEBENTURES:

During the year your company has extended the Moratorium period for the payment of interest on Debentures till March 31, 2011. The Interest Rate on the Debentures was changed from 10% to 1% w.e.f January 1, 2009

6. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

7. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;

- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates 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 ended March 31, 2009 and of the profit of the Company for that year;

- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the annual accounts on a going concern basis.

8. ADDITIONAL INFORMATION:

- Since the company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975, are not given.

- 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 is provided hereunder:

- Conservation of Energy : Expenses on account of Energy are negligible.
- Technology Absorption: It is an on going process.
- Foreign Exchange Earnings & Outgo: The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

9. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

For and on behalf of the board

MILIND S. KORDE
Director
NARESH NADKARNI
Director

Place : Mumbai
Dated : May 11, 2009

REPORT OF THE AUDITORS

TO THE MEMBERS OF GODREJ REALTY PRIVATE LIMITED

- We have audited the attached Balance Sheet of GODREJ REALTY PRIVATE LIMITED, as at 31st March 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

- We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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.

- As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

- Further to our comments in the Annexure referred to in paragraph (3) above, we report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- 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.
- The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(e) of Schedule 12-Notes to Accounts, in respect of projects under long term contracts undertaken and/or

financed by the Company, we have relied upon the management's estimates of the percentage of completion, costs to completion and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profits/losses have been accounted, interest income accrued and realizability of the construction work in progress and project advances determined.

- 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
- in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

- On the basis of the written representations received from the Directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA AND MISTRY
Chartered Accountants
ERMIN K. IRANI
Partner
Membership No. 35646

Place : Mumbai
Dated : May 11, 2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

- The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - As explained to us, 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.
 - In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
- The management has conducted physical verification of inventory at reasonable intervals.
 - In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956
 - Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.
 - The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956
 - Consequently, the question of commenting on the rates of interest and others terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
 - Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
 - The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
- In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and nature of its business.
- The maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.

- According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March 2009 for a period of more than six months from the date they became payable.
 - According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, Cess on account of any dispute.

- The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.

- According to the information and explanations given to us and based on documents and records produced to us, the Company has not defaulted in repayment of dues to debenture holders. There are no dues to banks and financial institutions.

- According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- 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.

- The Company does not deal in shares, securities, debentures and other investments.

- According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

- In our opinion and according to the information and explanations given to us, the Company has utilized the term loan for the purpose it was taken.

- According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investments.

- The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

- The Company did not issue any debentures during the year.

- The Company has not raised any money through a public issue during the year.
- Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA AND MISTRY
Chartered Accountants
ERMIN K. IRANI
Partner
Membership No. 35646

Place : Mumbai
Dated : May 11, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.09 Rupees	As at 31.03.08 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	10,000,000	10,000,000
Reserves & Surplus	2	674,472	-
Loan Funds			
Secured Loans	3	150,000,000	150,000,000
Deferred Tax Liability		1,000	-
		<u>160,675,472</u>	<u>160,000,000</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	247,525	347,608
Less : Depreciation		20,468	63,850
Net Block		<u>227,057</u>	<u>283,758</u>
Investments		-	-
Deferred Tax Assets		-	3,000
Current Assets, Loans and Advances			
Inventory	5	84,163,008	88,563,479
Cash and Bank Balances	6	101,915,567	19,023,983
Loans and Advances	7	9,490,264	88,292,586
		<u>195,568,839</u>	<u>195,880,048</u>
Less : Current Liabilities and Provisions			
Current Liabilities	8	35,120,424	38,267,045
		<u>35,120,424</u>	<u>38,267,045</u>
Net Current Assets		<u>160,448,415</u>	<u>157,613,003</u>
Profit and Loss Account		-	2,100,239
		<u>160,675,472</u>	<u>160,000,000</u>
Notes to Accounts and Accounting Policies	12		

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

Signatures to the Balance Sheet and Schedules 1 to 8 and 12

As per our Report of even date.

For and on behalf of

KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Mumbai, Dated: May 11, 2009

MILIND S. KORDE
NARESH NADKARNI
Director
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	For the year ended 31.03.09 Rupees	For the year ended 31.03.08 Rupees
INCOME			
Interest Income		28,785,599	1,525,091
[Tax deducted at Source Rs. 6,507,756/- (Previous Year Rs. 302,103/-)]			
EXPENDITURE			
Cost of Sales	9	-	-
Administration Expenses	10	23,451	-
Interest and Finance Charges	11	24,727,520	1,525,091
Depreciation		7,917	24,096
Profit/(Loss) for the Year		<u>4,026,711</u>	<u>(24,096)</u>
Provision for Taxation			
For Current Tax		(1,248,000)	-
For Deferred Tax		(4,000)	(586,000)
Profit/(Loss) After Tax		<u>2,774,711</u>	<u>(610,096)</u>
Prior Year Tax Adjustments		-	(347,610)
Deficit Brought Forward		(2,100,239)	(1,142,533)
Amount available for appropriation		674,472	(2,100,239)
Transferto Debenture Redemption Reserve		674,472	-
Balance Carried Forward		<u>-</u>	<u>(2,100,239)</u>
Earning per share Basic in Rs. (Refer Note 5)		2.77	(0.96)
Earning per share Diluted in Rs. (Refer Note 5)		0.65	-
Notes to Accounts and Accounting Policies	12		

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

Signatures to Profit and Loss Account and Schedules 9 to 12

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Mumbai, Dated: May 11, 2009

MILIND S. KORDE
NARESH NADKARNI
Director
Director

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.09 Rupees	As at 31.03.08 Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
1,000,000 Equity Shares of Rs.10 each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
Issued, Subscribed and Paid up		
1,000,000 Equity Shares of Rs.10 each, fully paid-up (Out of above 510,000 equity share are held by Godrej Properties Limited, the Holding Company and its nominee)	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
SCHEDULE 2 : RESERVES & SURPLUS		
DEBENTURE REDEMPTION RESERVE		
Transferred from Profit & Loss Account	674,472	-
Balance at the end of the year	<u>674,472</u>	<u>-</u>
SCHEDULE 3 : SECURED LOANS		
10% Secured Redeemable Optionally Convertible Debentures (Refer Note 2)	150,000,000	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
SCHEDULE 4 : FIXED ASSET		

Particulars	Gross Block				Depreciation				Net Block	
	As at 1st April 2008	Additions	Deductions	As at 31st March 2009	Upto 1st April 2008	For the Year	Deductions	Upto 31st March 2009	As at 31st March 2009	As at 31st March 2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Refer Note 2)	222,175	-	-	222,175	-	-	-	-	222,175	222,175
Computers	25,350	-	-	25,350	17,214	3,254	-	20,468	4,882	8,136
Motor Vehicle	100,083	-	100,083	-	46,636	4,663	51,299	-	-	53,447
Total	347,608	-	100,083	247,525	63,850	7,917	51,299	20,468	227,057	283,758
Previous Year	347,608	-	-	347,608	39,754	24,096	-	63,850	283,758	307,854

	As at 31.03.09 Rupees	As at 31.03.08 Rupees
SCHEDULE 5 : INVENTORY		
Construction work in progress	84,163,008	88,563,479
	<u>84,163,008</u>	<u>88,563,479</u>
SCHEDULE 6 : CASH AND BANK BALANCE		
Cash in Hand	667	667
Balance with Scheduled Bank - on Current Account	410,413	1,336,817
- on Fixed Deposit Account	101,504,487	17,686,499
	<u>101,915,567</u>	<u>19,023,983</u>
SCHEDULE 7 : LOANS AND ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received		
Others	3,922,385	87,983,906
Advance Tax and Tax Deducted at Source (Net of provision for Tax Rs. 15,82,610/- Previous year 347,610/-)	5,567,879	308,680
	<u>9,490,264</u>	<u>88,292,586</u>
SCHEDULE 8 : CURRENT LIABILITIES		
Sundry Creditors (Refer Note 3)	809,480	541,746
Investor Education and Protection Fund	-	-
Other Liabilities	2,883,271	15,324,156
Interest Accrued but not due	31,427,673	22,401,143
	<u>35,120,424</u>	<u>38,267,045</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	For the Year ended 31.03.09 Rupees	For the Year ended 31.03.08 Rupees
SCHEDULE 9 : COST OF SALES		
Opening Stock	88,563,479	61,819,484
Add: Expenditure/Transfers from Advances during the period		
Construction Material & Labour	7,809,660	-
Overheads	756,159	13,267,624
Interest	4,527,861	13,476,371
	<u>101,657,159</u>	<u>88,563,479</u>
Less: Transferred to Interest & Finance Charges	17,494,151	-
Less: Closing Stock	84,163,008	88,563,479
Cost of Sales	<u>-</u>	<u>-</u>
SCHEDULE 10 : ADMINISTRATION EXPENSES		
Loss on sale of Fixed Assets	23,451	-
	<u>23,451</u>	<u>-</u>
SCHEDULE 11 : INTEREST AND FINANCE CHARGES (NET)		
Interest Paid		
Others	11,761,030	15,001,462
Total Interest paid	11,761,030	15,001,462
Add : Trfd from Cost of Sales	17,494,151	-
Add: Brokerage & Other Financial Charges	200	-
GROSS INTEREST	29,255,381	15,001,462
Less : Transferred to Cost of Sales	4,527,861	13,476,371
NET INTEREST	<u>24,727,520</u>	<u>1,525,091</u>

SCHEDULE 12 : NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

1.	Accounting Policies
a)	General
	The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.
b)	Fixed Assets
	Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction. Carrying amount of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.
c)	Depreciation/Amortization
	Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.
d)	Inventories
	Inventories are valued as under :
a)	Completed Flats - At lower of Cost or Market value
b)	Construction Work-in-Progress - At cost
	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 Company.
e)	Revenue Recognition
	The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company. Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, 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. Interest income is accounted on an accrual basis at contracted rates.
f)	Borrowing Cost
	Interest and finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress/Due on Management Project, as a part of the cost of the projects at weighted average of the borrowing cost/rates as per Agreements respectively. Other borrowing costs are recognized as an expense in the period in which they are incurred.
g)	Earnings Per Share
	The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.
h)	Provision for Taxation
	Tax expense comprises both current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws. Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are ca-

pable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

- i) **Provisions and Contingent Liabilities**
Provisions are recognized 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 the 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. As on the balance sheet date there is no contingent liability.
2. **Secured Loans**
The 10% secured optionally convertible debentures are redeemable at the end of the 7 years from the deed date of allotment and are secured to the extent of specific immovable assets of the Company disclosed under the head "Fixed Assets". The Company has created a Debenture Redemption Reserve as required under Section 117 (C) of the Companies Act, 1956 to the extent of Profit available for distribution.
3. **Micro, Small and Medium Enterprises Development Act, 2006:**
Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts.
4. **Deferred Tax**
The Tax effect of significant temporary differences that resulted in deferred tax assets are:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Assets		
- Depreciation on Fixed Assets	-	3,000
Liabilities		
- Depreciation on Fixed Assets	(1,000)	-
Deferred Tax Assets	<u>(1,000)</u>	<u>3,000</u>

5. **Earnings Per Share**
- | Particulars | Current Year | Previous Year |
|--|--------------|---------------|
| Profit for the year as per Profit & Loss Account (Rs.) | 2,774,711 | (957,706) |
| Weighted average No. of equity shares outstanding (Nos.) | 1,000,000 | 1,000,000 |
| Weighted average No. of Potential equity shares outstanding (Nos.) | 16,000,000 | 16,000,000 |
| Basic Earnings Per Share (Rs.) | 2.77 | (0.96) |
| Diluted Earnings Per Share (Rs.) | 0.65 | - |
| Nominal value of shares (Rs.) | 10 | 10 |
6. **Amounts paid to Auditors:**
- | Particulars | Current Year (Rs.) | Previous Year (Rs.) |
|------------------------|--------------------|---------------------|
| Audit Fees | 159,935 | 89,984 |
| Audit & Other Statutes | 55,150 | - |
| Certification | 1,124 | - |
| Consultancy charges | 33,708 | 28,060 |
| Total | <u>249,917</u> | <u>118,044</u> |
7. **Segment Information**
As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.
 8. **AS 18 - Related Party Disclosure**

1. **Relationships :**
 - (i) Shareholders (the Godrej Group Shareholding) in the Company Godrej Properties Limited (GPL) holds 51% in the Company. GPL is the subsidiary of Godrej Industries Limited (GIL). GIL is a subsidiary of Godrej & Boyce Manufacturing Company Limited (G & B), the Ultimate Holding Company.
 - (ii) Investing party in respect of which the reporting enterprise is an associate -HDFC Venture Trustee Company Limited.

2. The following transactions were carried out with the related parties in the ordinary course of business.

Sr. No.	Particulars	G&B	GPL	HDFC Venture Trustee Company Limited
1.	Expenses Charged to other Companies	-	4,612,506	-
2.	Expenses Charged by other Companies	-	94,852	-
		-	<i>11,914,971</i>	-
3.	Debenture Interest	-	5,952,329	5,718,904
		-	<i>7,650,000</i>	<i>7,350,000</i>
4.	Loans / Advances taken	-	112,400,000	-
5.	Advances repaid	-	112,400,000	-
6.	Outstanding receivables, net of (payables)	(703)	(15,344,207)	(16,083,477)
		(703)	<i>(22,655,305)</i>	<i>(11,660,477)</i>
7.	Debentures Outstanding	-	76,500,000	73,500,000
		-	<i>76,500,000</i>	<i>73,500,000</i>

(Figures in italics are for previous year)

- 9) Previous year figures have been rearranged/regrouped wherever necessary to confirm to current year's classification.
- 10) Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract for the year ended 31st March, 2009 and Company's General Business Profile

1. Registration Details	
Registration No.	U70100MH2005PTC154268
State Code:	11
Balance Sheet Date	31st March, 2009
2. Capital raised during the year (Amount in Rs. thousands)	
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement - Capital	Nil
- Premium	Nil
3. Position of mobilisation and deployment of funds (Amount in Rs. thousands)	
Total Liabilities	195,796
Total Assets	195,796
Sources of Funds	
Paid-up capital	10,000
Reserves and Surplus	674
Secured Loans	150,000
Unsecured Loans	-
Deferred Tax Liability	1
Application of Funds	
Net Fixed Assets	227
Investments	-
Net Current Assets	160,448
Miscellaneous Expenditure	-
Accumulated Losses	-
4. Performance of Company (Amount in Rs. thousands)	
Turnover	-
Total Expenditure	24,759
Profit/(Loss) before Tax	4,027
Profit/(Loss) after Tax	2,775
Earning per Share (Basic) in Rs.	2.77
Earning per Share (Diluted) in Rs.	0.65
Dividend Rate %	-
5. Generic Names of three principal products/services of Company	N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

Particulars	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Profit/(Loss) for the Year	4,026,711	(24,096)
Adjustment for:		
Depreciation	7,917	24,096
Interest Paid	29,255,181	15,001,462
Profit/(Loss) on sale of Fixed Asset (Net)	23,451	-
Interest Income	(28,785,599)	(1,525,091)
Operating Profit before working capital changes	4,527,661	13,476,371
Adjustment for:		
Change in Inventory	4,400,471	(26,743,995)
Change in Loans & Advances	84,061,521	(413)
Change in Current Liabilities/Provisions	(32,401,802)	10,599,734
	60,587,850	(2,668,303)
Taxes Paid (Net)	6,507,199	417,252
Net Cash Flow from Operating activities	54,080,651	(3,085,555)
Cash Flow from Investing Activities		
Sale of Fixed Assets	25,333	-
Interest Received	28,785,599	1,538,477
Net Cash Flow from Investing Activities	28,810,932	1,538,477
Cash Flow from Financing Activities	-	-
Net Increase/ (Decrease) in Cash & Cash Equivalent	82,891,583	(1,547,077)
Cash & Cash Equivalent -Opening Balance	19,023,983	20,571,060
Cash & Cash Equivalent -Closing Balance	<u>101,915,567</u>	<u>19,023,983</u>

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/restated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Mumbai, Dated: May 11, 2009

MILIND S. KORDE Director
NARESH NADKARNI Director

BOARD OF DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 2009**TO THE SHAREHOLDERS**

Your Directors have pleasure in submitting their Report together with the Audited Accounts for the year ended March 31, 2009.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the period ended March 31, 2009 reveal that there is deficit at the end of the period.

2. REVIEW OF OPERATIONS:

During the year your Company has received a formal approval for SEZ from Board of Approvals for the project Godrej Genesis, Hyderabad (IT Park). However, due to adverse market conditions in the IT Sector your Company has made an application to the authorities for conversion of land use from IT to mixed use.

3. DIVIDEND:

As there are no profits, the Directors regret that no dividend cannot be recommended.

4. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. K.T.Jithendran, retires by rotation and being eligible, offers himself for re-appointment.

5. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Director's confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates 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 ended 31st March, 2009 and of the loss of the Company for that year;

- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

7. ADDITIONAL INFORMATION:

- (a) Since the company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975, are not given.
- (b) 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 is provided hereunder:
 - (i) Conservation of Energy :
Expenses on account of Energy are negligible.
 - (ii) Technology Absorption :
It is an on going process.
 - (iii) Foreign Exchange Earning & Outgo :
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

8. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

FOR AND ON BEHALF OF THE BOARD

Milind S. Korde	K.T. Jithendran
Director	Director

Place: Mumbai
Dated: May 11, 2009

REPORT OF THE AUDITORS TO THE MEMBERS OF GODREJ REAL ESTATE PRIVATE LIMITED

1. We have audited the attached Balance Sheet of GODREJ REAL ESTATE PRIVATE LIMITED, as at 31st March 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. This report does not include a statement on the matters specified in paragraph 4 and 5 of the Companies (Auditor's Report) Order, 2003, issued by the Department of Company Affairs, in terms of Section 227 (4A) of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.

4. Further we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
- c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
- iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
PARTNER

Membership No. 35646

Place: Mumbai
Dated: May 11, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	500,000	500,000
Loan Funds		-	-
		<u>500,000</u>	<u>500,000</u>
APPLICATION OF FUNDS			
Fixed Assets	2		
Gross Block		99,990	99,990
Less : Depreciation		<u>46,302</u>	<u>13,784</u>
Net Block		<u>53,688</u>	<u>86,206</u>
INVESTMENTS		-	-
CURRENT ASSETS, LOANS & ADVANCES			
Inventory	3	857,517,086	728,176,550
Cash & Bank Balances	4	218,014	128,957
Loans and advances	5	<u>8,830,043</u>	<u>1,677,500</u>
		<u>866,565,143</u>	<u>729,983,007</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	6	<u>866,207,642</u>	<u>729,625,506</u>
		<u>866,207,642</u>	<u>729,625,506</u>
NET CURRENT ASSETS		357,501	357,501
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Preliminary Expenditure		12,894	14,736
PROFIT & LOSS ACCOUNT		<u>75,917</u>	<u>41,557</u>
		<u>500,000</u>	<u>500,000</u>
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	9		

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

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner

MILIND S. KORDE **K. T. JITHENDRAN**
Directors

Mumbai, Dated : May 11, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	For the Year Ended 31.03.2009 Rupees	For the Year Ended 31.03.2008 Rupees
INCOME		-	-
EXPENDITURE			
Cost of sales	7	-	-
Interest & Finance Charges	8	-	-
Depreciation		32,518	13,784
Preliminary Expenses written off		<u>1,842</u>	<u>1,842</u>
Deficit for the Year		<u>(34,360)</u>	<u>(15,626)</u>
Deficit Brought Forward		<u>(41,557)</u>	<u>(25,931)</u>
Deficit Carried Forward to Balance Sheet		<u>(75,917)</u>	<u>(41,557)</u>
Earning per share Basic/Diluted in Rs. (Refer Note 3)		<u>(0.69)</u>	<u>(0.31)</u>
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	9		

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

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner

MILIND S. KORDE **K. T. JITHENDRAN**
Directors

Mumbai, Dated : May 11, 2009

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
50,000 Equity shares of Rs. 10/- each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
ISSUED, SUBSCRIBED & PAID UP		
50,000 Equity shares of Rs. 10/- each, fully paid up	500,000	500,000
(All the above Shares are held by Godrej Properties Limited, the Holding company and its nominee)		
	<u>500,000</u>	<u>500,000</u>

SCHEDULE 2 FIXED ASSETS

Particulars	Gross Block				Depreciation			Net Block	
	As at 1st April 2008	Additions	Deductions	As at 31st March 2009	Upto 1st April 2009	For the Year	Upto 31st March 2009	As at 31st March 2009	As at 31st March 2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Office Equipment	7,990	-	-	7,990	462	1,047	1,509	6,481	7,528
Computer	92,000	-	-	92,000	13,322	31,471	44,793	47,207	78,678
TOTAL	99,990	-	-	99,990	13,784	32,518	46,302	53,688	86,206
Previous Year	-	99,990	-	99,990	-	13,784	13,784	86,206	-

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 3		
INVENTORY		
Construction Work in Progress	857,517,086	728,176,550
	<u>857,517,086</u>	<u>728,176,550</u>

SCHEDULE 4		
CASH & BANK BALANCE		
Cash & Cheques In hand	131	-
Balances with Scheduled Bank - On Current Accounts	217,883	128,957
	<u>218,014</u>	<u>128,957</u>

SCHEDULE 5		
LOANS & ADVANCES		
(Unsecured Considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	8,830,043	1,677,500
	<u>8,830,043</u>	<u>1,677,500</u>

SCHEDULE 6		
CURRENT LIABILITIES		
Sundry Creditors (Refer Note No 2)	557,318	-
Investor Education & Protection Fund	-	-
Other Liabilities	865,650,324	729,625,506
	<u>866,207,642</u>	<u>729,625,506</u>
	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees

SCHEDULE 7		
COST OF SALES		
Opening Stock	728,176,550	-
Add : Expenditure/Transfers from Advances/Taken over during the year		
Development Rights	-	621,654,630
Construction	6,321,935	-
Advertisement Expenses	-	69,663
Overheads	41,396,718	14,038,359
Interest	81,621,882	92,413,898
	<u>857,517,086</u>	<u>728,176,550</u>
Less : Closing Stock:	<u>857,517,086</u>	<u>728,176,550</u>
Cost of Sales	-	-

SCHEDULE 8		
INTEREST AND FINANCIAL CHARGES		
Interest Paid		
Other loans	81,621,882	91,572,098
Total Interest Paid	<u>81,621,882</u>	<u>91,572,098</u>
Add: Brokerage & other Financial Charges	-	841,800
Total Interest/Finance Charges Paid	<u>81,621,882</u>	<u>92,413,898</u>
Less: Transferred to Cost of Sales	<u>81,621,882</u>	<u>92,413,898</u>
NET INTEREST	-	-

SCHEDULE 9

NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

1) Accounting Policies

a) General

The accounts are prepared under the Historical Cost Convention, using the accrual method of accounting, the accounting standard issued by the Institute of Chartered Accountants of India and the provisions of The Companies Act, 1956.

b) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c) Depreciation/Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

d) Inventories

Inventories are valued as under :

- a) Completed Flats - At lower of Cost or Market value
- b) Construction Work-in-Progress - At Cost

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 Company.

e) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, 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.

f) Borrowing Cost

Interest and Finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress as a part of the cost of the projects at weighted average of the borrowing cost.

g) Earnings Per Share

The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

h) Provisions And Contingent Liabilities

Provisions are recognized 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 the 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. There is no contingent liability as on the balance sheet date.

i) Miscellaneous Expenditure

Miscellaneous expenditure is amortized over a period of 10 years.

j) Leases

The Company's significant leasing arrangements are in respect of operating leases for Residential premises. Lease income from operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises given under operating leases are as under:

Particulars	Current Year Rs.	Previous Year Rs.
Future minimum lease Payment under non-cancelable operating leases		
Not later than 1 year	1,384,320	NIL
Later than 1 year and not later than 5 years	5,299,117	NIL

2) Micro, Small and Medium Enterprises Development Act, 2006:

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts.

3) Earnings per share

Particulars	Current Year	Previous Year
Profit/ (Loss) after as per Profit & Loss Account (Rs.)	(34,360)	(15,626)
Weighted average no. of equity shares outstanding	50,000	50,000
Basic/Diluted earnings per share (Rs.)	(0.69)	(0.31)
Nominal value of shares (Rs.)	10/-	10/-

SCHEDULES FORMING PART OF THE ACCOUNTS

4) Amounts paid to Auditors

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Audits Fees	1,59,935	89,896
Consultancy Charges	33,708	2,248
Total	1,93,643	92,144

5) Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

6) AS 18 – Related Party Disclosure

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

- Relationships:
Shareholders: Godrej Properties Limited (GPL) holds 100% of the Share Capital of the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding company.
- The following transactions were carried out with the related parties in the ordinary course of the business:

Sr. No	Particulars	Current Year Rs.
1	Expenses charged by other companies	108,151,756 <i>675,246,973</i>
2	Advances received	34,450,000 <i>54,270,225</i>
3	Advances repaid	10,00,000 <i>Nil</i>
4	Outstanding payables	845,998,414 <i>722,892,177</i>

Figures in italics are for previous year

- Previous year figures have been rearranged/regrouped wherever necessary to conform to current year's classification.
- Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

CASH FLOW STATEMENT FOR THE YEAR ENDED
31ST MARCH, 2009

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Loss for the year	(34,360)	(15,626)
Adjustment for:		
Depreciation	32,518	13,784
Interest Paid	81,621,882	92,413,898
Preliminary expenses	1,842	1,842
Operating Loss before working capital changes	81,621,882	92,413,898
Adjustment for:		
Change in Inventory	(129,340,535)	(728,176,550)
Change in Loans & Advances	(7,152,543)	(1,677,500)
Change in Current Liabilities/Provisions	54,960,254	637,169,099
Net Cash Flow from Operating Activities	89,057	(271,053)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	-	(99,990)
Net Cash Flow from Investing Activities	-	(99,990)
Cash Flow from Financing Activities	-	-
Net Increase/(Decrease) in Cash & Cash Equivalent	89,057	(371,043)
Cash & Cash Equivalent - Opening Balance	128,957	500,000
Cash & Cash Equivalent - Closing Balance	218,014	128,957

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/re-stated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
ERMIN K. IRANI
Partner

MILIND S. KORDE K.T. JITHENDRAN
Directors

Mumbai, Dated : May 11, 2009

BALANCE SHEET ABSTRACT FOR THE YEAR ENDED 31ST
MARCH, 2009 AND COMPANY'S GENERAL BUSINESS PROFILE

1	Registration Details			Secured Loans	:	-
	Registration No.	:	U45200MH2007PTC168818	Unsecured Loans	:	-
	State Code	:	11	Application of Funds		
	Balance Sheet Date	:	31st March, 2009	Net Fixed Assets	:	54
2	Capital raised during the year (Amount in Rs. thousands)			Investments	:	-
	Public Issue	:	Nil	Net Current Assets	:	357
	Rights Issue	:	Nil	Misc. Expenditure	:	13
	Bonus Issue	:	Nil	Accumulated Losses	:	76
	Private Placement - Capital	:	Nil	4	Performance of Company (Amount in Rs. thousands)	
- Premium	:	Nil	Turnover		:	-
3	Position of mobilisation and deployment of funds (Amount in Rs. thousands)			Total Expenditure	:	(34)
	Total Liabilities	:	866,708	Profit/ (Loss) before Tax	:	(34)
	Total Assets	:	866,708	Profit/ (Loss) after Tax	:	(34)
	Sources of Funds			Earning per Share in Rs.	:	(0.69)
	Paid-up capital	:	500	Dividend Rate %	:	-
	Reserves & Surplus	:	-	5	Generic Names of three principal products/services of Company	
					:	N.A.

DIRECTORS' REPORT FOR THE PERIOD ENDED ON MARCH 31, 2009**TO THE SHAREHOLDERS**

Your Directors have pleasure in submitting their Report together with the Audited Accounts for the year ended March 31, 2009.

1. FINANCIAL HIGHLIGHTS

The accounting results for the year ended 31st March, 2009 reveal that there is a deficit at the end of the year.

2. REVIEW OF OPERATIONS:

Your company has received the permission for the commencement of the project from the Nabadiganta Municipal Corporation, Kolkata. During the year the company has received the permission from WEBEL for enabling the company to sublease, assign and transfer the built up space in the project. The company has selected Larsen & Toubro as the contractor for execution of the project. The design and concept of the project has been finalized by the company.

3. DIVIDEND:

As there are no profits, Directors regret their inability to recommend any dividend for the year under consideration.

4. CHANGE IN SHARE HOLDING PATTERN:

During the year the Company has issued 16,730 Equity shares of Rs. 10/— each at a Premium of Rs. 12,841.86 to Red Fort India Real Estate Babur. Godrej Properties Limited has diluted its stake in the Company by transferring 15,968 equity shares of Rs. 10/—Each to Red Fort India Real Estate Babur at a Premium of Rs. 12,841.86.

Post issue of shares to Red Fort India Real Estate Babur, Godrej Properties Limited now holds 51% stake in the Company.

5. REDEMPTION OF PREFERENCE SHARES :

During the year the Company has redeemed the 10,000 10% Non—Convertible Cumulative Redeemable Preference Shares issued to the Promoter, Godrej Properties Limited, from the Reserves of the Company.

6. DIRECTORS:

During the year Mr. Rajendra Khetawat, Mr. Gurubaksh Singh & Mr. Subhash Bedi were appointed as Additional Directors w.e.f July 2, 2008 pursuant to the Share Holders Agreement dated June 27, 2008. As per the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company they will hold the office upto the ensuing Annual General Meeting of the Company. The Company has received a notice in writing from the members of the Company signifying their candidature for the office of the Board of Directors of the Company.

Mr. Rajendra Khetawat resigned as Director from the Board of Directors with effect from February 5, 2009. The Board wishes to place on record its appreciation for the valuable guidance extended by him during his association with the Company.

Mr. Pirojsha A. Godrej was appointed as an Additional Director on the Board with effect from February 5, 2009. He will hold office up to the date of the ensuing Annual General Meeting.

In accordance with the provisions of the Articles of Association, Mr. K.T.Jithendran, retire by rotation and being eligible, offer himself for re-appointment.

7. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

8. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm that:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates 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 ended March 31, 2009 and of the loss of the Company for that year;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

9. ADDITIONAL INFORMATION:

- (a) Since the company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975, are not given.
- (b) 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 is provided hereunder:
 - (i) Conservation of Energy :
Expenses on account of Energy are negligible.
 - (ii) Technology Absorption:
It is an on going process.
 - (iii) Foreign Exchange Earning & Outgo:
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

10. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

For and on behalf of the Board of Directors

MILIND S. KORDE
Director

K. T. JITHENDRAN
Director

Place: Mumbai
Dated: May 9, 2009

REPORT OF THE AUDITORS**TO THE MEMBERS OF GODREJ DEVELOPERS PRIVATE LIMITED**

1. We have audited the attached Balance Sheet of GODREJ DEVELOPERS PRIVATE LIMITED, as at 31st March 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. This report does not include a statement on the matters specified in paragraph 4 and 5 of the Companies (Auditor's Report) Order, 2003, issued by the Department of Company Affairs, in terms of Section 227 (4A) of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.

4. Further 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 purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
- c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
- iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner
Membership No. 35646

Place: Mumbai
Dated: May 9, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	667,300	600,000
Reserves & Surplus	2	—	—
Loan Funds		<u>—</u>	<u>—</u>
		<u>667,300</u>	<u>600,000</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	139,464	—
Less : Depreciation		<u>43,406</u>	<u>—</u>
Net Block		<u>96,058</u>	<u>—</u>
INVESTMENTS			
Current Assets, Loans & Advances			
Inventory	4	313,882,169	141,768,467
Cash & Bank Balances	5	102,229	205,989
Loans & Advances	6	<u>100,272,825</u>	<u>100,428,010</u>
		<u>414,257,223</u>	<u>242,402,466</u>
Less : Current Liabilities & Provisions			
Current Liabilities	7	<u>413,771,896</u>	<u>241,844,975</u>
Net Current Assets		<u>485,327</u>	<u>557,491</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenditure		12,894	14,736
Profit & Loss Account		<u>73,021</u>	<u>27,773</u>
		<u>667,300</u>	<u>600,000</u>
Notes To Accounts & Accounting Policies	10		

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

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

MILIND S. KORDE K. T. JITHENDRAN
Directors

Mumbai, Dated: May 9, 2009

Signatures to the Balance Sheet and Schedules 1 to 7 and 10

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
INCOME		—	—
EXPENDITURE			
Cost of Sales	8	—	—
Preliminary Expenses			
Depreciation		43,406	—
Interest & Finance Charges	9	—	—
Preliminary Expenses written off		<u>1,842</u>	<u>1,842</u>
Deficit for the year		<u>(45,248)</u>	<u>(1,842)</u>
Deficit Brought Forward		<u>(27,773)</u>	<u>(25,931)</u>
Deficit Carried Forward to Balance Sheet		<u>(73,021)</u>	<u>(27,773)</u>
Earning per share Basic/Diluted in Rs. (Refer Note 6)		(0.72)	(0.04)
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	10		

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

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

MILIND S. KORDE K. T. JITHENDRAN
Directors

Mumbai, Dated: May 9, 2009

Signatures to Profit & Loss Account and Schedules 8 to 10

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
90,000 Equity shares of Rs. 10/— each	900,000	900,000
10,000 10% Non Convertible Cumulative Redeemable Preference shares of Rs. 10/— each	<u>100,000</u>	<u>100,000</u>
	<u>1,000,000</u>	<u>1,000,000</u>
Issued, Subscribed & Paid Up		
66,730 Equity shares of Rs. 10/- each, fully paid-up (Out of which 34,032 Equity Shares are held by Godrej Properties Limited, the Holding company and its nominee)	667,300	500,000
10,000 10% Non Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each., fully paid-up (Redeemed during the year) (All the above Shares were held by Godrej Properties Limited, the Holding company)	—	100,000
	<u>667,300</u>	<u>600,000</u>
SCHEDULE 2 : RESERVE & SURPLUS		
Received During the Year	214,844,318	—
Less: Utilised for redemption of preference shares during the year	<u>(214,844,318)</u>	<u>—</u>
Total	<u>—</u>	<u>—</u>

SCHEDULE 3 : FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block	
	As at 1st April 2008 Rs.	Additions Rs.	Deductions Rs.	As at 31st March 2009 Rs.	As at 1st April 2008 Rs.	For the Year 08-09 Rs.	As at 31st March 2009 Rs.	As at 1st April 2008 Rs.
Computer	—	139,464	—	139,464	—	43,406	43,406	96,058
Total	—	139,464	—	139,464	—	43,406	43,406	96,058
<i>Previous Year</i>	—	—	—	—	—	—	—	—

SCHEDULE 4 : INVENTORY

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Construction work—in-progress	313,882,169	141,768,467
	<u>313,882,169</u>	<u>141,768,467</u>

SCHEDULE 5 : CASH & BANK BALANCE

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Cash & Cheques in hand	10,622	11,439
Balances with Scheduled Bank—on Current Accounts	<u>91,607</u>	<u>194,550</u>
	<u>102,229</u>	<u>205,989</u>

SCHEDULE 6 : LOANS & ADVANCES

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
(Unsecured & considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received		
— Secured (Secured against Bank Guarantee)	—	52,590
— Others	<u>100,272,825</u>	<u>100,375,420</u>
	<u>100,272,825</u>	<u>100,428,010</u>

SCHEDULE 7 : CURRENT LIABILITIES

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Sundry Creditors (Refer Note 5)	13,435,028	810,511
Investors Education & Protection Fund	—	—
Other Liabilities	<u>400,336,868</u>	<u>241,034,464</u>
	<u>413,771,896</u>	<u>241,844,975</u>

	For the Year Ended 31.03.2009 Rupees	For the Year Ended 31.03.2008 Rupees
SCHEDULE 8 : COST OF SALES		
Opening Stock:	141,768,467	—
Add : Expenditure/ Transfers from Advances / Taken over during the year		
Construction, Material & Labour	42,400,487	93,226,136
Architect Fees	10,112,400	15,714,857
Advertisement Expenses	—	537,602
Overheads	108,714,650	20,302,141
Interest	10,886,166	11,987,731
	313,882,169	141,768,467
Less : Closing Stock:	313,882,169	141,768,467
Cost of Sales	—	—

SCHEDULE 9 : INTEREST AND FINANCIAL CHARGES		
Interest Paid—Others	10,886,166	11,987,731
Total Interest/Finance Charges Paid	10,886,166	11,987,731
Less: Transferred to Cost of Sales	10,886,166	11,987,731
NET INTEREST	—	—

SCHEDULE 10 : NOTES TO ACCOUNTS AND ACCOUNTING POLICIES**1. Accounting Policies****a) General**

The accounts are prepared under the Historical Cost Convention, using the accrual method of accounting, the accounting standard issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c) Depreciation/Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

d) Inventories

Inventories are valued as under:

- a) Completed Flats — At lower of Cost or Market value
b) Construction Work-in-Progress — At Cost

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 Company.

e) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, 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.

Interest income is accounted on an accrual basis at contracted rates.

f) Borrowing Cost

Interest and Finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects, are transferred to Construction Work- in-Progress as a part of the cost of the projects at weighted average of the borrowing cost.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

g) Earnings Per Share

The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

h) Provision For Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that

there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

i) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains / losses are recognised in the Profit and Loss Account.

j) Provisions and Contingent Liabilities

Provisions are recognized 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 the 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. There is no contingent liability as on the balance sheet date.

2. Miscellaneous Expenditure

Miscellaneous expenditure is amortized over a period of 10 years.

3. 10,000 10% Non Convertible Cumulative Redeemable Preference shares of Rs.10/- each issued on 24th March 2008 are redeemed on 31st March 2009 @ premium of Rs. 21484.43 Per Share as per the provision of Companies Act , 1956.**4. Preference dividend**

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Arrears of Cumulative Preference Dividend	10,163	191

5. Due to Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts.

6. Earnings Per Share

Particulars	Current Year	Previous Year
Loss for the year as per Profit & Loss Account (Rs.)	45,248	1,842
Weighted average no. of equity shares outstanding	62,513	50,000
Basic Earnings Per Share (Rs.)	(0.72)	(0.04)
Nominal value of shares (Rs.)	10 /—	10 /—

7. Amounts paid to Auditors

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	159,935	89,896
Certification	11,236	33,708
Total	171,171	123,604

8. Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

9. Related Party Disclosure

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

1. Relationships:

Shareholders: Godrej Properties Limited (GPL) holds 51% of the Share Capital of the Company. Red Fort India Real Estate Babur (RFIREB) holds 49% of the Share Capital of the Company.

2. The following transactions were carried out with the related party in the ordinary course of the business:

Sr. No	Particulars	GPL	RFIREB
1	Issue of Equity/ Preference Shares	— 100,000	215,011,618 —
2	Redemption of Preference Shares	214,944,318 —	— —
3	Expenses Charged by other companies	47,353,570 152,029,966	— —
4	Expenses Charged to other companies	2,566,142 —	— —
5	Advances received	333,644,318 85,500,000	— —
6	Advances paid	88,250,000 —	— —
7	Outstanding payables	397,087,438 236,234,687	— —

Figures in italics are for previous year

10. Lease

The Company's significant leasing arrangements are in respect of operating leases for Commercial premises. Lease expenditure for operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises given under operating leases are as under:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Future minimum lease payments under non-cancelable operating leases		
— Not later than 1 year	—	470,156

11. Previous year figures have been regrouped/rearranged where ever necessary to confirm to current year's classification.
12. Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.
13. Additional information as required under Part IV of the Schedule VI to the Companies Act, 1956

Balance Sheet Abstract for the Year ended March 31, 2009 And Company's General Business Profile

- Registration Details

Registration No.	: U45200MH2007PTC168783
State Code	: 11
Balance Sheet Date	: March 31, 2009
- Capital raised during the year (Amount in Rs. thousands)

Public Issue	: Nil
Rights Issue	: Nil
Bonus Issue	: Nil
Private Placement — Capital	: 167
— Premium	: 214,844
- Position of mobilisation and deployment of funds (Amount in Rs. thousands)

Total Liabilities	: 414,439
Total Assets	: 414,439
Sources of Funds	
Paid-up capital	: 667
Reserves & Surplus	: —
Secured Loans	: —
Unsecured Loans	: —
Deferred Tax Liability	: —
Application of Funds	
Net Fixed Assets	: 96
Investments	: —
Net Current Assets	: 485
Miscellaneous Expenditure	: 13
Accumulated Losses	: 73
- Performance of Company (Amount in Rs. thousands)

Turnover	: —
Total Expenditure	: (45)
Profit/(Loss) before Tax	: (45)
Profit/(Loss) after Tax	: (45)
Earning per Share in Rs.	: (0.72)
Dividend Rate %	: —
- Generic Names of three principal products/services of Company : N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

Particulars	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Loss for the year	(45,248)	(1,842)
Adjustment for:		
Depreciation	43,406	—
Interest Paid	10,886,166	11,987,731
Preliminary Expenses	1,842	1,842
Operating Loss before working capital changes	10,886,166	11,987,731
Adjustment for:		
Change in Inventory	(172,113,702)	(141,768,467)
Change in Loans and Advances	155,185	(100,428,010)
Change in Current Liabilities/Provisions	161,040,793	229,814,735
Preliminary Expenses incurred	—	—
Net Cash Flow from Operating activities	(31,558)	(394,011)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(139,464)	—
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Share Capital including		
Share Premium Amount	215,011,618	100,00
Redemption of Preference shares	(214,944,318)	—
Interest Paid	(38)	—
Net Cash Flow from Financing Activities	67,262	100,000
Net Increase/(Decrease) in Cash and Cash Equivalent	(103,760)	(294,011)
Cash and Cash Equivalent—Opening Balance	205,989	500,000
Cash and Cash Equivalent—Closing Balance	102,229	205,989

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/restated wherever necessary to confirm to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner

MILIND S. KORDE K. T. JITHENDRAN
Director

Mumbai, Dated: May 9, 2009

DIRECTORS' REPORT FOR THE PERIOD ENDED ON MARCH 31, 2009**TO THE SHAREHOLDERS**

Your Directors have pleasure in submitting their Report together with the Audited Accounts for the year ended March 31, 2009.

1. FINANCIAL HIGHLIGHTS :

The accounting results for the period ended 31st March, 2009 reveal that there is deficit at the end of the period.

2. REVIEW OF OPERATIONS :

The Company has not commenced any activities during the year.

3. DIVIDEND :

As there are no profits, the Directors regret that no dividend can be recommended.

4. DIRECTORS :

In accordance with the provisions of the Articles of Association, Mr. K. T. Jithendran, retires by rotation and being eligible, offers himself for re-appointment.

5. APPOINTMENT OF AUDITORS :

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- (i) 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;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates 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 ended 31st March, 2009 and of the loss of the Company for that year;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

7. ADDITIONAL INFORMATION :

- (a) Since the Company has no employees, the particulars of the employees to be disclosed under Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975, are not given.
- (b) 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 is provided hereunder :
 - (i) Conservation of Energy :
Expenses on account of Energy are negligible.
 - (ii) Technology Absorption :
It is an on going process.
 - (iii) Foreign Exchange Earning and Outgo :
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

8. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

For and on Behalf of the Board of Directors

MILIND S. KORDE
Director

K.T. JITHENDRAN
Director

Mumbai, Dated: May 11, 2009

REPORT OF THE AUDITORS**TO THE MEMBERS OF GODREJ SEA VIEW PROPERTIES PRIVATE LIMITED**

1. We have audited the attached Balance Sheet of GODREJ SEA VIEW PROPERTIES PRIVATE LIMITED, as at 31st March, 2009 the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. This report does not include a statement on the matters specified in paragraph 4 and 5 of the Companies (Auditor's Report) Order, 2003, issued by the Department of Company Affairs, in terms of Section 227 (4A) of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.
4. Further 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement

dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner
Membership No. 35646

Place : Mumbai, Date : May11, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	500,000	500,000
Loan Funds		—	—
		<u>500,000</u>	<u>500,000</u>
APPLICATION OF FUNDS			
INVESTMENTS		—	—
Current Assets, Loans & Advances			
Cash & Bank Balances	2	392,781	468,324
		<u>392,781</u>	<u>468,324</u>
Less : Current Liabilities & Provisions			
Current Liabilities	3	50,963	49,320
		<u>50,963</u>	<u>49,320</u>
Net Current Assets		341,818	419,004
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenditure		12,894	14,736
Profit & Loss Account		<u>145,288</u>	<u>66,260</u>
		<u>500,000</u>	<u>500,000</u>
Notes To Accounts & Accounting Policies	5		

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

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner

MILIND S. KORDE
Directors

K.T. JITHENDRAN
Directors

Mumbai, Dated: May 11, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
INCOME		—	—
EXPENDITURE			
Administration Expenses	4	77,186	38,337
Preliminary Expenses written off		1,842	1,842
Deficit for the year		<u>(79,028)</u>	<u>(40,179)</u>
Deficit Brought Forward		<u>(66,260)</u>	<u>(26,081)</u>
Deficit Carried to the Balance Sheet		<u>(145,288)</u>	<u>(66,260)</u>
Earning per share Basic/Diluted in Rs. (Refer Note 3)		(1.58)	(0.80)
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	5		

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

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner

MILIND S. KORDE
Directors

K.T. JITHENDRAN
Directors

Mumbai, Dated: May 11, 2009

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
50,000 Equity shares of Rs. 10/- each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Issued, Subscribed and Paid-up		
50,000 Equity shares of Rs. 10/- each, fully paid-up (All the above Shares are held by Godrej Properties Limited, the Holding company and its nominee)	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
SCHEDULE 2 : CASH & BANK BALANCE		
Balance with Scheduled Bank - on Current Account	392,781	468,324
	<u>392,781</u>	<u>468,324</u>
SCHEDULE 3 : CURRENT LIABILITIES		
Sundry Creditors (Refer Note 2)	23,388	—
Investor Education and Protection Fund	—	—
Other Liabilities	27,575	49,320
	<u>50,963</u>	<u>49,320</u>
	For the year ended 1.03.2009 Rupees	For the year ended 31.03.200 Rupees
SCHEDULE 4 : ADMINISTRATION EXPENSES		
Audit fees	27,575	28,098
Other Expenses	49,611	10,239
	<u>77,186</u>	<u>38,337</u>

SCHEDULE 5 : NOTES TO ACCOUNTS AND ACCOUNTING POLICIES**1. Accounting Policies****a) General**

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Miscellaneous Expenditure

Miscellaneous expenditure is amortized over a period of 10 years.

c) Earning Per Share

The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

2. Due to Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts.

3. Earnings per share

Particulars	Current Year	Previous Period
Loss for the Year as per Profit and Loss Account (Rs.)	(79,028)	(40,179)
Weighted average no. of equity shares outstanding	50,000	50,000
Basic/Diluted earnings per share (Rs.)	(1.58)	(0.80)
Nominal value of shares (Rs.)	10 /-	10 /-

4. Amounts paid to Auditors:

	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	27,575	28,098
Consultancy Charges	33,708	—
Total	61,283	28,098

5. Related Party Disclosure

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below :

1. Relationships:

Shareholders: (the Godrej Group Shareholding) in the Company Godrej Properties Limited (GPL) holds 100% in the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding company.

2. The following transactions were carried out with the related party in the ordinary course of the business:

Sr. No.	Particulars	Current Year (Rs.) GPL
1	Re-imbursement of Expenses	1,149 2,810
2	Outstanding payables	22,379 21,230

(Figures in italics are for previous year)

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

Balance Sheet Abstract for the Year ended 31st March, 2009 and Company's General Business Profile.

- Registration Details**
Registration No. : U45200MH2007PTC168730
State Code : 11
Balance Sheet Date : 31st March, 2009
- Capital raised during the year (Amount in Rs. thousands)**
Public Issue : Nil
Rights Issue : Nil
Bonus Issue : Nil
Private Placement - Capital : Nil
- Premium : Nil
- Position of mobilisation and deployment of funds (Amount in Rs. thousands)**
Total Liabilities : 551
Total Assets : 551
Sources of Funds
Paid-up capital : 500
Reserves and Surplus : —
Secured Loans : —
Unsecured Loans : —
Application of Funds
Net Fixed Assets : —
Investments : —
Net Current Assets : 342
Miscellaneous Expenditure : 13
Accumulated Losses : 145
- Performance of Company (Amount in Rs. thousands)**
Turnover : —
Total Expenditure : (79)
Profit/(Loss) before Tax : (79)
Profit/(Loss) after Tax : (79)
Earning per Share in Rs. : (1.58)
Dividend Rate % : —
- Generic Names of three principal products/services of Company** : N.A.

6. Previous year figures have been re-grouped/re-arranged where ever necessary to confirm to current year's classification.
7. Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Current Year Rupees	Previous Period Rupees
Cash Flow from Operating Activities		
Loss for the Year	(79,028)	(40,179)
Adjustment for :		
Preliminary Expenses	1,842	1,842
Operating Loss before working capital changes	(77,186)	(38,337)
Adjustment for :		
Changes in Current Liabilities and Provisions	1,643	6,661
Preliminary Expenses Incurred	—	—
Net Cash Flow from Operating Activities	(75,543)	(31,676)
Net Cash Flow from Investing Activities	—	—
Net Cash Flow from Financing Activities	—	—
Net Increase/(Decrease) in Cash and Cash Equivalent	(75,543)	(31,676)
Cash and Cash Equivalent - Opening Balance	468,324	500,000
Cash and Cash Equivalent - Closing Balance	392,781	468,324

Notes:

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/restated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner

Mumbai, Dated : May 11, 2009

MILIND S. KORDE
Director

K.T. JITHENDRAN
Director

DIRECTORS' REPORT FOR THE YEAR ENDED ON MARCH 31, 2009**TO THE SHAREHOLDERS**

Your Directors have pleasure in submitting their Report alongwith the Audited Accounts for the period ended 31st March, 2009.

1. FINANCIAL HIGHLIGHTS :

The accounting results for the period ended 31st March, 2009 reveal that there is surplus at the end of the period.

2. DIVIDEND :

As there are no profits, the Directors regret that no dividend can be recommended.

3. REVIEW OF OPERATIONS :

The Company has conceptualized the project and finalised the design and are awaiting approvals.

4. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Milind S. Korde retire by rotation and offers himself for re-appointment.

5. APPOINTMENT OF AUDITORS :

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

6. DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates 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 ended 31st March, 2009 and of the loss of the Company for that year;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate

accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the Directors have prepared the annual accounts on a going concern basis.

7. ADDITIONAL INFORMATION :

- (a) Since the Company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956, read with Companies (particulars of employees) Rules, 1975, are not given.
- (b) 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, is provided hereunder:
 - (i) Conservation of Energy :
Expenses on account of Energy are negligible.
 - (ii) Technology Absorption :
It is an ongoing process.
 - (iii) Foreign Exchange Earning & Outgo :
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

8. ACKNOWLEDGEMENT :

Your Directors take this opportunity to thank all the associates for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MILIND S. KORDE K. T. JITHENDRAN
DIRECTORS

Place : Mumbai

Dated : May 11, 2009

REPORT OF THE AUDITORS TO THE MEMBERS OF HAPPY HIGHRISES LIMITED

1. We have audited the attached Balance Sheet of HAPPY HIGHRISES LIMITED, as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of section 227 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 in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
- iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2009, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of

KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership No. 35646

Place: Mumbai

Dated: May 11, 2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, 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.
- (c) There is no disposal of fixed assets during the year.
- 2) (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.
- (c) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (d) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that Section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing marketing prices at the relevant time, where comparable market prices exist.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- 7) In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and nature of its business.
- 8) 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 Company's products.

- 9) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, during the year, the Company has no statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March 2009 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 outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.
- 10) The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth and has not incurred any cash losses in the current and immediately preceding financial year.
- 11) According to the information and explanations given to us and on the basis of documents and records produced to us, the Company does not have any dues to banks financial institutions and debenture holders.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures 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) The Company does not deal in shares, securities, debentures and other investments.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) The Company did not have any term loans during the year.
- 17) According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investment.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
 CHARTERED ACCOUNTANTS
ERMIN K. IRANI
 Partner
 Membership No. 35646
 Place: Mumbai
 Dated: May 11, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.09 Rupees	As at 31.03.08 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	2,031,200	2,031,200
LOAN FUNDS		-	-
DEFERRED TAX LIABILITY		-	-
		<u>2,031,200</u>	<u>2,031,200</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	2	137,360	3,200
Less : Depreciation		33,445	3,200
Net Block		<u>103,915</u>	-
INVESTMENTS		-	-
CURRENT ASSETS, LOANS & ADVANCES			
Inventory	3	907,618,712	774,188,736
Cash & Bank Balances	4	87,980	1,995,940
Loans & Advances	5	1,155,172	449,894
		<u>908,861,864</u>	<u>776,634,570</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	6	907,020,485	774,659,031
		<u>907,020,485</u>	<u>774,659,031</u>
NET CURRENT ASSETS		1,841,379	1,975,539
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
Preliminary Expenditure		13,808	15,534
PROFIT & LOSS ACCOUNT		<u>72,098</u>	<u>40,127</u>
		<u>2,031,200</u>	<u>2,031,200</u>
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	9		

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

As per our Report of even date.

Signatures to the Balance Sheet and
Schedules 1 to 6 and 9

For and on behalf of
KALYANIWALLA & MISTRY
 CHARTERED ACCOUNTANTS
ERMIN K. IRANI
 Partner
 Mumbai, Dated : May 11, 2009

MILIND S. KORDE

K.T. JITHENDRAN

DIRECTORS

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	For the Year ended 31.03.09 Rupees	For the Year ended 31.03.08 Rupees
INTEREST INCOME		-	146,443
<i>(Tax Deducted at Source Rs. Nil [Previous year Rs. 41,970/-])</i>			
EXPENDITURE			
Cost of Sales	7	-	-
Interest & Finance Charges	8	-	146,443
Depreciation		30,245	3,200
Preliminary Expenses written off		1,726	1,726
Deficit for the Year		<u>(31,971)</u>	<u>(4,926)</u>
Interest Income of Previous year		-	19,839
(Deficit)/Profit for the Year		<u>(31,971)</u>	<u>14,913</u>
Deficit Brought Forward		<u>(40,127)</u>	<u>(55,040)</u>
Deficit Carried Forward to Balance Sheet		<u>(72,098)</u>	<u>(40,127)</u>
Earning per share Basic/Diluted in Rs. (Refer Note : 3)		<u>(0.16)</u>	<u>0.07</u>
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	9		

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

As per our Report of even date.

Signatures to Profit & Loss Account and
Schedules 7 to 9

For and on behalf of
KALYANIWALLA & MISTRY
 CHARTERED ACCOUNTANTS
ERMIN K. IRANI
 Partner
 Mumbai, Dated : May 11, 2009

MILIND S. KORDE

K.T. JITHENDRAN

DIRECTORS

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.09 Rupees	As at 31.03.08 Rupees
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED		
250,000 Equity shares of Rs. 10/- each	2,500,000	2,500,000
	<u>2,500,000</u>	<u>2,500,000</u>
ISSUED, SUBSCRIBED & PAID UP		
203,120 Equity shares of Rs. 10/- each, fully paid-up	2,031,200	2,031,200
(All of the above shares are held by Godrej Properties Limited, the Holding Company and its nominee)		
	<u>2,031,200</u>	<u>2,031,200</u>

SCHEDULE 2: FIXED ASSETS

Particulars	Gross Block				Depreciation			Net Block	
	As at 1st April, 2008 Rs.	Additions Rs.	Deductions Rs.	As at 31st Mar, 2009 Rs.	Upto 1st April, 2008 Rs.	For the Year Rs.	Upto 31st Mar, 2009 Rs.	As at 31st Mar, 2009 Rs.	As at 31st March, 2008 Rs.
Office Equipments	3,200	-	-	3,200	3,200	-	3,200	-	-
Computers	-	134,160	-	134,160	-	30,245	30,245	103,915	-
Total	3,200	134,160	-	137,360	3,200	30,245	33,445	103,915	-
Previous Year	-	3,200	-	3,200	-	3,200	3,200	-	-

SCHEDULE 5

LOANS & ADVANCES

(Unsecured & considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	1,108,750	403,472
Advance Tax and Tax Deducted at Source	<u>46,422</u>	<u>46,422</u>
	<u>1,155,172</u>	<u>449,894</u>

SCHEDULE 6

CURRENT LIABILITIES

Sundry Creditors (Refer Note 2)	1,087,650	644,437
Investor Education & Protection Fund	-	-
Other Liabilities	<u>905,932,835</u>	<u>774,014,594</u>
	<u>907,020,485</u>	<u>774,659,031</u>
	For the year ended 30.03.2009 Rupees	For the year ended 30.03.2008 Rupees

SCHEDULE 7

COST OF SALES

Opening Stock	774,188,736	-
Add : Expenditure during the period		
Land	-	672,965,851
Construction, Material & Labour	5,662,615	1,924,303
Architect Fees	-	3,822,978
Advertisement Expenses	545,093	2,779,434
Overheads	39,873,381	34,043,864
Interest	<u>87,348,887</u>	<u>58,652,306</u>
	<u>907,618,712</u>	<u>774,188,736</u>
Less : Closing Stock	<u>907,618,712</u>	<u>774,188,736</u>
Cost of Sales	-	-

SCHEDULE 8

INTEREST AND FINANCIAL CHARGES

Interest Paid		
On Borrowings	87,345,656	58,798,749
Total Interest Paid	<u>87,345,656</u>	<u>58,798,749</u>
Add: Brokerage & other Financial Charges	3,231	-
Total Interest/Finance Charges Paid	<u>87,348,887</u>	<u>58,798,749</u>
Less: Transferred to Cost of Sales	<u>87,348,887</u>	<u>58,652,306</u>
NET INTEREST	-	<u>146,443</u>

SCHEDULE 9: NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

- Accounting Policies
 - General
The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.
 - Miscellaneous Expenditure
Miscellaneous expenditure is amortized over a period of 10 years.
 - Fixed Assets
Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.
Carrying amount of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

SCHEDULE 3

INVENTORY

Construction work in progress	907,618,712	774,188,736
	<u>907,618,712</u>	<u>774,188,736</u>

SCHEDULE 4

CASH & BANK BALANCE

Cash & Cheques-in-Hand	14,085	10,115
Balances with Scheduled Bank		
- On Current Account	73,895	1,985,825
	<u>87,980</u>	<u>1,995,940</u>

d) Depreciation/Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

e) Inventories

Inventories are valued as under:

- Completed Flats - At lower of Cost or Market value
- Construction Work-in-Progress - At cost

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 Company.

f) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, 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.

Interest income is accounted on an accrual basis at contracted rates.

g) Borrowing Cost

Interest and finance charges incurred in connection with borrowing of funds, which are incurred for the development of long-term projects, are transferred to Construction Work-in-Progress/Due on Management Project, as a part of the cost of the projects at weighted average of the borrowing cost/rates as per Agreements respectively. Other borrowing costs are recognized as an expense in the period in which they are incurred.

h) Earnings Per Share

The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

i) Provision For Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

j) Provisions And Contingent Liabilities

Provisions are recognized 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 the 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. Micro, Small and Medium Enterprises Development Act, 2006:

Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts.

3. Earnings per share

	Current Year	Previous Year
Profit/(Loss) for the period as per Profit & Loss Account (Rs.)	(31,971)	14,913
Weighted average no. of equity shares outstanding	203,120	203,120
Earnings Per Share (Basic/Diluted) (Rs.)	(0.16)	0.07
Nominal value of shares (Rs.)	10 /-	10 /-

SCHEDULES FORMING PART OF THE ACCOUNTS

4. Amounts paid to Auditors:

	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	1,59,935	89,888
Certification	-	393,260
Total	159,935	483,148

5. Segment Information

As the Company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

6. AS 18 - Related Party Disclosure

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

1. Relationships:

- (i) Shareholders (the Godrej Group Shareholding) in the Company Godrej Properties Limited (GPL) holds 100% in the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is a subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding Company.

2. The following transactions were carried out with the related party in the ordinary course of the business:

Sr. No	Particulars	Amount Rs.
1.	Expenses incurred by holding company towards Construction work in progress and Revenue expenditure	114,240,742 <i>82,085,060</i>
2.	Advances Received	31,270,000 <i>689,950,000</i>
3.	Advances Repaid	NIL <i>NIL</i>
4.	Outstanding payables	885,915,639 <i>760,197,423</i>

Figures in italics are for previous year.

7. Previous year figures have been rearranged/regrouped wherever necessary to conform to current year's classification.
8. Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956, to the extent not applicable has not been given.

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

Balance Sheet Abstract for the Year ended 31st March, 2009 And Company's General Business Profile

1 Registration Details

Registration No.	: U51909MH1993PLC180464
State Code	: 11
Balance Sheet Date	: 31st March, 2009

2 Capital raised during the year (Amount in Rs. thousands)

Public Issue	: Nil
Rights Issue	: Nil
Bonus Issue	: Nil
Private Placement - Capital	: Nil
- Premium	: Nil

3 Position of mobilisation and deployment of funds (Amount in Rs. thousands)

Total Liabilities	: 909,052
Total Assets	: 909,052
Sources of Funds	:
Paid-up capital	: 2,031
Reserves & Surplus	: -
Secured Loans	: -
Unsecured Loans	: -
Deferred Tax Liability	: -
Application of Funds	:
Net Fixed Assets	: 104
Investments	: -
Net Current Assets	: 1,841
Misc. Expenditure	: 14
Accumulated Losses	: 72

4 Performance of Company (Amount in Rs. thousands)

Turnover	: -
Total Expenditure	: (32)
Profit/(Loss) before Tax	: (32)
Profit/(Loss) after Tax	: (32)
Earning per Share in Rs.	: (0.16)
Dividend Rate %	: -

5 Generic Names of three principal products/services of Company

: N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Loss for the year	(31,971)	(4,926)
Adjustment for:		
Depreciation	30,245	3,200
Interest Paid	87,348,887	58,798,749
Preliminary Expenses	1,726	1,726
Interest Income	-	(146,443)
Operating Profit/(Loss) before working capital changes	87,348,887	58,652,306
Adjustment for:		
Change in Inventory	(133,429,976)	(774,188,736)
Change in Loans & Advances	(705,278)	5,005,258
Change in Current Liabilities/Provisions	45,012,567	704,266,349
	(1,773,800)	(6,264,823)
Taxes Paid (Net)	-	46,422
Net Cash Flow from Operating Activities	(1,773,800)	(6,311,245)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(134,160)	(3,200)
Interest Received	-	166,282
Net Cash Flow from Investing Activities	(134,160)	163,082
Cash Flow from Financing Activities		
Net Increase/ (Decrease) in Cash & Cash Equivalent	(1,907,960)	(6,148,163)
Cash & Cash Equivalent -Opening Balance	1,995,940	8,144,103
Cash & Cash Equivalent -Closing Balance	87,980	1,995,940

Notes :

1. The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.

2. Figures for the previous year have been regrouped/restated wherever necessary to conform to this year's classification.

For and on behalf of

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI

Partner

Place : Mumbai

Dated : May 11, 2009

MILIND S. KORDE

K.T. JITHENDRAN

DIRECTORS

DIRECTORS' REPORT

The directors present their report and accounts for the year ended March 31, 2009.

Principal activities and review of the business

The Company trades worldwide in vegetable oils. The commodity boom has continued and the Company has been able to benefit from these conditions. The Company's assessment of market behaviour proved to be quite accurate and this resulted in record turnover and profits. Turnover for the year increased 63% at \$100,139,390 while profits increased 124% to \$1,360,464.

Results and dividends

The Company does not propose to distribute a dividend this year. During the year, the company undertook a Buy-back of 250,000 ordinary shares of £1 at a price of US\$ 10 per share. The shares bought back were cancelled. The outlook for the year 2009 continues to be favourable.

Future developments

The directors aim to maintain the management policies which have resulted in the Company's substantial growth in recent years. They consider that the next year will show a further significant growth in sales.

Directors

The directors who served during the year and their interests in the share capital of the Company were as follows:

	£1 Ordinary shares	
	2009	2008
Adi B Godrej (Indian)	1	1
Nadir B Godrej (Indian)	-	-
Aspi K Bardy (Indian)	-	-
Dorab E Mistry (British)	-	-
Andrew B Byers (British) (Appointed February 28, 2007)	-	-
Lynsey Elliott (British) (Appointed February 28, 2007)	-	-

Political and charitable donations

The Company made no political or charitable contributions during the year.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Acts, 1931 to 2004. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint Keith W Woods & Co LLC as auditors will be put to the members at the Annual General Meeting. This report was approved by the board on April 30, 2009.

L Elliott ACCA

Secretary

Date : April 30, 2009

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GODREJ INTERNATIONAL LIMITED

We have audited the accounts of Godrej International Limited for the year ended March 31, 2009 which comprise pages 5 to 18. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the accounts in accordance with applicable law. In the absence of comparable accounting standards in the Isle of Man, the Directors have chosen to apply United Kingdom Accounting Standards where they do not conflict with Isle of Man Statute.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements together with our own professional ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Acts, 1931 to 2004. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant

to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at March 31, 2009 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1931 to 2004.

Keith W Woods & Co LLC

Chartered Certified Accountants

Heritage House

Ramsey Road

Peel

Isle of Man

April 30, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Notes	2009		2008	
		\$	Rs. Lac	\$	Rs. Lac
Fixed assets					
Investments	5	3,055,000	1,549.50	3,055,000	1,225.97
Current assets					
Debtors	6	3,225,756	1,636.10	2,207,993	886.07
Cash at bank and in hand		2,651,558	1,344.87	2,263,178	908.21
		<u>5,877,314</u>	<u>2,980.97</u>	<u>4,471,171</u>	<u>1,794.28</u>
Creditors: amounts falling due within one year	7	(7,574)	(3.84)	(209)	(0.08)
Net current assets		<u>5,869,740</u>	<u>2,977.13</u>	<u>4,470,962</u>	<u>1,794.20</u>
Total assets less current liabilities		8,924,740	4,526.63	7,525,962	3,020.17
Creditors: amounts falling due after more than one year	8	(1,478,655)	(749.97)	(1,459,488)	(585.69)
		<u>7,446,085</u>	<u>3,776.65</u>	<u>6,066,474</u>	<u>2,434.48</u>
Capital and reserves					
Called up share capital	9	3,805,361	1,930.08	3,805,361	1,527.09
Capital redemption reserve	10	-	-	-	-
Profit and loss account	11	3,640,724	1,846.58	2,261,113	907.38
		<u>7,446,085</u>	<u>3,776.65</u>	<u>6,066,474</u>	<u>2,434.48</u>

Note : The Rupee equivalent of US \$ have been given at the closing exchange rates as on March 31, 2009 (US \$ 1 = Rupees 50.72) and March 31, 2008 (US \$ 1 = Rupees 40.13)

A B Byers ACA

Director

Approved by the board on April 30, 2009

D E Mistry

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Notes	2009		2008	
		\$	Rs. Lac	\$	Rs. Lac
Turnover	2	115,504,010	58,583.63	100,139,390	40,185.94
Cost of sales		<u>(113,823,249)</u>	<u>(57,731.15)</u>	<u>(98,632,450)</u>	<u>(39,581.20)</u>
Gross profit		<u>1,680,761</u>	<u>852.48</u>	<u>1,506,940</u>	<u>604.74</u>
Administrative expenses		<u>(277,280)</u>	<u>(140.64)</u>	<u>(407,656)</u>	<u>(163.59)</u>
Operating profit		<u>1,403,481</u>	<u>711.85</u>	<u>1,099,284</u>	<u>441.14</u>
Exceptional items:					
Profit on the disposal of investments	3	-	-	182,240	73.13
		1,403,481	711.85	1,281,524	514.28
Interest receivable		31,561	16.01	129,404	51.93
Interest payable	4	<u>(55,431)</u>	<u>(28.11)</u>	<u>(50,464)</u>	<u>(20.25)</u>
Profit on ordinary activities before taxation		<u>1,379,611</u>	<u>699.74</u>	<u>1,360,464</u>	<u>545.95</u>
Tax on profit on ordinary activities		-	-	-	-
Profit for the financial year		-	-	-	-
Dividends:					
Retained profit for the financial year	11	1,379,611	699.74	1,360,464	545.95
Continuing operations					
None of the Company's activities were acquired or discontinued during the above two financial years					

Note : The Rupee equivalent of US \$ have been given at the closing exchange rates as on March 31, 2009 (US \$ 1 = Rupees 50.72) and March 31, 2008 (US \$ 1 = Rupees 40.13)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009		2008	
		\$	Rs. Lac	\$	Rs. Lac
Profit for the financial year		1,379,611	699.74	1,360,464	545.95
Total recognised gains and losses related to the year		1,379,611	699.74	1,360,464	545.95

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. All differences are taken to the Profit and loss Account.

2 Turnover

Turnover represents the invoiced value of goods supplied by the Company, net of value added tax and trade discounts.

Turnover is attributable to one continuing activity, the trading of vegetable oils.

3 Exceptional items

	2009		2008	
	\$	Rs. Lac	\$	Rs. Lac
Profit on disposal of investments	-	-	182,240	73.13

4 Interest payable

	2009		2008	
	\$	Rs. Lac	\$	Rs. Lac
Bank loans and overdrafts	55,431	28.11	50,464	20.25

5 Investments

	2009		2008	
	\$	Rs. Lac	\$	Rs. Lac
Cost				
Other investments				
At April 1, 2008	3,055,000	1,225.67		
At March 31, 2009	3,055,000	1,549.50		
Unlisted investments	3,055,000	1,549.50	3,055,000	1,225.67

On April 4, 2001, the Company invested US\$1 million in 496,000 C Bay Systems Ltd (C Bay) 8% Series E Cumulative Convertible Redeemable Preference Stock of US\$ 0.1 per share at a price of US\$ 0.2 per share. As a consequence of organisational re-structuring at C Bay, the Company now owns 721,195 common stock in C Bay Systems USA Limited and 1,442,392 shares in C Bay Systems Holdings Limited BVI.

On March 8, 2004, the Company invested US\$ 2,055,000 in equity shares of New market Limited, a company incorporated in the Isle of Man. This represents approximately 18% of the issued share capital of Newmarket Limited.

6 Debtors

	2009		2008	
	\$	Rs. Lac	\$	Rs. Lac
Trade debtors	3,322,526	1,685.19	3,137,351	1,259.02
Amount owed by group undertakings and undertakings in which the Company has a participating interest	108,764	55.17	108,764	43.65
Other debtors	(210,946)	(106.99)	(1,043,534)	(418.77)
Prepayments and accrued income	5,412	2.74	5,412	2.17
	3,225,756	1,636.10	2,207,993	886.07

7 Creditors: amounts falling due within one year

	2009		2008	
	\$	Rs. Lac	\$	Rs. Lac
Trade creditors	(2,425)	(1.23)	-	-
Amounts owed to group undertakings and undertakings in which the Company has a participating interest	-	-	(28)	(0.01)
Other creditors	-	-	235	0.09
Accruals and deferred income	9,999	5.07	2	-
	7,574	3.84	209	0.08

8 Creditors: amounts falling due after one year

	2009		2008	
	\$	Rs. Lac	\$	Rs. Lac
Bank loans	1,478,655	749.97	1,459,488	585.69

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	2009		2008	
	\$	Rs. Lac	\$	Rs. Lac
9 Share capital				
Authorised:				
Ordinary shares of £1 each	4,000,000	2,028.80	4,000,000	1,605.20

	2009	2008	2009	2008
	No.	No.	\$	Rs. lac
Allotted, called up and fully paid:	2,355,000	2,355,000	3,805,361	1,930.08

	2009	2008	2009	2008
	\$	Rs. Lac	\$	Rs. Lac
Ordinary shares of £1 each				
Movement in share capital				

	2009	2008	2009	2008
	\$	Rs. Lac	\$	Rs. Lac
At 1 April	3,805,361	1,930.08	4,209,327	1,689.20
Shares redeemed	-	-	(403,966)	(162.11)
At 31 March	3,805,361	1,930.08	3,805,361	1,527.09

10 Capital redemption reserve

	2009		2008	
	\$	Rs. Lac	\$	Rs. Lac
Shares redeemed	-	-	2,096,034	841.14
Transfer from the Profit and Loss Account	-	-	(2,096,034)	(841.14)
At March 31	-	-	-	-

11 Profit and Loss Account

	2009		2008	
	\$	Rs. Lac	\$	Rs. Lac
At April 1	2,261,113	1,146.84	2,996,683	1,202.57
Retained profit	1,379,611	699.74	1,360,464	545.95
Transfer to capital redemption reserve	-	-	(2,096,034)	(841.14)
At March 31	3,640,724	1,846.58	2,261,113	907.38

12 Reconciliation of movement in shareholders' funds

	2009		2008	
	\$	Rs. Lac	\$	Rs. Lac
At April 1	6,066,474	3,076.92	7,206,010	2,891.77
Profit for the financial year	1,379,611	699.74	1,360,464	545.95
Shares redeemed	-	-	(403,966)	(162.11)
Net capital redemption reserve transfer (should be nil)	-	-	(4,192,068)	(1,682.28)
At March 31	7,446,085	3,776.65	3,970,440	1,593.34

13 Gross cash flows

	2009		2008	
	\$	Rs. Lac	\$	Rs. Lac
Returns on investments and servicing of finance				
Interest received	31,561	16.01	129,404	51.93
Interest paid	(55,431)	(28.11)	(50,464)	(20.25)
	(23,870)	(12.11)	78,940	31.68
Capital expenditure				
Receipts from sale of investments	-	-	1,439,300	577.59
Financing				
Redemption of share capital	-	-	(2,500,000)	(1,003.25)
Loan advance	19,167	9.72	235,744	94.60
	19,167	9.72	(2,264,256)	(908.65)

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED
MARCH 31, 2009**
14 Analysis of changes in net debt

	At April 1, 2008		Cash Flows		Non-cash Changes		At March 31, 2009	
	\$	Rs. Lac	\$	Rs. Lac	\$	Rs. Lac	\$	Rs. Lac
Cash at bank and in hand	2,263,178	1,147.88	388,380	196.99	-	-	2,651,558	1,344.87
Debt due within 1 year	(1,459,488)	(740.25)	1,459,488	740.25	-	-	-	-
Debt due after 1 year	-	-	(1,478,655)	(749.97)	-	-	(1,478,655)	(749.97)
Total	<u>803,690</u>	<u>407.63</u>	<u>369,213</u>	<u>187.26</u>	<u>-</u>	<u>-</u>	<u>1,172,903</u>	<u>594.90</u>

15 Ultimate Parent Company

In April 2001 Godrej Soaps Limited, the owner of all the Company's share capital, was demerged into two separate entities: Godrej Consumer Products Limited and Godrej Industries Limited. The assets and liabilities of Godrej Soaps Limited were divided between the two new companies. The entire share capital of Godrej International Limited is now held by Godrej Industries Limited.

Godrej Industries Limited is currently listed on the Bombay Stock Exchange as well as the National Stock Exchange of India.

The financial statements of Godrej Industries Limited are available from : The Secretary, Godrej Industries Limited, Eastern Express Highway, Vikhroli, Mumbai 400079, India.

**CASH FLOW STATEMENT FOR THE YEAR ENDED
MARCH 31, 2009**

	Notes	2009		2008	
		\$	Rs. Lac	\$	Rs. Lac
Reconciliation of operating profit to net cash					
inflow from operating activities					
Operating profit		1,403,481	711.85	1,099,284	441.14
(Increase)/decrease in debtors		(1,017,763)	(516.21)	1,010,177	405.38
(Increase)/decrease in creditors		7,365	3.74	(330,627)	(132.68)
Net cash inflow from operating activities		<u>393,083</u>	<u>199.37</u>	<u>1,778,834</u>	<u>713.85</u>
CASH FLOW STATEMENT					
Net cash inflow from operating activities		393,083	199.37	1,778,834	713.85
Returns on investments and servicing of finance	13	(23,870)	(12.11)	78,940	31.68
Capital expenditure	13	-	-	1,439,300	577.59
		<u>369,213</u>	<u>187.26</u>	<u>3,297,074</u>	<u>1,323.12</u>
Financing	13	19,167	9.72	(2,264,256)	(908.65)
Increase in cash		<u>388,380</u>	<u>196.99</u>	<u>1,032,818</u>	<u>414.47</u>
Reconciliation of net cash flow to movement in net debt					
Increase in cash in the period		388,379	196.99	1,083,673	434.88
Increase in debt and lease financing		(19,166)	(9.72)	(235,744)	(94.60)
Change in net debt	14	<u>369,213</u>	<u>187.26</u>	<u>847,929</u>	<u>340.27</u>
Net funds/(net debt) at April 1		<u>803,690</u>	<u>407.63</u>	<u>(44,239)</u>	<u>(17.75)</u>
Net funds at March 31		<u>1,172,903</u>	<u>594.90</u>	<u>803,690</u>	<u>322.52</u>

Note : The Rupee equivalent of US \$ have been given at the closing exchange rates as on March 31, 2009 (US \$ 1 = Rupees 50.72) and March 31, 2008 (US \$ 1 = Rupees 40.13)

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009**TO THE SHAREHOLDERS**

Your Directors have pleasure in submitting their Report alongwith the audited Accounts for the year ended 31st March, 2009.

1. FINANCIAL HIGHLIGHTS :

The accounting results for the year ended 31st March, 2009 reveal that there is surplus at the end of the period.

During the year the company has created Debenture Redemption Reserve as required under Section 117(C) of the Companies Act, 1956.

2. REVIEW OF OPERATIONS :

The project has total Developable Area of 2.16 million sq. ft. spanning two towers with parking facility spread over two level basement with overall parking facility for approximately 1,400 car parks. Tower I is physically complete and getting ready for hand over. Tower II the structure is getting completed with overall completion by 2009 end.

3. DIVIDEND :

As there are no distributable profits, the Directors regret that no dividend can be recommended.

4. DIRECTORS :

In accordance with the provisions of the Articles of Association, Mr. Naresh Nadkarni and Mr. Milind S. Korde retire by rotation and being eligible, offer themselves for re-appointment.

5. CHANGE IN TERMS OF DEBENTURES :

During the year your company has extended the Moratorium period for the payment of interest on Debentures till March 31, 2011. The Interest Rate on the Debentures was changed from 10% to 1 % w.e.f January 1, 2009.

6. APPOINTMENT OF AUDITORS :

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

7. DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors confirm :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates 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 ended 31st March, 2009 and of the loss of the Company for that year;

- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the Directors have prepared the annual accounts on a going concern basis.

8. ADDITIONAL INFORMATION :

- (a) Since the Company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.

- (b) 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 is provided hereunder:

(i) Conservation of Energy :

Expenses on account of Energy are negligible.

(ii) Technology Absorption :

It is an on going process.

(iii) Foreign Exchange Earning and Outgo :

The Company has not earned any Foreign Exchange during the year.

Expenditure in Foreign Currency:

Particulars	Current Year Rs.	Previous Year Rs.
Travelling Expenses	9,244	-
Other Expenditure	68,510,943	-
Total	68,520,187	-

9. ACKNOWLEDGEMENT :

Your Directors take this opportunity to thank all the associates for their co-operation.

For And On Behalf of the Board Of Directors

MILIND S. KORDE **NARESH NADKARNI**

Directors

Mumbai, Dated : May 11, 2009

REPORT OF THE AUDITORS**TO THE MEMBERS OF GODREJ WATERSIDE PROPERTIES PRIVATE LIMITED**

1. We have audited the attached Balance Sheet of **GODREJ WATERSIDE PROPERTIES PRIVATE LIMITED**, as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 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 in paragraph (3) 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 purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
- c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(e) of Schedule 13 Notes to Accounts, in respect of projects under long term contracts undertaken and/or financed by the Company, we have relied upon the management's estimates of the percentage of completion, costs to completion and on the projections

of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profits/losses have been accounted, interest income accrued and realizability of the construction work in progress and project advances determined.

- f) 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 31 March, 2009;
- ii) in the case of the Profit and Loss Account, of the profit the Company for the year ended on that date and
- iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the directors as on March 31, 2009, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership No. 35646

Place: Mumbai
Dated: May 11, 2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, 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.
- (c) There is no disposal of fixed assets during the year.
2. (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and interest and reasonable steps for recovery of principal and interest does not arise.
- (c) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (d) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
7. In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and nature of its business.
8. The maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the company.
9. (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor

Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undisputed dues, payable in respect of the above as at 31st March, 2009 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 outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, Cess on account of any dispute.
10. The Company's does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.
11. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to debenture holders, banks and financial institutions.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures 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 and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the Company has utilized the term loan for the purpose it was taken.
17. According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short term basis for long term investments.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not issue any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership No. 35646

Place: Mumbai
Dated: May 11, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	10,000,000	10,000,000
Reserve & Surplus	2	12,943,462	-
Loan Funds			
Secured Loans	3	2,167,300,000	290,000,000
Deferred Tax Liability		-	19,000
		<u>2,190,243,462</u>	<u>300,019,000</u>
Application Of Funds			
Fixed Assets			
Gross Block	4	3,958,506	3,098,290
Less : Depreciation		<u>1,449,504</u>	<u>758,044</u>
Net Block		<u>2,509,002</u>	<u>2,340,246</u>
Investments		-	-
Deferred Tax Assets		4,000	-
Current Assets, Loans & Advances			
Inventory	5	2,070,421,912	992,961,241
Debtors		592,449,300	-
Cash & Bank Balances	6	18,190,356	523,797
Loans & Advances	7	326,307,822	264,402,568
		<u>3,007,369,391</u>	<u>1,257,887,606</u>
Less: Current Liabilities and Provision			
Current Liabilities	8	812,221,852	963,617,296
Provisions	9	<u>7,417,080</u>	<u>-</u>
		<u>819,638,932</u>	<u>963,617,296</u>
Net Current Assets		<u>2,187,730,460</u>	<u>294,270,310</u>
Profit and Loss Account		-	<u>3,408,444</u>
		<u>2,190,243,462</u>	<u>300,019,000</u>

Notes To Accounts & Accounting Policies

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

As per our Report of even date

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Ermin K. Irani
Partner

Mumbai, Dated : May 11, 2009

Milind S. Korde **Naresh Nadkarni**
Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2009

	Schedule	For the year ended 31.03.2009 Rupees	For the year ended 31.03.2008 Rupees
INCOME			
Sales		592,449,300	-
Other Income	10	3,169,314	3,018,792
(Tax Deducted at Source Rs.718,167/- [Previous year Rs. 664,797/-])		<u>595,618,614</u>	<u>3,018,792</u>
EXPENDITURE			
Cost of Sales	11	566,538,934	-
Interest & Finance Charges	12	3,169,314	2,933,792
Depreciation		691,460	669,636
		<u>570,399,708</u>	<u>3,603,428</u>
Profit for the Year		<u>25,218,906</u>	<u>(584,636)</u>
Provision for Tax		(8,890,000)	-
Deferred Tax		23,000	(972,000)
Profit / (Loss) After Tax		<u>16,351,906</u>	<u>(1,556,636)</u>
Deficit Brought Forward		(3,408,444)	(1,851,808)
Amount available for appropriation		<u>12,943,462</u>	<u>(3,408,444)</u>
Transfer to Debenture Redemption Reserve		<u>12,943,462</u>	<u>-</u>
Deficit Carried Forward to Balance Sheet		-	<u>(3,408,444)</u>
Earning per share Basic in Rs. (Refer Note 6)		16.35	(2.40)
Earning per share Diluted in Rs. (Refer Note 6)		0.55	-

Notes To Accounts & Accounting Policies

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

As per our Report of even date

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Ermin K. Irani
Partner

Mumbai, Dated : May 11, 2009

Milind S. Korde **Naresh Nadkarni**
Directors

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH, 2009

SCHEDULE 1 : SHARE CAPITAL

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Authorised		
10,00,000 Equity shares of Rs. 10/- each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
Issued Subscribed and Paid Up		
10,00,000 Equity Shares of Rs. 10/- each, fully paid-up (5,10,000 Equity Shares are held by Godrej Properties Limited the Holding Company & its nominee)	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>

SCHEDULE 2 : RESERVE & SURPLUS DEBENTURE REDEMPTION RESERVE Transferred from Profit & Loss Account

	12,943,462	-
	<u>12,943,462</u>	<u>-</u>

SCHEDULE 3 : SECURED LOANS

10% Secured Redeemable Optionally Convertible Debentures (Refer Note 2)	290,000,000	290,000,000
Term Loans from State Bank of India by Charges of	1,877,300,000	-
	<u>2,167,300,000</u>	<u>290,000,000</u>

SCHEDULE 4 : FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April, 2008 Rs.	Additions Rs.	Deductions Rs.	As at 31st March, 2009 Rs.	Upto 1st April, 2008 Rs.	For the Year Rs.	Upto 31st March, 2009 Rs.	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
Land (Refer Note 2)	356,380	-	-	356,380	-	-	356,380	356,380	
Office Equipments	427,943	-	-	427,943	51,650	52,343	103,993	323,950	376,293
Furniture & Fixtures	436,763	512,157	-	948,920	120,950	173,771	294,721	654,199	315,813
Computers	1,040,712	348,059	-	1,388,771	387,219	300,099	687,318	701,453	653,493
Motor Car	836,492	-	-	836,492	198,225	165,247	363,472	473,020	638,267
Total	3,098,290	860,216	-	3,958,506	758,044	691,460	1,449,504	2,509,002	2,340,246
Previous Year	622,259	2,476,031	-	3,098,290	88,408	699,636	758,044	2,340,246	533,851

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
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SCHEDULE 5 : INVENTORY

Construction work in progress	2,070,421,912	992,961,241
	<u>2,070,421,912</u>	<u>992,961,241</u>

SCHEDULE 6 : CASH & BANK BALANCE

Cash	55,700	35,381
Balance with Scheduled Bank - On current Account	18,134,656	488,416
	<u>18,190,356</u>	<u>523,797</u>

SCHEDULE 7 : LOANS & ADVANCES

(Unsecured & considered good)		
Advances recoverable in cash or kind or for value to be received		
- Secured (Secured against Bank/Corporate Guarantee)	182,218,588	209,799,643
- Others	139,063,303	51,273,387
Interest accrued	5,025,931	2,574,785
Advance Tax and Tax Deducted at Source (Net of Provision Nil, Previous Year Nil)	-	754,753
	<u>326,307,822</u>	<u>264,402,568</u>

SCHEDULE 8 : CURRENT LIABILITIES

Sundry Creditors (Refer Note 3)	185,152,843	63,133,655
Investor Education & Protection Fund	-	-
Advances received against Sale	347,132,000	134,464,000
Other liabilities	246,123,870	749,657,795
Interest Accrued but not due	33,813,139	16,361,846
	<u>812,221,852</u>	<u>963,617,296</u>

SCHEDULE 9 : PROVISIONS

Provision for Income Tax (Net of TDS Rs. 1,418,920/-)	7,417,080	-
	<u>7,417,080</u>	<u>-</u>

SCHEDULE 10 : INCOME

Interest received	3,169,314	2,933,792
Other Income	-	85,000
	<u>3,169,314</u>	<u>3,018,792</u>
Tax deducted at source	718,167	664,797

SCHEDULE 11 : COST OF SALES

Opening Stock	992,961,241	311,178,675
Add : Expenditure during the period		
Construction Material & Labour	1,347,051,271	555,196,734
Architect Fees	33,324,612	4,383,667
Advertisement Expenses	15,713,436	3,605,860
Over heads	95,011,311	63,672,897
Interest	152,898,975	54,923,409
	<u>2,636,960,846</u>	<u>992,961,241</u>
Less: Closing Stock	2,070,421,912	992,961,241
Cost of Sales	<u>566,538,934</u>	<u>-</u>

SCHEDULE 12 : INTEREST AND FINANCIAL CHARGES

Interest Paid - Others	156,068,289	57,857,201
Total Interest/Finance Charges Paid	<u>156,068,289</u>	<u>57,857,201</u>
Less: Transferred to Cost of Sales	152,898,975	54,923,409
Net Interest	<u>3,169,314</u>	<u>2,933,792</u>

SCHEDULE 13 : NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

1) Accounting Policies

a) General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units/assets are reviewed at Balance Sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c) Depreciation/Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

d) Inventories

Inventories are valued as under :

- a) Completed Flats - At lower of Cost or Market value
- b) Construction Work-in-Progress - At cost

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 Company.

e) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, 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.

Income from operation of commercial complexes is recognized over the tenure of the lease/service agreement.

Interest income is accounted on an accrual basis at contracted rates.

f) Borrowing cost

Interest and Finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress/Due on Management Project, as a part of the cost of the projects at weighted average of the borrowing cost/rates as per Agreements respectively.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

g) Earnings Per Share

The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.

h) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year-end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year-end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains/losses are recognised in the Profit and Loss Account.

i) Provision for taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that there is a 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 difference at the year-end based on the tax rates and laws enacted or substantially enacted on the Balance Sheet date.

j) Provisions and Contingent Liabilities

Provisions are recognized 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 the 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) Secured Loans

29,000,000 10% Secured redeemable optionally Convertible Debentures of Rs. 10 each are redeemable at the end of the 7 years from the deemed date of allotment July 4, 2007 and are secured to the extent of specific immovable assets of the Company disclosed under the head "Fixed Assets".

The Company has created a Debenture Redemption Reserve as required under Section 117 (C) of the Companies Act, 1956 to the extent of Profit available for distribution.

3) Due to Micro, Small and Medium Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts.

4) Expenditure in Foreign Currency:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Travelling Expenses	9,244	-
Other Expenditure	68,510,943	-
Total	68,520,187	-

5) Deferred Tax

The Tax effect of significant temporary differences that resulted in the deferred tax assets and liabilities are :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Assets		
- Depreciation on Fixed Assets	4,000	-
Liabilities		
- Depreciation on Fixed Assets	-	(19,000)
Deferred Tax Asset / (Liability)	4,000	(19,000)

6) Earnings per share

Particulars	Current Year Rs.	Previous Year Rs.
Profit/(Loss) for the Year as per Profit & Loss Account	16,351,906	(1,556,636)
Weighted average No. of Equity Shares outstanding	1,000,000	649,590
Weighted average No. of Potential Equity Shares outstanding	30,000,000	30,000,000
Basic Earnings per share (Rs.)	16.35	(2.40)
Diluted Earnings per share (Rs.)	0.55	-
Nominal value of shares (Rs.)	10	10

7) Lease

The Company's significant leasing arrangements are in respect of operating leases for Commercial premises. Lease expenditure for operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises taken under operating leases are as under :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Future minimum lease payments under non-cancelable operating leases		
- Not later than 1 year	-	470,156

8) Amounts paid to Auditors

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	159,935	89,984
Audit under other Statutes	55,150	-
Certification	28,653	-
Consultancy charges	33,708	28,060
Total	277,446	118,044

9) Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

10) Related Party Disclosure

1. Relationships:

- Shareholders in the Company : Godrej Properties Limited (GPL) holds 51% of the share capital of the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding company.
- Investing party in respect of which the reporting enterprise is an associate. - HDFC Venture Trustee Company Limited.

2. The following transactions were carried out with the related party in the ordinary course of the business:

Sr. No.	Particulars	G&B	GPL	HDFC Venture Trustee Company Limited
1.	Issue of Equity Share Capital	-	-	-
		-	4,600,000	4,900,000
2.	Issue of Debentures	-	-	-
		-	147,900,000	142,100,000
3.	Purchase of Fixed Assets	-	-	-
		5,52,872	-	-
4.	Expenses charged by other company	21,457,218	136,308,667	-
		-	56,345,158	-
5.	Interest on Debentures	-	11,507,835	11,056,548
		-	10,789,426	10,366,311
6.	Advances Received	-	1,186,033,000	-
		-	567,094,306	-
7.	Advances repaid/given	5,440,871	1,674,651,328	-
		-	187,101,694	-
7.	Outstanding payables	-	(220,439,297)	(16,568,438)
		-	(741,494,783)	(8,017,304)
8.	Debentures Outstanding	-	147,900,000	142,100,000
		-	147,900,000	142,100,000

Figures in Italics are for previous year

11) Previous year figures have been regrouped/rearranged wherever necessary to confirm to current year's classification.

12) Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

13) ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract for the year ended 31st March, 2009 and Company's General Business Profile

1	Registration Details	U70100MH2005PTC154255
	Registration No.	11
	State Code	31st March, 2009
	Balance Sheet Date	
2	Capital raised during the year (Amount in Rs. thousands)	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement - Capital	Nil
	- Premium	Nil
3	Position of mobilisation and deployment of funds (Amount in Rs. thousands)	
	Total Liabilities	3,009,882
	Total Assets	3,009,882
	Sources of Funds	
	Paid-up capital	10000
	Reserves & Surplus	12,943
	Secured Loans	2,167,300
	Unsecured Loans	-
	Deferred Tax Liability	-
	Application of Funds	
	Net Fixed Assets	2,509
	Investments	-
	Net Current Assets	2,187,730
	Deferred Tax Asset	4
	Misc. Expenditure	-
	Accumulated Losses	-
4	Performance of Company (Amount in Rs. thousands)	
	Turnover	595,619
	Total Expenditure	570,400
	Profit/(Loss) before Tax	25,219
	Profit/(Loss) after Tax	16,352
	Earning per Share (Basic) in Rs.	16.35
	Earning per Share (Diluted) in Rs.	0.55
	Dividend Rate %	-
5	Generic Names of three principal products/services of Company	N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Profit for the Year	25,218,906	(584,636)
Adjustment for:		
Depreciation	691,460	669,636
Interest paid	156,068,289	57,857,201
Interest income	(3,169,314)	(2,933,792)
Operating Profit before working capital changes	178,809,341	55,008,409
Adjustment for:		
Change in Inventory	(1,077,460,671)	(681,782,566)
Increase in Sundry Debtors	(592,449,300)	-
Change in Loans & Advances	(60,208,861)	(156,182,340)
Change in Current Liabilities/Provisions	(226,521,233)	481,110,201
	(1,777,830,725)	(301,846,296)
Taxes Paid (Net)	718,167	664,797
Net Cash Flow from Operating Activities	(1,778,548,892)	(261,015,739)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(860,216)	(2,476,031)
Interest Received	718,167	664,796
Net Cash Flow from Investing Activities	(142,049)	(1,811,235)
Cash Flow from Financing Activities		
Issue of Share Capital	-	9,500,000
Increase in Secured Loan	1,877,300,000	290,000,000
Interest paid	(80,942,500)	-
Net Cash Flow from Financing Activities	1,796,357,500	299,500,000
Net Increase/(Decrease) in Cash & Cash Equivalent	17,666,559	(4,822,328)
Cash & Cash Equivalent -Opening Balance	523,797	5,346,124
Cash & Cash Equivalent - Closing Balance	18,190,356	523,797

Notes :

- The Cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement' and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/restated wherever necessary to confirm to this year's classification

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Ermin K. Irani
Partner

Millind S. Korde
Directors

Naresh Nadkarni

Mumbai, Dated : May 11, 2009

BOARD OF DIRECTORS' REPORT FOR THE PERIOD ENDED 31ST MARCH, 2009**TO THE SHAREHOLDERS**

Your Directors have pleasure in submitting their Report together with the Audited Accounts for the period ended 31st March, 2009.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the period ended 31st March, 2009, reveal that there is a deficit at the end of the period.

2. REVIEW OF OPERATIONS:

The Company has not commenced any activities during the year.

3. DIVIDEND:

As there are no profits, the Directors regret that no dividend can be recommended.

4. SHARE CAPITAL:

The entire share capital is held by Godrej Properties Limited.

5. DIRECTORS:

Mr. Milind S. Korde and Mr. K. T. Jithendran who were named as the first Directors of the Company in the Articles of Association of the Company, constituted the Board of Directors.

Mr. Milind S. Korde and Mr. K. T. Jithendran retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

6. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

7. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates 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 ended 31st March, 2009 and of the loss of the Company for that year;

- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

8. ADDITIONAL INFORMATION:

- (a) Since the Company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.
- (b) 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, is provided hereunder:
 - (i) **Conservation of Energy :**
Expenses on account of Energy are negligible.
 - (ii) **Technology Absorption:**
It is an ongoing process.
 - (iii) **Foreign Exchange Earning & Outgo:**
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

9. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates and authorities for their co-operation.

For And On Behalf Of The Board Of Directors

MILIND S. KORDE K.T. JITHENDRAN
Directors

Mumbai, May 11, 2009

REPORT OF THE AUDITORS'**TO THE MEMBERS OF GODREJ ESTATE DEVELOPERS PRIVATE LIMITED**

1. We have audited the attached Balance Sheet of GODREJ ESTATE DEVELOPERS PRIVATE LIMITED, as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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. This report does not include a statement on the matters specified in paragraphs 4 and 5 of the Companies (Auditor's Report) Order, 2003, issued by the Department of Company Affairs, in terms of Section 227(4A) of the Companies Act, 1956. Since in our opinion and according to the information and explanation given to us, the said order is not applicable to the Company.
4. Further 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

- d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the period ended on that date and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Membership No. 35646

Place: Mumbai

Dated: May 11, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31.03.09 Rupees
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share Capital	1	500,000
LOAN FUNDS		
		-
		<u>500,000</u>
APPLICATION OF FUNDS		
Fixed Assets		-
Investments		-
Current Assets, Loans & Advances		
Cash & Bank Balances	2	500,000
		<u>500,000</u>
Less : Current Liabilities & Provisions		
Current Liabilities	3	60,575
		<u>60,575</u>
Net Current Assets		<u>439,425</u>
Miscellaneous Expenditure		
(to the extent not written off or adjusted)		
Preliminary Expenditure		15,480
Profit And Loss Account		<u>45,095</u>
		<u>500,000</u>
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	5	

The Schedules referred to above form an integral part of the Balance Sheet. As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
ERMIN K. IRANI
Partner

MILIND S. KORDE **K.T. JITHENDRAN**
Directors

Mumbai, May 11, 2009

PROFIT & LOSS ACCOUNT FOR THE PERIOD 11TH JULY, 2008 TO 31ST MARCH, 2009

	Schedule	For the Period 11.07.08 to 31.03.09 Rupees
INCOME		-
EXPENDITURE		
Administration Expenses	4	43,375
Preliminary Expenses written off		1,720
Deficit carried to Balance Sheet		<u>(45,095)</u>
Earning per share Basic/Diluted in Rs. (Refer Note 3)		<u>(0.90)</u>
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	5	

The Schedules referred to above form an integral part of the Profit & Loss Account. As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
ERMIN K. IRANI
Partner

MILIND S. KORDE **K.T. JITHENDRAN**
Directors

Mumbai, May 11, 2009

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.09 Rupees
SCHEDULE 1	
SHARE CAPITAL	
AUTHORISED	
50,000 Equity shares of Rs. 10/- each	500,000
	<u>500,000</u>
ISSUED, SUBSCRIBED & PAID UP	
50,000 Equity shares of Rs. 10/- each, fully paid up (All the above Shares are held by Godrej Properties Limited, the Holding Company and its nominee)	500,000
	<u>500,000</u>
SCHEDULE 2	
CASH & BANK BALANCE	
Balance with Scheduled Bank - on Current Account	500,000
	<u>500,000</u>
SCHEDULE 3	
CURRENT LIABILITIES	
Sundry Creditors (Refer Note 2)	13,300
Investor Education and Protection Fund	-
Other Liabilities	47,275
	<u>60,575</u>
SCHEDULE 4	
ADMINISTRATION EXPENSES	
Audit fees	27,575
Other Operating Expenses	15,800
	<u>43,375</u>

SCHEDULE 5
NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

- Accounting Policies**
 - General**
The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.
 - Miscellaneous Expenditure**
Miscellaneous expenditure is amortized over a period of 10 years.
 - Earning Per Share**
The basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, except where the results would be anti-dilutive.
- Due to Micro, Small and Medium Enterprises**
Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts.
- Earnings Per Share**

Particulars	Current Year
Loss for the Year as per Profit & Loss Account (Rs.)	(45,095)
Weighted average no. of equity shares outstanding	50,000
Basic/Diluted earnings per share (Rs.)	(0.90)
Nominal value of shares (Rs.)	10 /-

SCHEDULES FORMING PART OF THE ACCOUNTS**4) Amounts paid to Auditors:**

Particulars	Current Year (Rs.)
Audit Fees	27,575
Total	27,575

5) Related Party Disclosure

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

1. Relationships:

Shareholders (the Godrej Group Shareholding) in the Company Godrej Properties Limited (GPL) holds 100% in the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the Ultimate Holding Company.

2. The following transactions were carried out with the related party in the ordinary course of the business:

Sr. No.	Particulars	Current Year (Rs.) GPL
1	Issue of Equity Share Capital	5,00,000
2	Re-imbursement of Expenses	18,000
3	Outstanding payables	18,000

6) This being the first year of operations of the Company, the question of previous years figures does not arise.**7) Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.****ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956****Balance Sheet abstract for the Year ended 31st March, 2008 And Company's General Business Profile****1 Registration Details**

Registration No.	0102MH2008PTC184595
State Code	11
Balance Sheet Date	31st March, 2009

2 Capital raised during the year (Amount in Rs. thousands)

Public Issue	NII
Rights Issue	NII
Bonus Issue	NII
Private Placement - Capital	NII
- Premium	NII

3 Position of mobilisation and deployment of funds (Amount in Rs. thousands)

Total Liabilities	561
Total Assets	561

Sources of Funds

Reserves & Surplus	-
Secured Loans	-
Unsecured Loans	-

Application of Funds

Net Fixed Assets	-
Investments	-
Net Current Assets	439
Misc. Expenditure	16
Accumulated Losses	45

4 Performance of Company (Amount in Rs. thousands)

Turnover	-
Total Expenditure	(45)
Profit/(Loss) before Tax	(45)
Profit/(Loss) after Tax	(45)
Earning per Share in Rs.	(0.90)
Dividend Rate %	-

5 Generic Names of three principal products/services of Company

N.A.

CASH FLOW STATEMENT FOR THE PERIOD 11TH JULY, 2008 TO 31ST MARCH, 2009

	Current Period Rupees
Cash Flow from Operating Activities	
Loss for the Period	(45,095)
Adjustment for:	
Preliminary Expenses	1,720
Operating Loss before working capital changes	(43,375)
Adjustment for:	
Changes in Current Liabilities & Provisions	60,575
Preliminary Expenses Incurred	(17,200)
Net Cash Flow from Operating Activities	-
Net Cash Flow from Investing Activities	-
Cash Flow from Financing Activities	
Issue of Share Capital	500,000
Net Cash Flow from Financing Activities	500,000
Net Increase/(Decrease) in Cash & Cash Equivalent	500,000
Cash & Cash Equivalent -Opening Balance	-
Cash & Cash Equivalent -Closing Balance	500,000

Notes :

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.

2. Figures for the previous year are not available as the Company is incorporated during the current year.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

Mumbai, May 11, 2009

For And On Behalf of The Board Of Directors

MILIND S. KORDE **K.T. JITHENDRAN**
Directors

DIRECTORS' REPORT FOR THE PERIOD ENDED MARCH 31, 2009

To
The Members,

Your Directors have pleasure in submitting the first Annual Report along with the Audited Accounts for the first financial year ended on March 31, 2009.

REVIEW OF OPERATIONS

Your Company was incorporated on September 22, 2008. Your Company's performance during the year is summarized below:

Particulars	For the Year ended 31-03-2009 (Rs.)
Income from Operations	Nil
Other Income	Nil
Total Income	Nil
Less: Total (Expenditure)	(77,270)
Profit/(Loss) for the year before tax	(77,270)
Provision for Tax	-
Surplus/(Deficit)	(77,270)

Since there were no business activities during the year, your Company was unable to generate any income. After giving effect to expenditure for day to day transactions of Rs. 70,270/- your Company incurred a loss of Rs. 77,270/-.

DIVIDEND

Due to the loss booked by the Company, your Directors express their inability to recommend any dividend to the shareholders of the Company.

CHANGE IN OBJECT CLAUSE

To align with the changing market scenario the main object clause of your Company has been changed from Properties to Consumer Products.

CHANGE IN NAME

Pursuant to the shareholders approval in the Extraordinary General Meeting held on May 02, 2009 the Central Government on May 19, 2009 approved change in name of your Company from Build Tough Properties Private Limited to Godrej Hygiene Care Private Limited.

CHANGE IN REGISTERED OFFICE

The Registered office of your Company has been changed with effect from March 27, 2009 from Fine Mansion 1 & 2, First Floor, 203, D. N. Road, Fort, Mumbai - 400 001 to Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai - 400 079.

DIRECTORS

Mr. V. Srinivasan, Mr. B. S. Yadav and Mr. S. Varadaraj were appointed as Additional Directors of the Company on March 27, 2009. They are liable to retire at the forthcoming Annual General Meeting of the Company and, being eligible, offer themselves for reappointment.

Mr. Ajay Kumar Malpani and Mrs. Vidya Malpani the first Directors of the Company have resigned from the Board with effect from March 31, 2009. The Directors place on record their appreciation to the contribution made by both Mr. Ajay Kumar Malpani and Mrs. Vidya Malpani during their tenure as Directors of the Company.

SHARE CAPITAL

Your Company has increased its Authorised Share Capital from Rs. 1,00,000/- to Rs. 5,00,000/-, from Rs. 5,00,000/- to Rs. 15,00,000/- and from Rs. 15,00,000/- to Rs. 2,35,00,000/- on March 24, 2009, April 08, 2009 and May 12, 2009 respectively.

Your Company has issued and allotted 10,000 equity shares of Rs. 10/- to its subscribers to Memorandum of Association on March 02, 2009.

On March 28, 2009 your Company has allotted 40,000 further equity shares to its existing equity shareholders. On May 08, 2009 your Company has allotted 50,145 further equity shares to the existing shareholders.

Your Company has also issued and allotted 22,03,190 equity shares as Bonus Shares to its existing shareholders at a ratio of 1:22 on May 21, 2009.

On May 21, 2009 the members of the Company have decided through special resolution to split the equity shares of the Company from the face of Rs. 10/- each to the face value of Re. 1/- each.

The Company has taken all the necessary approvals from the authorities as required and has applied for the approvals wherever necessary.

CONVERSION FROM PRIVATE LIMITED COMPANY TO PUBLIC LIMITED COMPANY

In view of the fact that the Company is a wholly-owned subsidiary of Godrej Industries Limited, a listed public company, the members of the Company have on May 21, 2009 decided to change the status of the Company from Private Limited Company to Public Limited Company. The Company already has the necessary minimum 7 shareholders and three directors as required by the Companies Act, 1956.

The necessary application is made with the Central Government and the Registrar of Companies, Maharashtra for its approval to the same.

FIXED DEPOSITS

Your Company has not accepted any Fixed Deposits from the public.

AUDITORS

During the year, M/s. Kalyaniwalla & Mistry, Chartered Accountants were appointed as Auditors of the Company with effect from March 28, 2009 in the casual vacancy caused by resignation of Mr. Vipul Pasad, Chartered Accountants, the first auditors of the Company.

M/s. Kalyaniwalla & Mistry, Chartered Accountants are retiring at the forthcoming Annual General Meeting of the Company.

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

DIRECTORS' RESPONSIBILITIES STATEMENT

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

- that in preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- that such accounting policies have been selected and applied consistently and made judgements and estimates 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;
- 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;
- that the annual accounts have been prepared on a going concern basis.

ADDITIONAL INFORMATION

Since the Company has no business activities during the current financial year, information in respect of Conservation of Energy and Technology required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors') Rules, 1988, is not applicable to your Company.

There are no persons employed throughout or part of the financial year for whom, information about the particulars required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 needs to be given.

ACKNOWLEDGEMENT

Your Directors thank all the stake holders for their continued support.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

V. SRINIVASAN
Director

B.S. YADAV
Director

Mumbai,
Dated : May 21, 2009

REPORT OF THE AUDITORS TO THE MEMBERS OF GODREJ HYGIENE CARE PRIVATE LIMITED

1. We have audited the attached Balance Sheet of Godrej Hygiene Care Private Limited (formerly Build Tough Properties Pvt. Ltd.) as at March 31, 2009 and the Profit and Loss Account of the Company for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, since the said order is not applicable to the Company.
4. We report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009, and
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the period ended on that date.
5. On the basis of the written representations received from the Directors as on December 31, 2009, and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

VIRAF R. MEHTA
Partner
Membership No. 32083

Mumbai
Dated: May 21, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	Rupees	Rupees
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
Share Capital	1		500,000
TOTAL			<u>500,000</u>
APPLICATION OF FUNDS			
1. INVESTMENTS	2		474,160,660
2. CURRENT ASSETS, LOANS & ADVANCES	3		
Cash & Bank Balances		433,760	
LESS : CURRENT LIABILITIES & PROVISIONS	4		
Current Liabilities		474,171,690	
NET CURRENT ASSETS			(473,737,930)
3. PROFIT & LOSS ACCOUNT			77,270
TOTAL			<u>500,000</u>
NOTES TO ACCOUNTS	6		
The Schedules referred to above form an integral part of the Balance Sheet	Signatures to the Balance Sheet and Schedules 1 to 4 and 6		
As per our Report of even date			
For and on behalf of	For and on behalf of the Board		
KALYANIWALLA & MISTRY			
Chartered Accountants			
Viraf R. Mehta	V. Srinivasan	S. Varadaraj	
Partner	Director	Director	

Mumbai, May 21, 2009

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2009

	Schedule	Rupees
INCOME		-
EXPENDITURE		
Administrative Expenses	5	43,310
Preliminary Expenses		<u>33,960</u>
		<u>77,270</u>
(Loss) for the period carried forward		<u>(77,270)</u>
Basic and diluted earnings per share of Rs. 10 each		(7.13)
NOTES TO ACCOUNTS	6	

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

Signatures to the Profit & Loss Account and Schedules 5 and 6

As per our Report of even date

For and on behalf of

KALYANIWALLA & MISTRY
Chartered Accountants

Viraf R. Mehta
Partner

For and on behalf of the Board

V. Srinivasan
Director

S. Varadaraj
Director

Mumbai, May 21, 2009

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2009

	Rupees
SCHEDULE 1	
SHARE CAPITAL	
AUTHORISED:	
50,000 Equity shares of Rs. 10/- each	<u>500,000</u>
ISSUED, SUBSCRIBED & PAID UP:	
50,000 Equity shares of Rs. 10/- each, fully paid up	<u>500,000</u>
SCHEDULE 2	
INVESTMENTS	
LONG TERM	
Unquoted:	
Equity Shares	
5,107,125 Equity shares of Rs. 4 each fully paid up in Godrej Sara Lee Ltd.	<u>474,160,660</u>
TOTAL	<u>474,160,660</u>
SCHEDULE 3	
CURRENT ASSETS, LOANS AND ADVANCES	
CASH AND BANK BALANCES	
Cash in Hand	33,760
Cheques on Hand	<u>400,000</u>
TOTAL	<u>433,760</u>
SCHEDULE 4	
CURRENT LIABILITIES AND PROVISIONS	
CURRENT LIABILITIES	
Sundry Creditors	
Outstanding dues of micro enterprises and small enterprises	-
Dues of other creditors	<u>474,171,690</u>
TOTAL	<u>474,171,690</u>
SCHEDULE 5	
ADMINISTRATIVE EXPENSES	
Legal and Professional Fees	32,280
Auditors' Remuneration	
Audit Fees	<u>11,030</u>
TOTAL	<u>43,310</u>

SCHEDULE 6: NOTES TO ACCOUNTS**1. Significant Accounting Policies****a. Accounting Convention:**

The financial statements are prepared under the historical cost convention, on accrual basis in accordance with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b. Income recognition:

- (i) Dividend income is recognised when the right to receive the same is established.
- (ii) Interest income is recognised on time proportion basis.
- (iii) Profit/loss on sale of investments is accounted on the trade dates.

c. 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 decline, other than that of a temporary nature.

d. Taxes on Income:

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

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

2. Background

The Company was incorporated under the Companies Act, 1956, on September 22, 2008. The accounts are prepared for the period from September 22, 2008 to March 31, 2009.

3. Investments

During the year the Company purchased 51,07,125 shares of Godrej Sara Lee Ltd. (GSLL) from its 100% holding company Godrej Industries Ltd. (GIL) for the consideration of Rs. 4,729 lac and incurred stamp duty expenses of Rs. 11.82 lac which is shown as payable to GIL as creditors. The payment for purchase of GSLL shares will be settled by issue of the Company's fully paid shares.

4. Earnings per share

	Rupees
a. Net Profit/(Loss) after Tax available for shareholders	(77,270)
b. Weighted Average Number of Equity Shares	10,842
c. Basic and Diluted Earnings per Share of Rs. 10 each	(7.13)

SCHEDULE 6: NOTES TO ACCOUNTS (Continued)

5. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration details		
Registration No.	:	U45200MH2008PTC186951
State Code	:	11
Balance Sheet Date	:	31.03.2009
2. Capital raised during the year (Amount in Rs. Thousands)		
Public Issue	:	-
Rights Issue :		
Bonus Issue	:	-
Private Placement	:	-
3. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)		
Total Liabilities	:	500
Total Assets	:	500
Sources of funds:		
Paid up Capital	:	500
Reserves & Surplus	:	-
Secured Loans	:	-
Unsecured Loans	:	-
Application of funds:		
Net Fixed Assets	:	-
Investments	:	474,161
Net Current Assets	:	(473,738)
Accumulated Losses	:	77
4. Performance of Company (Amount in Rs. Thousands)		
Turnover (Total Income)	:	-
Total Expenditure	:	77
(Loss)/Profit before tax	:	(77)
(Loss)/Profit after tax	:	(77)
Earnings per share in Rs.	:	(7.13)
Dividend rate (%)	:	-
5. Generic names of three principal products/services of the Company		
	:	(i) Consumer products/ Insecticides (ii) Investments (iii) Real Estate

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	Amount (Rs.)
Cash flow from Operating Activities	
(Loss)/ Profit before tax	(77,270)
Adjustments :	-
Operating Profit/ (Loss) before working capital changes	(77,270)
Adjustments for :	
Trade Payables	474,171,690
Cash generated from operations	474,094,420
Income Taxes paid	-
Net Cash from operating activities	474,094,420
Cash flow from Investing Activities	
Purchase of investments	(474,160,660)
Net cash used in investing activities	(474,160,660)
Cash flow from Financing Activities	
Proceeds from issue of share capital	500,000
Net cash used in financing activities	500,000
Net increase / (decrease) in cash and cash equivalents	433,760
Cash and cash equivalents (opening balance)	-
Cash and cash equivalents (closing balance)	433,760

As per our Report attached

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

Signatures to Cash Flow Statement

Viraf R. Mehta
Partner

V Srinivasan
Director

S Varadaraj
Director

Mumbai, May 21, 2009

NOTES

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NOTES



Godrej Industries Limited

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

ATTENDANCE SLIP

Folio No.

Client ID No.

DP ID No.

I hereby record my presence at the TWENTY-FIRST ANNUAL GENERAL MEETING of the Company to be held at Y.B. Chavan Centre, Nariman Point, Mumbai - 400 021 on Wednesday, July 29, 2009 at 4.30 p.m.

.....
Name of attending Member/Proxy

.....
Member's/Proxy's Signature
(To be signed at the time of handing over this slip)

Notes :

1. Shareholder/Proxyholder wishing to attend the Meeting must bring the Attendance Slip to the Meeting and hand-over at the entrance duly signed.
2. Shareholder/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting.



Godrej Industries Limited

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

PROXY FORM

Folio No.

Client ID No.

DP ID No.

I/We.....
of being a member/
members of the abovementioned Company, hereby appoint
or failing him as my/our proxy to vote for me/us on my/our behalf at
the TWENTY-FIRST ANNUAL GENERAL MEETING of the Company to be held on Wednesday, July 29, 2009 at 4.30 p.m. and at any
adjournment thereof. This form is to be used in favour of the resolution(s).....
..... /against the resolution/s..... Unless
otherwise instructed the proxy will act as he thinks fit.
Signed this day of 2009.

Signature

Affix
Re 1/-
Revenue
Stamp

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

