PRELIMINARY OFFER DOCUMENT
Dated July 19, 2012

GODREJ INDUSTRIES LIMITED

*(Godrej Industries Limited was incorporated on March 7, 1988 in the Republic of India with limited liability under the Companies Act, 1956 (the "**Companies Act**") with corporate identity number L24241MH1988PLC097781)*

Issue of up to 15,666,734 equity shares of face value ₹ 1 each (the "**Equity Shares**") of Godrej Industries Limited (the "**Company**"), with a right, exercisable by the Company in consultation with the Book Running Lead Manager (as defined hereinafter), to Allot (as defined hereinafter) up to 1,566,673 additional Equity Shares in case of over subscription, at a price determined according to the Allotment Criteria (as defined hereinafter), aggregating to ₹ [●] million (the "**Issue**"). The Issue Price (as defined hereinafter) is ₹ [●] per Equity Share.

THIS ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY OFFER DOCUMENT (THE "PRELIMINARY OFFER DOCUMENT") IS BEING MADE IN RELIANCE ON CHAPTER VIII-A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 (THE "SEBI REGULATIONS"). THIS PRELIMINARY OFFER DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO ANY PERSON OR CLASS OF INVESTORS OTHER THAN QUALIFIED INSTITUTIONAL BUYERS ("QIBS") (AS DEFINED IN "DEFINITIONS AND ABBREVIATIONS") WITHIN OR OUTSIDE INDIA.

ISSUE ONLY TO QUALIFIED INSTITUTIONAL BUYERS

The Issue is being made through the Institutional Placement Programme, wherein at least 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds (as defined hereinafter) and Insurance Companies (as defined hereinafter), subject to valid ASBA Applications (as defined hereinafter) being received at or above the Issue Price, provided that if this portion or any part thereof to be Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs. QIBs may participate in this Issue only through an application supported by blocked amount ("**ASBA**") providing details about the ASBA Account (as defined hereinafter) which will be blocked by the Self Certified Syndicate Bank. For details, see "***Issue Procedure***".

This Preliminary Offer Document has not been reviewed or approved by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), The National Stock Exchange of India Limited (the "**NSE**"), the BSE Limited (the "**BSE**", together with the NSE, the "**Stock Exchanges**") and is intended only for use by QIBs. A copy of this Preliminary Offer Document has been delivered to the Stock Exchanges and SEBI and for registration to the Registrar of Companies, Mumbai (the "**RoC**"). Copies of the Offer Document will be filed with the Stock Exchanges, SEBI and the RoC. This Preliminary Offer Document will only be circulated or distributed to QIBs, and will not constitute an offer to any other class of investors in India or any other jurisdiction. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Preliminary Offer Document.

The Equity Shares of the Company are listed and traded on the BSE and the NSE. The Equity Shares offered in the Issue are securities of the Company of the same class and in all respects uniform as the Equity Shares listed and traded on the Stock Exchanges. In-principle approvals under Clause 24(a) of the Equity Listing Agreement (as defined hereinafter) for listing of the Equity Shares offered in the Issue have been received from the Stock Exchanges. Applications will be made to the Stock Exchanges for obtaining listing and trading approvals for the Equity Shares offered through this Preliminary Offer Document. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares offered in the Issue to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of the Company or such Equity Shares.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "RISK FACTORS" BEGINNING ON PAGE 29 OF THIS PRELIMINARY OFFER DOCUMENT BEFORE MAKING AN INVESTMENT DECISION IN THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PRELIMINARY OFFER DOCUMENT.

Invitations, offers and issuances of Equity Shares offered in the Issue shall only be made pursuant to this Preliminary Offer Document together with the ASBA Applications and Confirmation of Allocation Notes. Please see "***Issue Procedure***" beginning on page 148. The distribution of this Preliminary Offer Document or the disclosure of its contents without the prior consent of the Company to any person, other than QIBs and persons retained by QIBs to advise them with respect to their subscription of the Equity Shares offered in the Issue is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Offer Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Offer Document or any documents referred to in this Preliminary Offer Document.

The information on the website of the Company or any website directly or indirectly linked to the website of the Company, other than this Preliminary Offer Document, does not form part of this Preliminary Offer Document and prospective investors should not rely on such information contained in, or available through, any such website.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or under any state securities laws in the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) in the United States and to U.S. Persons (U.S. Persons, as defined in Regulation S ("Regulation S") under the U.S. Securities Act) that are (A) qualified institutional buyers (as defined under Rule 144A ("Rule 144A") under the U.S. Securities Act) ("U.S. QIBs") pursuant to Section 4(2) of the U.S. Securities Act and (B) "qualified purchasers" (" U.S. QPs" as defined in the U.S. Investment Company Act of 1940, as amended (the "U.S. Investment Company Act")) in reliance upon Section 3(c)(7) of the U.S. Investment Company Act, and (ii) outside of the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S, in each case, in compliance with the applicable laws of the jurisdiction where those offers and sales occur. For further details, please see "*Selling Restrictions*" and "*Transfer Restrictions*".

BOOK RUNNING LEAD MANAGER	**REGISTRAR TO THE ISSUE**
Kotak Mahindra Capital Company Limited 1st Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 Tel: (91 22) 6634 1100 Fax: (91 22) 2283 7517 Email: gil.ipp @kotak.com Website: www.investmentbank.kotak.com Contact Person: Ganesh Rane	Computech Sharecap Limited 147, Mahatma Gandhi Road, Fort, Mumbai 400 001 Tel: (91 22) 22635000 Fax: (91 22) 22635001 Email: helpdesk@computechsharecap.com Website: www.computechsharecap.com Contact Person: Mr. K.R. Dadyburjor

ISSUE PROGRAMME *

ISSUE OPENS ON	**[●]**	**ISSUE CLOSES ON**	**[●]**

* *Details of the Issue programme shall be disclosed in the Floor Price / Price Band Announcement (as defined hereinafter) to be issued at least one day prior to the Issue Opening Date. Investors should refer to the pre-Issue advertisement and the Floor Price / Price Band Announcement for further details. Investors are advised to read the above mentioned announcements together with this Preliminary Offer Document.*

TABLE OF CONTENTS

NOTICE TO INVESTORS

The Company has furnished and accepts full responsibility for all of the information contained in this Preliminary Offer Document and, having made all reasonable enquiries confirms that, this Preliminary Offer Document contains all information with respect to the Company and the Equity Shares offered in the Issue that is material in the context of the Issue. The statements contained in this Preliminary Offer Document relating to the Company and the Equity Shares are, in every material respect, true, accurate and not misleading. The opinions and intentions expressed in this Preliminary Offer Document with regard to the Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to the Company and are based on reasonable assumptions. There are no other facts in relation to the Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Offer Document misleading in any material respect. Further, all reasonable enquiries have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements.

No person is authorised to give any information or to make any representation not contained in this Preliminary Offer Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company or Kotak Mahindra Capital Company Limited (the "**Book Running Lead Manager**") or Kotak Securities Limited (the "**Syndicate Member**"). The delivery of this Preliminary Offer Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares offered in the Issue have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or the securities commission of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Preliminary Offer Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or under any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold (i) in the United States and to U.S. Persons that are (A) U.S. QIBs pursuant to Section 4(2) of the U.S. Securities Act and (B) U.S. QPs in reliance upon Section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S, in each case, in compliance with the applicable laws of the jurisdiction where those offers and sales occur. Prospective purchasers are hereby notified that the Company is relying on the exemptions from the registration requirements of the U.S. Securities Act and the U.S. Investment Company Act. Our Company has not and does not intend to register under the U.S. Investment Company Act, and the investors will not be entitled to the benefits of such act. The Equity Shares offered in the Issue are transferable only in accordance with the restrictions described in "***Transfer Restrictions***" beginning on page 173. All purchasers will be required to make the applicable representations, agreements and acknowledgements as set forth in "***Transfer Restrictions***".

The distribution of this Preliminary Offer Document and the Issue may be restricted by law in certain countries or jurisdictions. As such, this Preliminary Offer Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Company, the Book Running Lead Manager or the Syndicate Member which would permit an offering of the Equity Shares offered in the Issue or distribution of this Preliminary Offer Document in any country or jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares to be issued pursuant to the Issue may not be offered or sold, directly or indirectly, and neither this Preliminary Offer Document nor any Issue materials in connection with the Equity Shares offered in the Issue may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

This Preliminary Offer Document has been filed with SEBI and the Stock Exchanges and delivered to the RoC for registration, and has been displayed on the websites of the Stock Exchanges and the Company stating that it is in connection with the Institutional Placement Programme and that the offer is being made only to QIBs.

In making an investment decision, investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Preliminary Offer Document as business, legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting, investment and related matters concerning the Issue. In addition, none of the Company, the Book Running Lead Manager or the Syndicate Member is making any representation to any offeree or subscriber of the Equity Shares offered in the Issue regarding the legality of an investment in such Equity Shares by such subscriber or purchaser under applicable laws or regulations.

Each QIB subscribing to the Equity Shares offered in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in the Company under Indian law, including Chapter VIII-A of the SEBI Regulations, and is not prohibited by SEBI or any other statutory authority from buying, subscribing to, selling or dealing in securities.

The information on the Company's website, except this Preliminary Offer Document, or the website of the Book Running Lead Manager does not constitute nor form part of this Preliminary Offer Document. Prospective investors should not rely on the information contained in, or available through such websites, except this Preliminary Offer Document. This Preliminary Offer Document contains summaries of terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

REPRESENTATIONS BY INVESTORS

By subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to the Company, the Book Running Lead Manager and the Syndicate Member, as follows:

- You are a "QIB" (hereinafter defined), having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares offered in the Issue that are Allotted to you in accordance with Chapter VIII-A of the SEBI Regulations;

- You are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities;

- You have made the representations and warranties set forth in "***Transfer Restrictions***" and "***Selling Restrictions***" beginning on pages 173 and 168 respectively;

- You are aware that this Preliminary Offer Document has not been reviewed, verified or affirmed by SEBI, RBI, the Stock Exchanges or any other regulatory or listing authority, other than the RoC pursuant to applicable provisions of the Companies Act, and is intended only for use by QIBs;

- If you are Allotted the Equity Shares, you shall not, for a period of one year from the date of Allotment, sell such Equity Shares so acquired except on the Stock Exchanges;

- You are entitled to subscribe for the Equity Shares offered in the Issue under the laws of all relevant jurisdictions that apply to you and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Offer Document), and will honour such obligations;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by the Company or its agents (the "**Company Presentations**") with regard to the Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Manager and the Syndicate Member may not have knowledge of the statements that the Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Manager and the Syndicate Member have advised you not to rely in any way on any information that was provided to you at any such Company Presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material or price sensitive information relating to the Company and the Issue that was not made publicly available by the Company;

- Neither the Company nor the Book Running Lead Manager nor the Syndicate Member nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions you may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares offered in the Issue, be a client of the Book Running Lead Manager or the Syndicate Member. Neither the Book Running Lead Manager nor the Syndicate Member nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to its or their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- All statements other than statements of historical facts included in this Preliminary Offer Document, including those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Preliminary Offer Document;

- You are aware of and understand that the Equity Shares to be issued pursuant to the Issue are being offered only to QIBs and are not being offered to the general public and the Allocation and Allotment shall be in accordance with the Basis of Allocation (as defined hereinafter), Allotment Criteria and the CAN (as defined hereinafter). See "***Issue Procedure***" beginning on page 148;

- You have read this Preliminary Offer Document in its entirety, including in particular, "**Risk Factors**" beginning on page 29;

- In making your investment decision, you have (i) relied on your own examination of the Company and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of our Company on a consolidated basis, the Equity Shares offered in the Issue and the terms of the Issue based solely on the information contained in this Preliminary Offer Document and publicly available information about the Company and no other disclosure or representation by us or any other party, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, the effects of local laws, (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Company and the Equity Shares offered in the Issue, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither the Book Running Lead Manager nor the Syndicate Member nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares offered in the Issue (including the Issue and the use of proceeds from such Equity Shares). You will obtain your own independent tax advice and will not rely on the Book Running Lead Manager, the Syndicate Member or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares offered in the Issue (including, in relation to the Issue and the use of proceeds from the Equity Shares offered in the Issue). You waive, and agree not to assert any claim against, any of the Company, the Book Running Lead Manager, the Syndicate Member or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares offered in the Issue or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor who is seeking to subscribe to the Equity Shares offered in the Issue for your own investment and not with intent to distribute such Equity Shares and have such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares offered in the Issue. You and any accounts for which you are subscribing to the Equity Shares offered in the Issue (i) are each able to bear the economic risk of the investment in the Equity Shares to be issued pursuant to the Issue, (ii) are able to sustain a complete loss on the investment in the Equity Shares to be issued pursuant to the Issue, (iii) have no need for liquidity with respect to the investment in the Equity Shares offered in the Issue, (iv) have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of subscribing to the Equity Shares offered in the Issue, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares offered in the Issue. You acknowledge that an investment in the Equity Shares offered in the Issue involves a high degree of risk and that such Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares offered in this Issue for your own investment and not with a view to resale or distribution;

- If you are acquiring the Equity Shares offered in the Issue, for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and make the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to ‘you’ to include such accounts;

- You are neither a Promoter nor a person related to the Promoters, either directly or indirectly, and your ASBA Application does not directly or indirectly represent the Promoters or the Promoter Group (hereinafter defined) or persons related to the Promoters. For the purposes of this representation you will be deemed to be related to the Promoters if you have any rights under any shareholders’ agreement or voting agreement entered into with the Promoters or persons related to the Promoters, any veto rights or any right to appoint any nominee director on the Board (as defined hereinafter), other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares;

- You have no right to withdraw your ASBA Application or revise downwards the price per Equity Share or the number of Equity Shares mentioned in your ASBA Application;

- You are eligible to apply for and hold the Equity Shares offered in the Issue, which are Allotted to you together with any Equity Shares held by you prior to the Issue. You confirm that your aggregate holding after the Allotment of the Equity Shares offered in the Issue shall not exceed the level permissible as per any applicable regulations;

- The ASBA Application submitted by you would not result in triggering a tender offer under the Takeover Regulations (hereinafter defined);

- You shall not be Allotted more than 25% of the Issue Size (assuming exercise of the Over Allotment Option (as defined hereinafter) in full). You, together with other QIBs that belong to the same group as you or are under common control as you, shall not be Allotted Equity Shares in excess of 25% of the aggregate number of Equity Shares Allotted in the Issue. You agree that in the event that the aggregate number of Equity Shares Allotted in the Issue is less than the original Issue Size, the Company will reduce the number of Equity Shares that may be Allotted to you such that you are not Allotted Equity Shares in excess of 25% of the final Issue Size. For the purposes of this representation:

  i. The expression 'belong to the same group' shall have the same meaning as 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act; and

  ii. The expression 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations;

  For meaning of the terms 'companies under the same group' under sub-section (11) of Section 372 of the Companies Act and 'control' under Regulation 2(1)(e) of the Takeover Regulations, see "***Issue Procedure***" beginning on page 148;

- You shall not undertake any trade in the Equity Shares issued pursuant to the Issue and credited to your Depository Participant (as defined hereinafter) account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Clause 24(a) of the Equity Listing Agreement, for listing and admission of the Equity Shares offered in the Issue and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares issued pursuant to the Issue will be obtained in time, or at all. The Company shall not be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

- By participating in the Issue, you confirm that you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Manager, the Syndicate Member or the Company or any of their respective affiliates or any other person acting on their behalf and neither the Book Running Lead Manager, the Company, the Syndicate Member nor any of their respective affiliates or other person acting on their behalf will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- You confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares offered in the Issue is contained in this Preliminary Offer Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares offered in the Issue and neither the Book Running Lead Manager nor the Company nor the Syndicate Member will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- The Book Running Lead Manager and the Syndicate Member do not have any obligation to purchase or acquire all or any part of the Equity Shares subscribed for by you or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by the Company of any of its obligations or any breach of any representations and warranties by the Company, whether to you or otherwise;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Issue, this Preliminary Offer Document and the Offer Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares issued pursuant to the Issue on the Stock Exchanges;

- You agree to indemnify and hold the Company, the Book Running Lead Manager, the Syndicate Member and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach or alleged breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Preliminary Offer Document. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares issued pursuant to the Issue by, or on behalf of, the managed accounts;

- You agree to abide by the Basis of Allocation provided in this Preliminary Offer Document, and the Allocation done in accordance with Basis of Allocation as overseen by the Stock Exchanges;

- You agree to provide additional documents as may be required by the Company and the Syndicate for finalisation of the Basis of Allocation along with the Stock Exchanges. The Company, the Book Running Lead Manager, the Syndicate Member and their affiliates may rely on the accuracy of such documents provided by you; and

- The Company, the Book Running Lead Manager, the Syndicate Member, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Manager and the Syndicate Member on their own behalf and on behalf of the Company, and are irrevocable.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (the "**FII Regulations**"), an FII may issue or otherwise deal in offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments issued overseas against underlying securities, listed or proposed to be listed on any recognized stock exchange in India, such as the Equity Shares offered in the Issue (all such offshore derivative instruments are referred to herein as "**P-Notes**"), for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities subject to compliance with applicable 'know your client' requirements. An FII shall also ensure that no further issue or transfer of any instrument referred to above is made by or on behalf of it to any person other than such entities regulated by an appropriate foreign regulatory authority. No sub-account of an FII is permitted to directly or indirectly issue P-Notes. P-Notes have not been and are not being offered, issued or sold pursuant to this Preliminary Offer Document. This Preliminary Offer Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of the Company and do not constitute any obligation of, claims on or interests in the Company, the Book Running Lead Manager or the Syndicate Member. The Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to the P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to the Company, the Book Running Lead Manager or the Syndicate Member. The Company, the Book Running Lead Manager and the Syndicate Member do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with the P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Manager or the Syndicate Member and do not constitute any obligations of or claims on the Book Running Lead Manager or the Syndicate Member. Affiliates of the Book Running Lead Manager that are registered as FIIs may purchase, to the extent permissible under law, the Equity Shares offered in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE

As required, a copy of this Preliminary Offer Document has been delivered to each of the Stock Exchanges and SEBI and for registration to the RoC. The Stock Exchanges, SEBI and the RoC do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Offer Document;

(2) warrant that the Equity Shares issued pursuant to the Issue will be listed or the Equity Shares will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.

It should not for any reason be deemed or construed to mean that this Preliminary Offer Document has been reviewed or approved by the Stock Exchanges or SEBI. Every person who desires to apply for or otherwise acquire any Equity Shares offered in the Issue may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges, SEBI and the RoC whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Preliminary Offer Document, unless the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue, references to 'the Company' or 'our Company' are to Godrej Industries Limited, and references to 'we', 'us' or 'our' are to Godrej Industries Limited, its subsidiaries, associates and joint ventures on a consolidated basis, unless otherwise specified.

In this Preliminary Offer Document, all references to "Indian Rupees" "₹" and "Rs." are to Indian Rupees and all references to "U.S. dollars", "USD" and "U.S.$" are to United States dollars. All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions and all references to "India" are to the Republic of India and its territories and possessions.

The financial year of the Company commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', 'fiscal year', 'fiscal' or 'FY' are to the twelve month period ended on March 31 of that year.

The Company publishes its consolidated and unconsolidated financial statements in Indian Rupees. The Company's audited consolidated financial statements included herein have been prepared in accordance with Indian GAAP and the Companies Act. Unless otherwise indicated, all financial data in this Preliminary Offer Document are derived from the Company's audited financial statements prepared in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from International Financial Reporting Standards ("**IFRS**") and U.S. GAAP and accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Preliminary Offer Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective accounting policies. The Company does not provide a reconciliation of its financial statements to IFRS or U.S. GAAP financial statements. See "***Risk Factors – Indian corporate and other disclosure and accounting standards differ from those observed in other jurisdictions such as U.S. GAAP and IFRS***".

The audited consolidated financial statements of the Company as of and for the fiscal years ended March 31, 2012, 2011 and 2010 and of Godrej Consumer Products as of and for the fiscal years ended March 31, 2012 and 2011, prepared in accordance with Indian GAAP, are included in this Preliminary Offer Document and are referred to herein as the "***Financial Statements***" beginning on page 205.

In this Preliminary Offer Document, certain monetary thresholds have been subjected to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to the business of the Company contained in this Preliminary Offer Document consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which the Company competes. Unless stated otherwise, the statistical information included in this Preliminary Offer Document relating to the industry in which the Company operates has been reproduced from various trade, industry and government publications and websites.

This data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither the Company nor the Book Running Lead Manager nor the Syndicate Member have independently verified this data and do not make any representation regarding the accuracy of such data. The Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so the Company has relied on internally developed estimates. Similarly, while the Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither the Company, the Book Running Lead Manager nor the Syndicate Member can assure potential investors as to their accuracy.

We have relied on market data provided by Nielsen (India) Private Limited ("**Nielsen India**") in relation to the market standing of Godrej Consumer Products for certain product categories in India. Nielsen India has advised that: *Nielsen India Information reflects estimates of market conditions based on samples, and is prepared primarily as a marketing research tool. This information should not be viewed as a basis for investments and references to Nielsen India should not be considered as Nielsen India's opinion as to the value of any security or the advisability of investing in the Company*.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Offer Document that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of the Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Company's business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Offer Document that are not historical facts. These forward-looking statements contained in this Preliminary Offer Document (whether made by the Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the Company's expectations include, among others:

- You may not have access to the unconsolidated and consolidated financial results as of and for the quarter ended June 30, 2012 of our Company, Godrej Properties or Godrej Consumer Products to enable you to assess the latest financial performance of these companies in connection with your investment decision to subscribe to our Equity Shares in the Issue.
- We may have difficulty managing our operations and profitability as a result of our diversified businesses.
- Increased cost of raw materials and interruption in their availability may affect our business and results of operations.
- We depend on third parties for a variety of our businesses, any disruption to which could adversely affect our business and results of operations.
- We are subject to risks associated with our international operations, which could negatively affect our sales to customers in foreign countries as well as our operations and assets in such countries.
- A slowdown in economic growth in India and other countries in which we operate could cause our business to suffer.
- Our real estate and property development business is dependent on the performance of, and the conditions affecting, the real estate market in India.
- Our failure to successfully introduce new products could adversely affect our expansion plans, business and results of operations.
- We are subject to business risks inherent to the oil palm industry that may adversely affect our business.
- Our animal feed business is subject to risks specific to the animal feed industry, which, if realized, may adversely affect our business and results of operations.
- Our operations are hazardous and could expose us to the risk of liabilities, lost revenues and increased expenses.
- Certain of our businesses are subject to seasonal variations that could result in fluctuations in our results of operations.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "***Risk Factors***", "***Industry Overview***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on pages 29, 83, 103 and 65 respectively. The forward-looking statements contained in this Preliminary Offer Document are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Offer Document or the respective dates indicated in this Preliminary Offer Document, and the Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of the Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of the Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public company incorporated with limited liability under the laws of India. All of the Company's Directors are residents of India. All of the key managerial personnel named here are residents of India and substantially all the assets of the Company are located in India. As a result, it may be difficult for investors outside India to effect service of process upon the Company or such persons in India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 (the "**Civil Procedure Code**"), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon by the same parties or between parties under whom they or any of them claim to be litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government of India (the "**GoI**" or the "**Government**") has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a appropriate court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the GoI to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from RBI to repatriate outside India any amount recovered pursuant to such award, and any such amount may be subject to income tax in accordance with applicable laws.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information concerning exchange rates between the Rupee and the U.S. dollar for the periods indicated. Exchange rates are based on the reference rates released by RBI, which are available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all. On July 18, 2012, the exchange rate (RBI reference rate) was ₹ 55.34 to U.S. $1.00 (Source: http://*www.rbi.org.in*).

	Period End	**Average[(1)]**	**High**	**Low**
Financial Year:	(₹ Per U.S.$1.00)			
2012	51.16	47.95	54.24	43.95
2011	44.65	45.58	47.57	44.03
2010	45.14	47.42	50.53	44.94
Quarter Ended:				
June 30, 2012	56.31	54.22	57.22	50.56
March 31, 2012	51.16	50.31	53.30	48.68
December 31, 2011	53.27	51.01	54.24	48.82

(1) Average of the official rate for each working day of the relevant period.
(Source : *www.rbi.org.in*)

DEFINITIONS AND ABBREVIATIONS

This Preliminary Offer Document uses the definitions and abbreviations set forth below which, unless otherwise specified, you should consider when reading the information contained herein. References to any legislation, act, regulation or statutory provision in this Preliminary Offer Document shall be construed as reference to such term as amended, modified or re-enacted from time to time.

Company and Industry Related Terms

Term	Description
the Company or our Company	Godrej Industries Limited, a public limited company incorporated under the Companies Act and having its registered office at Pirojshanagar, Eastern Express Highway, Vikhroli East, Mumbai 400 079.
Acre	43,560 sq. ft.
Articles of Association or Articles	The Articles of Association of the Company, as amended from time to time
Auditor	The statutory auditor of the Company, M/s. Kalyaniwalla & Mistry, Chartered Accountants
Board or Board of Directors	The board of directors of the Company
CAGR	Compound Annual Growth Rate
CIF	Cost Insurance and Freight
CLFMA	CLFMA of India
Developable Area	Total area which we develop in each project, and includes carpet area, common area, service and storage area, as well as other open areas, including car parking
Directors	Directors on the Board, as may be appointed from time to time
Equity Shares	Equity shares of face value of ₹ 1 each of the Company
FAO	Food and Agricultural Organization
FAR	Floor Area Ratio
FDI	Foreign Direct Investment
FOB	Free on Board
Forthcoming Projects	Projects for which land or development rights have been acquired or a memorandum of understanding or an agreement to acquire or a joint development agreement has been executed, in each case, by the Company, its Subsidiaries and LLPs, either directly or indirectly, and preliminary management development plans are complete
FSI	Floor space index, which means the quotient of the ratio of the combined gross floor area of all floors, excepting areas specifically exempted, to the total area of the plot
GAIN	Global Agricultural Information Network
GIL ESGS	Godrej Industries Limited Employees Stock Grant Scheme 2011
GIL ESOP I	Godrej Industries Limited Employee Stock Option Plan
GIL ESOP II	Godrej Industries Limited Employee Stock Option Plan – II
Godrej & Boyce	Godrej & Boyce Manufacturing Company Limited
Godrej Agrovet	Godrej Agrovet Limited
Godrej Consumer Products	Godrej Consumer Products Limited
Godrej Hershey	Godrej Hershey Limited
Godrej International	Godrej International Limited
Godrej Properties	Godrej Properties Limited
HBR	Homobrassinolide
Hectare	107,639 sq. ft.
ISO	International Organization for Standardization
Land Reserves	Lands to which we have title, or land from which we can derive the economic benefit, through a joint development agreement, agreement to sell or other agreements that transfer development rights to us and which form a part of our Ongoing Projects and Forthcoming Projects

Term	Description
MMR	Mumbai Metropolitan Region
MT	Metric Tonnes
MW	Megawatt
Natures Basket	Natures Basket Limited
NCR	National Capital Region
Ongoing Projects	Projects in respect of which (i) all title or development rights, or other interest in the land is held either directly by the Company, its Subsidiaries, its LLPs and/or other entities in which these entities are shareholders or have a stake; and (ii) wherever required, all land for the project has been converted for the intended use; and (iii) the requisite approvals for commencement of construction have been obtained or applied for, as the case may be. This includes partial or all phases of the projects
Promoters	Godrej & Boyce, Mr. Adi B. Godrej, Mr. Jamshyd N. Godrej, Mr. Nadir B. Godrej, Ms. Smita V. Crishna and Mr. Rishad K. Naoroji
Promoter Group	The promoter group of the Company as determined in terms of Regulation 2(1)(zb) of the SEBI Regulations.
PVC	Polyvinyl Chloride
QSR	Quick Service Restaurant
R&D	Research and Development
Registered Office	Pirojshanagar, Eastern Express Highway, Vikhroli East, Mumbai 400 079
Saleable Area	Part of the Developable Area for which the prospective buyer or tenant or lessee or licensee, as the case may be, is obligated to pay the developer(s) or for which the developer(s) expect that the prospective buyer or tenant or lessee or licensee, as the case may be, will pay
sq. ft.	square feet
USDA	U.S. Department of Agriculture
“we” or “us” or “our”	Godrej Industries Limited and its subsidiaries, associates and joint ventures on a consolidated basis.

Issue Related Terms

Term	Description
Allocation or Allocated	Allocation of the Equity Shares offered in the Issue following the determination of the Issue Price to Applicants on the basis of the ASBA Applications submitted by them and in accordance with the Allotment Criteria
Allotment or Allotted or Allot	Unless the context otherwise requires, the issue and allotment of the Equity Shares including pursuant to the exercise of the Over Allotment Option
Allottees	QIBs to whom the Equity Shares are Allotted
Allotment Criteria	The method as finalised by the Company based on which the Equity Shares offered in the Issue will be Allocated and Allotted to successful Applicants, in this case being the proportionate method
Applicant	A QIB that submits an ASBA Application in accordance with the provisions of this Preliminary Offer Document
Application Amount	The highest value indicated by the Applicant in the ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application
ASBA	Application supported by blocked amount
ASBA Application	An application by an Applicant, whether physical or electronic, offering to subscribe for the Equity Shares in the Issue at any price at or above the Floor Price or within the Price Band, as the case may be, including any revisions thereof, pursuant to the terms of this Preliminary Offer Document and which shall also be an authorisation to an SCSB to block the Application Amount in the ASBA Account maintained with such SCSB. The ASBA Application will also be considered as the application for Allotment for the purposes of this Preliminary Offer Document and the Offer Document. The price per Equity Share and the number of Equity Shares applied for under an ASBA Application may only be revised upwards and any downward revision in price per Equity Share

Term	Description
	and/or the number of Equity Shares applied for under an ASBA Application or withdrawal of the ASBA Application is not permitted
ASBA Account	An account maintained with the SCSB by the Applicant and specified in the ASBA Application for blocking the Application Amount
Basis of Allocation	The basis on which Equity Shares offered in the Issue will be Allocated to successful Applicants in the Issue and the CAN will be dispatched, as described in "***Issue Procedure***" beginning on page 148
Book Running Lead Manager	Kotak Mahindra Capital Company Limited
CAN or Confirmation of Allocation Note	Note, advice or intimation sent to the Applicants who have been Allocated Equity Shares offered in the Issue, confirming the Allocation of Equity Shares to such Applicants after the determination of the Issue Price in terms of the Basis of Allocation approved by the Stock Exchanges, and shall constitute a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Issue Price
Cap Price	The higher end of the Price Band, if any, announced by the Company, above which the Issue Price will not be finalised and above which no ASBA Applications will be accepted
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1342415788672.html
Designated Date	The date on which funds blocked by the SCSB are transferred from the ASBA Accounts of the successful Applicants to the Public Issue Account or unblocked, as the case may be, after the Offer Document is filed with the RoC
Floor Price	The price below which the Issue Price will not be finalised and the Equity Shares offered in the Issue shall not be Allotted. The Floor Price, will be decided by the Company in consultation with the Book Running Lead Manager and shall be announced at least one day prior to the Issue Opening Date. Any ASBA Application made at a price per Equity Share below the Floor Price will be rejected
Floor Price / Price Band Announcement	The announcement of either the Floor Price or the Price Band, made by the Company at least one day prior to the Issue Opening Date
Institutional Placement Programme or IPP	Institutional placement programme in which offer, allocation and allotment of equity shares is made under Chapter VIII-A of the SEBI Regulations
Issue	The offer and issuance of up to 15,666,734 Equity Shares, with a right to Allot up to 1,566,673 additional Equity Shares pursuant to exercise of the Over Allotment Option, to QIBs, pursuant to Chapter VIII-A of the SEBI Regulations.
Issue and Placement Agreement	The issue and placement agreement dated July 19, 2012, among the Company and the Book Running Lead Manager in relation to the Issue
Issue Closing Date	The last date up to which the ASBA Applications shall be accepted, which date shall be announced along with the Floor Price / Price Band Announcement
Issue Opening Date	The date on which the Designated Branches and the members of the Syndicate will start accepting the ASBA Applications, which date shall be announced along with the Floor Price / Price Band Announcement
Issue Period	The period between the Issue Opening Date and Issue Closing Date, inclusive of both dates during which QIBs can submit their ASBA Applications to the SCSBs and the members of the Syndicate (in the Specified Cities)
Issue Price	The price at which the Equity Shares offered in the Issue will be Allotted to the successful Applicants, and indicated in the CAN, which shall be equal to or greater than the Floor Price, or within the Price Band, as the case may be
Issue Size	The aggregate size of the Issue, comprising of up to 15,666,734 Equity Shares and the additional number of Equity Shares that the Company may Allot pursuant to the exercise of the Over Allotment Option, each Allotted at the Issue Price.
Kotak	Kotak Mahindra Capital Company Limited
Offer Document	The offer document to be filed with the RoC in accordance with the provisions of the Companies Act, containing, *inter alia*, the Issue Size, the Issue Price and certain other

Term	Description
	information
Over Allotment Option	The right, exercisable by the Company in consultation with the Book Running Lead Manager, in case of over subscription in the Issue, to Allot up to 1,566,673 additional Equity Shares, as per the SEBI Regulations, on or prior to dispatch of CANs
Preliminary Offer Document	This preliminary offer document issued in accordance with the provisions of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered in the Issue and the size of the Issue. This Preliminary Offer Document will be filed with the RoC at least three days before the Issue Opening Date and will become the Offer Document upon filing with the RoC after the Pricing Date
Price Band	Price band, if any, announced by the Company for the Issue, of a minimum price (Floor Price) and a maximum price (Cap Price), which will be decided by the Company in consultation with the Book Running Lead Manager and which shall be announced at least one day prior to the Issue Opening Date
Pricing Date	The date on which the Company in consultation with the Book Running Lead Manager finalises the Issue Price
Public Issue Account	The account opened with the Public Issue Account Bank in terms of Section 73 of the Companies Act to receive monies from the ASBA Accounts on the Designated Date
Public Issue Account Agreement	Public issue account agreement dated July 19, 2012 among the Company, the Book Running Lead Manager, the Syndicate Member, the Registrar and the Public Issue Account Bank.
Public Issue Account Bank	The bank which is clearing member and registered with SEBI as a banker to the issue with whom the Public Issue Account will be opened and in this case being Kotak Mahindra Bank Limited
QIB or Qualified Institutional Buyer	A qualified institutional buyer, as defined under Regulation 2(1)(zd) of the SEBI Regulations
Registrar to the Issue	Computech Sharecap Limited
Revision Form	The form used by the Applicants, to modify the number of Equity Shares applied for or the price per Equity Share in any of their ASBA Applications or any previous Revision Form(s). Applicants are not allowed to revise downwards the price per Equity Share or the number of Equity Shares applied for
Self Certified Syndicate Bank(s) or SCSB(s)	A banker to the issue registered with SEBI, which offers the facility of ASBA and a list of which is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1342415889166.html
Specified Cities	Cities as specified in the SEBI Circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat
Stock Exchanges	The BSE and the NSE
Syndicate or members of the Syndicate	The Book Running Lead Manager and the Syndicate Member
Syndicate Agreement	The agreement dated July 19, 2012 among the Syndicate and the Company in relation to the Issue
Syndicate ASBA Bidding Centres	Centres in the Specified Cities where the Applicants can register their ASBA Applications with a member of the Syndicate
Syndicate Member	Kotak Securities Limited
TRS or Transaction Registration Slip	The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Applicant as proof of registration of the ASBA Application
Working Day	Any day, other than Saturdays and Sundays, on which commercial banks in Mumbai are open for business, provided however, for the purpose of the time period between the Issue Closing Date and listing of the Equity Shares offered pursuant to the Issue on the Stock Exchanges, "Working Days", shall mean all days excluding Sundays and bank holidays in Mumbai in accordance with the SEBI Circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010

Conventional and General Terms

Term	Description
Alternative Investment Fund/AIF	Alternative Investment Fund as defined in and registered under SEBI AIF Regulations
BSE	BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited
Civil Procedure Code	Code of Civil Procedure, 1908
Client ID	Beneficiary account identity
Companies Act	Companies Act, 1956
Consolidated FDI Policy	Circular 1 of 2012 dated April 10, 2012 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, effective from April 10, 2012
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DP ID	Depository participant identity
EPS	Earnings per share, i.e., profit after tax for a financial year divided by the weighted average number of equity shares during the financial year
Equity Listing Agreement	The equity listing agreements entered by the Company with each of the Stock Exchanges
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
FIIs	Foreign institutional investors (as defined under the FII Regulations) registered with SEBI
Financial year or fiscal year or fiscal or FY	Period of 12 months ended March 31 of that particular year
FVCI or foreign venture capital investors	Foreign venture capital investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GoI or Government	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
I.T. Act	Income Tax Act, 1961
IND AS	Indian Accounting Standards converged with International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
Insurance Company	An insurance company registered with the Insurance Regulatory and Development Authority in India
Limited liability partnership	A limited liability partnership registered with the registrar of companies under the Limited Liability Partnership Act, 2008
MAT	Minimum Alternate Tax
MoU	Memorandum of Understanding
Mutual Fund	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996

Term	Description
NCR	National Capital Region
Non-Resident	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
PAN	Permanent Account Number allotted under the I.T. Act
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
Rule 144A	Rule 144A under the U.S. Securities Act
RoC	The Registrar of Companies, Maharashtra located at 100, Everest, Marine Drive, Mumbai 400 002
Rs./ ₹	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
STT	Securities Transaction Tax
Supreme Court	Supreme Court of India
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S. QIB	A qualified institutional buyer, as defined under Rule 144A under the U.S. Securities Act
U.S. QP	A qualified purchaser, as defined in the U.S. Investment Company Act
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. Securities Act	The U.S. Securities Act of 1933
VCF(s) or Venture capital funds	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be.

SUMMARY OF OUR BUSINESS

Overview

We are the listed flagship company of the Godrej group of companies, which is one of the leading, oldest and most prominent business groups in India. With diverse business interests, we are committed to growing our core businesses, building an environment to enable transformation while also nurturing and investing in emergent businesses of the future. This strategy is captured in our approach called CREATE, which stands for Consumers and Chemicals, Real Estate and Agri - our four core businesses, Transformation - our commitment to enhancing the social and environmental conditions of the communities in which we operate, and Emergent - our focused incubation of new businesses. We have been listed on the BSE since 1990 and the NSE since 1995, and have a market capitalisation of ₹ 79,928.9million as on July 18, 2012.

The Godrej group was established in 1897 and has since grown into a conglomerate with combined turnover of about ₹ 190.0 billion for the fiscal year 2012. We believe that the "Godrej" brand commands a strong resonance among the populace in India and is associated with trust, quality and reliability. Five Godrej brands featured in Brand Equity's "Most Trusted Brands 2011" survey. The "Godrej" brand was valued at US$2.9 billion in October 2010 by Interbrand, a London-based brand consultant.

Our consolidated total revenue was ₹ 58,038.6 million for the fiscal year 2012, as compared to ₹ 46,020.4 million for the fiscal year 2011. Our consolidated profit was ₹ 2,916.1 million for the fiscal year 2012, as compared to ₹ 2,933.9 million for the fiscal year 2011.

We operate or hold interests in diversified businesses, on our own or through our subsidiaries, joint ventures and associates, including our:

- Consumer products business, through our 21.15% equity interest in Godrej Consumer Products Limited, which produces and sells a variety of home care, personal wash, hair care and other consumer products. Our share of profit from this business was ₹ 1,566.0 million for the fiscal year 2012.

- Chemicals business, which includes the production and sale of oleochemicals and surfactants, such as fatty alcohols, fatty acids, refined glycerine, alpha olefin sulphonates, sodium lauryl sulphate and sodium lauryl ether sulphate. Our result before interest, exceptional items and tax from this business was ₹ 1,198.1 million for the fiscal year 2012.

- Real estate and property development business, through our 62.35% equity interest in Godrej Properties Limited, which develops, sells, leases and licenses (short term rentals) real estate. Our result before interest, exceptional items and tax from this business was ₹ 1,567.3 million for the fiscal year 2012.

- Animal feed business, through our 75.32% equity interest in Godrej Agrovet Limited, which business includes the production and sale of compound feed for cattle, poultry, shrimp and fish. Our result before interest, exceptional items and tax from this business was ₹ 954.9 million for the fiscal year 2012.

- Other agricultural products business, through our 75.32% equity interest in Godrej Agrovet Limited, which business includes the oil palm, processing and sale of poultry and frozen snacks and agri inputs businesses.

- Beverages and foods business, through our 43.37% equity interest in Godrej Hershey Limited, which processes, produces and sells sugar confectionary, non-carbonated beverages and other edible products.

- Gourmet foods and fine beverages retail chain, through our wholly-owned subsidiary, Natures Basket Limited, for up market urban consumers in five metropolitan cities in India.

- Vegetable oils business, through our wholly owned subsidiaries, Godrej International and Godrej International Trading & Investment Private Limited, which business includes the bulk trading of refined vegetable oils and *vanaspati* (hydrogenated vegetable oil).

- Other businesses, which include our investments in companies such as Polchem Hygiene Laboratories Private Limited, Aadhar Retailing Limited and Creamline Dairy Products Limited, and our wind energy business.

SUMMARY OF THE ISSUE

This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Offer Document, including in "***Risk Factors***", "***Use of Proceeds***", "***Placement***" and "***Issue Procedure***" beginning on pages 29, 62 and 148 respectively.

The following is a general summary of the terms of the Issue:

Issuer	Godrej Industries Limited
Issue Size	Up to 15,666,734 Equity Shares, with a right to Allot up to 1,566,673 additional Equity Shares pursuant to exercise of the Over Allotment Option
Over Allotment Option	In case of over subscription in the Issue, the Company in consultation with the Book Running Lead Manager, can exercise the right to Allot up to 1,566,673 additional Equity Shares on or prior to dispatch of CANs.
Issue Price	The price at which the Equity Shares offered in the Issue will be Allotted to the successful Applicants in terms of the Basis of Allocation, Allotment Criteria and the CAN. Please see "***Issue Procedure***" beginning on page 148.
Eligible Investors	QIBs
Class of Equity Shares	The Equity Shares offered in the Issue are securities of the Company of the same class and in all respects uniform with the Equity Shares listed and traded on the Stock Exchanges. For details, see "***Description of the Equity Shares***" beginning on page 179.
Equity Shares issued and outstanding immediately prior to the Issue	317,745,491 Equity Shares. For further details in relation to the stock options granted by the Company, see "***Board of Directors and Senior Management***" beginning on page 134.
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares. For further details in relation to the stock options granted by the Company, see "***Board of Directors and Senior Management***" beginning on page 134.
Price Band	The Price Band, if any, as decided by the Company in consultation with the Book Running Lead Manager, which shall be announced at least one day prior to the Issue Opening Date.
Floor Price	The Floor Price, as decided by the Company in consultation with the Book Running Lead Manager, which shall be announced at least one day prior to the Issue Opening Date.
Cap Price	The higher end of the Price Band, if any, announced by the Company, above which the Issue Price will not be finalised and above which no ASBA Applications will be accepted.
Listing	(i) Applications for in-principle approval, in terms of clause 24(a) of the Equity Listing Agreement, for listing and admission of the Equity Shares offered in the Issue and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges vide letters both dated July 19, 2012 from the BSE and the NSE; and (ii) the application for the final listing and trading approval will be made after Allotment.
Lock-up	The Company will not, without the prior written consent of the Book Running Lead Manager, from the date of the Issue and Placement Agreement and for a period of up

	to 90 days from the date of Allotment, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; or (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise, provided, however, that the foregoing restrictions shall not be applicable to (i) any grant of options by the Company under the GIL ESOP I, GIL ESOP II or GIL ESGS; or (ii) any issue or allotment of the Equity Shares by the Company pursuant to the exercise of any options awarded under the GIL ESGS; or (iii) the Allotment pursuant to the terms of this Preliminary Offer Document and the Offer Document. The Promoters and members of the Promoter Group, who are holding Equity Shares, have agreed that they will not, without the prior written consent of the Book Running Lead Manager, during the period commencing on the date of the Issue and Placement Agreement and ending 90 days after the date of Allotment (the "**Lock-up Period**"), directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; or (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any transaction (including transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise. The foregoing paragraph shall not apply to (a) any inter-se transfer of Equity Shares between the Promoters and Promoter Group, provided that the lock-up shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the Lock-up Period set out herein has expired; (b) bona fide pledge of lock-up Equity Shares, as collateral for loans as per the normal commercial terms entered into, in the ordinary course of business of the Company, where any arrangement for any such encumbrance as collateral is undertaken with the prior written approval of the Book Running Lead Manager and (c) any sale, transfer or disposition of such Equity Shares only to the extent such sale, transfer or disposition is required by applicable Indian law, including compliance with minimum public shareholding requirements applicable to the Company.

Transferability Restrictions	The Equity Shares Allotted shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. Please see "***Transfer Restrictions***" beginning on page 173.
Closing	The Allotment of the Equity Shares offered pursuant to this Issue is expected to be made on or about [●], 2012.
Use of Proceeds	Net proceeds of the Issue (after deduction of fees, commissions and expenses) are expected to total approximately ₹ [●] million. Please see "***Use of Proceeds***" on page 62.
Risk Factors	Please see "***Risk Factors***" beginning on page 29 for a discussion of factors you should consider before deciding whether to subscribe for the Equity Shares offered in the Issue.
Ranking	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum and the Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including rights in respect of voting and dividends. The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by the Company after the Allotment of the Equity Shares issued, in compliance with the Companies Act, the Equity Listing Agreement and other applicable laws and regulations.
Security Codes for the Equity Shares	**ISIN:** INE233A01035 **BSE Code:** 500164 **NSE Code:** GODREJIND

SELECTED FINANCIAL INFORMATION

*The following selected financial information is extracted from and should be read in conjunction with, our audited consolidated financial statements and notes thereto as of and for the fiscal years ended March 31, 2012, 2011 and 2010, each included elsewhere in this Preliminary Offer Document. You should refer to the section titled "**Management's Discussion and Analysis of Financial Condition and Results of Operation**" beginning on page 65* of *this Preliminary Offer Document. Our financial statements are prepared in accordance with Indian GAAP and have been audited by M/s. Kalyaniwalla & Mistry, Chartered Accountants.*

Consolidated Statement of Assets and Liabilities

		As on March 31,2012	As on March 31,2011	As on March 31,2010
Equity And Liabilities				
(1)	**Shareholders' Funds**			
	(a) Share Capital	317.62	317.62	317.62
	(b) Reserves And Surplus	23,352.59	18,988.08	17,338.28
		23,670.21	**19,305.70**	**17,655.90**
(2)	**Minority Interest**	6,224.11	3,960.70	3,154.68
(3)	**Non Current Liabilities**			
	(a) Long Term Borrowings	11,876.77	4,121.00	3,903.82
	(b) Deferred Tax Liabilities (Net)	566.63	525.00	513.85
	(c) Other Long Term Liabilities	62.70	42.30	34.71
	(d) Long Term Provisions	133.07	145.60	142.83
		12,639.17	**4,833.90**	**4,595.21**
(4)	**Current Liabilities**			
	(a) Short Term Borrowings	12,909.13	10,745.30	6,000.44
	(b) Trade Payables	19,213.52	8,197.70	4,822.53
	(c) Other Current Liabilities	8,199.10	6,133.60	7,447.11
	(d) Short Term Provisions	767.21	917.84	776.62
		41,088.96	**25,994.44**	**19,046.70**
	TOTAL	**83,622.45**	**54,094.74**	**44,452.49**
	Assets			
(1)	**Non Current Assets**			
	(a) Fixed Assets			
	(i) Tangible Assets	6,112.30	5,451.10	4,617.12
	(ii) Intangible Assets	396.70	153.30	149.58
	(iii) Capital Work In Progress	2,136.70	300.60	347.91
	(iv) Intangible Assets Under Development	-	-	24.05
		8,645.70	**5,905.00**	**5,138.66**
	(b) Goodwill on Consolidation	5,424.50	5,658.30	4,809.59
	(c) Non Current Investments	9,698.80	7,684.04	7,046.35
	(d) Deferred Tax Assets (Net)	35.30	13.10	6.00
	(e) Long Term Loans And Advances	1,859.15	3,164.90	3,064.20
	(f) Other Non Current Assets	37.05	75.00	26.24
		25,700.50	**22,500.34**	**20,091.04**
(2)	**Current Assets**			

		As on March 31,2012	As on March 31,2011	As on March 31,2010
	(a) Current Investments	1,828.65	207.90	2,228.36
	(b) Inventories	31,912.74	14,036.90	10,358.14
	(c) Trade Receivables	4,332.94	2,975.00	3,440.50
	(d) Cash and Bank Balances	4,640.16	2,686.30	1,485.58
	(e) Short Term Loans and Advances	10,260.46	7,839.60	5,392.32
	(f) Other Current Assets	4,947.00	3,848.70	1,456.55
		57,921.95	**31,594.40**	**24,361.45**
	TOTAL	**83,622.45**	**54,094.74**	**44,452.49**

Consolidated Statement of Profits and Losses

Particulars	2011-12	2010-11	2009-10
Revenue from Operations (Gross)	56,882.18	44,169.90	34,580.10
Less: Excise Duty	761.31	672.40	438.50
	56,120.87	**43,497.50**	**34,141.60**
Other Income	979.42	1,734.90	1,971.56
Total Revenue	**57,100.29**	**45,232.40**	**36,113.16**
Expenses			
(a) Cost of Materials Consumed	28,356.63	22,134.63	18,189.89
(b) Purchases of Stock In Trade	11,360.29	8,356.80	6,765.48
(c) Cost of Sales - Property Development	4,816.70	3,240.02	2,000.27
(d) Changes in Inventory of Finished Goods, Work In Progress and Stock In Trade	(365.33)	(213.55)	(148.98)
(e) Employee Benefits Expense	2,631.46	2,189.10	2,094.07
(f) Finance Costs	1,108.28	879.30	848.76
(g) Depreciation and Amortisation Expense	563.49	550.60	501.68
(h) Other Expenses	6,665.47	5,551.50	4,687.95
Total Expenses	**55,136.99**	**42,688.40**	**34,939.12**
Profit Before Exceptional Items And Tax	**1,963.30**	**2,544.00**	**1,174.04**
Exceptional Items	938.30	683.10	954.21
Profit Before Tax	**2,901.60**	**3,227.10**	**2,128.25**
Tax Expense			
(a) Current Tax	1,124.20	932.40	541.49
(b) MAT Credit Entitlement	(190.00)	(194.80)	(105.90)
(c) Deferred Tax	19.10	5.70	9.57
(d) Adjustment for Tax of Previous Years (net)	(4.30)	(11.90)	1.00
Total Tax	**949.00**	**731.40**	**446.16**
Profit After Taxation	**1,952.60**	**2,495.70**	**1,682.09**
Share of Profit In Associates	1,566.00	1,112.20	810.26
Profit Before Minority Interest	3,518.60	3,607.90	2,492.35
Minority Interest	(602.50)	(674.00)	(459.88)

Particulars	2011-12	2010-11	2009-10
Profit For The Year	**2,916.10**	**2,933.90**	**2,032.47**
Earnings Per Share (Face Value Re 1 per share)			
(a) Basic	9.18	9.24	6.39
(b) Diluted	9.16	9.24	6.39

Consolidated Statement of Cash Flows

		2011-12	2010-11	2009-10
A.	**Cash Flow from Operating Activities :**			
	Profit Before Tax	**2,901.60**	**3,227.10**	**2,128.25**
	Adjustments for :			
	Depreciation	563.49	550.60	501.68
	Unrealised Foreign Exchange	(55.60)	2.00	(36.08)
	Profit on Sale of Investments	(1,311.40)	(1,698.60)	(2,465.30)
	(Loss) / Profit on Sale of Fixed Assets	13.00	(242.90)	13.26
	Dividend Income	(10.80)	(87.10)	(32.60)
	Interest Income	(422.20)	(346.30)	(335.35)
	Interest Expense	1,108.30	880.00	848.76
	Employee Stock Option Compensation	75.10	-	100.20
	(Write back) / Provision for Diminution in Value of Investments	(25.40)	104.80	102.24
	Provision for Doubtful Debts / Advances & Sundry Balances (net)	135.00	124.60	(5.81)
	Others	(12.70)	(12.30)	-
	Operating Profit Before Working Capital Changes	**2,958.39**	**2,501.90**	**819.25**
	Adjustments for :			
	Inventories	(25,292.00)	(3,646.10)	(3,058.26)
	Trade and Other Receivables	(8,102.09)	(5,139.90)	2,526.25
	Trade Payables	19,399.50	3,195.40	(1,437.47)
	Cash Used in Operations	**(11,036.20)**	**(3,088.70)**	**(1,150.23)**
	Direct Taxes Paid	(1,378.00)	(870.10)	(547.71)
	Direct Taxes Refund	7.40	131.50	1.26
	Voluntary retirement compensation paid	-	-	(48.63)
	Net Cash Used in Operating Activities	**(12,406.80)**	**(3,827.30)**	**(1,745.31)**
B.	**Cash Flow from Investing Activities :**			
	Purchase of Fixed Assets	(831.20)	(1,651.90)	(933.09)
	Proceeds from Sale of Fixed Assets	50.10	386.50	17.74
	Purchase of Investments	(11,590.10)	(8,143.10)	(8,318.82)
	Proceeds from Sale of Investments	11,112.80	11,421.50	10,844.80
	Intercorporate Deposits / Loans (net)	420.50	(76.50)	320.64
	Interest Received	397.20	309.80	309.05
	Dividend Received	10.80	87.10	39.83

		2011-12	2010-11	2009-10
	Net Cash (used in) / from Investing Activities	**(429.90)**	**2,333.40**	**2,280.15**
C.	**Cash Flow from Financing Activities :**			
	Equity Share Capital bought back	-	-	(288.66)
	Proceeds from Issue of Share Capital to Minority	4,593.40	104.70	4,285.65
	Proceeds from Borrowings	20,838.20	9,941.70	8,627.09
	Repayments of Borrowings	(8,934.80)	(9,832.70)	(10,884.78)
	Bank Overdrafts (net)	(36.80)	2,932.50	954.40
	Interest Paid	(1,073.10)	(883.50)	(865.26)
	Dividend Paid	(444.90)	(566.60)	(428.35)
	Tax on Distributed Profits	(220.60)	(132.80)	(110.01)
	Net Cash from financing activities	**14,721.40**	**1,563.30**	**1,290.08**
	Net Increase in Cash and Cash Equivalents	**1,884.70**	**69.40**	**1,824.92**
	Opening Balance of Cash and Cash Equivalents	1,571.00	1,478.80	1,252.04
	Add : Cash and Cash Equivalents taken over pursuant to Business Acquisition	134.50	43.70	-
	Less : Cash and Cash Equivalents on Demerger/Transfer/Dilution	-	(20.90)	(103.88)
	Less : Adjustment for Cash and Cash Equivalents reclassification due to Revised Schedule VI	-	-	(1,494.28)
	Closing Balance of Cash and Cash Equivalents	**3,590.20**	**1,571.00**	**1,478.80**
	(including share in jointly controlled entities - Rs. 45.8 million)			

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Preliminary Offer Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding, you should read this section in conjunction with the sections "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as the other financial and statistical information contained in this Preliminary Offer Document. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may adversely affect our business, financial condition and results of operations. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment.

Unless otherwise stated, the financial information used in this section is derived from our audited consolidated financial statements prepared under Indian GAAP. The words "our," "us" and "we" refer to our Company, its subsidiaries, associates and joint ventures, including all businesses, assets and liabilities held therein.

Internal Risks

You may not have access to the unconsolidated and consolidated financial results as of and for the quarter ended June 30, 2012 of our Company, Godrej Properties and Godrej Consumer Products to enable you to assess the latest financial performance of these companies in connection with your investment decision to subscribe to our Equity Shares in the Issue.

Each of Godrej Properties, Godrej Consumer Products and our Company expects to publish its unconsolidated and consolidated financial results as of and for the quarter ended June 30, 2012 within the next four weeks pursuant to clause 41 of the listing agreement with the Stock Exchanges. These companies may also discuss these financial results with investors in customary investor presentations. Although these financial results are not audited and are in summary form, they constitute the latest interim unconsolidated and consolidated results of operations of each of these companies, and you may not have access to such information to enable you to independently assess the latest financial performance of Godrej Properties, Godrej Consumer Products and our Company in connection with your investment decision to subscribe to our Equity Shares in the Issue. Moreover, it is also possible that one or more of these companies publish their interim unconsolidated and consolidated financial results subsequent to the submission of your ASBA Application with respect to the subscription of our Equity Shares in this Issue but prior to the listing of such Equity Shares. In such case, the market price of our Equity Shares could be adversely affected by the publication of such interim unconsolidated and consolidated financial results. Moreover, you will not be able to withdraw or amend your ASBA Application after the Issue closes and until the listing of the Equity Shares issued pursuant to the Issue is complete, you may not be able to sell such Equity Shares.

We may have difficulty managing our operations and profitability as a result of our diversified businesses.

We operate in diversified businesses, on our own and through our subsidiaries, joint ventures and associates, including (i) consumer products, (ii) chemicals, (iii) real estate and property development, (iv) animal feed and other agricultural products, (v) beverages and foods, (vi) gourmet foods and fine beverages retail chain, (vii) vegetable oils, (viii) other businesses, including our investments in companies and our wind energy business.

As a result of this diversity, our management requires considerable expertise and skill to manage and allocate an appropriate amount of time and attention to each business. Operating in such varied businesses makes forecasting future revenue and operating results difficult, which may impair our operations and your ability to assess our prospects. In addition, our cost controls, internal controls, and accounting and reporting systems must be integrated and upgraded on a continual basis to support our diversified businesses. In order to manage and integrate our diversified businesses effectively, we will be required to, among other things, implement and continue to improve our operational, financial and management systems, develop the management skills of our managers and continue to train, motivate and manage our employees. If we are unable to manage our growth and our diversified operations, our ability to successfully implement our business strategy and capitalize on future business opportunities could be adversely affected.

Increased cost of raw materials and interruption in their availability may affect our business and results of operations.

Each of our businesses depends on the predictable availability of reasonably priced, high quality raw materials in the quantities required. Our oil palm business, which depends in part on oil palm seedlings, and our chemicals business depend primarily on raw materials sourced from third parties located in Southeast Asia. Our poultry business depends primarily on broiler feed and eggs. Our animal feed business depends primarily on maize, soya extract, rice bran extract and de-oiled rice, all of which are purchased on the open market. Godrej Consumer Products relies primarily on crude palm oil, palm kernel oil and its variants, the availability and supply of which are subject to additional risks, including agricultural disease, insect or animal infestation, adverse weather conditions, adverse ground conditions and natural and other disasters. In our real estate and property development business, we procure building materials for our projects, primarily steel, cement, flooring products, bitumen, sand and aggregates, doors and windows, bathroom fixtures and other interior fittings.

Many of our businesses, particularly our consumer products, chemicals, agri inputs and real estate and project development businesses, source raw materials from third-party suppliers or the open market and do not have long-term supply contracts for these materials. We also typically rely on third-party transportation providers to supply most of the raw materials and to deliver products to our customers. If, for any reason, primary suppliers of raw materials should curtail or discontinue their delivery of such materials or products to us in the quantities we need, or on commercially acceptable terms, production schedules could be disrupted, or our business and results of operations could be adversely affected. For example, we believe our Godrej One project at The Trees, Mumbai may be impacted by such cost escalation that could affect our profitability.

The prices and supply of these and other materials depend on factors beyond our control, including economic conditions, competition, consumer demand, production levels, transportation costs and import duties. Any of the above factors could adversely affect the availability and cost of these raw materials. Any significant change in the cost or disruption in supply of materials may affect the pricing and supply of our products. If we are unable to increase product prices to significantly offset increased material or production costs, or if our volume sales are reduced, our business and results of operations could be adversely affected.

We depend on third parties for a variety of our businesses, any disruption to which could adversely affect our business and results of operations.

We depend on third parties for the operation of a variety of our businesses, including our consumer products, chemicals, real estate and property development, animal feed, oil palm, poultry and agri inputs businesses.

Our consumer products business, for example, which operates through Godrej Consumer Products, depends heavily on third parties for its supply chain, including services providers and channel partners, such as carrying and forwarding ("**C&F**") agents, distributors and retailers to distribute and sell its products to its customers. This supply chain includes the transportation of products from various manufacturing facilities to retailers from whom customers purchase the products. Godrej Consumer Products must first optimize inventory levels at its C&F agent, distributor and retailer locations and maintain high levels of coordination with these agents and third party transporters to ensure availability of its products in the markets. Any delays or inefficiencies by such C&F agents or transporters could adversely affect its operations or result in supply disruptions or lost sales. While Godrej Consumer Products has had a satisfactory relationship with these third parties thus far, it has neither long-term nor exclusive contracts with these parties. Godrej Consumer Products also depends on third party manufacturers for certain products, particularly in its international operations and for certain products, such as talcum powder and certain hair colour products. Additionally, key brands of Keyline are manufactured by third parties in the United Kingdom. Any increase in production costs of such products, termination or adverse change in their manufacturing contracts or disruption in their availability or operations will affect the sales of such products, our market position for those products and our results of operations.

In our chemicals business, we rely on third parties as part of our network of C&F agents and distributors that sell and distribute our products, for the supply of our raw materials, and for ethoxilation process for some of our products under surfactants category.

In our real estate and property development business, Godrej Properties enters into agreements with third party entities to design, construct and sell its projects in accordance with its specifications, quality standards and agreed time frames. We require the services of other third parties, including architects, engineers, contractors and other suppliers of labour and materials. The timing and quality of construction of the projects developed by us depends on the availability and skill of these third parties, as well as contingencies affecting them, including equipment, labour and raw material shortages and industrial actions such as strikes and lockouts. If such contractors are unable to perform their contracts, including completing our developments within the specifications, quality standards and time frames specified by us, at the estimated cost, or at all, our business, reputation and results of operations could be adversely affected.

In certain of our real estate and property developments, we commit to complete the developments within specified time frames, failing which, we are required to pay liquidated damages to our customers and, as applicable, counterparties to joint development agreements at specified rates for the delay. We also provide warranties to our customers for a period of up to three years from the completion of construction for construction defects. Even though our contractors provide us with back-to-back warranties, such warranties may not be sufficient to cover our losses, or our contractors could claim defenses not available against our customers, which could adversely affect our financial condition and results of operations. While we provide for penalties against our third party contractors for delays in handing over the project, we cannot assure you that these contractors will pay us those penalties in time, or at all, and we may be obligated to incur the cost of delays of the project, which could adversely affect our business, reputation, financial condition and results of operations. Any delay in project execution could adversely affect our business, reputation, financial condition and results of operations. If the services of these or other contractors do not continue to be available on terms acceptable to us or at all, our business and results of operations could be adversely affected.

In our animal feed business, 23 of the 45 processing facilities that produce our animal feed are owned and operated by contract manufacturers whom we do not control. If they are unable to deliver contracted capacities as agreed, enforcing contracts or finding alternate third party facilities could be expensive and time consuming.

In our oil palm business, we rely on third parties for a variety of tasks. For example, we are responsible for convincing farmers located in the command areas allocated to us by various state governments pursuant to the Oil Palm Development Programme to plant and grow oil palm using seedlings, fertilizers, pesticides, machinery and training that we provide. We rely on farmers to operate oil palm farms, harvest fresh fruit bunches and coordinate with third party collection agents to bring harvested fresh fruit bunches to our processing facilities. Farmers in our command area are not required to continue to grow oil palm and may decide to plant other crops. While we have an obligation to buy all fresh fruit bunches grown in our assigned command areas at a pre-determined price, the farmers are not under any legal or contractual obligation to cultivate oil palm, and, except in certain states, our relationship with these farmers are not governed by binding agreements.

In our poultry business, we rely on third parties to raise broilers and sell our products in the retail market. Though we provide third party farmers with the chicks, medicine and poultry feed to grow the broilers that we eventually process, they could discontinue their operations or experience delays or lapses in standards for reasons outside of our control. In addition, though we also provide third party retailers selling our poultry products with visi coolers to sell our branded products at their retail outlets, retailers could use these coolers for other products and not ours.

In our agri inputs business, we rely on two dedicated third party manufacturers to produce certain sprays and granules, and various third party manufacturers to produce our other agri inputs products.

We cannot assure you that we will be successful in continuing to receive uninterrupted, high quality service from our various third party suppliers and partners for all of our current and future products and developments. Any disruption or inefficiencies in the operations of these third parties may adversely affect our business and results of operations.

We are subject to risks associated with our international operations, which could negatively affect our sales to customers in foreign countries as well as our operations and assets in such countries.

In the fiscal year 2012, our various businesses had international operations in, including exports to, over 75 countries in South America, Asia, Europe and Africa. We maintain offices in 11 countries and, for Godrej Consumer

Products and ACI Godrej Agrovet Private Limited, have key operational facilities located outside India that manufacture or prepare goods for sale throughout various regions. For the fiscal years 2012 and 2011, our international operations contributed ₹ 17,386.8 million, or 30.0%, and ₹ 12,806.7 million, or 27.8%, of our consolidated total income, and Godrej Consumer Products' international operations contributed ₹ 21,187.8 million, or 42.6%, and ₹ 15,061.4 million, or 40.1%, of its consolidated total income.

Our international operations are subject to risks that are specific to each country and region in which we operate, as well as risks associated with operating internationally. These risks include, among others, fluctuations in foreign currency exchange rates, onerous local laws, changes in local laws and adverse weather, social, economic and geopolitical conditions.

Fluctuations of the Indian Rupee against foreign currency exchange rates can affect our results of operations, the value of our foreign assets, the relative prices at which we and foreign competitors sell products in the same markets and the cost of certain inventory and non-inventory items required in our operations. For example, fluctuations of the U.S. Dollar against the British Pound and the Indian Rupee would have an impact on the export revenues and profits of United Kingdom-based subsidiaries of Godrej Consumer Products. Fluctuation of the U.S. Dollar can also affect the raw materials our businesses use and the index used by the Government to calculate the price of crude palm oil.

Local laws may impose onerous obligations on our and Godrej Consumer Products' foreign subsidiaries. For example, Rapidol and Kinky, Godrej Consumer Products' subsidiaries in South Africa, may be subject to the Broad-based Black Economic Empowerment Act, 53 of 2003, which regulates the positions of multinationals and equity ownership of black women and black designated groups in South African companies, particularly in senior management, and promotes preferential treatment of vendor companies owned by such groups. If we were subject to or are unable to comply with this or other local laws, our business, financial condition and results of operations could be adversely affected.

Changes in local laws, regulations and policies, including restrictions on trade, import and export license requirements, and tariffs and taxes, as well as changes in policies relating to foreign trade and investment, may also affect our ability to operate and the way in which we manage our businesses in the countries in which we operate. For example, the European Union has imposed an anti-dumping duty on our exports of certain fatty alcohols and their derivatives, which could adversely affect our business in the European Union.

Lastly, adverse weather, social, economic and geopolitical conditions, such as natural disasters, civil disturbance, terrorist attacks, war or other military action would affect our business and operations. For instance, the Megasari Group is located in Indonesia, which is one of the most volcanically active regions in the world. Because it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive earthquakes and tsunamis. Godrej Consumer Products has operations in Sri Lanka, a country which, until recently, experienced civil war that severely affected its population and economy. We and Godrej Consumer Products also have international operations in countries subject to unpredictable political and related social developments, such as changes in government and government policies, that have led to civil unrest. For example, until recently, Indonesia experienced political instability that led to the resignation and impeachment of its past presidents, during which many cities in Indonesia experienced rioting, unrest and destruction of property. In Nigeria, the government and socioeconomic conditions has historically experienced instability, and Godrej Consumer Products' business in Nigeria may be adversely impacted by unanticipated governmental action and social unrest. Similarly, the Argentinean political environment has been characterized by instability as a result of the government's inability to handle the aftermath of the Argentinean economic crisis in the 1990s that led to its sovereign debt default in 2002. The materialization of any of these risks could have an adverse effect on our business, prospects, results of operations and financial condition.

Our various businesses are dependent on processing and manufacturing facilities and the availability of spares and utilities. The loss or shutdown of operations at any of these processing and manufacturing facilities may have an adverse effect on our business, financial condition and results of operations.

The processing and manufacturing facilities that we use in each of our businesses are subject to operational risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, unavailability of raw materials and spare parts, labour disputes, natural disasters, breakout of fires, industrial accidents and the failure to comply with relevant government regulations. The occurrence of any of these risks could significantly affect our business and results of operations. In addition, we or the third parties on which we rely, may be required to carry out planned shutdowns of these facilities for maintenance, statutory inspections and testing, or may shut down these facilities for capacity expansion and equipment upgrades. While some of our businesses have a number of processing and manufacturing facilities, certain products and certain regions depend on either one or two of such facilities. For example, our poultry business in India relies on two facilities to process poultry. Although we will continue to take precautions to minimize the risk of any significant operational problems at these facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at any of these facilities.

A significant portion of our manufacturing, processing and warehousing operations, as well as all of the stores in our gourmet foods and fine beverages retail chain, are conducted on premises that we do not own. Our inability to seek renewal or extend our use of these premises may disrupt our operations and adversely affect our business and results of operations.

A substantial share of the manufacturing and warehousing facilities used by Godrej Consumer Projects, and a majority of the processing facilities used by our poultry, chemicals, agri inputs and animal feed businesses, as well as all of the stores in our gourmet foods and fine beverages retail chain, are on premises that are owned by third parties, even if such facilities and stores are operated by Godrej Consumer Products or us. If we are unable to renew our arrangements for such premises on acceptable terms or at all, there occurs any adverse change to the title, ownership rights or development rights of the owners of these premises, or we breach the contractual terms of the agreements governing our use of these premises, operations at the relevant premises could be disrupted, which could adversely affect our business and results of operations.

Our failure to successfully introduce new products, processes and projects could adversely affect our expansion plans, business and results of operations.

We depend substantially on the introduction of new, innovative products, processes and projects to expand our operations and market share in our various businesses. Before we can introduce a new product, we must successfully execute a number of steps, including successful research and development, obtaining required approvals and registrations, customer acceptance of our new products and effective marketing strategies for our target customers, while scaling our vendor, production and infrastructure networks to increase or change the nature of our production capacity.

We likewise depend on the successful introduction of new production and manufacturing processes to create innovative products, achieve operational efficiencies and adapt to advances in, or obsolescence of our, technology. For example, our existing insecticide and hand hygiene products can have short shelf lives before losing their effectiveness, as insects, pests and bacteria develop immunity to the chemicals these products use. As a result, we must continue to develop and introduce new products and formulas to maintain, let alone improve, our market share. We must incur significant capital expenditure to develop and introduce these products, and there is no assurance that they will be effective or well received. Moreover, to develop new projects, we must take a number of steps, including obtaining required approvals and licenses and planning efficient marketing strategies.

If we fail to successfully introduce new products, processes and projects, we may not be able to recover the related costs, and our business and results of operations results of operations could be adversely affected.

Our operations are hazardous and could expose us to the risk of liabilities, lost revenues and increased expenses.

Our operations are subject to various hazards associated with the production of chemical and other products, such as the use, handling, processing, storage and transportation of hazardous materials, as well as accidents such as leakage or spillages of chemicals. Any mishandling of hazardous chemical and poisonous substances could also lead to fatal accidents. In addition, our employees operate heavy machinery at our manufacturing facilities and accidents may occur while operating such machinery.

These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, environmental damage and may result in the suspension of operations and the imposition of civil and criminal liabilities. As a result of past or future operations, claims of injury by employees or members of the public due to exposure, or alleged exposure, to the hazardous materials involved in our business may arise.

In addition, we may be subject to claims of injury from indirect exposure to hazardous materials that are incorporated into our products. Liabilities incurred as a result of these events have the potential to adversely impact our financial position. Events like these could result in liabilities, or adversely affect our reputation with suppliers, customers, regulators, employees and the public, which could in turn affect our financial condition and business performance. While we maintain general insurance against these liabilities, insurance proceeds may not be adequate to fully cover the substantial liabilities, lost revenues or increased expenses that we might incur.

Competition in the industries in which we operate could result in a reduction in our market share or require us to incur substantial expenditures on advertising and expansion, either of which could adversely affect our business, results of operations and financial condition.

The industries in which we operate are intensely competitive. Our businesses may face competition from businesses that are larger and have substantially greater resources than we do, including the ability to spend more on advertising and marketing. We also face competition from new entrants who may have more flexibility in responding to changing business and economic conditions. Competition in our businesses can be based on, among other things, pricing, innovation, perceived value, brand recognition, promotional activities, advertising, special events, new product introductions and other activities. It is difficult for us to predict the timing and scale of our competitors' actions in these areas. We expect competition to continue to be intense as our existing competitors expand their operations and introduce new products. Our failure to compete effectively, including any delay in responding to changes in the industry and market, together with increased spending on advertising, may affect the competitiveness of our products, which may result in a decline in our revenues and profitability.

Godrej Consumer Products, for example, operates in the consumer products industry, which is extremely competitive both in India and in the international markets in which it operates. In particular the consumer goods industry is characterized by a high volume of new product introductions by multiple companies. In addition to our consumer and beverage and food products sold in the mass retail channel, these products also compete with similar products sold through other channels, including department stores, supermarkets and hypermarkets and other distribution outlets. Maintaining or increasing our market share will depend on the effectiveness of our marketing initiatives, including advertisements and our ability to anticipate and respond to various competitive factors, including our ability to improve our manufacturing processes, protect our manufacturing techniques and intellectual property, introduce new products and respond to pricing strategies by competitors, changes in technology and changes in customer preferences. Due to the inherent risks associated with advertising and new product introductions, including uncertainties about trade and consumer acceptance, increased expenditure may not prove successful in maintaining or increasing our market share and could result in lower profitability.

Our oil palm business faces significant competition from other producers of oil palm and substitute oils, particularly from Malaysia and Indonesia, which are the largest producing nations of oil palm and refined oil palm-based products, due to the climactic and soil conditions experienced in some parts of those countries. The oil palm industry faces competition from other edible oils, such as soy oil, rapeseed oil and sunflower oil, which are substitutes for palm oil. Malaysia, Indonesia, the United States, Europe, Canada, India, Brazil and Argentina are all large producers of these edible oils, and a decline in the price of these other edible oils may cause consumers to increase their use of other edible oils in place of palm oil.

For our beverages and foods business, we face competition as we believe we are one of the first beverages and foods companies to increase the prices of our products to target consumers at high price points, as we have recently done. We cannot assure you that this strategy will be effective or that consumers will continue to purchase our products, at similar volumes, or at all, at higher prices in the short or long term.

Our poultry business faces significant competition, particularly against other vertically integrated poultry companies. In May 2012, the United States asked the World Trade Organization to create a dispute settlement panel to determine whether India's restrictions on U.S. imports comply with the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, which, if determined against India, could dramatically increase U.S. poultry exports to India and further increase the competition we face.

In our real estate and property development business, we operate in an intensely competitive and highly fragmented industry with low entry barriers. We face significant competition in our real estate and property development business from a large number of Indian real estate development companies who also operate in the same regional markets as us. The extent of the competition we face in a potential property market depends on a number of factors, such as the size and type of property development, contract value and potential margins, the complexity and location of the property development, facilities and supporting infrastructure services, the reputation of our competitors, and the risks inherent to revenue generation in the real estate industry.

The real estate industry has historically been fragmented, so we typically lack adequate market information about our competitors, some of which may be better known in other markets, enjoy better relationships with land-owners and international or domestic joint venture partners, may gain early access to information regarding attractive parcels of land and be better placed to acquire such land, any of which could adversely affect the success of our developments.

Some of our competitors are larger and have greater land reserves or financial resources or a more experienced management team than us. They may also benefit from greater economies of scale and operating efficiencies and may have greater experience in regional markets, especially in relation to local laws and regulations. Competitors may, whether through consolidation or growth, present more credible integrated or lower cost solutions than we do, causing us to win fewer tenders. Further, our competitors may commence operations in the vicinity of our Ongoing Projects and Forthcoming Projects and may offer their products at competitive prices, resulting in a decreasing of sales of our projects. We cannot assure you that we can continue to compete effectively with our competitors, which could adversely affect our business, financial condition and results of operations.

We depend significantly on sales in India, any decrease in which will adversely affect our business and results of operations.

For the fiscal year 2012, we derived 70.0% of our, and Godrej Consumer Products derived 57.38% of its, consolidated revenue from India. Existing and potential competitors to our businesses may increase their focus on India, which could reduce our market share. For example, our competitors may intensify their efforts to capture a larger market share by incurring higher promotional expenses and launching aggressive promotional campaigns. Any decrease in sales or any other factor that adversely affects the sales volumes of these products could adversely affect our business and results of operations. In addition, any adverse developments in the Indian economy or in the industries in which we operate in India could have a adverse impact on our business and results of operations.

Product liability claims and product recalls could harm our reputation, business, financial condition and results of operations.

We face inherent business risks of exposure to product liability or recall claims in the event that our products fail to meet the required quality standards or are alleged to result in harm to customers.

For example, poultry products may be subject to contamination by disease producing organisms or pathogens, such as Listeria monocytogenes, Salmonella and generic E coli. These pathogens are typically found in the environment, and, as a result, there is a risk that they could be present in our processed poultry products. These pathogens can also be introduced as a result of improper handling at the processing, food service or consumer levels. These risks may be controlled, but not eliminated, by adherence to good manufacturing practices and finished product testing. We have little, if any, control over proper handling once our products are shipped to our customers, particularly our retail customers. Illness and death may result if the pathogens are not eliminated at the further processing, food service or consumer levels. Even an inadvertent shipment of contaminated products may be a violation of law and may lead to increased risk of exposure to product liability claims, product recalls and increased scrutiny by regulatory agencies and may have a material adverse effect on our business, reputation and prospects.

We have not been required to make any material sales recall of our products in the past. However, we face the risk of legal proceedings and product liability claims being brought by various entities, including consumers, distributors and government agencies for various reasons including for defective or contaminated products sold or services rendered. There is no assurance that we will not experience product recalls or material product liability losses in the future. If we experience a product recall or are a party to a product liability case, we may incur considerable expense in litigation.

Although we have product liability insurance cover for our domestic and international markets for certain of our businesses, we cannot assure you that this insurance coverage is adequate or that any losses will be adequately compensated by our insurers in the event of a product liability claim. A product recall or a product liability claim may adversely affect our reputation and brand image, as well as entail significant costs in excess of available insurance coverage, which could adversely affect our reputation, business, results of operations and financial condition.

Failure to successfully identify, integrate and conclude, or the non-performance or termination of strategic relationships could adversely affect our business and results of operations.

We have entered into several strategic relationships for our real estate and property development, poultry, beverages and foods, and animal feed businesses. For additional information regarding our strategic relationships, see "***Our Business***". The success of these strategic relationships depends significantly on the satisfactory performance by our partners and the fulfillment of their obligations. If one of these companies or a partner fails to perform its obligations satisfactorily, the strategic relationships will be unable to perform adequately. In such a case, we may be required to make additional investments in, or terminate, the strategic relationship or become liable or responsible for its obligations, which could result in our becoming liable or responsible for its obligations, reduced profits, significant losses or a diversion of our management's attention.

The inability of a partner to continue with, for example, a project due to financial or legal difficulties could mean that we would bear increased, or possibly sole, responsibility for the relevant projects. Additionally, our partners may hold different views about various aspects of a project and if the interests of our partners conflict with our interests, our business may be adversely affected. Arrangements governing our strategic relationships may permit us only partial control over the operations of the strategic relationships under certain circumstances. Where we hold a majority interest in a strategic relationship, it may be necessary for us to obtain consent from a joint venture partner before we can implement a particular business decision or distribute profits to us. These and other factors may cause our partners to act in a way that is contrary to our interests, or otherwise be unwilling to fulfill their obligations under the arrangements governing our strategic relationships and may affect the conduct or expansion of our business. In the event that we do decide to terminate one or more of such strategic relationships for any reason whatsoever, it may have an adverse effect on the business and results of operations.

While we intend to continue to enter into other strategic relationships as a part of our business strategy, we may not be able to identify or conclude appropriate or viable strategic relations in a timely manner or at all. Furthermore, our strategic relationships may not necessarily contribute to our profitability and may divert management attention or require us to assume a high level of debt or contingent liabilities. These difficulties could adversely affect our business and financial performance.

We may not control all of the ventures in which we invest and their value may decline.

We make, and intend to continue to make, investments in ventures undertaken by group companies and third parties in which our equity partners and other investors own substantial equity interest. We may not enter into shareholders' agreements with the other equity partners and investors that would provide for our control of such companies through board directorships or otherwise. In such cases, the equity partners and other investors will have significant control over the ventures, which may limit our flexibility to make decisions relating to the ventures. Such investments may exhibit losses due to decisions or business processes that we have no control over or due to our lack of adequate powers to initiate remedial actions. In addition, if the share price of any of these ventures declines, the value of our investment could be adversely affected.

We will continue to be controlled by our Promoters after the completion of the Issue.

After the completion of the Issue, certain of our Promoters and Promoter Group members will hold, directly or indirectly, approximately 75.0 % of our outstanding Equity Shares. As a result, our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board and determine matters requiring shareholder approval or approval of our Board. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our Promoters could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

***The perishability of our products, especially our poultry, retail chain and our beverage and foods products may adversely affect our business*.**

We depend significantly on the reliability of unbroken cold chain networks for the supply and distribution of our poultry, certain beverages and foods products and for suppliers to stores of our gourmet foods and fine beverages retail chain. Cold chain infrastructure in India is unreliable and not as advanced as in some other markets, which presents limitations on the extent and reach to which we may expand operations for these products and stores. While we are currently looking to expand these operations to different geographic regions, there can be no assurance that we will be successful in this expansion on maintaining cold chain infrastructure, which may have an adverse impact on our results of operations.

The success of our business depends substantially on our management team and operational workforce. Our inability to retain them could adversely affect our businesses.

Our key management personnel collectively have many years of experience in managing our various businesses and are difficult to replace. They provide expertise which enables us to make well informed decisions in relation to our businesses and our future prospects. We cannot assure you that we will continue to retain any or all of our management team. We do not maintain key person insurance for any of our Promoters or members of our management team. The loss of one or more members of our management team could impact our ability to obtain, retain and execute important engagements and our ability to maintain and grow our revenues. In particular, competition for senior management in the industries in which we operate is intense, and we may not be able to recruit and retain suitable replacements in a timely manner or at all. The loss of any of our senior managers or other key personnel or the inability to recruit further senior managers or other key personnel could adversely affect our day-to-day operations, development of new products and ability to maintain and expand our operations.

If we are not able to manage our growth, our business and financial results could be adversely affected.

Our growth strategy involves substantial organic and inorganic expansion of our existing businesses. This growth strategy will place significant demands on our management as well as our financial, accounting and operating systems. Further, as we expand the scope of and diversify our operations, we may not be able to manage our business effectively, which could result in delays, increased costs and adversely affect the quality of our products, projects and reputation. Any expansion also increases the challenges involved in preserving a uniform culture, set of values and work environment across our businesses, developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, internal control and other internal systems, recruiting, training and retaining management, technical and marketing personnel, maintaining high levels of client satisfaction, and, for Godrej Consumer Products engagement, adhering to health, safety, and environmental standards. If we are unable to manage our growth, it could have an adverse effect on our business, financial condition and results of operations.

We may not be successful in implementing our business strategies.

The success of our business will depend on our ability to effectively implement our strategies. Even if we have successfully executed our strategies in the past, there can be no assurance that we will be able to continue to do so on time, within budget and to customers' satisfaction. For example, we plan to continue to expand our brand and product portfolios and our production and distribution networks in India and abroad in the near future as well as undertake new project initiatives. In taking these and any other such initiatives, we face risks and uncertainties, including that:

- we may not be able to develop, acquire and promote additional successful brands;
- the sellers of our acquired brands could continue to sell products under the sold brand;
- we may not be able to source funds needed to operate an expanded business and meet our debt service obligations and guarantees;

- funding anticipated to be deployed towards the cost of any expansion project will not become available in a timely manner or at all;
- we could incur cost overruns;
- we may not be able to obtain or install production equipment on time or to our satisfaction due to unforeseen and unavoidable circumstances;
- we may not be able to source a constant supply of quality raw materials for our products;
- we may face difficulties in recruiting, training and retaining sufficient skilled technical, marketing, management and other personnel;
- we may be unable to manage client and customer expectations;
- we may be unable to develop adequate internal administrative functions and systems and controls, particularly financial, operational, communications and other internal systems;
- the acceptance by, and sales of the new products or real estate projects to, our customers may not materialize as we anticipate; and
- our marketing strategies for the new products or real estate projects may be less effective than planned and may fail to effectively reach the targeted consumer base or engender the desired consumption.

We expect our strategies to place significant demands on our management and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and implement our strategies could adversely affect our business, results of operations and financial condition.

Uninsured losses could result in substantial liabilities to us that could negatively impact our financial condition.

We may be subject to losses that might not be covered in whole or in part by existing insurance coverage. We maintain insurance for a variety of risks, including, among others, for risks relating to public liability, fire, burglary and certain other losses and damages and employee related risks. We also carry director and officer liability insurance.

There are various types of risks and losses for which we are not insured or may be inadequately insured, such as loss of business, environmental liabilities and title insurance because they are either uninsurable or not insurable at commercially acceptable terms. While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of such business, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time, nor that we have taken out sufficient insurance to cover all material losses.

Should an uninsured loss or a loss in excess of insured limits occur, we could incur liabilities or losses, lose capital invested in that property or lose the anticipated future income derived from the manufacturing activities conducted at a facility or development, while remaining obligated for any indebtedness or other financial obligations related to our business. Any such loss could result in substantial liabilities to us or adversely affect our ability to replace property or capital equipment that is destroyed or damaged, and our productive capacity may diminish.

While we have successfully implemented expansion projects in the past, there can be no assurance that we will be able to execute any current or future expansion strategies on time or within budget or that we will achieve our objectives. Any failure to do so could materially adversely affect our business, results of operations and financial condition.

Our operations and our expansion plans have significant energy requirements and we may not be able to ensure that adequate power will be available to meet our power requirements.

We require a substantial amount of energy to operate our businesses. While we purchase most of our energy in the form of electricity from the state electricity boards and private suppliers, we also generate electricity through our gas turbine generators and wind mills. Additionally, our medium pressure boilers run on natural gas as opposed to liquid fuel and as a result we are substantially dependent on the supply of natural gas by one provider.

If our energy supplier is unable to deliver fuel to us as expected or scheduled, or if the power supply to one or more of our manufacturing facilities is otherwise disrupted, we may not be able to make alternative arrangements in a timely manner, if at all, and any such alternative arrangements may be on terms that are more costly to us. Accordingly, any delay or failure by the energy supplier to fulfill its obligations under its fuel supply agreement with us or any other disruption of our power supplies would disrupt the normal operations of the affected manufacturing facility, reduce the economies of scale which we currently enjoy and would have an adverse effect on our business and results of operations. The success of our operations, will be dependent on, among other things, our ability to ensure availability of fuel at competitive prices during the life-cycle of our manufacturing facilities.

Further, gas allocations and gas prices are currently significantly influenced by the policies of the Government. We cannot assure you that we will be able to obtain natural gas at competitive prices, or in the required quantities.

We are exposed to market risks from our hedging activities, and the use of hedging instruments could result in financial losses that adversely affect our results of operations and financial condition.

We currently hold, and have in the past held, derivative contracts, including commodity futures contracts and forward exchange contracts. As of March 31, 2012, we had on a consolidated basis 47 forward exchange purchase contracts outstanding with a total value of US$21.98 million, and six forward exchange sale contracts outstanding with a total value of €2.44 million, and Godrej Consumer Products had on a consolidated basis 32 forward exchange purchase contracts with a total value of US$22.78 million. These forward exchange contracts have the effect of reducing the volatility of our profit. These forward exchange contracts, generally speaking, subject us to less foreign exchange risk. If foreign exchange rates move contrary to expectations or if our risk management procedures prove to be inadequate, we could incur derivative-related charges and losses independent of the relative strength of our business, which could adversely affect our results of operations and financial condition.

We require certain approvals and licenses in the ordinary course of business, and our failure to obtain or retain them in a timely manner may adversely affect our operations.

The industries in which we operate, particularly the real estate, agri inputs, oil palm and beverages and foods industries, as well as the gourmet foods and fine beverages business, are subject to extensive government regulations, which may become more stringent. For example, certain of our facilities and products are subject to Factories Act, 1948, the Food Safety and Standards Act, 2006, the Insecticides Act, 1968, the Fertilizer Control Order, 1985 made under The Essential Commodities Act, 1955, the Legal Metrology Act, 2009 and certain state legislations regulating the production and processing of oil palm.

We require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we may have either applied or are in the process of making an application for obtaining the approval or its renewal. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, our business may be adversely affected. For example, our failure to obtain certain regulatory approvals in a timely manner delayed the launch of our real estate projects in Chennai, Hyderabad and Ahmedabad. Further, for our facility at Vikhroli and for Godrej Consumer Products' facilities at Baddi, Puducherry and Lokhra the consents under Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974 have expired. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to make substantial expenditure. If we fail to comply with such conditions or a regulator claims we have not complied with these conditions, our business, prospects, financial condition and results of operations may be materially adversely affected. Further, the approvals issued to us may be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action, which may adversely affect our business, prospects, financial conditions and results of operations.

We may face labour disruptions that would interfere with our operations.

Our success depends upon maintaining good relations with our workforce. The workers at certain of our processing and manufacturing facilities are members of labour unions particularly in our animal feed, poultry and oil palm businesses.

If our relationship with our employees suffers from labour unrest resulting in a work stoppage, slowdown or strike, our processing and manufacturing facilities may not be able to continue operations at normal levels, or at all. While we believe that we maintain good relationship with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force which may adversely affect our business. Also, we cannot guarantee that significant suppliers or transportation providers that we use will not experience any strikes, work stoppages or other industrial action in the future. Any such event could disrupt our operations, possibly for a significant period of time, result in increased wages and other costs and have an adverse effect on our business, results of operations or financial condition.

We are subject to restrictive covenants in certain debt facilities provided to us.

There are certain restrictive covenants in the financing agreements we have entered into with the banks for loans. Pursuant to the terms of these agreements, we are subject to restrictive covenants including:

- obtaining prior written consent from our lenders to, among other things, alter the structure or composition of our management, amend our constitutional documents, change our capital structure, incur additional indebtedness, enter into a scheme of amalgamation, merger or reconstruction, make certain investments or loans, declare dividends, sell, dispose of or create security interests or encumbrances on our assets, implement expansion plans outside of our existing lines of business, undertake guarantee obligations and allow promoters to reduce their shareholding (in the event their shareholding is reduced to less than 51.0%);

- with respect to our real estate and property development business, maintaining a margin between the value of mortgaged property and the balance due to the lender, as the lender may stipulate from time to time, and ensuring the mortgaged properties are insured for full market value against certain risks;

- maintaining certain financial ratios and positive net worth;

- maintaining prescribed minimum promoter and promoter group shareholdings; and

- effecting certain other transactions outside of the ordinary course of business.

Furthermore, our arrangements with the lending banks permit the bank to withdraw or recall their loans or debit the installments or interest payable from any of our accounts maintained with the bank, at the bank's absolute discretion, without any prior notice to us and the bank may impose overdue interest at the specified rates in the event of any default or may vary the interest rates, without giving prior notice to us.

If we fail to meet our debt service obligations or covenants (or approvals to undertake certain transactions) provided under the financing agreements, the relevant lenders could declare us in default under the terms of our agreements, accelerate the maturity of our obligations or take over the financed project. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Our failure to meet our obligations under the debt financing agreements could have an adverse effect on our business, financial condition, cash flows and results of operations.

We have incurred substantial indebtedness and may require additional financing in the form of debt or equity to meet our requirements. Such financing may not be available to us on acceptable terms or at all.

As of March 31, 2012, we had ₹ 15,895.8 million and ₹ 12,944.0 million outstanding in long-term and short-term loans, respectively. Our level of indebtedness has important consequences to us, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;

- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- affecting our credit rating;
- limiting our ability to borrow more money both now and in the future; and
- increasing our interest expenditure, since a significant portion of our debt bears interest at floating rates.

In conjunction with our expansion plans, we may require additional financing in the form of debt to meet our requirements. Such financing may not be available to us on acceptable terms or at all. Moreover, any additional debt financing that we incur may place additional restrictions and obligations on us which may have additional adverse consequences to us.

We rely heavily on our existing brands and, specifically, the Godrej brand name, the dilution of which could adversely affect our business.

We believe the "Godrej" brand commands strong brand recall in India due to its long presence in the Indian market and the diversified businesses in which the group operates. Our success depends on our ability to maintain the brand image of our existing products and effectively build up brand image for new products and brand extensions. Decrease in product quality due to reasons beyond our control or allegations of product defects, even when false or unfounded, could tarnish the image of the established brands and may cause consumers to choose other products. In addition, owing to allegations of product defects or lack of consumer interest in certain products, we may be required from time to time to recall products entirely or from specific markets which may have an adverse effect on our brands. Further, there can be no assurance that this established brand name will not be adversely affected in the future by events that are beyond our control. In the event that (i) we are unable to leverage on the "Godrej" brand name for any reason, (ii) our group companies' actions or incidences adversely affect the "Godrej" brand name, (iii) a third party having a right to use our brand name for a specific purpose on limited terms under an arrangement with us misuses our brand, or (iv) customer complaints or adverse publicity from any other source damages our brand, our business, financial condition and results of operations may be adversely affected.

We may not be able to adequately protect our intellectual property.

We consider our brand and intellectual property to be one of our most valuable assets. We and our joint ventures have trademarks registered in India and abroad, including some of the most important brands for our consumer products, agri inputs, beverages and foods, gourmet foods and fine beverages and poultry businesses. While we have applied for trademark registration for certain of our products, some of which are currently pending, we have not applied for such protection for other of our products. We also rely on unpatented proprietary know-how, continuing technological innovation and other trade secrets to develop and maintain our competitive position. For unregistered intellectual property, there can be no assurance that we will file for, or eventually obtain, intellectual property protection, or that we will be able to prevent infringement before we do.

Additionally, it is possible that, even if we do detect infringement of our intellectual property rights, we not be able, or, because of the significant expense of pursuing litigation against infringement, elect not, to contest or prevent such infringement in courts in India or internationally. For example, we have initiated trademark litigation related to our "Yummiez" and "Fairglow" brands, and there can be no assurance that this litigation will be successful. Moreover, other parties may challenge the protection of our intellectual property.

The precautions that we take may not provide meaningful protection against competitors or protect the value of our trademarks or other intellectual property, which may have an adverse effect on our reputation, business and results of operations.

Product innovation and research and development activities are an integral part of our business model. If these efforts are not successful or if we are not able to attract and retain skilled scientists, our business may suffer.

The growth of our operations depends upon our ability to successfully carry out research and development of new processes and produce new and higher quality products, particularly for our agri inputs and consumer products businesses. These processes must meet regulatory standards where applicable and may require regulatory approvals.

The development and commercialization process would require us to spend considerable time and money. Our ongoing investments in research and development for new products and processes may result in higher costs without a proportionate increase in revenues. Delays in any part of the process, our inability to obtain necessary regulatory approvals for our products or failure of a product to be successful at any stage could harm our business.

Our ability to successfully carry out research and development depends on our ability to attract and retain skilled scientists. Our failure to attract and retain skilled manpower could adversely affect our growth strategy. While we believe we have a strong technical and production team, we may not be able to continuously attract or retain such personnel, or retain them on acceptable terms, given the demand for such personnel among competitors, universities and non-profit research institutions. Our failure to attract and retain skilled personnel could have an adverse impact on our growth.

We have, in the past, entered into related party transactions and may continue to do so in the future.

We have entered into various transactions with related parties. See "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

While we believe that all such transactions have been conducted on an arms-length basis and contain commercially reasonable terms, there can be no assurance that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Such related party transactions may potentially involve conflicts of interest. For more details on our related party transactions, see "Related Party Transactions". There can be no assurance that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and/or will not have an adverse effect on our business and results of operations.

We have certain contingent liabilities which may adversely affect our financial condition.

Our contingent liabilities as of March 31, 2012 are set out below:

	As of March 31, 2012
	(₹ in millions)
Claims against us not acknowledged as debts:	
(i) Excise duty demands relating to disputed classification, after manufacturing expenses, assessable values and other items, which we have contested and are in appeal at various levels	289.6
(ii) Customs duty demands relating to lower charge, differential duty, classification and other matters	20.6
(iii) Sales tax demands relating to purchase tax on branch transfer or non-availability of C forms at various levels	216.3
(iv) Octroi demand relating to classification issue on import of palm stearine and interest thereon	140.5
(v) Stamp duties claimed on certain properties which are under appeal by us	33.1
(vi) Income tax demands against which we have preferred appeals	231.3
(vii) Industrial relations matters under appeal	22.8
(viii) Others	47.7
Guarantees:	
(i) Guarantees issued by banks, excluding guarantees issued in respect of matters reported as claims against us not acknowledged as debts	168.7
(ii) Guarantees given by us in respect of credit or guarantee limits sanctioned by banks to subsidiary and other companies	623.4
Other money for which we are contingently liable:	
(i) Letters of credit issued by banks on behalf of us	94.5
(ii) Cases or claims filed by processors for claiming various expenses	51.4
Share in jointly controlled entities	27.3
Share in Associates	4,805.4
Total	**6,772.6**

The materialization of these contingent liabilities could adversely affect our business, financial condition and results of operations. For further information on such contingent liabilities, see "***Financial Statements***."

We are involved in certain legal proceedings, any adverse developments which could adversely affect our business, financial condition and results of operations.

There are outstanding legal proceedings against us that are incidental to our business and operations, including certain criminal proceedings against us and certain of our Directors and executives. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Such proceedings could divert management time and attention, and consume financial resources in their defense or prosecution. Further, an adverse judgment in any of these proceedings could have an adverse impact on our business, financial condition and results of operations. For details, see "Legal Proceedings".

Environmental, health, employee and safety laws and regulations may expose us to liability and result in an increase of our costs and a decrease in our profits.

We are subject to significant national and state environmental laws and regulations in our businesses. These laws govern the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of solid and hazardous substances and waste and the extent of employee exposure to hazardous substances that may be used in or result from our businesses. Compliance with these laws and regulations require significant capital and other expenditures that we have incurred in the past and will continue to incur in the future. In addition, we may discover currently unknown environmental problems or conditions.

The environmental laws in India have been increasing in stringency, and it is possible that they may become significantly more stringent in the future. Facilities such as ours that manufacture or process chemicals, animal feed, poultry, oil palm, agri inputs, consumer products and our other products are inherently at risk of environmental damage, which could subject us to liability in the future from the discharge of pollutants in the environment, inadequate waste disposal or the improper handling of hazardous materials. If any of the facilities that we or third parties own or operate are shut down by regulators, we may continue to incur costs to comply with environmental regulations, appealing any decision to close our facilities, increasing production levels at our operational facilities and paying labour and other costs, while not generating any revenues or products from such facilities. As a result, our overall operational expenses will increase and our profits will decrease.

We are also subject to laws and regulations governing relationships with employees for minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees, contract labour and work permits. Furthermore, the success of our business is contingent upon, among other things, receipt of all required licenses, permits and authorizations, including local land use permits, building and zoning permits and environmental, health and safety permits. Changes or concessions required by regulatory authorities could also involve significant costs and delay or prevent completion of the construction or opening or operations of a plant or research centre or could result in the loss of an existing license.

We generate income and incur expenses in multiple currencies and exchange rate movement may cause us to incur losses when hedging on our exchange exposure is not sufficient.

Changes in currency exchange rates influence our results of operations. We report consolidated financial results in Indian Rupees, while portions of each of our total income and expenses are denominated, generated or incurred in currencies other than the Indian Rupee such as the U.S. Dollar, British Pound, South African Rand, Nigerian Naira, Indonesian Rupiah and other currencies. In accordance with "Accounting Standard 21 — Consolidated Financial Statements" issued by ICAI, at the time of conversion of the financial statements during the consolidation process, line items of the profit and loss account are converted using an average exchange rate for the period or year under consideration except for opening and closing stock which are converted at the opening and closing exchange rate respectively and depreciation which is converted using the exchange rate at the date of purchase of the assets, where as items of the balance sheet are converted using the closing exchange rate for the period or calendar year under consideration. Any expansion into new geographies such as the recent international acquisitions and undertaking of new projects also exposes us to additional foreign currency risks associated with such diversification. We incur expenditures and also procure materials in the U.S. Dollar. Moreover, the price of crude palm oil is linked to an index that may be affected by a depreciation in the U.S. Dollar.

We use hedging contracts to hedge foreign exchange exposure relating to the underlying transactions and firm commitments. As of March 31, 2012, we had forward exchange purchase contracts for US$21.98 million and forward exchange sale contracts for €2.44 million, while Godrej Consumer Products had forward exchange purchase contracts for US$22.8 million. To the extent that income and expenditures are not denominated in Indian Rupees, despite our entering into foreign exchange hedging contracts from time to time, exchange rate fluctuations could affect the amount of income and expenditure we recognize. Further, our future capital expenditures, including any imported equipment and machinery, may be denominated in currencies other than the Indian Rupee.

Godrej Consumer Products also has currency exposures related to its financing in currencies other than the local currency in which Godrej Consumer Products operates. A depreciation in the value of the Indian Rupee against such other currencies could increase the Indian Rupee cost for Godrej Consumer Products of servicing its debt or making such capital expenditures.

The exchange rate between the Indian Rupee and the U.S. Dollar and other currencies has changed substantially in the last two decades and could fluctuate substantially in the future. On January 1, 2008, the Indian Rupee-U.S. Dollar exchange rate was 39.40. Between 2008 and 2009, the Indian Rupee experienced significant depreciation, before leveling off until July 2011. Between August 1, 2011 and June 30, 2012, the Indian Rupee depreciated against the U.S. Dollar by 27.8%, with the Indian Rupee-U.S. Dollar exchange rate moving from 43.86 to 56.05.

Although we follow foreign currency exposure closely, including on a contract-by-contract basis, and selectively enter into hedging transactions in an attempt to reduce the risks of currency fluctuations, these activities are not always sufficient to protect against incurring large losses if currencies fluctuate significantly. Fluctuations in foreign exchange rates adverse to us that are not sufficiently hedged could adversely affect our results of operations.

Our inability to successfully identify and conclude acquisitions, or manage the integration of recently acquired businesses into our operations, could adversely affect our business, results of operations or financial condition.

We rely in part on inorganic growth to increase our revenue and expand our customer base and geographic presence. For example, for our consumer products business, Godrej Consumer Products, has, since 2005, completed more than ten strategic acquisitions. We may consider making acquisitions in the future to increase the scope of our business. Identifying suitable acquisition candidates can be difficult, time-consuming and costly. Our inability to identify suitable acquisition opportunities, reach agreements with such parties or obtain the financing necessary to make such acquisitions could adversely affect our future growth and business.

Moreover, future acquisitions could result in our incurring debt, contingent liabilities or amortization expenses, or write-offs of goodwill, any of which could adversely affect our financial condition. In addition, the process of integrating an acquired company, business or technology is risky and may create unforeseen operating difficulties and expenditures, including:

- difficulties in integrating the operations, technologies, services and personnel of acquired businesses;
- ineffectiveness or incompatibility of acquired technologies or services;
- additional financing required to make contingent payments;
- unavailability of favorable financing for future acquisitions;
- potential loss of key employees of acquired businesses and cultural challenges associated with integrating employees from the acquired company into our organization;
- inability to maintain the key business relationships and the reputations of acquired businesses;
- responsibility for liabilities of acquired businesses;
- diversion of management’s attention from other business concerns;

- managing the increased scope and complexity of our operations;
- entering new distribution channels, categories or markets in which we have limited or no experience; and
- inability to maintain our standards, controls, procedures and policies, which could affect our ability to assess the effectiveness of our internal control structure and procedures for financial reporting; and increased fixed costs.

Foreign acquisitions involve additional risks to those described above, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries. It is difficult for us to conduct a thorough independent due diligence review of non-public information of a target company, particularly in certain foreign jurisdictions and in complex matters, such as environmental liabilities, tax and other retrospective regulatory areas. We cannot assure you that our reviews, diligence or inspections (or the relevant review, diligence or inspection reports on which we have relied) would have revealed all liabilities or other problems with the business of our target companies.

Once we complete these acquisitions, we may need to incur significant capital expenditures to maintain the acquired business and comply with regulatory requirements. The costs and liabilities incurred in connection with the acquisitions and the subsequent integration process may exceed those anticipated. Moreover, the anticipated benefit of many of our future acquisitions may not materialize within the anticipated timeframe, or at all. If we are unsuccessful in smoothly integrating an acquired company, or if the risks or unforeseen liabilities materialize after completing an acquisition, our business, financial condition and results of operations may be adversely affected.

We are subject to counterfeit, cloned and pass-off products, which may reduce our sales and harm the reputation of our brands.

We are subject to counterfeit, cloned and pass-off products particularly in our consumer products, beverages and foods and poultry businesses. Counterfeit and cloned products are products manufactured and sold illegally as legitimate products, whereas pass-off products are manufactured and packaged to resemble legitimate products. In the past few years, advances in technology have contributed to the ease at which legitimate products can be counterfeited. For example, in our consumer products business, we have encountered incidences of passing-off and the sale of counterfeit, often less expensive, products, which are typically supplied by the manufacturers to wholesalers and retailers for sale to unsuspecting consumers. The sale of counterfeit, cloned and pass-off products have led, and if left uncurbed, will continue to lead, to lower sales for our businesses. In addition, such products may be harmful to consumers or may be less effective than genuine products, which could harm our brands and reputation. The proliferation of unauthorized copies of our products, and the time in pursuing claims and complaints about spurious products could have an adverse effect on our reputation, business, financial condition and results of operations.

Our animal feed business is subject to risks specific to the animal feed industry, which, if realized, may adversely affect our business and results of operations.

Our animal feed business is subject to a number of risks that are specific to the animal feed industry. These risks include product spoilage or contamination, government regulation of the animal feed industry including processing and labeling regulations, shifting customer preferences, concerns regarding genetically modified organisms, the environment and potential product liability claims.

Animal feed can contain contaminants due to defects or improper storage or handling. Animal feed manufacturers may need to recall affected products if they become adulterated or misbranded and may also be liable if the consumption of any of their products causes damage. While we have never been required to recall any of our feed products, a widespread product recall could result in changes to one or more of our business processes, product shortages, a loss of customer confidence in our food or other adverse effects on our business. If we are required to defend against a product liability claim, whether or not we are found liable under the claim, we could incur substantial costs, our reputation could suffer and our customers might substantially reduce their existing or future orders from us, any of which could adversely affect our business and results of operations.

The insecticides industry in India is highly regulated and our failure to obtain and renew regulatory approvals and meet the quality guidelines prescribed by the Government may adversely affect our business.

The insecticides industries in India and other countries in which we operate are highly regulated. The quality of insecticides products manufactured is independently verified by government agencies by carrying out sample checks on our products and facilities. In the event that the contents of the samples do not comply with the prescribed quality norms, it could lead to the initiation of proceedings against us. For example, we are engaged in litigation with state authorities concerning the quality of our products and their compliance with the Insecticides Act, 1968. Any deficiencies in quality could lead to suspension of sales of those batches or products in that particular state or our products being banned for sales across the country.

In the past, we have not faced any suspension or ban on sale of any products. However, there can be no assurance that we would not be subject to suspensions or proceedings in the future. Any such event is likely to adversely affect our agricultural business or our household insecticides business, as the case may be, and our results of operations.

Our ability to introduce new household insecticide products is dependent on obtaining registrations and licenses for manufacturing and selling these new products under various regulations.

Before introducing new household insecticide products, we must obtain approvals to manufacture and sell these products across various jurisdictions. For example, in India, to import or manufacture new pesticides products, we must apply to a registration committee for registration of such new insecticide products, each of which require a separate registration. In Indonesia, we require a license from the Indonesian Ministry of Agriculture and a production certificate from the Indonesian Ministry of Health with respect to our household insecticide products. Although we have been successful in obtaining registrations and licenses, there can be no assurance that we will be able to obtain these registrations in a timely manner in the future, or at all.

In our real estate and property development business, we enter into arrangements with various third parties to acquire land or development rights, which entail certain risks.

In our real estate and property development business, we typically enter into joint development agreements, MoUs, LLPs and development agreements with third parties prior to the development of land. Some of these third parties acquire land from power of attorney holders, who are authorised to transfer land on behalf of the owners of such land. We cannot assure you that such power of attorney that has been granted is valid or entitles such power of attorney holder to exercise the right to transfer or grant development rights over such land.

Certain parties granting us development rights may not have acquired ownership rights or clear title in respect of land that we have categorized as part of our Land Reserves. Parties granting us development rights may also have litigation, bankruptcy or such other proceedings pending with respect to such land. For example, the agreement we have entered into with respect to our Forthcoming Project, Godrej Kochi – I, Kochi, provides that such agreement is subject to the Board for Industrial and Financial Reconstruction ("**BIFR"**) granting our joint development partner permission for entering into the development agreement with us, and the satisfaction of all claims of our joint development partner's secured creditors over such land. The BIFR granted our joint development partner permission to enter into the agreement to develop the land, however this order was challenged by shareholders of the joint development partner before the Appellate Authority for Industrial and Financial Reconstruction ("**AAIFR**") and these matters are currently pending before the AAIFR, the High Court of Kerala and the High Court of Delhi. See "Legal Proceedings" for further details. We cannot assure you that these matters will be decided in our favor or that all the claims of our joint development partner's secured creditors will be adequately satisfied. Until ownership rights or clear title has been obtained, litigation is settled, such conditions have been complied with or a judgment has been obtained by a court of competent jurisdiction, we may be unable to utilize such land according to the terms of such agreements, which could adversely affect our business, financial condition and results of operations. Additionally, under certain of our development agreements, our development partners are required to aggregate large parcels of land for us to commence developing the project. If these development partners face any difficulties in obtaining or fail to obtain the requisite amount of land, the schedule of development of that project could be substantially disrupted.

Moreover, our development partners may fail to meet their obligations under their respective development agreements which could delay, terminate or otherwise adversely affect the success of development projects.

Pursuant to these agreements, we retain only partial control over certain of our development projects. Development partners may have conflict of interests with, be unwilling to fulfill their obligations or engage in disputes with us, which could delay, suspend or result in the abandonment of a project, which may adversely affect our business, financial condition and results of operations.

Under certain of these joint development agreements, we are required to provide the owners of the land with an advance, which is typically non-interest bearing and is expected to be refunded upon the completion of the project or credited against payments made to the owners of land, and may also be required to provide an additional lump sum consideration and/or minimum guarantee. Sometimes, these advances are made even before any requisite approvals are obtained and/or may be made interest free. In instances where the joint development partner undertakes to obtain such approval, we may not be able to commence the development of the project until such approval or permission is obtained by the joint development partner. In the event of any delay in the completion of the development within the time frame specified, we are required to indemnify the other parties to the development agreements and pay certain penalties or liquidated damages that are capped as specified in these agreements, which may adversely affect our business, financial condition and results of operations. In certain of our projects, in the event that we fail to pay such liquidated damages within the specified period of such claim to pay these liquidated damages, the joint development partner is entitled to take over our obligations under the joint development agreement and we would be required to vacate the property and forgo such revenue or profit or area sharing arrangement with respect to that project as may have been agreed to. If we are required to pay penalties or liquidated damages pursuant to such agreements, and declines to do so, we may not be able to recover the deposits made by us to the owners of the land. In addition, if for any reason, the development agreement is terminated or the development is delayed or cancelled, we may not be able to recover such deposits, which could have an adverse effect on our business, financial condition and results of operations.

In the event that we are unable to acquire certain land or land development rights in accordance with our preferences, we may not be able to recover all or part of the advance monies paid by us to these third parties. Further, in the event that these agreements are either invalid or have expired, we may lose the right to acquire such land and may also be unable to recover the advance payments made in relation to the land. In addition, any indecisiveness or delay on our part to perform our obligations under these agreements, may lead to our inability to acquire such land, as the agreements may also expire. Any failure to complete the purchase of land, renew these agreements on terms acceptable to us or recover the advance monies from the relevant counterparties could adversely affect our business, financial condition and results of operations.

In our real estate and property development business, we may not be able to add to or replenish our Land Reserves by acquiring suitable sites or entering into development agreements for suitable sites in locations with growth potential and at reasonable cost, which may adversely affect our business and prospects.

In order to maintain and grow our real estate and property development business, we are required to continuously increase our Land Reserves with new sites for development. Our ability to identify and acquire or enter into development agreements for suitable sites is dependent on a number of factors such as the availability of suitable land, competition from other parties for the acquisition of suitable land, the willingness of landowners to sell land and/or assign development rights on terms attractive to us, the ability to obtain an agreement to sell from all the owners where land has multiple owners, the availability and cost of financing, encumbrances on targeted land, government directives on land use and obtaining permits and approvals for land acquisition and development. The failure to acquire land or obtain development rights over targeted land may cause us to modify, delay or abandon entire projects, which could adversely affect our business and prospects.

Certain of our projects are being built on large contiguous parcels of land. For example, our Bhugaon Township project in Pune has an estimated Developable Area of approximately 11.8 million sq. ft. and the counterparty to the MoU we entered into in order to develop the project, along with certain other individuals, are in the process of aggregating certain land parcels. We cannot assure you that we or our joint development partners will be able to continue to acquire ownership of or development rights over large contiguous parcels of land on terms that are acceptable, or at all. This may limit our ability to develop additional large projects or may cause delays or force us to modify the development of the land at a particular location, which in turn may result in failure to maximize our return or even realize our investments from such parcels of land. Accordingly, our inability to acquire ownership of or development rights over contiguous parcels of land may adversely affect our business and prospects.

In addition, regulatory restrictions on foreign investment for land acquisition are gradually being relaxed and, combined with the growth strategies and financing plans of real estate development companies and real estate investment funds in India, this is in some cases making suitable land increasingly expensive. If we are unable to compete effectively for the acquisition of suitable land or development rights, our business and prospects will be adversely affected.

Our ability to identify suitable parcels of land for development and subsequent sale forms an integral part of our business. Our ability to identify land in the right location is critical for a project. Our decision to acquire land or development rights over appropriate land involves taking into account the size and location of the land, tastes of potential residential customers, requirements of potential commercial clients, economic potential of the region, the proximity of the land to civic amenities and urban infrastructure and the availability and competence of third parties such as architects, surveyors, engineers and contractors. Any failure to identify and acquire suitable parcels of land for development in a timely manner may reduce the number of development projects that can be undertaken by us and thereby adversely affect our business, prospects, financial condition and results of operations. In addition, if demand for a project does not meet our expectations, we may alter certain aspects of the project, provided we receive the requisite approvals, or abandon development of the project, which would adversely affect our business and prospects.

A significant portion of our Land Reserves are concentrated in a few cities, rendering our business and results of operations significantly dependent on the performance of, and the conditions affecting the real estate markets of such cities.

As of March 31, 2012, 31.1% and 16.8% of our estimated Developable Area, and 32.7% and 18.2% of our estimated Saleable Area, were located in Ahmedabad and Pune, respectively. In the event of a slowdown in construction activity in Ahmedabad or Pune, or any circumstances that make projects in such cities less economically beneficial, our business and results of operations may be adversely affected. We cannot assure you that the demand for our projects in these cities will grow, or will not decrease, in the future. Consequently, our business, financial condition and results of operations are, in significant part, dependent on the performance of, and the prevailing conditions affecting, the real estate market in Ahmedabad and Pune. The real estate markets in these cities may be affected by various factors outside our control, including local economic and demographic conditions, availability of financing to potential customers, changes in governmental policies relating to zoning and land use and the availability of comparable real estate in competing markets.

In our real estate and property development business, we face uncertainty of title to our lands, which entails certain risks.

There is difficulty in obtaining title guarantees in India as title records provide only for presumptive rather than guaranteed title. The original title to lands may often be fragmented, and land may have multiple owners. Certain lands may have irregularities of title, such as non-execution or non-registration of conveyance deeds and inadequate stamping and may be subject to encumbrances and litigation of which we may not be aware. Additionally, some of our projects are executed through development agreements in collaboration with third parties where such third parties own such land. Though we obtain title certificates and title opinions prior to executing a definitive agreement with respect to the project, we cannot assure you that the persons with whom we enter into development agreements have clear title to such lands. Further, the method of documentation of land records in India has not been fully computerized and are updated manually. This could result in investigations of property records being time consuming and possibly inaccurate.

While we conduct due diligence and assessment exercises prior to acquiring land or entering into development agreements with land owners and undertaking a project, we may not be able to assess or identify all risks and liabilities associated with the land, such as non-conversion or improper conversion for the proposed land use faulty or disputed title, unregistered encumbrances or adverse possession rights, improperly executed, unregistered or insufficiently stamped conveyance instruments in the property's chain of title, ownership claims of family members of prior owners, or other defects that we may not be aware of. As a result, some of our Land Reserves and future land may not have marketable title which has been independently verified. As each transfer in a chain of title may be subject to these and other defects, our title and development rights over land may be subject to various defects of which it is not aware.

As a result, any acquisition or development decision made by us in reliance on its assessment of such information, or the assessment of such information by a third party, is subject to risks and potential liabilities arising from the inaccuracy of such information. If such information later proves to be inaccurate, any defects or irregularities of title may result in the loss of title or development rights over land, and the cancellation of our development plans in respect of such land. The uncertainty of title to land makes the acquisition and development process more complicated, may impede the transfer of title, expose us to legal disputes and adversely affect our land valuations.

Additionally, title insurance is not commercially available in India to guarantee title or development rights in respect of land. The absence of title insurance in India means that title records provide only for presumptive rather than guaranteed title, and we face a risk of loss of lands we believe we own or have development rights over, which would have an adverse effect on our business, financial condition and results of operations.

Legal disputes in respect of land title can take several years and considerable expense to resolve if they become the subject of court proceedings and their outcome can be uncertain. Under Indian law, a title document is generally not effective, nor may be admitted as evidence in court, unless it has been registered with the applicable land registry and applicable stamp duty has been paid in respect of such title document. The failure of prior landowners to comply with such requirements may result in our failing to have acquired valid title or development rights with respect to that land. If we or the owners of the land which is the subject of our development agreements are unable to resolve such disputes with these claimants, we may lose our interest in the land, being our right to own or develop the land, and we may have to make payments to these claimants as compensation. Further, such litigation could delay the project and adversely affect our business and financial condition. The failure to obtain good title to a particular plot of land and the abandoning of the property as a result may adversely affect the success of a development for which that plot is a critical part and may require us to write off expenditures in respect of the development.

Some of the parcels of land that we may develop and which may form a part of our land reserves may be classified as "Agriculture Land" or "green belt area", classifications which do not permit commercial or residential development unless certain permissions are obtained.

No commercial or residential development is permitted on land classified as "agricultural land" and "greenbelt" area (except certain activities such as construction of places of worship, hospitals, libraries, sports clubs and cultural buildings) without obtaining the prior approval of local authorities, including the conversion of such land to the appropriate zone for development. We cannot assure you that we will be able to obtain the requisite permission and conversion by the relevant authorities to convert the use of such land for other development purposes in a timely manner, or at all. If we do not receive permission and conversion in a timely manner, we may not be able to develop such project as planned or at all, which could adversely affect our business, prospects, financial condition and results of operations.

"Green belt area" refers to land within a restricted area as declared by the respective state Government, certain land falling within such area are land upon which no commercial or residential development is permissible. However, certain activities are allowed to be carried out in the green belt areas, including construction of places of worship, hospitals, libraries, sports clubs and cultural buildings. Any other form of activity to be carried out would require the prior consent of the relevant authority. We cannot assure you that in the event that we are able to acquire such land directly or indirectly, that it will be granted or will obtain permission to develop such land for purposes other than those mentioned above which could adversely affect our business, prospects, financial condition and results of operations.

The Government or state governments may exercise rights of compulsory purchase or eminent domain over our or our development partners' land, which could adversely affect our business.

The Land Acquisition Act, 1894, as amended, allows the central and state governments to exercise rights of compulsory purchase which, if used in respect of our land or our development partners' land, could require us or our development partners to relinquish land without judicial recourse and with minimal compensation. The likelihood of such actions may increase as the central and state governments seek to acquire land for the development of infrastructure projects such as roads, airports and railways. Any such action in respect of one or more of our projects could adversely affect our business. Further, in relation to our Godrej Platinum, Bengaluru project, a notice has been issued by the National Highways Authority of India towards acquisition of a portion of the land to widen a national highway.

Separately, in terms of certain approvals obtained by us, we are required to construct service roads on part of licensed area and transfer it free of cost to the relevant government. The government is also entitled to take over the project area in public interest without having to pay us any compensation.

Further, the Land Acquisition, Rehabilitation and Resettlement Bill, 2011 (the "**Land Acquisition Bill"**) was introduced before the Indian Parliament to govern processes in relation to land acquisition in India. The Land Acquisition Bill incorporates additional restrictions on land acquisition (for instance, restrictions on the acquisition of certain types of agricultural land) and includes provisions relating to the compensation, rehabilitation and resettlement of affected persons. The Land Acquisition Bill, if enacted, could restrict our ability to acquire land or development rights over land, which could adversely affect our business.

We recognize revenue based on the percentage of completion method of accounting on the basis of our management's estimates of revenues and development costs on a property by property basis. As a result, our revenues and development costs may fluctuate significantly from period to period.

We recognize the revenue generated from our residential and commercial projects on the percentage of completion method of accounting. See "***Management's Discussion and Analysis of Financial Condition and Results of Operations***." We cannot assure you that the estimates used under the percentage of completion method will equal either the actual cost incurred or revenue received with respect to these projects. The effect of such changes to estimates is recognized in the financial statements of the period in which such changes are determined. This may lead to significant fluctuations in revenues and development costs. Therefore, we believe that period-to-period comparisons of our results of operations may not be indicative of our future performance. Such fluctuations in our revenues and costs could also cause our share price to fluctuate significantly.

The application of the revised Guidance Note on Recognition of Revenue by Real Estate Developers by the ICAI regarding the application of the percentage of completion method could adversely affect our financial condition.

Our real estate and property development business is affected by the application of the revised Guidance Note on Recognition of Revenue by Real Estate Developers (the "**Guidance Note**"), which was issued in February 2012 by The Accounting Standards Board of the ICAI. The Guidance Note provides guidance on the application of the percentage of completion method under Accounting Standard 7 and states that revenue recognition under the percentage of completion method should only be applied when, among other things, the stage of completion of the project has reached a reasonable level of development. The Guidance Note states that all projects that have commenced or entered into after April 1, 2012 must recognize revenue when at least 25.0% of the total estimated construction and development costs have been incurred by the developer and when certain other conditions have been met. The Guidance Note is also applicable to projects which have already been commenced but where revenue is recognized for the first time on or after April, 1, 2012. We currently recognize revenue when the expenditure incurred on project costs is at least 20.0% of the total estimated construction and development costs. While we do not anticipate that the application of this Guidance Note to its use of the percentage of completion method will have an adverse effect on our financial condition, it may adversely affect the way that it recognizes revenue in the context of the business plans and timelines of the projects that we are currently developing, which could have an adverse effect on our financial condition.

Our real estate and property development business is heavily dependent on the availability of real estate financing in India.

The real estate market is significantly affected by changes in economic conditions, government policies, interest rates, income levels, demographic trends and employment, among other factors. These factors can negatively affect the demand for, valuation and cost or our Ongoing Projects and Forthcoming Projects. For example, lower interest rates may assist us in procuring borrowings at attractive terms for the purchase of land or development of our projects. Our business may be adversely affected by a general rise in interest rates in India. In addition, rising interest rates could discourage our customers from borrowing to finance real estate purchases as well as companies, such as ours, from incurring indebtedness to purchase or develop land. As such, our business could be adversely affected if the demand for, or supply of, real estate financing at attractive rates and other terms were to be adversely affected.

A large number of our customers, especially buyers of residential properties belonging to the mid-income segment, finance their purchases by raising loans from banks and other lenders. Residential projects constituted 80.6% of our total Saleable Area as of March 31, 2012. Availing home loans for residential properties has become particularly attractive due to income tax benefits available to home owners. The availability of home loans may however, be affected if such income tax benefits are withdrawn or the interest rates on such loans continue to increase or there is a decrease in the availability of home loans. This may affect the ability of our customers to finance the purchase of their residential properties and may consequently affect the demand for our projects.

Additionally, stricter provisioning and risk weightage norms imposed by the RBI in relation to real estate loans by banks and finance companies could reduce the attractiveness of property or developer financing and the RBI or the Government of India may take further measures designed to reduce or having the effect of reducing credit to the real estate sector. In the event of any change in fiscal, monetary or other policies of the Government of India and a consequent withdrawal of income tax benefits, our business and results of operations may be adversely affected.

We have not independently verified certain data in this Preliminary Offer Document.

We have not independently verified data from Government and industry publications contained herein and although we believe these sources to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the industries in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

GIL ESOP I and GIL ESOP II require us to loan funds to a trust in order for it to purchase our Equity Shares from the market. There can be no assurance that these loaned funds will be repaid by the trust in a timely manner or at all.

Our Company instituted two employee stock options plans, GIL ESOP I and GIL ESOP II, which provide for the allotment of options, exercisable into Equity Shares of our Company, to eligible employees of our Company and its subsidiaries. These plans are administered by an independent employee stock option trust which purchases our Equity Shares from the market, in a number equal to the number of Equity Shares issuable upon the exercise of the granted options. Our Company and its participating subsidiaries lend funds to the trust for the purchase of our Equity Shares. As of March 31, 2012 our Company, Godrej Agrovet and Godrej Properties have loaned Rs. 970.9 million, Rs. 834.5 million and Rs. 89.8 million, respectively, to the trust. In the event that the trust is unable to repay these loaned funds in a timely manner or at all, our write offs would increase and our profitability would be adversely affected.

External

A slowdown in economic growth in India and other countries in which we operate could cause our business to suffer.

Our results of operations and financial condition are dependent on, and have been adversely affected by, conditions in financial markets in the global economy, and, particularly in India and the other countries in which we operate.

The uneven global recovery reflects several underlying issues and consequent risks. First, despite indications of a gathering recovery momentum, the U.S. economy remains dependent on the extension and expansion of monetary and fiscal stimulus in the form of the continuation of near-zero interest rates, quantitative easing and tax reliefs, raising questions on the sustainability of such policy approach and the impact of the eventual unwinding and reversal of these stimuli. In the second half of 2011, the global financial markets experienced significant volatility as a result of, among other things, the downgrading by Standard and Poor's Rating Group, a division of McGraw-Hill Companies, Inc. ("**Standard & Poor's**") of the long-term sovereign credit rating of the United States to "AA+" from "AAA" on August 5, 2011. On July 13, 2011, Moody's Investors Services Limited ("**Moody's**") placed the U.S. government under review for a possible credit downgrade, and on August 2, 2011, Moody's Investors Services

Limited confirmed the U.S. government's existing sovereign rating, but stated that the rating outlook is negative. On July 10, 2012, Fitch Ratings Ltd ("**Fitch**") affirmed its existing sovereign rating and outlook of the U.S. government. Should a further downgrade of the sovereign credit ratings of the U.S. government occur, it is foreseeable that the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected by any such downgrade. Instruments of this nature are widely used as collateral by financial institutions to meet their day-to-day cash flows in the short-term debt market.

In Europe, especially the Eurozone, large budget deficits and rising public debts have triggered sovereign debt finance crises that resulted in the bailouts of Greece, Ireland, Portugal and Spain and elevated the risk of government debt defaults, forcing governments to undertake aggressive budget cuts and austerity measures, in turn underscoring the risk of global economic and financial market volatility. Moreover, in January 2012, Standard & Poor's downgraded the sovereign ratings of various European Union countries and entities, including France, Austria and the European Financial Stability Facility.

Japan has also experienced deflationary pressure since the early 1990s, made worse by the devastating earthquake and tsunami of March 2011 and the consequent damage to its nuclear industry. In emerging and developing economies, particularly China, India, Brazil and Russia, risks to macroeconomic and financial stability have arisen from the influx of short-term capital, excessive currency movements and pressures on general and asset price inflation. These have necessitated further policy tightening, introduction of liquidity management measures and imposition of some forms of capital controls.

The resulting economic pressure on the economies in which we operate, a general lack of confidence in the financial markets and fears of a further worsening of the economy have affected and may continue to affect the economic conditions in such countries. We cannot assure you that the markets in which we operate will undergo a full, timely and sustainable recovery. The economic turmoil may continue or take place in the future, adversely affect our business, results of operations and financial condition.

Our real estate and property development business is dependent on the performance of, and the conditions affecting, the real estate market in India.

Our real estate and property development business is heavily dependent on the performance of the real estate market in India, particularly in and around Mumbai, Pune, Bengaluru, Kolkata, Hyderabad, Ahmedabad, Mangalore, Chandigarh, Chennai, Kochi, the National Capital Region and Nagpur, and could be adversely affected if market conditions deteriorate. Further, the real estate market, both for land and developed properties, is relatively illiquid, which may limit our ability to respond promptly to market events. The real estate market may, in the locations in which we operate, perform differently from, and be subject to market and regulatory developments different from, real estate markets in other parts of India. We cannot assure you that the demand for our projects will grow, or will not decrease, in the future. Real estate projects take a substantial amount of time to develop and we could incur losses if we purchase land during periods when land prices are high, and have to sell or lease our developed projects when land prices are relatively lower. The real estate market may be affected by various factors beyond our control, including prevailing economic conditions, changes in supply and demand for projects comparable to those we develop, availability of consumer financing and changes in applicable governmental schemes. These and other factors may negatively contribute to changes in real estate prices or the demand for and valuation of our Ongoing Projects and Forthcoming Projects, may restrict the availability of land, and may adversely affect our business, financial condition and results of operations.

The real estate industry has witnessed significant downturns in the past, and any significant downturn in the future could adversely affect our business, financial condition and results of operations.

Economic developments within and outside India adversely affected the property market in India and our overall business in the recent past. The global credit markets have experienced, and may continue to experience, significant volatility and may continue to have an adverse effect on the availability of credit and the confidence of the financial markets, globally as well as in India. As a result of the global downturn, the real estate industry also experienced a downturn. It resulted in an industry-wide softening of demand for property due to a lack of consumer confidence, decreased affordability, decreased availability of mortgage financing, and resulted in large supplies of apartments.

Even though the global credit and the Indian real estate markets have shown signs of recovery, market volatility and economic turmoil may continue to exacerbate industry conditions or have other unforeseen consequences, leading to uncertainty about future conditions in the real estate industry. These effects include, but are not limited to, a decrease in the sale of, or market rates for, our projects, delays in the release of certain of our projects in order to take advantage of future periods of more robust real estate demand and the inability of our contractors to obtain working capital. We cannot assure you that the government's responses to the disruptions in the financial markets will restore consumer confidence, stabilize the real estate market or increase liquidity and availability of credit. Any significant downturn in future would have an adverse effect on our business, financial condition and results of operations.

If we fail to keep pace with the changes in the industry and market, it would result in a decline in the demand for our products, which could have an adverse effect on our business and results of operations.

The markets in which we operate are characterized by frequent changes, particularly customer preferences, new product and product variant introductions, for our consumer, beverage and food and poultry products. Consumer preferences in these markets are difficult to predict and changes in those preferences or the introduction of new products by our competitors could put our products at a competitive disadvantage. Our continued success depends on our ability to anticipate, gauge and react in a timely and cost-effective manner to changes in consumer tastes for our products, as well as to where and how consumers shop for those products. We must continually work to develop, produce and market new products, maintain and enhance the recognition of our brands, achieve a favorable mix of products, and refine our approach as to how and where we market and sell our products. While we try to introduce new products or variants, we recognize that consumer tastes cannot be predicted with certainty and can change rapidly, and that there is no certainty that these will be commercially viable or effective or accepted by our customers. If we are unable to foresee or respond effectively to the changes in market conditions, there may be a decline in the demand for our products, thereby reducing our market share, which could adversely affect our business and results of operations.

We are subject to business risks inherent to the oil palm industry that may adversely affect our business.

We are subject to risks inherent to the oil palm industry, including, but not limited to, outbreaks of diseases, damage from pests, fire or other natural disasters, unscheduled interruptions in fresh fruit bunch processing, spills from product carriers or storage tanks and adverse climate conditions. Adverse climate conditions, for example, could lead to decreased fresh fruit bunch yields or diminished product quality. Our oil palm business is also subject to a long gestation period of fresh fruit bunch harvesting in India, requiring between three and four years between planting and first harvest, which adversely affects the predictability of our operations. Further, we are subject to the risk of spoliation, because we have only 48 hours between when the fresh fruit bunches are harvested, and when they must be processed. We have processing mills in only three of the eight states in which hectares are allotted to us.

We also have obligations pursuant to memoranda of understanding that we enter into with state governments for each of our allotted districts. These memoranda of understanding set prices of fresh fruit bunches that are linked to pre-determined formula, are non-cancellable by us, require us to compensate farmers with planting material to compensate for lower fresh fruit bunch yields and are typically cancellable by the relevant state government at any time, or after bi-annual reviews, if it believes we are not fulfilling our obligations under such memoranda of understanding.

Our ability to mitigate these risks depends on various factors, including our ability to keep abreast of the latest technologies related to planting materials, disease prevention and oil palm operations and other developments in the industry, as well as our ability to effectively implement strategies for farmer education. There can be no assurance that we will be able to successfully mitigate the various risks of the oil palm industry or that we will be successful in implementing our strategies to grow our oil palm business.

Certain of our businesses are subject to seasonal variations that could result in fluctuations in our results of operations.

Certain of our businesses are subject to seasonal variations, including the consumer products, animal feed, poultry, beverages and foods and palm oil businesses, due primarily to increased consumption patterns of some products or derivatives in the summer and/or monsoon seasons in India. For example, a major portion of the sales of liquid detergents occur between November and January in India; sales of toilet soap increase substantially in the summer months; and a significant share of fresh fruit bunches are harvested in India between May and October. As a result, a substantial share of the income we derive from these products is received during these periods.

Because of these seasonal fluctuations, our sales and results of operations may vary by fiscal quarter, and the sales and results of operations of any given fiscal quarter may not be relied upon as indicators of the sales or results of operations of other fiscal quarters or of our future performance.

***Fluctuations in the price of crude palm oil and other oil palm products could adversely affect our business and results of operations*.**

The results of operations of our oil palm business depend heavily on the price of crude palm oil and oil palm products. Crude palm oil prices are subject to a high degree of volatility and cyclicality, and are affected by, among other things:

- the prices of crude oil and biofuels;
- the supply of and demand for crude palm oil and other oil palm products and substitute oils, particularly soy oil;
- global production levels and physical stocks of crude palm oil and other vegetable oils, which are affected principally by global weather conditions, the total area of land under cultivation, and the supply of and demand for suitable oil palm farm land;
- global consumption levels of crude palm oil and other vegetable oils; and
- import and export duties and other taxes and regulations related to crude palm oil, fresh fruit bunches and other vegetable oils.

A significant and prolonged reduction in the prices for crude palm oil and palm-oil based products would adversely affect our business and results of operations.

Political instability or changes in the Government could adversely affect economic conditions in India generally and our business, prospects, financial condition and results of operations.

The Government has traditionally exercised, and continues to exercise, significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or social developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalization and financial sector reforms. However, the rate of economic liberalization could change and we cannot assure you that such policies will be continued. A change in the government or in the government's future policies could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition and results of operations.

Indian corporate and other disclosure and accounting standards differ from those observed in other jurisdictions such as U.S. GAAP and IFRS.

Our financial statements are prepared in accordance with Indian GAAP, which differs in significant respects from U.S. GAAP and IFRS. As a result, our financial statements and reported earnings could be significantly different from those which would be reported under U.S. GAAP or IFRS, which may be material to your consideration of the financial information prepared and presented in accordance with Indian GAAP contained in this Preliminary Offer Document. You should rely on your own examination of our Company, the terms of the Issue and the financial information contained in this Preliminary Offer Document.

Our business may be adversely affected by recent changes in competition law in India.

The Competition Act, 2002, as amended (the "**Competition Act**"), was enacted for the purpose of preventing practices having an appreciable adverse effect on competition in India, and has mandated the Competition Commission of India (the "**CCI**") to regulate such anti-competitive practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India are void and may result in substantial penalties. Any agreement among competitors which directly or indirectly determines purchase or sale prices, directly or indirectly results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the relevant market is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. Further, the Competition Act prohibits the abuse of dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and may be punished. If we or any of our employees is penalised under the Competition Act, our business may be adversely affected.

On March 4, 2011, the Government of India notified and brought into force the provisions under the Competition Act in relation to combinations (the "**Combination Regulation Provisions**") with effect from June 1, 2011. The Combination Regulation Provisions require that acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, shall be mandatorily notified to and pre-approved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, which sets out the mechanism for implementation of the Combination Regulation Provisions under the Competition Act. The manner in which the Competition Act and the CCI affect the business environment in India may adversely affect our business.

Our transition to the use of the IFRS converged Indian Accounting Standards may adversely affect our financial condition and results of operations.

On February 25, 2011, the Ministry of Corporate Affairs, Government of India ("**MCA**"), notified that the IFRS converged Indian Accounting Standards ("**IND AS**") will be implemented in a phased manner and stated that the date of implementation of IND AS will be notified by the MCA at a later date. As of date, there is no significant body of established practice on which to draw from in forming judgments regarding the implementation and application of IND AS. Additionally, IND AS has fundamental differences with IFRS and as a result, financial statements prepared under IND AS may be substantially different from financial statements prepared under IFRS. As we adopt IND AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as Indian companies begin to prepare IND AS financial statements. The adoption of IND AS by us and any failure to successfully adopt IND AS in accordance with the prescribed timelines could have an adverse effect on our financial condition and results of operations.

Outbreaks of livestock diseases in general, and poultry disease in particular, can significantly restrict our ability to conduct our operations.

We take all reasonable precautions to ensure that our poultry flocks are healthy and that our processing plants and other facilities operate in a sanitary and environmentally sound manner. However, events beyond our control, such as the outbreak of disease, could significantly restrict our ability to conduct our operations. Furthermore, an outbreak of disease could result in governmental restrictions on the import and export of our fresh chicken or other products to or from our suppliers, facilities or customers, or require us to destroy one or more of our flocks. This could result in the cancellation of orders by our customers and create adverse publicity that may have a material adverse effect on our ability to market our products successfully and on our business, reputation and prospects.

An outbreak of the most highly pathogenic strain of avian influenza, H5N1, a disease contagious to turkey, poultry and other birds, was identified in poultry farms owned by ACI Godrej Agrovet Private Limited in Bangladesh, resulting in the destruction or death of a substantial portion of its poultry flock, which adversely affected our results of operations. H5N1 has been spreading throughout Asia since 2003, with a widespread outbreak in West Bengal in 2008, and outbreaks occurring regularly throughout India with the most recent in June 2012. Outbreaks of H5N1 or other livestock diseases may adversely affect the demand for poultry or our reputation and brand, require us to incur significant remedial or prophylactic expenditures, subject our business to increased regulatory or customer scrutiny, or materially and adversely affect our poultry business and animal feed business. Existing and any future livestock disease outbreaks may adversely affect our business, results of operations and financial condition.

The occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition.

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations or financial condition. The spread of pandemic diseases, or the occurrence of natural disasters, in India or the international markets in which we operate, could restrict the level of economic activities generally or slow down or disrupt our business activities, which could in turn adversely affect our business, financial condition and results of operations

Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may adversely affect consumer confidence and the Indian and worldwide financial markets. In addition, any deterioration in relations between India and its neighboring countries might result in investor concern about regional stability. India has also experienced civil disturbances due to adverse social, economic and political events in India, which could continue in the future. The materialization of any of these risks could adversely affect investors' perceptions of India and Indian companies, our business and results of operations.

Any downgrade of credit ratings of India or Indian companies may adversely affect our ability to raise debt financing.

India's sovereign foreign currency long-term debt is currently rated (i) "BBB-" (negative) by Standard & Poor's, (ii) "BBB-" (negative) by Fitch and (iii) "Baa3" (stable) by Moody's. Between April and June 2012, Standard and Poor's and Fitch each downgraded India's sovereign credit outlook from "stable" to "negative," citing the absence, or inadequacy, of domestic reforms. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.

No assurance can be given that Standard & Poor's, Fitch, Moody's or any other statistical rating organization will not downgrade the credit ratings of India. Any such downgrade would result in India's sovereign debt rating being rated speculative grade, which could adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our project expenditure plans, business and financial performance.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.

According to a report released by RBI, India's foreign exchange reserves totaled over US$ 287.6 billion as of July 6, 2012. Foreign exchange reserves have declined recently and may have adversely affected the valuation of the Rupee. Further declines in foreign exchange reserves could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our future financial performance and the market price of the Equity Shares.

Current and future consumer trends and preferences may reduce the demand for vegetable oils, including for crude palm oil and other oil palm products.

The demand for crude palm oil and other oil palm products has in the past and may in the future be affected by campaigns brought by environmental groups. These environmental groups have raised concerns that oil palm farms result in the destruction of large areas of tropical forests and wildlife habitats, and have campaigned to promote sustainable palm oil cultivation and environmentally friendly practices on oil palm farms. Should changing consumer preferences reduce the demand for crude palm oil and other oil palm products, including as a result of environmental concerns, our business, results of operations and financial condition could be adversely affected.

Risks Related to the Equity Shares

After this Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in, and changing perceptions concerning the industries in which we operate, adverse media reports on us, changes in the estimates of our performance or recommendations by financial analysts and significant developments in India's economic liberalization, deregulation policies and fiscal regulations. Further, the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities markets in certain other economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced events that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar events occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

The Equity Shares will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Equity Shares circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform our Company of the percentage limit of the circuit breaker from time to time, and may change it without its knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, we cannot make any assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

There may be less information available about companies listed on Indian stock exchanges than companies listed on stock exchanges in other countries.

There may be less publicly available information about companies listed on Indian stock exchanges, including us, than is regularly disclosed by companies listed on stock exchanges in other countries. There is also a difference between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in those markets, and that of markets in certain other economies. In India, while there are certain regulations and guidelines on disclosure requirements, insider trading and other matters, there may be less publicly available information about Indian companies than is regularly made available by public companies in many certain other countries. As a result, you may have access to less information about our business, results of operations and financial condition, and those of our competitors that are listed on the Indian stock exchanges, on an ongoing basis, than you may in the case of companies subject to the reporting requirements of certain other countries.

You may be restricted in your ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of your ownership position.

Under the Companies Act, a company incorporated in India must offer its holders of shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the shares which are voted on the resolution, or unless we have obtained government approval to issue without such special resolution, subject to votes being cast in favor of the proposal exceeding the votes cast against such proposal. However, if the law of the jurisdiction you are in does not permit you to exercise your pre-emptive rights without us filing an offering document or registration statement with the applicable authority in the jurisdiction you are in, you will be unable to exercise your pre-emptive rights unless we make such a filing. If we elect not to make such a filing, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian would receive upon the sale of such securities, if any, and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interest in us would be reduced.

Economic developments and volatility in securities markets in other countries may cause the price of our Equity Shares to decline.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Negative economic developments, such as rising fiscal or trade deficits, or a default on sovereign debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

Any future equity issuance may dilute your shareholding and sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issuances by us may lead to the dilution of your shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Under the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"), listed companies are required to maintain public shareholding of at least 25.0% of their issued share capital. Pursuant to the Securities Contracts (Regulation) (Amendment) Rules, 2010, notified on June 4, 2010 and the notification of the Ministry of Finance, Government of India dated August 9, 2010, the SCRR was amended to define public shareholding to refer to persons other than a company's promoter and promoter group and subsidiaries and associates, and excluding shares held by a custodian against which depository receipts have been issued overseas. We are required to increase our public shareholding to at least 25.0% of our issued share capital within three years of the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010. Failure to comply with the minimum public shareholding provision would require us to delist our Equity Shares and may result in penal action being taken against us. We may not be able to meet these requirements even after the Allotment of Equity Shares pursuant to the Issue and to meet such requirements, our Promoters may sell or we may issue Equity Shares in the future.

You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction. The securities transaction tax will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realised on the sale of our Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no securities transaction tax has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of our Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. For details, see "Taxation".

An investor will not be able to sell any of the Equity Shares subscribed in the Issue other than on a recognised Indian stock exchange for a period of 12 months from the date of the Allotment of the Equity Shares.

Pursuant to the SEBI Regulations, for a period of 12 months from the date of the Allotment of Equity Shares, QIBs subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of these Equity Shares. We cannot assure you that these restrictions will not have an adverse effect on the price of the Equity Shares.

We cannot assure you that our Equity Shares will be listed on the BSE and the NSE in a timely manner or at all, which may restrict your ability to dispose of the Equity Shares.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted by the BSE and the NSE until after the Equity Shares offered in this Issue have been allotted. In addition, we are required to deliver the Preliminary Offer Document and the Offer Document to the Registrar of Companies for registration under the applicable provisions of the Companies Act and the SEBI Regulations. Approval will require all other relevant documents authorising the issuance of the Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining such approval would restrict your ability to dispose of your Equity Shares.

There are limitations on the transferability of Equity Shares purchased in the Issue, and you are not permitted to resell the Equity Shares you acquire in the Issue to U.S. Persons or in the United States.

A portion of our assets are investments in joint ventures and associates that are not majority-owned by us. These investments could be deemed to be "investment securities" under the Investment Company Act, which could cause us to be deemed an "investment company" under the Investment Company Act. In order to meet the requirements of certain exceptions to the definition of "investment company" under the Investment Company Act and related rules and interpretations, there are restrictions on the Issue and on the transferability of the Equity Shares purchased in the Issue. Any such shares, or any interest therein, may only be resold, pledged or otherwise transferred to non-U.S. Persons in offshore transactions pursuant to, and in reliance on, Regulation S. See "Transfer Restrictions" beginning on page 173.

MARKET PRICE INFORMATION

As of the date of this Preliminary Offer Document, 317,745,491 Equity Shares have been issued and are fully paid up. The Equity Shares are listed on the BSE and the NSE. As the Equity Shares are actively traded on the BSE and the NSE, the stock market data has been given separately for each of these Stock Exchanges. Our Equity Shares have been listed since March 14, 1990 on the BSE and May 10, 1995 on the NSE.

The table set forth below indicates the high and low prices of the Equity Shares and the volume of trading activity for the specified periods. The closing prices of the Equity Shares on both BSE and the NSE on July 18, 2012 was ₹ 251.55 per Equity Share.

The high, low and average market prices of the Equity Shares for the periods indicated are as below:

BSE									
Year ending March 31,	**Date of High**	**High (₹)(1)**	**Volume on date of High (No. of Equity Shares)(2)**	**Volume on date of High (In ₹ million)**	**Date of Low**	**Low (₹)**	**Volume on Date of Low (No. of Equity Shares)**	**Volume on Date of Low (In ₹ million)**	**Average (₹)(3)**
2010	3-Dec-09	214.85	818,750	176	1-Apr-09	59.50	2,331,367	132	154.49
2011	9-Sep-10	244.25	915,785	219	8-Jun-10	143.75	99,287	14	184.58
2012	13-Mar-12	263.90	299,355	77	28-Dec-11	170.40	36,024	6	201.67

(Source: www.bseindia.com)

NSE									
Year ending March 31,	**Date of High**	**High (₹)(1)**	**Volume on date of High (No. of Equity Shares)(2)**	**Volume on date of High (In ₹ million)**	**Date of Low**	**Low (₹)**	**Volume on Date of Low (No. of Equity Shares)**	**Volume on Date of Low (In ₹ million)**	**Average (₹)(3)**
2010	3-Dec-09	215.00	1,384,050	299	1-Apr-09	59.45	2,400,756	137	154.55
2011	9-Sep-10	244.65	2,175,892	518	8-Jun-10	143.55	209,728	31	184.57
2012	13-Mar-12	263.85	940,007	242	28-Dec-11	170.30	182,788	31	201.74

(Source: www.nseindia.com)

Notes:

(1) High, low and average prices are of the daily closing prices.

(2) In case of two days with the same closing price, the date with the higher volume has been considered.

(3) Average price represents the average of the daily closing prices of each day for each year presented.

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Preliminary Offer Document:

BSE									
Month	**Date**	**High (₹) (1)**	**Volume (No. of Equity Shares) (2)**	**Volume on date of High (In ₹ million)**	**Date**	**Low (₹)**	**Volume (No. of Equity Shares)**	**Volume on Date of Low (In ₹ million)**	**Average (₹) (3)**
June 2012	6-Jun-12	252.50	33,744	8	19-Jun-12	222.70	76,729	17	237.41
May 2012	2-May-12	265.10	25,179	7	14-May-12	229.65	83,583	19	248.58
April 2012	10-Apr-12	280.80	204,440	56	24-Apr-12	262.30	63,132	17	268.46
March 2012	13-Mar-12	263.90	299,355	77	7-Mar-12	234.35	69,695	16	247.00

BSE									
Month	Date	High (₹) [1]	Volume (No. of Equity Shares) [2]	Volume on date of High (In ₹ million)	Date	Low (₹)	Volume (No. of Equity Shares)	Volume on Date of Low (In ₹ million)	Average (₹) [3]
February 2012	28-Feb-12	258.10	278,460	71	8-Feb-12	199.25	111,070	22	219.87
January 2012	31-Jan-12	202.50	118,256	24	2-Jan-12	173.05	33,249	6	185.11

(Source: www.bseindia.com)

NSE									
Month	Date	High (₹) [1]	Volume (No. of Equity Shares) [2]	Volume on date of High (In ₹ million)	Date	Low (₹)	Volume (No. of Equity Shares)	Volume on Date of Low (In ₹ million)	Average (₹) [3]
June 2012	6-Jun-12	252.25	310,505	78	19-Jun-12	222.50	488,916	110	237.44
May 2012	2-May-12	264.50	188,653	50	14-May-12	230.20	779,658	181	248.76
April 2012	10-Apr-12	280.40	906,596	248	24-Apr-12	262.40	403,910	106	268.47
March 2012	13-Mar-12	263.85	940,007	242	7-Mar-12	234.50	263,673	62	247.19
February 2012	28-Feb-12	259.10	1,040,682	264	8-Feb-12	198.95	408,119	82	220.17
January 2012	31-Jan-12	202.35	480,842	96	2-Jan-12	173.40	228,991	39	185.18

(Source: www.nseindia.com)

Notes:

[1] High, low and average prices are of the daily closing prices.
[2] In case of two days with the same closing price, the date with the higher volume has been considered.
[3] Average Price represents the average of the daily closing prices of each day for each month presented.

Market price on June 11, 2012, the first working day following the Board Meeting approving the Issue was:

Date	BSE				NSE			
	Open	High	Low	Close	Open	High	Low	Close
June 11, 2012	251.45	256.00	243.65	245.45	252.00	256.15	243.20	245.50
Volume				71,764				567,214

(Source: www.bseindia.com, www.nseindia.com)

Details of the volume of business transacted during the last six months on the Stock Exchanges:

Period	BSE (No. of Equity Shares)	NSE (No. of Equity Shares)
June 2012	1,401,188	8,563,187
May 2012	1,266,657	8,678,514
April 2012	2,169,092	10,135,916
March 2012	2,982,021	10,873,737
February 2012	3,920,017	15,658,210
January 2012	1,148,187	5,356,606

(Source:www.bseindia.com,www.nseindia.com)

USE OF PROCEEDS

The total proceeds of the Issue will be approximately ₹ [●] million. After deducting fees and expenses of approximately ₹ [●] million, the net proceeds of the Issue will be approximately ₹ [●] million.

Subject to compliance with applicable laws and regulations, we intend to use the net proceeds of the Issue for strategic initiatives, such as strategic relationships and investments improving our leveraging strength by repayment of loans, for general corporate purposes including acquisitions, and for capital expenditure and working capital. As of the date of this Preliminary Offer Document, we have not entered into any definitive commitment or binding agreement for any material acquisition or strategic relationship.

Subject to supervision of the Audit Committee and the Board as required under the provisions of the Equity Listing Agreement, the management of the Company will have flexibility in deploying the proceeds received by the Company from the Issue. Pending utilisation of the net proceeds of the Issue as described above, the Company intends to temporarily invest the funds in interest bearing instruments including deposits with banks and investments in mutual funds.

CAPITALISATION STATEMENT

The following table sets forth the Company's capitalisation and total debt, on a consolidated basis, as of March 31, 2012 and as adjusted to give effect to the Issue. This table should be read in conjunction with "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and our financial information contained in "***Financial Statements***" beginning on pages 65 and 205 respectively.

(In Rs. million)

	As of March 31, 2012	As adjusted for the Issue
Shareholders' funds		
Equity share capital*	317.62	[●]**
Reserves and surplus	23,352.59	[●]**
Total shareholders' funds (A)	**23,670.21**	**[●]****
Total Debt		
Long Term Borrowings	11,876.77	
Short Term Borrowings	12909.13	
Other Borrowings	4,053.91	
Total Non Current Liabilities (B)	**28,839.81**	**[●]****
Total (A+B)	**52,510.02**	**[●]****

** Our Company has allotted 1,20,599 Equity Shares on July 9, 2012 pursuant to exercise of options vested under the GIL ESGS.*
*** To be included in the Offer Document after determination of the Issue Price.*

Notes:
(1) For details of the stock options granted under the GIL ESOP I, GIL ESOP II and GIL ESGS, please see "***Board of Directors and Senior Management***" beginning on page 134.

There will be no further issue of Equity Shares whether by way of public issue, issue of bonus shares, preferential allotment, rights issue, qualified institutions placement or in any other manner during the period commencing from the date of registering this Preliminary Offer Document with the RoC until the Equity Shares offered in the Issue have been listed on the Stock Exchanges or the Application Amounts are refunded, on account of *inter alia,* refusal of the listing of such Equity Shares by the Stock Exchanges.

DIVIDENDS

The Company does not have a formal dividend policy. Dividend amounts are determined from year to year in accordance with the Board's assessment of the Company's earnings, capital requirements, overall financial position and other factors prevailing at the time.

The dividend paid by the Company in the last three Fiscals is as provided below:

	Financial Year 2010	**Financial Year 2011**	**Financial Year 2012****
Face value per Equity Share (₹)	1	1	1
Dividend (₹ Million)*	476.4	555.8	556.4
Dividend per equity share (₹)	1.50	1.75	1.75
Dividend rate (% to paid up capital)	150 %	175%	175%

** Excluding corporate dividend tax*

*** For Fiscal 2012, the Board of Directors of the Company have recommended a dividend of ₹ 1.75 per Equity Share, subject to approval of shareholders at the forthcoming AGM on August 11, 2012. This is an estimate, and includes 213,714 Equity Shares for which options are vesting under GIL ESGS until July 31, 2012, which options have not been exercised till date. However, it does not include the Equity Shares proposed to be issued through the Issue.*

The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy or dividend amounts, if any, in the future. Investors are cautioned not to rely on past dividends as an indication of the future performance of the Company or for an investment in the Equity Shares offered in the Issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based upon, and should be read in conjunction with, our audited consolidated financial statements for the fiscal years 2012, 2011 and 2010 and the audited consolidated financial statements of Godrej Consumer Products for the fiscal years 2012 and 2011. Each of our and Godrej Consumer Products' financial statements is prepared in accordance with Indian GAAP. Indian GAAP differs in certain material respects with IFRS and U.S. GAAP. Each of our and Godrej Consumer Product's fiscal years ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the 12 month period ended March 31 of that year.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding such risks and uncertainties, see "Risk Factors".

Overview

We are the listed flagship company of the Godrej group of companies, which is one of the leading, oldest and most prominent business groups in India. With diverse business interests, we are committed to growing our core businesses, building an environment to enable transformation while also nurturing and investing in emergent businesses of the future. This strategy is captured in our approach called CREATE, which stands for Consumers and Chemicals, Real Estate and Agri - our four core businesses, Transformation - our commitment to enhancing the social and environmental conditions of the communities in which we operate, and Emergent - our focused incubation of new businesses. We have been listed on the BSE since 1990 and the NSE since 1995, and have a market capitalisation of ₹ 79,928.9million as on July 18, 2012.

The Godrej group was established in 1897 and has since grown into a conglomerate with combined turnover of about ₹ 190.0 billion for the fiscal year 2012. We believe that the "Godrej" brand commands a strong resonance among the populace in India and is associated with trust, quality and reliability. Five Godrej brands featured in Brand Equity's "Most Trusted Brands 2011" survey. The "Godrej" brand was valued at US$2.9 billion in October 2010 by Interbrand, a London-based brand consultant.

We operate or hold interests in diversified businesses, on our own or through our subsidiaries, joint ventures and associates, including our:

- Consumer products business, through our 21.15% equity interest in Godrej Consumer Products Limited, which produces and sells a variety of home care, personal wash, hair care and other consumer products. Our share of profit from this business was ₹ 1,566.0 million for the fiscal year 2012.
- Chemicals business, which includes the production and sale of oleochemicals and surfactants, such as fatty alcohols, fatty acids, refined glycerine, alpha olefin sulphonates, sodium lauryl sulphate and sodium lauryl ether sulphate. Our result before interest, exceptional items and tax from this business was ₹ 1,198.1 million for the fiscal year 2012.
- Real estate and property development business, through our 62.35% equity interest in Godrej Properties Limited, which develops, sells, leases and licenses (short term rentals) real estate. Our result before interest, exceptional items and tax from this business was ₹ 1,567.3 million for the fiscal year 2012.
- Animal feed business, through our 75.32% equity interest in Godrej Agrovet Limited, which business includes the production and sale of compound feed for cattle, poultry, shrimp and fish. Our result before interest, exceptional items and tax from this business was ₹ 954.9 million for the fiscal year 2012.
- Other agricultural products business, through our 75.32% equity interest in Godrej Agrovet Limited, which business includes the oil palm, processing and sale of poultry and frozen snacks and agri inputs businesses.
- Beverages and foods business, through our 43.37% equity interest in Godrej Hershey Limited, which processes, produces and sells sugar confectionary, non-carbonated beverages and other edible products.

- Gourmet foods and fine beverages retail chain, through our wholly-owned subsidiary, Natures Basket Limited, for up market urban consumers in five metropolitan cities in India.

- Vegetable oils business, through our wholly owned subsidiaries, Godrej International and Godrej International Trading & Investment Private Limited, which business includes the bulk trading of refined vegetable oils and *vanaspati* (hydrogenated vegetable oil).

- Other businesses, which include our investments in companies such as Polchem Hygiene Laboratories Private Limited, Aadhar Retailing Limited and Creamline Dairy Products Limited, and our wind energy business.

Factors Affecting Our Results of Operations

Our results of operations and financial condition are affected by a number of factors, including the following, which are of particular importance:

The Results of Operations of Godrej Consumer Products

We hold a 21.15% interest in Godrej Consumer Products. Our share of profit in associates, almost all of which comprises our share of profit from Godrej Consumer Products, was ₹ 1,566.0 million, ₹ 1,112.2 million and ₹ 810.3 million, representing 53.7%, 37.9% and 39.9% of our profit, for the fiscal years 2012, 2011 and 2010, respectively. Factors affecting Godrej Consumer Products' results of operations include the price and availability of raw materials and packaging materials, consumer preferences and demand and competition.

- Raw materials, particularly palm oil and its derivatives, chemicals, perfumes and packaging materials are Godrej Consumer Products' largest single expense, representing 52.5% and 46.5% of Godrej Consumer Products' total expenses for the fiscal years 2012 and 2011, respectively. Any significant change in the cost structure or disruption in supply of raw materials and packaging materials could affect Godrej Consumer Products' ability to provide products to consumers at existing prices.

- Godrej Consumer Products' ability to maintain the appeal of its products to existing customers and attract new customers depends on its ability to originate, develop and offer a compelling product assortment responsive to customer preferences and demand. Godrej Consumer Products has successfully introduced a number of new products during recent periods, which it believes has been a contributing factor to its sales and operating results. Periods in which its products have achieved strong customer acceptance generally have had more favorable results.

- Godrej Consumer Products operates in a competitive market environment, which requires flexibility in responding to competitive pressures, including advances in, and the scaling of, manufacturing processes, pricing strategies and the introduction of new products. Godrej Consumer Products responds to these competitive pressures by, among other things, advertising its products to improve brand differentiation and expand its reach. For example, in response to the existing market environment, Godrej Consumer Products increased its sales promotion and advertising and publicity expenses to ₹ 5,905.4 million in the fiscal year 2012, from ₹ 4,439.3 million in the fiscal year 2011, representing a 33.0% increase.

General Global Economic Conditions

Recent difficulties affecting the global financial sector, adverse conditions and volatility in the European and worldwide credit and financial markets, fluctuations in oil and commodity prices and the general weakness of the global economy have increased the uncertainty of global economic prospects in general. Continuation of the current volatility in global financial markets, together with concerns about the possibility of another global recession could cause our business and financial condition to experience additional adverse effects.

Costs and Availability of Raw Materials

Raw materials are our largest single expense with our net purchases of raw materials consumed representing 49.7%, 48.9% and 50.4% of our total revenue for the fiscal years 2012, 2011 and 2010, respectively. Our principal raw materials include maize, soya extract, rice bran extract, de-oiled rice bran, cement, bricks and other construction material, palm oil and its derivatives and alpha olefin. Because we rely primarily on third parties to supply our raw materials, the price and supply of these materials depend on factors beyond our control, including economic conditions, supply and demand, production levels, transportation costs and import duties. Significant fluctuation in the cost or disruption in supply of raw materials may affect the pricing and supply of our products.

Government Regulations and Policies

Government regulations and policies, of both India and countries in which we operate or to which we export, particularly those related to insecticides, chemicals, animal feed, poultry and oil palm businesses, can affect the demand for, expenses related to and availability of our products and their raw materials. These regulations and policies are extensive and cover a broad range of industries, some of which are politically sensitive. Moreover, a number of our products are subject to indirect taxes, such as sales tax, value added tax, excise tax and service tax. These regulations, policies and taxes could change at any time, with little or no warning or time for us to prepare.

Basis of Presentation

Our audited consolidated financial statements have been prepared in accordance with Accounting Standards ("**AS**") 21 - Consolidated Financial Statements. The financial statements of our Company and our subsidiaries are combined on a line by line basis, and intra group balances, intra group transactions and unrealized profits or losses are eliminated. 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 our Company in the subsidiary and further movements in their share in the equity, subsequent to the dates of investment as stated above. Investments in joint ventures are recognized in accordance with AS 27 - Financial Reporting of Interests in Joint Ventures. Our Company's interests in jointly controlled entities are reported using the proportionate consolidation method of accounting and preparation, where our Company's share of jointly controlled assets and liabilities and the share of income and expenses of such jointly controlled entities are reported as separate line items. Where the cost to our Company of its investment in subsidiaries or joint ventures is greater than its share of equity, at the date on which such investment is made, such cost is recognized as goodwill. Where such cost is less than such share of equity, such cost is recognized as capital reserve. Investments in associates are recognized in accordance with AS 23 - Accounting for Investments in Associates in Consolidated Financial Statements. The carrying amount of investments in associates are effected using the "equity method" and includes our Company's share of post-acquisition profits or losses.

The financial statements of our subsidiaries, joint ventures and associates are drawn up to the same reporting date as our Company, which are the years ended March 31, 2012, 2011 and 2010, and audited prior to consolidation. However, the financial statements of (i) Godrej Hershey Limited, which is a joint venture, and (ii) Creamline Dairy Products Ltd, Polchem Hygiene Laboratories Pvt. Ltd and Al Rahba International Trading Ltd., which are associate companies of Godrej Agrovet Limited, have not been audited for the year ended, and as of, March 31, 2012. As a result, these entities have been consolidated on the basis of the accounts certified by their respective managements.

Segment Information

Our financial results are prepared and presented in eight business segments as well as in two geographic segments.

Our eight business segments are chemicals, animal feed, veg oils, estate & property development, household insecticides, beverages & foods, finance & investments and others. Our total revenue and results before interest, exceptional items and tax by segment are presented below for the periods indicated.

	Year Ended March 31,											
	2012				2011				2010			
	Total Revenue		Result before Interest, Exceptional Items and Tax		Total Revenue		Result before Interest, Exceptional Items and Tax		Total Revenue		Result before Interest, Exceptional Items and Tax	
	(₹ in millions, except for percentages)											
Business Segment:												
Chemicals[1]	12,835.5	22.1	1,198.1	20.8	10,228.0	22.2	899.9	16.4	7,812.4	21.0	485.8	11.5
Animal Feed[2]	17,479.3	30.1	954.9	16.6	12,926.0	28.1	512.1	9.3	11,417.9	30.7	387.9	9.2
Veg Oils[3]	12,319.7	21.2	536.7	9.3	8,564.2	18.6	295.2	5.4	6,399.3	17.2	118.8	2.8

	Year Ended March 31,											
	2012				2011				2010			
	Total Revenue		Result before Interest, Exceptional Items and Tax		Total Revenue		Result before Interest, Exceptional Items and Tax		Total Revenue		Result before Interest, Exceptional Items and Tax	
Estate & Property Development[4]	6,829.8	11.8	1,567.3	27.3	6,086.4	13.2	2,515.0	45.7	4,144.3	11.2	1,778.8	42.0
Household Insecticides[5]	—	—	—	—	—	—	—	—	195.9	0.5	16.5	0.4
Beverages & Foods[6]	1,685.9	2.9	(188.9)	(3.3)	1,549.5	3.4	(139.6)	(2.5)	1,621.8	4.4	(143.8)	(3.4)
Finance & Investments[7]	1,143.5	2.0	1,143.5	19.9	963.1	2.1	858.3	15.6	1,267.5	3.4	1,141.1	27.0
Others[8]	5,745.1	9.9	537.7	9.4	5,703.2	12.4	556.5	10.1	4,310.5	11.6	446.8	10.5
Total	**58,038.6**	**100.0**	**5,749.3**	**100.0**	**46,020.4**	**100.0**	5,497.4	100.0	**37,169.6**	**100.0**	**4,231.9**	**100.0**

Notes:

1 Chemicals segment includes the business of production and sales of oleochemicals and surfactants.
2 Animal Feed segment includes the business of production and sale of compound feed for cattle, poultry, shrimp and fish.
3 Veg Oils segment includes the business of processing and bulk trading of refined vegetable oils and vanaspati, international vegetable oil trading and our oil palm business.
4 Estate & Property Development segment includes the business of development and sale of real estate and leasing and leave and licensing of properties.
5 Household Insecticides segment includes the business of production and sale of household insecticides. Our Household Insecticides segment was sold to Godrej Consumer Products on June 1, 2009, and ceased to be a segment of our Company thereafter.
6 Beverages and Foods segment includes the business of processing, production and sale of fruit pulp, tomato puree, fruit juices, nectars and drinks, other beverages and confectionary products, as well as the sale of refined vegetable oils and vanaspati.
7 Finance & Investments segment includes investments in associates companies and other investments.
8 Others segment includes our wind energy generation, integrated poultry, tissue culture and gourmet foods and fine beverages retail chain businesses.

Our geographic segments are India and Outside India. Our total revenue by geographic market is presented below for the periods indicated:

	Year Ended March 31,		
	2012	**2011**	**2010**
	(₹ in millions)		
Statement of Operations Data:			
India	40,651.8	33,213.7	27,691.4
Outside India	17,386.8	12,806.7	9,478.2
Total	**58,038.6**	**46,020.4**	**37,169.6**

Our Significant Accounting Policies

Accounting Convention

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

Use of Estimates

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

Fixed Assets

Fixed assets are stated at cost or revalued, as the case may be, less accumulated depreciation. Cost includes expenses related to the acquisition of the fixed assets and any directly attributable cost of bringing the assets to their intended working condition. Fixed assets acquired under finance leases are capitalized at the lower of their face value and the present value of the minimum lease payments.

Impairment of Assets

At each balance sheet date, we review the carrying amounts of tangible and intangible assets for possible impairments. An impairment loss occurs when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are noted in the period in which the impairment occurred.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of the relevant asset are capitalized as a part of such asset's cost until the date of acquisition or completion of construction. Borrowing costs incurred to develop long-term projects are included under construction work in progress or management project receivables at the weighted average of the borrowing cost or rates in the relevant agreement, respectively.

Investments

Investments are categorized into long-term investments and current investments. Long-term investments are carried at cost. In the value for each long-term investment, provision for diminution is made to demonstrate decline, other than temporary decline. The fair value of a long-term investment is determined by referring to its market value, the investee's assets and results and the expected cash flows from the investment.

Inventories

Inventories are valued at lower of cost and net realizable value. Cost is calculated on a weighted average basis and is net of modvat. Finished goods and work in progress include the cost of conversion and other costs incurred while bringing the inventories to their present location and condition. Provision is made for the cost of obsolescence and other anticipated losses, when necessary.

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

Provisions and Contingent Liabilities

Provisions are recognized in the accounts of present probable obligations where the amounts can be reliably estimated.

Contingent liabilities are disclosed for past events that may create possible obligations depending on the occurrence or non-occurrence of one or more uncertain future events not wholly within our control.

Foreign Exchange Transactions

(i) Transactions in foreign currency are recorded at the exchange rates prevailing on the day of the transaction. Monetary assets and liabilities denominated in foreign currency and remaining unsettled at the period end are recorded at closing rates. The difference in the translation of monetary assets and liabilities and realized gains and losses on foreign currency transactions are recognized 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. Premiums or discounts on forward exchange contracts are amortized as income or expense over the length of the contract.

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

(iv) Exchange differences regarding other unexpired foreign currency derivative contracts, which have been entered into to hedge foreign currency risks, are marked under market. Losses, if any, are recognized in the Profit and Loss Account.

Revenue Recognition

Our revenue recognition differs based on the source and nature of the revenue, as follows:

(i) Sales are recognized when we supply the relevant product. Sales are recorded net of returns, trade discounts, rebates, sales taxes and excise duty.

(ii) Income from our processing operations is recognized on completing the production or dispatch of the goods, depending on where our responsibility for the goods end pursuant to the relevant contract.

(iii) Export incentives received pursuant to the Duty Entitlement Pass Book Scheme and the Duty Drawback Scheme are accounted for on an accrual basis.

(iv) Revenue from construction activity, which is attributable only to our real estate and property development business, is recognized using the percentage of completion method, whereby revenue is recognized in proportion to the actual cost incurred for the work completed. In our real estate and property development business, we typically enter into contracts with our customers while the project is still under development. Customers wishing to buy a property in a development are required to make an initial payment at the time of booking and pay the remaining purchase price either in full or in installments over the period between the date of booking and the date on which the property is to be transferred. Accordingly, bookings of Saleable Area rather than the actual amounts received determine revenue recognition under the percentage of completion method. We estimate the total cost of a project, based on similar considerations, prior to its commencement. Our project execution teams re-evaluate project costs periodically, particularly when, in their opinion, there have been significant changes in market conditions, cost of labour and materials and other contingencies. Material re-evaluations will affect our income in the relevant financial periods.

(v) Dividend income is recognized on establishing our right to receive the dividend.

(vi) Interest income is recognized in a time proportion basis.

(vii) Income on assets that we own pursuant to an operating lease is recognized on a straight-line basis over the lease term.

Research and Development Expenditure

Research and development expenditure is charged to the profit and loss account for the year in which such expenditure was incurred. Capital expenditures incurred for research and development are included under additions to fixed assets.

Employee Benefits

We provide for liability for our retirement benefits of the provident fund, gratuity, leave encashment and pension benefit for all of our eligible employees.

Defined Contribution Plan. Our Provident Fund and family pension paid to EPFO are considered defined contribution employee benefits. Contributions are charged to the profit and loss account in the year when such contributions are due.

Defined Benefit Plan. Our Provident Fund and family pension paid to PF trust, Gratutity and Pension Plan are considered defined benefit obligations and are provided for using actuarial valuation and the projected unit credit method, as of the date of the balance sheet.

Other Long-term Benefits. Long-term compensated absences and Long Service awards are provided for using actuarial valuation and the projected unit credit method as of the date of the balance sheet. Actuarial gains and losses, comprising experience adjustments and effects of changes in actuarial assumptions, are recognized immediately in the profit and loss account.

Incentive Plans

We have a scheme called Performance Linked Variable Remuneration ("**PLVR**"). PLVR rewards our employees based on economic value addition. The PLVR amount is related to actual improvement made in the economic value addition for the previous year, compared with target improvements.

Hedging

We use forward exchange contracts to hedge our foreign exchange exposures. We also use commodity futures contracts to hedge the exposure to oil price risks. Gains or losses on settled contracts are recognized in the profit and loss account. Futures contracts not settled as of the balance sheet date are marked under market. Losses, if any, are recognized in the profit and loss account. Unrealized profit is ignored. Gains or losses on the commodity futures contracts are recorded in the profit and loss account under cost of materials consumed.

Segment Reporting

The accounting policies used for segment reporting are in line with our accounting policies. Segment assets include all operating assets used by the business segments. The segment assets principally consist 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 and expenses relating to the business as a whole, and which are not reasonably allocable to business segments, are reflected as unallocated corporate income and expenses.

Results of Operations

The following table sets forth select financial data from our consolidated profit and loss statement for the fiscal years 2012, 2011 and 2010, the components of which are also expressed as a percentage of total income for such periods:

	Year Ended March 31,					
	2012		2011		2010	
	(₹ in millions, except for percentages)					
Statement of Operations Data:						
Revenue from Operations (Gross)	56,882.2	99.6%	44,169.9	97.7%	34,580.1	95.8%
Less Excise Duty	761.3	1.3	672.4	1.5	438.5	1.2
Other Income	979.4	1.7	1,734.9	3.8	1,971.6	5.5
Total revenue	57,100.3	100.0	45,232.4	100.0	36,113.2	100.0
Expenses						
Cost of Materials Consumed	28,356.6	49.7	22,134.6	48.9	18,189.9	50.4
Purchases of Stock in Trade	11,360.3	19.9	8,356.8	18.5	6,765.5	18.7
Cost of Sales – Property Development	4,816.7	8.4	3,240.0	7.2	2,000.3	5.5
Changes in Inventory of Finished Goods, Work in Progress and Stock in Trade	(365.3)	(0.6)	(213.6)	(0.5)	(149.0)	(0.4)
Employee Benefits Expense	2,631.5	4.6	2,189.1	4.8	2,094.1	5.8
Finance Costs	1,108.3	1.9	879.3	1.9	848.8	2.4
Depreciation and Amortization Expenses	563.5	1.0	550.6	1.2	501.7	1.4
Other Expenses	6,665.5	11.7	5,551.5	12.3	4,688.0	13.0
Total operating expenses	55,137.0	96.6	42,688.4	94.4	34,939.1	96.7
Profit before Exceptional Items and Tax	1,963.3	3.4	2,544.0	5.6	1,174.0	3.3
Exceptional Items	938.3	1.6	683.1	1.5	954.2	2.6
Tax Expense						
Current Tax	1,124.2	2.0	932.4	2.1	541.5	1.5
MAT Credit Entitlement	(190.0)	(0.3)	(194.8)	(0.4)	(105.9)	(0.3)
Deferred Tax	19.1	0.0	5.7	0.0	9.6	0.0
Adjustment for Tax of Previous years (net)	(4.3)	0.0	(11.9)	0.0	1.0	0.0

	Year Ended March 31,					
	2012		2011		2010	
	(₹ in millions, except for percentages)					
Total Tax	949.0	1.7	731.4	1.6	446.2	1.2
Share of Profit in Associates	1,566.0	2.7	1,112.2	2.5	810.3	2.2
Minority Interest	(602.5)	(1.1)	(674.0)	(1.5)	(459.9)	(1.3)
Profit for the Year	2,916.1	5.1%	2,933.9	6.5%	2,032.5	5.6%

Revenue. Revenue consists of revenue from operations, less excise duty, and other income. Our total revenue was ₹ 57,100.3 million, ₹ 45,232.4 million and ₹ 36,113.2 million for the fiscal years 2012, 2011 and 2010, representing fiscal year over fiscal year increases of 26.2% and 25.3%, respectively.

Revenue from Operations. We derive income from sales, license fees and service charges, other operating revenues and our share in jointly controlled entities. Our income from sales includes revenue from the development and sale of real estate and leasing and leave and licensing of properties and the sale of animal feed, poultry and frozen snacks, agri inputs, chemicals, beverages and foods and vegetable oils and revenue from our gourmet foods and fine beverages retail chain. Our other operating revenues include revenues from export incentives, processing charges, sale of scrap, income from development projects and other sources. Our revenue from our share in jointly controlled entities includes revenue from ACI Agrovet Pvt. Ltd., Godrej Gold Coin Acquafeed Ltd., Godrej Tyson Foods Ltd., Godrej Hershey Ltd. And Nutrine Confectionery Ltd.

Other Income. Other income includes interest income, profit from sale of fixed assets, long-term investments and current investments, other miscellaneous income from business support services and other sources, and share in jointly controlled entities. Our other income as a percentage of our total revenue was 1.7%, 3.8% and 5.5% for the fiscal years 2012, 2011 and 2010, respectively. Other income as a percentage of our total revenue decreased primarily due to a decrease in profit on sale of long-term investments. These long-term investments are primarily equity interests in special purpose entities in our real estate and property development business, a portion of which we sell from time to time to strategic investors.

Expenditure. Our total expenditure consists of cost of materials consumed, purchases of stock in trade, other expenses, cost of sales in property development, employee benefits expense, finance costs, depreciation and amortization expense, changes in inventory of finished goods and work in progress and stock in trade. Our total expenditure as a percentage of our total revenue was 96.6%, 94.4% and 96.7% for the fiscal years 2012, 2011 and 2010, respectively.

Cost of Materials Consumed. Our cost of materials consumed consists of raw material costs in our various businesses, other than our property development business. Our costs of raw materials consumed primarily includes costs of (a) maize, soy extract, rice bran extract and de-oiled rice bran in our animal feeds business; (b) sugar, glucose, fruit pulp, colours, soya, dairy producers and cocoa in our beverages and foods business; (c) oil palm seedlings and crop protection products in our oil palm business; (d) layer and broiler poultry feed in our poultry business; (e) raw materials for our agri inputs business; and (f) crude palm oil, palm kernel oil and its variants, and alpha olefin in our chemicals business. Our cost of materials consumed was ₹ 28,356.6 million, ₹ 22,134.6 million and ₹ 18,189.9 million, representing 49.7%, 48.9% and 50.4% of our total revenue for the fiscal years 2012, 2011 and 2010, respectively.

Purchases of Stock in Trade. Our purchases of stock in trade are primarily the costs related to purchasing vegetable oils in our international vegetable oil trading business.

Cost of Sales – Property Development. Our cost of sales for property development consists of costs of our building and finishing materials, such as steel, cement, flooring products, hardware, lifts, mechanical and electrical equipment, doors and windows, bathroom fixtures and other interior fittings and wood, costs of development rights over land or acquisition of land, construction material and labour expenses including contractor or sub-contractor costs and expenses, electrical work and power costs, architects' and consultants' fees, advertisement expenses, interest, rates and taxes allocable to projects and other miscellaneous construction expenses. Expenses allocable to a specific development are provided under cost of sales of such development. All incurred expenses which are not specific to a particular project are accounted for separately as employee remuneration and benefits, administrative expenses, interest and finance charges or depreciation. These expenses are the most significant expenses for our real estate and property development business and represented 8.4%, 7.2% and 5.5% of our total revenue for the fiscal years 2012, 2011 and 2010, respectively. Our cost of sales for property development as a percentage of our total revenue has generally increased due to an increase in finance costs of the units sold in such periods.

Changes in Inventory of Finished Goods, Work in Progress and Stock in Trade. Our changes in inventory of finished goods, work in progress and stock in trade consist of costs attributable to an increase or decrease in inventory levels during the relevant fiscal year in finished goods, work in progress, stock under cultivation, poultry stock, stock in trade and our share in jointly controlled entities.

Employee Benefits Expense. Employee benefits expense consists of salaries and wages paid, contributions to provident and other funds, expenses on our employee stock grant scheme, staff welfare expenses and our share in jointly controlled entities. Our employee benefits expense was ₹ 2,631.5 million, ₹ 2,189.1 million and ₹ 2,094.1 million, representing 4.6%, 4.8% and 5.8% of our total revenue, for the fiscal years 2012, 2011 and 2010, respectively.

Finance Costs. Finance costs consist primarily of interest expense (net of finance costs capitalized) and also other borrowing costs and share in jointly controlled entities.

Depreciation and Amortization Expenses. Depreciation is provided using the straight-line method at rates specified in Schedule XIV of the Companies Act, except for certain subsidiaries, for which depreciation has been provided using the write-down value method. The impact of using two different methods of depreciation has not been ascertained, but is not likely to be material. Computer hardware is depreciated over its estimated useful life of four years. Depreciation on assets acquired during the year is provide for the full accounting year, and no depreciation is charged on assets sold or discarded during the year, except, for our Company, in cases of major additions and deductions exceeding ₹ 10 million, 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. This depreciation is debited from the revaluation reserve and credited to the profit and loss account.

Leasehold land is amortized equally over the lease period. Intangible assets are amortized of their useful lives based on the nature of the business, growth rate and estimated discounted cash flows. The estimated useful lives of our intangible assets are set out below:

Assets	Estimated Useful Life
Trademarks	8 - 15 years
Technical Know-how	6 - 10 years
Computer Software	4 - 6 years

Other Expenses. Other expenses include expenses related to the consumption of stores and spares, power and fuel, processing charges, rent, rates and taxes, repairs and maintenance of machinery, buildings and other assets, insurance, freight, commission, discounts provided to retailers, advertisement and publicity, selling and distribution, bad debts that are written off, provision for doubtful debts and advances, excise duty on inventory change, foreign exchange loss, loss on sale of fixed assets, miscellaneous items and our share in jointly controlled entities. Other expenses represented 11.7%, 12.3% and 13.0% of our total revenue for the fiscal years 2012, 2011 and 2010, respectively. Other expenses as a percentage of total revenue have decreased, a trend we expect to continue, because other expenses are primarily fixed costs, which typically increase at a slower rate than revenue as we expand our business.

Taxation. We provide for current taxes, consisting of income tax and wealth tax, MAT credit entitlement, deferred tax and adjustments for taxes in the previous year. Tax on income for the current period is determined on the basis of estimated taxable income and tax credit, if any, and computed in accordance with the provisions of applicable law. Deferred tax arises mainly due to the timing differences between accounting income and the estimated taxable income for the period and is quantified using the tax rates and laws enacted or substantially enacted as on the relevant balance sheet date. Deferred tax assets on unabsorbed tax losses and tax depreciation are recognized only when there is virtual certainty of their realization, 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 realized. Our deferred tax liability is recognised net of deferred tax assets, if any. See "Taxation."

Fiscal Year 2012 Compared to Fiscal Year 2011

Total Revenue. Our total revenue increased by 26.2% to ₹ 57,100.3 million for the fiscal year 2012 from ₹ 45,232.4 million for the fiscal year 2011, primarily due to an increase in our revenue from operations.

Revenue from Operations (Gross). Our gross revenue from operations increased by 28.8% to ₹ 56,882.2 million for the fiscal year 2012 from ₹ 44,169.9 million for the fiscal year 2011, primarily due to an increase in sales to ₹ 52,107.81 million for the fiscal year 2012 from ₹ 42,142.9 million for the fiscal year 2011. The increase in sales was primarily due to increases in sales for our animal feed, vegetable oils and chemicals businesses and revenue recognized from our real estate and property development business. Increases in sales for our chemicals and vegetable oils businesses were primarily due to increases in the volume and selling price of products sold. The increase in the sales for our animal feed business was primarily due to increases in the volume of products or units sold. Revenue recognized from our real estate and property development business increased as a result of sales from Godrej Garden City, Ahmedabad, Godrej Prakriti, Kolkata, Godrej Waterside, Kolkata, and Godrej One, Mumbai.

Excise Duty. Our excise duty increased by 13.2% to ₹ 761.3 million for the fiscal year 2012 from ₹ 672.4 million for the fiscal year 2011, primarily due to the corresponding increase in sales in our chemicals segment.

Other Income. Our other income decreased by 43.5% to ₹ 979.4 million for the fiscal year 2012 from ₹ 1,734.9 million for the fiscal year 2011, primarily due to a decrease in profit on sale of long-term investments to ₹ 382.8 million for the fiscal year 2012 from ₹ 898.6 million for the fiscal year 2011, and a decrease in net profit on sale of fixed assets to nil for the fiscal year 2012 from ₹ 242.9 million for the fiscal year 2011.

Total Operating Expenses. Our total operating expenses increased by 29.2 % to ₹ 55,137.0 million for the fiscal year 2012 from ₹ 42,688.4 million for the fiscal year 2011, primarily as a result of the growth of our business and operations and increases in cost of materials consumed and purchases of stock in trade.

Cost of Materials Consumed. Our cost of materials consumed increased by 28.1% to ₹ 28,356.6 million for the fiscal year 2012 from ₹ 22,134.6 million for the fiscal year 2011, primarily as a result of an increase in raw materials consumed as a result of an increase in our production and sales, and an increase in the price of raw materials used, in our animal feed, chemicals and agri inputs businesses.

Purchases of Stock in Trade. Our purchases of stock in trade increased by 35.9% to ₹ 11,360.3 million for the fiscal year 2012 from ₹ 8,356.8 million for the fiscal year 2011, primarily due to an increase in the volumes, and price of vegetable oil, related to our international vegetable oils trading business.

Cost of Sales – Property Development. Our cost of sales in property development increased by 48.7% to ₹ 4,816.7 million for the fiscal year 2012 from ₹ 3,240.0 million for the fiscal year 2011, primarily due to a corresponding increase in revenue recognized from our real estate and property development business.

Changes in Inventory of Finished Goods, Work in Progress and Stock in Trade. Our changes in inventory of finished goods, work in progress and stock in trade decreased to ₹ 365.3 million for the fiscal year 2012 as compared to a decrease of ₹ 213.6 million for the fiscal year 2011.

Employee Benefits Expense. Our employee benefits expense increased by 20.2% to ₹ 2,631.5 million for the fiscal year 2012 from ₹ 2,189.1 million for the fiscal year 2011, primarily due to an increase in salaries and wages on account of an increase in salaries, the implementation of a stock grant scheme covering certain employees, and an increase in the number of employees. Our Company, its subsidiaries and joint ventures had a total of 4,359 and 4,068 employees as of March 31, 2012 and 2011, respectively.

Finance Costs. Our finance costs increased by 26.0% to ₹ 1,108.3 million for the fiscal year 2012 from ₹ 879.3 million for the fiscal year 2011, primarily on account of increases in interest expense and other borrowing costs as a result of the incurrence of additional indebtedness and the effective increase in interest rates. Interest costs incurred by Godrej Properties and capitalized to specific real estate development projects were ₹ 1,596.0 million and ₹ 769.30 million for the fiscal years 2012 and 2011, respectively.

Depreciation and Amortization Expenses. Our depreciation and amortization expenses increased by 2.3% to ₹ 563.5 million for the fiscal year 2012 from ₹ 550.6 million for the fiscal year 2011, primarily due to increase in capital expenditure.

Other Expenses. Our other expenses increased by 20.1% to ₹ 6,665.5 million for the fiscal year 2012 from ₹ 5,551.5 million for the fiscal year 2011, primarily due to increases in power and fuel charges, miscellaneous expenses, freight, discount, foreign exchange loss and selling and distribution expenses. The increases in power and fuel charges and freight were primarily due to an increase in the price of fuel. The increases in the price of fuel and our foreign exchange loss were primarily due to the depreciation of the Indian Rupee against the U.S. Dollar, which resulted in a relative increase in the U.S. Dollar-denominated price of natural gas. The increase in miscellaneous expenses, discount and selling and distribution expenses was on account of the growth of our business and operations.

Profit before Exceptional Items and Tax. Our profit before exceptional items and tax decreased by 22.8% to ₹ 1,963.3 million for the fiscal year 2012 from ₹ 2,544.0 million for the fiscal year 2011, primarily due to a decrease in revenue and profit of our real estate and property development business.

Total Tax. Our total tax increased by 29.8% to ₹ 949.0 million for the fiscal year 2012 from ₹ 731.4 million for the fiscal year 2011, primarily as a result of an increase in current tax by 20.6% to ₹ 1,124.2 million for the fiscal year 2012 from ₹ 932.4 million for the fiscal year 2011. Our effective tax rates for the fiscal years 2012 and 2011 were 32.7% and 22.7%, respectively. Our effective tax rate and total tax increased, despite a decrease in our profit before tax, for the fiscal year 2012 because of the sale of certain property between our consolidated companies and the incurrence of tax on income generated from such sale.

Share of Profit in Associates. Our share of profit in associates increased by 40.8% to ₹ 1,566.0 million for the fiscal year 2012 from ₹ 1,112.2 million for the fiscal year 2011. This increase was primarily due to an increase in the profit of Godrej Consumer Products. The consolidated total revenue of Godrej Consumer Products increased by 31.3% to ₹ 49,181.6 million in the fiscal year 2012 from ₹ 37,458.4 million in the fiscal year 2011. This increase was primarily attributable to the growth of its business and operations, particularly from the increase in sales of household insecticides and soaps in India, home care products in Indonesia and hair care products in Latin America and the recognition of six months of revenue as a result of acquiring Darling Group Holdings. The increase in the consolidated total revenue of Godrej Consumer Products was partially offset by an increase in its total expenses by 32.1% to ₹ 41,410.4 million for the fiscal year 2012 from ₹ 31,340.6 million for the fiscal year 2011. This increase in total expenditure was primarily due to increases in the cost of raw materials including palm oil and its derivatives and packing material consumed, purchases of stock-in-trade, other expenses and the acquisition of Darling Group Holdings, as well as the growth of our business operations.

Profit for the Year. Our profit for the year decreased by 0.6% to ₹ 2,916.1 million for the fiscal year 2012 from ₹ 2,933.9 million for the fiscal year 2011, primarily due to our real estate and property development business.

Fiscal Year 2011 Compared to Fiscal Year 2010

Total Revenue. Our total revenue increased by 25.3% to ₹ 45,232.4 million for the fiscal year 2011 from ₹ 36,113.2 million for the fiscal year 2010, primarily due to an increase in our gross revenue from operations.

Revenue from Operations (Gross). Our gross revenue from operations increased by 27.7% to ₹ 44,169.9 million for the fiscal year 2011 from ₹ 34,580.1 million for the fiscal year 2010, primarily due to an increase in sales to ₹ 42,142.9 million for the fiscal year 2011 from ₹ 30,904.5 million for the fiscal year 2010. The increase in sales was primarily due to increases in sales for our animal feed, vegetable oils and chemicals businesses and revenue recognized from our real estate and property development business. Increases in sales for our animal feed and vegetable oils businesses were primarily due to increases in the volume of products or units sold. The increase in sales for our chemicals business was primarily due to an increase in the volume of specialty chemicals sold. Revenue recognized from our real estate and property development business increased as a result of sales from Godrej Garden City, Ahmedabad, Godrej Prakitri, Kolkata and Godrej Frontier, Gurgaon.

Excise Duty. Our excise duty increased by 53.3% to ₹ 672.4 million for the fiscal year 2011 from ₹ 438.5 million for the fiscal year 2010, primarily due to the corresponding increase in sales in our chemicals business.

Other Income. Our other income decreased by 12.0% to ₹ 1,734.9 million for the fiscal year 2011 from ₹ 1,971.6 million for the fiscal year 2010, primarily due to a decrease in profit on sale of long-term investments to ₹ 898.6 million for the fiscal year 2011 from ₹ 1,398.6 million for the fiscal year 2010, partially offset by an increase in profit on sale of fixed assets to ₹ 242.9 million for the fiscal year 2011 from ₹ 1.0 million for the fiscal year 2010.

Total Operating Expenses. Our total operating expenses increased by 22.2 % to ₹ 42,688.4 million for the fiscal year 2011 from ₹ 34,939.1 million for the fiscal year 2010, primarily due to increases in cost of materials consumed, purchases of stock in trade, the cost of sales in property development and employee benefits expense.

Cost of Materials Consumed. Our cost of materials consumed increased by 21.7% to ₹ 22,134.6 million for the fiscal year 2011 from ₹ 18,189.9 million for the fiscal year 2010, primarily as a result of an increase in raw materials consumed as a result of an increase in our production and sales and an increase in the price of raw materials.

Purchases of Stock in Trade. Our purchases of stock in trade increased by 23.5% to ₹ 8,356.8 million for the fiscal year 2011 from ₹ 6,765.5 million, primarily due to an increase in stock in trade used in our international vegetable oils trading and gourmet foods and fine beverages businesses.

Cost of Sales – Property Development. Our cost of sales in property development increased by 62.0% to ₹ 3,240.0 million for the fiscal year 2011 from ₹ 2,000.3 million for the fiscal year 2010, primarily due to a corresponding increase in revenue recognized in our real estate and property development business.

Changes in Inventory of Finished Goods, Work in Progress and Stock in Trade. Our changes in inventory of finished goods, work in progress and stock in trade were a decrease of ₹ 213.5 million for the fiscal year 2011 as compared to a decrease of ₹ 149.0 million for the fiscal year 2010.

Employee Benefits Expense. Our employee benefits expense increased by 4.5% to ₹ 2,189.1 million for the fiscal year 2011 from ₹ 2,094.1 million for the fiscal year 2010, primarily due to an increase in salaries and wages on account of an increase in salaries and an increase in the number of employees. Our Company, its joint ventures and subsidiaries had 4,068 and 4,053 employees as of March 31, 2011 and 2010, respectively.

Finance Costs. Our finance costs increased by 3.6% to ₹ 879.3 million for the fiscal year 2011 from ₹ 848.8 million for the fiscal year 2010, due to an increase in other borrowing costs as a result of the incurrence of additional indebtedness.

Depreciation and Amortization Expenses. Our depreciation and amortization expenses increased by 9.8% to ₹ 550.6 million for the fiscal year 2011 from ₹ 501.7 million for the fiscal year 2010, primarily due to increases in capital expenditure.

Other Expenses. Our other expenses increased by 18.4% to ₹ 5,551.5 million for the fiscal year 2011 from ₹ 4,688.0 million for the fiscal year 2010, primarily due to increases in power and fuel charges, miscellaneous expenses, selling and distribution expenses, provision for doubtful debt and advances. The increase in power and fuel charges was primarily due to an increase in the price of fuel. The increase in miscellaneous expenses and selling and distribution expenses was on account of the growth of our business and operations.

Profit before Exceptional Items and Tax. Our profit before exceptional items and tax increased by 116.7% to ₹ 2,544.0 million for the fiscal year 2011 from ₹ 1,174.0 million for the fiscal year 2010, primarily as a result of the growth of our business and operations.

Total Tax. Our total tax increased by 63.9% to ₹ 731.4 million for the fiscal year 2011 from ₹ 446.2 million for the fiscal year 2010, primarily as a result of an increase in current tax by 72.2% to ₹ 932.4 million for the fiscal year 2011 from ₹ 541.5 million for the fiscal year 2010 partially offset by an increase in MAT credit entitlement to ₹ 194.8 million for the fiscal year 2011 from ₹ 105.9 million for the fiscal year 2010. The increases were primarily due to an increase in our profit before tax for the fiscal year 2011 compared to the fiscal year 2010. Our effective tax rates for the fiscal years 2011 and 2010 were 22.7% and 21.0%, respectively.

Share of Profit in Associates. Our share of profit in associates increased by 37.3% to ₹ 1,112.2 million for the fiscal year 2011 from ₹ 810.3 million for the fiscal year 2010. This increase was primarily due to an increase in the profit of Godrej Consumer Products. The consolidated total revenue of Godrej Consumer Products increased, primarily due to the growth of its business and operations, particularly from the recognition of revenue from our acquisitions in India, Indonesia, Latin America and Nigeria and the increase in sales of household insecticides in India. The increase in the consolidated total revenue of Godrej Consumer Products was partially offset by an increase in its total expenses. This increase in total expenses was primarily due to an increase in materials consumed and purchase of goods on account of increases in raw materials consumed and the price of palm oil and its derivatives; and an increase in expenses on account of increases in salaries, wages and bonus, advertising and publicity, freight, selling and distribution expenses, miscellaneous expenses and processing charges and other manufacturing charges.

Profit for the Year. Our profit for the year increased by 44.4% to ₹ 2,933.9 million for the fiscal year 2011 from ₹ 2,032.5 million for the fiscal year 2010, as a result of the factors described above.

Financial Condition, Liquidity and Capital Resources

We broadly define liquidity as our ability to generate sufficient funds from internal and external sources to meet our obligations and commitments. In addition, liquidity includes the ability to obtain appropriate equity and debt financing to convert into cash those assets that are no longer required to meet existing strategic and financial objectives. Liquidity cannot be considered separately from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting debt service and other commitments.

We have historically financed our capital requirements primarily through cash generated from our operations, financing from banks and other financial institutions in the form of term loans and cash generated from the issuance of equity shares of our Company and subsidiaries and the sale of investments. Our primary capital requirements have been financing to purchase land and develop properties, capital expenditures to expand our existing businesses and other capital expenditure and working capital requirements. We believe that we will have sufficient capital resources from our operations, net proceeds of the Issue and other financings from banks, financial institutions and other lenders to meet our capital requirements for at least the next 12 months.

Cash Flows

The table below summarizes our cash flows for the fiscal years 2012, 2011 and 2010:

	Year Ended March 31,		
	2012	**2011**	**2010**
	(₹ in millions)		
Statement of Operations Data:			
Net cash (used in) operating activities	(12,406.8)	(3,827.3)	(1,745.3)
Net cash (used in) / generated from investing activities	(429.9)	2,333.4	2,280.2
Net cash generated from financing activities	14,721.4	1,563.3	1,290.1
Net increase in cash and cash equivalents	1,884.7	69.4	1,824.9
Cash and cash equivalents at the beginning of the period	1,571.0	1,478.8	1,252.0
Cash and cash equivalents at the end of the period	3,590.2	1,571.0	1,478.8

Operating Activities. Net cash used in operating activities was ₹ 12,406.8 million for the fiscal year 2012, and consisted of profit before tax of ₹ 2,901.6 million, as adjusted primarily for profit on sale of investments, interest expense and depreciation and working capital changes such as an increase in trade and other receivables of ₹ 8,102.1 million, an increase in inventories of ₹ 25,292.0 million, which were partially offset by an increase in trade payables of ₹ 19,399.5 million. The changes in working capital were primarily attributable to our real estate and property development business.

Net cash used in operating activities was ₹ 3,827.3 million for the fiscal year 2011, and consisted of profit before tax of ₹ 3,227.1 million, as adjusted primarily for profit on sale of investments, interest expense and depreciation and working capital changes such as an increase in trade and other receivables of ₹ 5,139.9 million and an increase in inventories of ₹ 3,646.1 million, which were partially offset by an increase in trade payables of ₹ 3,195.4 million. The changes in working capital were primarily attributable to our real estate and property development business.

Net cash used in operating activities was ₹ 1,745.3 million for the fiscal year 2010, and consisted of profit before tax of ₹ 2,128.3 million, as adjusted primarily for profit on sale of investments, interest expense and depreciation and working capital changes such as an increase in inventories of ₹ 3,058.3 million and a decrease in trade payables of ₹ 1,437.5 million, which were partially offset by a decrease in trade and other receivables of ₹ 2,526.3 million. The changes in working capital were primarily attributable to our real estate and property development business.

Investing Activities. Net cash used in investing activities was ₹ 429.9 million for the fiscal year 2012. Net cash used in investing activities for the fiscal year 2012 was primarily due to the purchase of investments and purchase of fixed assets, partially offset by proceeds from the sale of investments.

Net cash generated from investing activities was ₹ 2,333.4 million for the fiscal year 2011. Net cash generated from investing activities for the fiscal year 2011 was primarily due to proceeds from the sale of investments and proceeds from the sale of fixed assets, partially offset by the purchase of investments and the purchase of fixed assets.

Net cash generated from investing activities was ₹ 2,280.2 million for the fiscal year 2010. Net cash generated from investing activities for the fiscal year 2010 was primarily due to proceeds from the sale of investments, partially offset by the purchase of investments and the purchase of fixed assets.

Financing Activities. Net cash generated from financing activities was ₹ 14,721.4 million for the fiscal year 2012. Net cash generated from financing activities for the fiscal year 2012 was primarily due to proceeds from borrowings and proceeds from the issuance of equity shares by Godrej Properties, partially offset by repayments of borrowings and payment of interest.

Net cash generated from financing activities was ₹ 1,563.3 million for the fiscal year 2011. Net cash generated from financing activities for the fiscal year 2011 was primarily due to proceeds from borrowings and bank overdrafts, partially offset by repayments of borrowings and payment of interest.

Net cash generated from financing activities was ₹ 1,290.1 million for the fiscal year 2010. Net cash generated from financing activities for the fiscal year 2010 was primarily due to proceeds from borrowings and proceeds from the issuance of equity shares by Godrej Properties, partially offset by repayments of borrowings.

Investments

We hold investments in unquoted mutual funds and unquoted optionally convertible loan notes, promissory notes and debentures, quoted and unquoted equity instruments, unquoted preference shares and additional noncurrent investments. We also hold investments in associate companies, as set out below as of March 31, 2012:

	As of March 31, 2012	
	Share in Profit / (Loss) of Associates Post-acquisition	**Carrying Cost of Investment**
	(₹ in millions)	
Swadeshi Detergents Ltd.	(1.90)	-
Godrej Consumer Products Limited	2,625.90	8,452.1
Personalitree Academy Ltd.	(4.20)	-
Creamline Dairy Products Ltd.	109.20	213.0
Al Rahba International Trading LLC	(5.10)	-
Polchem Hygiene Lab Pvt. Ltd.	22.60	38.9
Total	**2,746.5**	**8,704.0**

Indebtedness

The following table summarizes our consolidated long-term and short-term indebtedness as of March 31, 2012:

	As of March 31, 2012
	(₹ in millions)
Long-term Indebtedness	
Secured	
Debentures	600.3
Term Loans	
(i) from Banks	1,633.3
(ii) from Others	7,020.0
Unsecured	
Term Loans from Banks	2,842.4
Deferred Payment Liabilities	46.7
Fixed Deposits	3,565.0
Other Loans and Advances / Preference Shares	-
Share in Jointly Controlled Entities	188.1
	15,895.8
Short-term Indebtedness	
Secured	
Loans Repayable on Demand from Bank	3,722.2
Unsecured	
Loans Repayable on Demand from Bank	7,441.5
Other Deposits	65.0
Commercial Paper	750.0
Others	34.9
Share in Jointly Controlled Entities	930.4
	12,944.0
Total	**28,839.8**

There are certain restrictive covenants in the arrangements we have entered into with our lenders, including:

- obtaining prior written consent from our lenders to, among other things, alter the structure or composition of our management, amend our constitutional documents, change our capital structure, incur additional indebtedness, enter into a scheme of amalgamation, merger or reconstruction, make certain investments or loans, declare dividends, sell, dispose of or create security interests or encumbrances on our assets, implement expansion plans outside of our existing lines of business, undertake guarantee obligations and allow promoters to reduce their shareholding (in the event their shareholding is reduced to less than 51.0%);

- with respect to our real estate and property development business, maintaining a margin between the value of mortgaged property and the balance due to the lender, as the lender may stipulate from time to time, and ensuring the mortgaged properties are insured for full market value against certain risks;

- maintaining certain financial ratios and positive net worth;

- maintaining prescribed minimum promoter and promoter group shareholdings; and

- effecting certain other transactions outside of the ordinary course of business.

See **"*Risk Factors — We are subject to restrictive covenants in certain debt facilities provided to us.*"** for further details.

Contractual Obligations and Commercial Commitments

Our material contractual obligations are short-term and long-term indebtedness, operating leases for land, office premises, residential premises, machinery and storage tanks, and finance leases for vehicles. Our payments due in respect of these contractual obligations for the periods indicated are set out below, as of March 31, 2012

		As of March 31, 2012		
	Total	**Within 1 Year**	**Between 1 and 5 Years**	**More than 5 Years**
Contractual Obligation			*(₹ in millions)*	
Indebtedness	28,839.8	16,882.4	11,639.5	317.9
Operating Leases	758.2	216.0	462.7	79.5
Finance Leases	0.1	0.1	-	-
Total	**29,598.1**	17,098.5	12,102.2	397.4

Contingent Liabilities

The following table provides our contingent liabilities as of March 31, 2012:

	As of March 31, 2012
	(₹ in millions)
Claims against us not acknowledged as debts:	
(i) Excise duty demands relating to disputed classification, after manufacturing expenses, assessable values and other items, which we have contested and are in appeal at various levels	289.6
(ii) Customs duty demands relating to lower charge, differential duty, classification and other matters	20.6
(iii) Sales tax demands relating to purchase tax on branch transfer or non-availability of C forms at various levels	216.3
(iv) Octroi demand relating to classification issue on import of palm stearine and interest thereon	140.5
(v) Stamp duties claimed on certain properties which are under appeal by us	33.1
(vi) Income tax demands against which we have preferred appeals	231.3
(vii) Industrial relations matters under appeal	22.8
(viii) Others	47.7
Guarantees:	
(i) Guarantees issued by banks, excluding guarantees issued in respect of matters reported as claims against us not acknowledged as debts	168.7
(ii) Guarantees given by us in respect of credit or guarantee limits sanctioned by banks to subsidiary and other companies	623.4
Other money for which we are contingently liable:	
(i) Letters of credit issued by banks on behalf of us	94.5
(ii) Cases or claims filed by processors for claiming various expenses	51.4
Share in jointly controlled entities	27.3
Share in Associates	4,805.4
Total	**6,772.6**

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties, including with our affiliates and certain key management members on an arm's length basis. Such transactions could be for, among other things, rent, sale and purchase of products or raw materials, dividends, remuneration, the purchase or sale of investments, the purchase of sale of Equity Shares, the joint development of land, provision of services, lease of assets or property or incurrence of indebtedness. For details of our related party transactions, see ***"Financial Statements"***.

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk and commodities risk. We are exposed to interest rate risk, commodity risk, credit risk and inflation risk in the normal course of our business.

Exchange Rate Risk

We face exchange rate risk because, though substantially all of our raw materials are purchased, and sales denominated, in Indian Rupee, certain of our raw materials, such as fuel, are purchased in, or the prices are linked to, other currencies, primarily the U.S. Dollar and Euro. Moreover, 30.0% of our sales for the fiscal year 2012 were made outside of India.

To manage exchange rate risk, we enter into forward contracts with various counterparties to protect against the volatility of the Rupee against the U.S. Dollar and the Euro. Details of our forward exchange contracts are set out below:

	As of March 31, 2012	
	Purchases	**Sales**
Forward Exchange Contracts		
Total Number of Contracts Outstanding	47	6
Foreign Currency Value		
-U.S. Dollar (in millions)	21.98	
-Euro (in millions)		2.44
Un-hedged Foreign Currency Exposures		
Uncovered Foreign Exchange Exposure		
-U.S. Dollar (in millions)	28.41	17.27

While we believe that our forward contracts protect us against certain short-term swings in the Rupee-U.S. Dollar and Rupee-Euro exchange rates, there can be no assurance that they will fully mitigate any adverse movements in exchange rates. See "***Risk Factors—Internal—We generate income and incur expenses in multiple currencies and exchange rate movement may cause us to incur losses when hedging on our exchange exposure is not sufficient,***" "***Risk Factors—Internal—We are subject to risks associated with our international operations, which could negatively affect our sales to customers in foreign countries as well as our operations and assets in such countries***" and "***Risk Factors—Internal—We are exposed to market risks from our hedging activities, and the use of hedging instruments could result in financial losses that adversely affect our results of operations and financial condition.***"

Interest Rate Risk

We are subject to interest rate risk, primarily because we borrow money at floating interest rates and our deposits of cash and cash equivalents with banks and other financial institutions. As of March 31, 2012, a substantial majority of our indebtedness consisted of floating rate indebtedness. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. Upward fluctuations in interest rates increase the cost of servicing existing and new debts, which adversely affects our results of operations. We expect that in the current and future fiscal years, our levels of floating indebtedness will increase commensurate with our planned expenditures. We do not currently use any derivative instruments to mitigate, or modify the nature of, our exposure to floating rate indebtedness or our deposits. See "***Risk Factors—Internal—We have incurred substantial indebtedness and may require additional financing in the form of debt or equity to meet our requirements. Such financing may not be available to us on acceptable terms or at all.***"

Commodity Risk

We are exposed to market risk with respect to the prices of raw materials and components used in our products and developments. Our primary raw materials include maize, soya extract, rice bran extract, de-oiled rice bran, cement, bricks and oil palm derivatives and alpha olefin. The costs of such raw materials and components are subject to fluctuation based on commodity prices. In the normal course of business, we purchase these raw materials and components either on a purchase order basis or pursuant to supply agreements. We currently do not have any material hedging instruments in respect of any of the commodities we purchase. We have historically used commodity futures contracts to hedge our exposure to vegetable oil price risk. See "***Risk Factors—Internal—Increased cost of raw materials and interruption in their availability may affect our business and results of operations.***"

Credit Risk

We are exposed to credit risk on trade receivables owed to us by our customers. If our customers do not pay us in a timely manner, or at all, we may have to make provisions for or write-off such amounts.

Inflation Risk

India has experienced high inflation for the last 12 to 18 months, which has contributed to an increase in interest rates, adversely affecting both sales and margins. See "***Risk Factors—Internal—Economic developments and volatility in securities markets in other countries may cause the price of our Equity Shares to decline.***"

Other Qualitative Factors

Seasonality of Business

Certain of our businesses are subject to seasonal variations, including the consumer products, animal feed, poultry, beverages and foods and palm oil businesses, due primarily to increased consumption patterns of certain products or derivatives in the summer and/or monsoon seasons in India. For further details on the effects of seasonality on our business, please refer to the discussion of seasonality in "***Risk Factors*—*Internal—Certain of our businesses are subject to seasonal variations that could result in fluctuations in our results of operations***."

Competitive Conditions

We expect competition in the industries in which we operate from existing and potential competitors to intensify. For details, see **"*Risk Factors*"** and **"*Business*"**.

INDUSTRY OVERVIEW

The information in this section is derived from various government and industry sources. Neither we nor any other person connected with the Issue has verified this information. Industry sources and publications typically state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information.

We have relied on a report by Dr. P. Rethinam titled "Oil Palm in India, Study Undertaken for Development of Oil Palm in India." Godrej Agrovet commissioned this report in March 2011. Neither we nor any other person connected with the Issue has verified the information sourced from this report, and prospective investors are advised not to unduly rely on such information when making their investment decision.

Overview of the Indian Economy

India is one of the fastest growing economies in the world, with an average GDP growth rate of 7.0% per year since 1997. In 2010, the Indian economy rebounded strongly from the global financial crisis, with GDP increasing by over 8.0%. In 2011, India's GDP was US$4.46 trillion, making India the fourth largest economy in the world after the United States, China and the European Union. The real GDP growth rates of India and certain other countries for the calendar year 2011 are set out below: *(Source: CIA World Factbook.)*

Countries*	2011
Australia	1.8%
Brazil	2.7%
China	9.2%
Germany	2.7%
India	7.8%
Indonesia	6.4%
Japan	-0.5%
Malaysia	5.2%
Russia	4.3%
Thailand	0.1%
United Kingdom	1.1%
United States	1.5%

(Source: CIA World Factbook.)

The Animal Feed Industry

Global Scenario

In 2011, global animal feed production was approximately 873 million metric tons ("**MT**"), of which Asia produced 305 million MT. *(Source: CLFMA of India's Livestock Industry Survey Report, May 2012.)*

Global economic and population growth are expected to increase food, and in turn feed, demand. Expected long term increases in global purchasing power and population are growth drivers of the global feed industry. Population growth rates in most developing countries are higher than in the rest of the world. As economies expand and personal incomes grow, consumers typically add more meat to their diets, which results in an increase in demand for feed grains for meat production. Expanding economies are also more likely to change their diets to include more meat, especially in developing countries.

The Indian Feed Sector

The Indian feed sector caters predominantly to the dairy and poultry sectors. The Indian organized feed industry currently produces approximately 15 million MT of feed per year, a substantial percentage of which is prepared by farmers themselves to reduce the cost of the feed they use to rear animals.*(Source: CLFMA of India's Livestock*

Industry Survey Report, May 2012.)

The demand for animal feed in India is expected to increase by an average of 3.0% annually between 2012 and 2017. Demand for feed from the organized sector is expected to exceed the growth of feed supply, which currently supplies only 15 million MT, or approximately 10.0%, of the total feed market. *(Source: CLFMA of India's Livestock Industry Survey Report, May 2012.)*

The historic and projected feed requirements in India are set out below:

(in million MT)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Poultry	11.0	11.9	12.8	13.9	15.0	16.2
Cattle	94.0	96.9	99.8	102.8	105.9	109.0
Piggery	1.7	1.7	1.8	1.9	2.0	2.0
Others	2.0	2.0	2.0	2.0	2.0	2.0
Total	107	110	114	119	123	127

(Source: CLFMA of India's Livestock Industry Survey Report, May 2012.)

Challenges facing the animal feed industry

Several years of adequate monsoon rainfall in India have led to measured growth in the wheat, rice and maize crops. As a result, India currently has its highest recorded stocks of wheat and rice. However, this growth has not translated into increased availability of the inputs required for animal feed for several reasons.

Firstly, large stocks of these crops are held by the Government's Public Distribution System, which has not yet delivered these stocks to the potential beneficiaries. For example, due to the Government's heavy involvement, the Indian wheat market is not competitive internationally, even when compared to that of neighboring Bangladesh. This involvement is expected to continue with the possible implementation of the National Food Security Act, which is believed to discourage the Government from releasing its high stocks of crops unless there was a serious shortage.

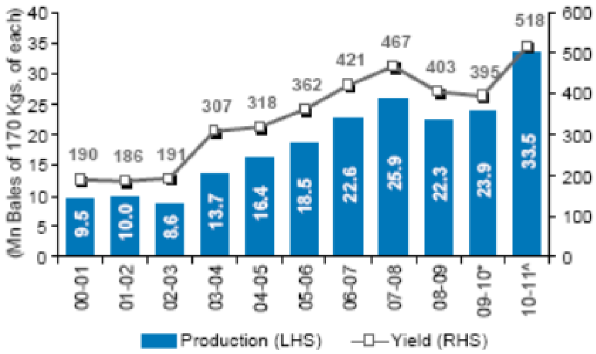
Secondly, the animal feed industry is subject to demand and supply constraints of raw materials for animal feed. For example, the high global price of corn has encouraged Indian corn traders to sell overseas instead of domestically. This trend is likely to continue with the growth in corn demand outweighing corn production. Growth in corn production in the last five years has been between 0.5% and 1.0%. and is slower than growth of demand by the poultry, feed and ethanol industries. If this trend continues, the feed industry will have to adapt and revise the formulations used for animal feed to look at alternative grains. The production, trade, consumption and carryover stocks of corn are set out below:

(in million MT)	**2010/2011**	**Dec 2011**	**Jan 2012**	**% Change MOM**	**% Change YOY**
Production	826	853	861	0.9	4.2
Trade	93	94	93	-1.1	0.0
Consumption	844	861	867	0.7	2.7
Carryover Stocks	131	123	125	1.6	-4.6

(Source: CLFMA of India's Livestock Industry Survey Report, May 2012.)

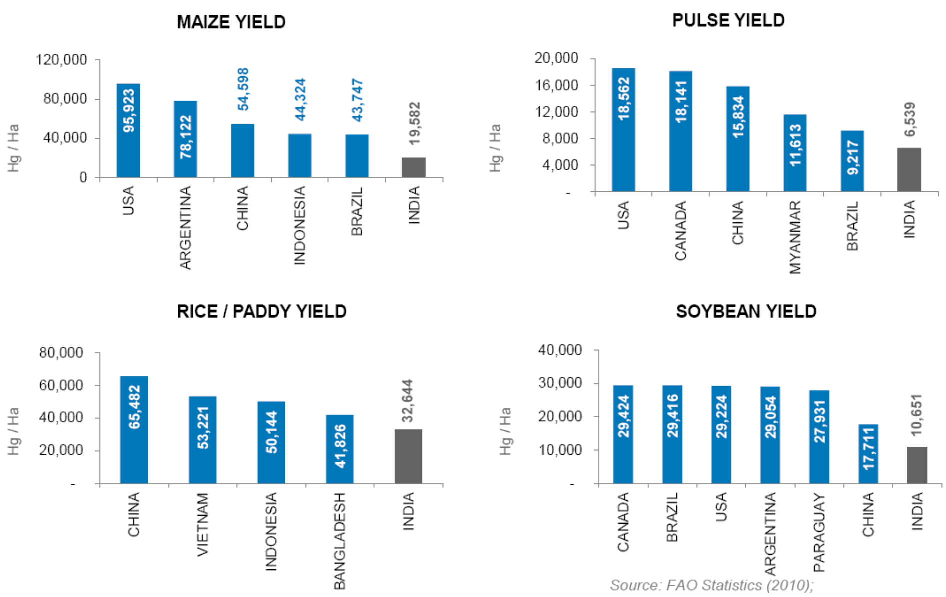
A possible solution to the shortage of raw materials required for animal feed is the adoption of hybrid maize in India, which may provide opportunities for the introduction of genetically modified corn and could increase overall production in the future.

The likelihood of Indian farmers adopting hybrid seeds has precedence, as shown by their adoption of Bacillus Thuringeiensis cotton, which is a cotton that has been genetically engineered to withstand insecticide-resistant pests, at levels higher than even China, as set out below:



**Fourth and First Advance Estimates as released on July 10, 2010 and September 23, 2010, respectively.*
(Sources: Directorate of Economics and Statistics, Department of Agriculture and Cooperation)

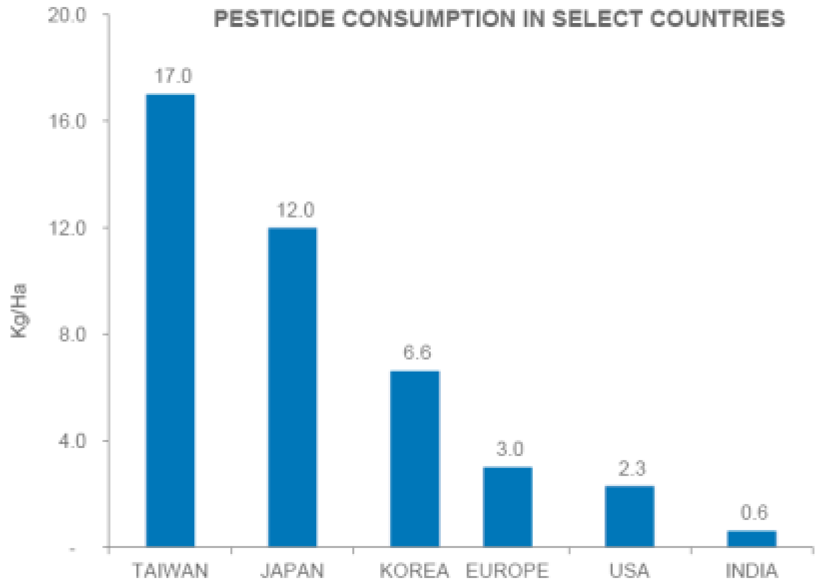
Demand and supply constraints in the animal feed industry are compounded by low yields of maize, pulse, rice and soybean in India, as set out below:



(Source: FAO Statistics 2010; http://faostat3.fao.org/home/index.html.)

In the oilseeds sector, soybean is the only crop for which stocks have increased in the recent past, which presents food security issues due to India's heavy reliance on imports for oil-based crops. This increase is driven by demand for soy meal from the domestic and international feed industries. A potential solution to India's dependence on imports for oil-based crops is the Government of India Program to improve the planting of oilseeds, pulses, maize and oil palm. The program, which has been introduced in 14 states, provides funds to states to promote these crops, as well as high quality seeds and market intervention to promote crop expansion. *(Source: CLFMA of India's Livestock Industry Survey Report, May 2012.)*

Low yields in crops of these raw materials have also highlighted the importance of expanding the Indian agricultural inputs industry. India's consumption of crop protection products, including pesticides and insecticides, lags that of other countries, as set out below:



(Source: Planning Commission – Working Group on Indian Chemical Industry 11th Five Year Plan; http://planningcommission.nic.in/aboutus/committee/index.php?about=11strindx.htm.)

Thirdly, Indian non-genetically modified soy meal and groundnut meal are in high demand in overseas markets, particularly in Japan, and traders often find opportunities to export.

Lastly, India's large oil palm imports discourage Indian farmers from choosing to grow oilseeds.

The Oil Palm Industry

Overview

Oil palm is one of 17 major edible oils traded in the global edible oil and fat market. Today, oil palm is the largest source of vegetable oil in the world. Oil palm consists of two types of oil: palm oil and palm kernel oil, which is oil from the oil palm seed. Palm kernel oil is made up of lauric oil., which is becoming an increasingly important ingredient in the food, functional foods, pharmaceuticals, bio-fuel and bio-lubricants industries.

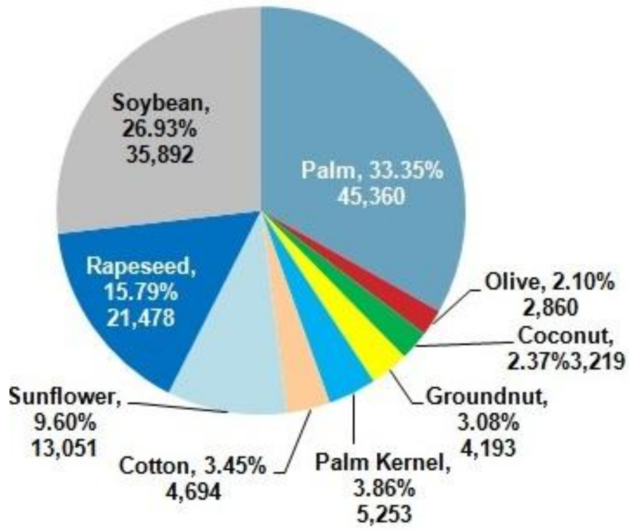
The Global Oil Palm Industry

Oil palm is cultivated in more than 46 countries across the world, with total production of 43.1 million MT of palm oil, with an average yield of 3.29 MT of oil per hectare, per year. The harvested area, production and productivity vary among the oil palm growing countries. Malaysia is the largest producer with 16.6 million MT of oil followed by Indonesia with 13.6 million MT.

In 2000, global palm oil production was 21.9 million MT and increased to 33.3 million MT in 2005. In 2009, the total global palm oil production was 45.3 million MT. In 2010, 50.5 million MT of palm oil was produced globally, including 45.3 million MT of crude palm oil and 5.2 million MT of palm kernel oil. *(Source: Oil Palm in India, Study Undertaken for Development of Oil Palm in India; A Report by Dr. P. Rethinam, March 2011.)*

Demand for vegetable oil has grown faster than meal consumption due to the emergence of biofuels. As a result, the world needs a steadily rising share of oil crops with a high oil, low meat content. Oil palm is therefore considered the ideal crop to supply the world's extra oil demand.

The global production of oil palm compared to other vegetable oils in 2009 is set out below:



(Source: Oil Palm in India, Study Undertaken for Development of Oil Palm in India; A Report by Dr. P. Rethinam, March 2011.)

Highest Productivity of all Crops

Oil palm is the highest oil producing perennial palm tree. The oil palm tree starts yielding from two to three years and continues up to twenty five to thirty years of economic bearing. Peak production is reached in the eighth year, which is then maintained for another fifteen years. Oil palm is one of the world's most efficient bearing crops in terms of land utilization, efficiency and productivity.

The efficiency and productivity of oil palm compared to other major oil crops is set out below:

Oil Crop	Oil Production (in million MT)	% of Total Oil Production	Average Oil Yield (MT/ha/year)	Planted Area (million/ha)	% Total Planted Area
Soya bean	35.3	29.8	0.4	92.6	42.3
Sunflower	11.1	9.4	0.5	23.0	10.5
Rapeseed	18.4	15.5	0. 7	27.3	12.5
Oil palm	36.8	31.1	3.7	9.9	4.5
Total *	**118.4**	**100.0%**	**-**	**219.2**	**100.0**

* Total includes the total for the seven oilseeds with the high production

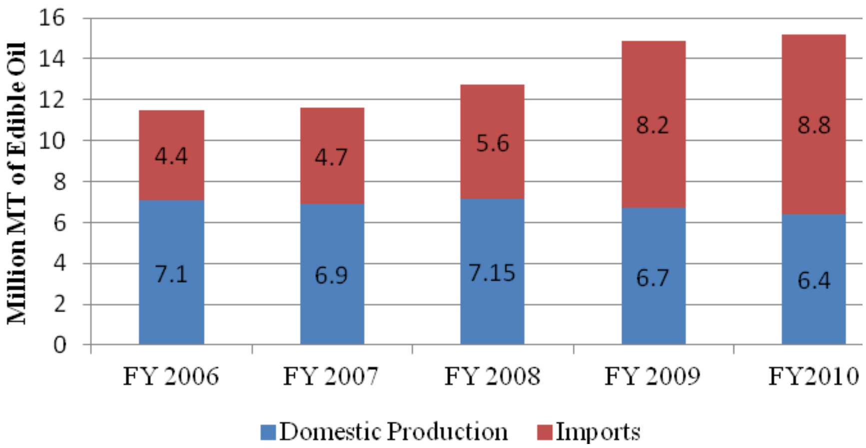
(Source: Oil Palm in India, Study Undertaken for Development of Oil Palm in India; A Report by Dr. P. Rethinam, March 2011.)

Oil palm gives the highest yield of between 4 to 6 MT per hectares per year with a global average of 3.2 MT hectares per year which no other oilseed crop produces. *(Source: Oil Palm in India, Study Undertaken for Development of Oil Palm in India; A Report by Dr. P. Rethinam, March 2011.)*

The Indian Oil Palm Industry

India is the largest importer and third-largest consumer of edible oils. India accounts for approximately 12.0% to 15.0% of planted area and 6.0% to 7.0% of vegetable oil in the world. Oil palm is the cheapest source of edible oil available globally. India encourages oil palm cultivation among small to medium farmers, substituting annual crops and enabling reforestation. *(Source: Oil Palm in India, Study Undertaken for Development of Oil Palm in India; A Report by Dr. P. Rethinam, March 2011.)*

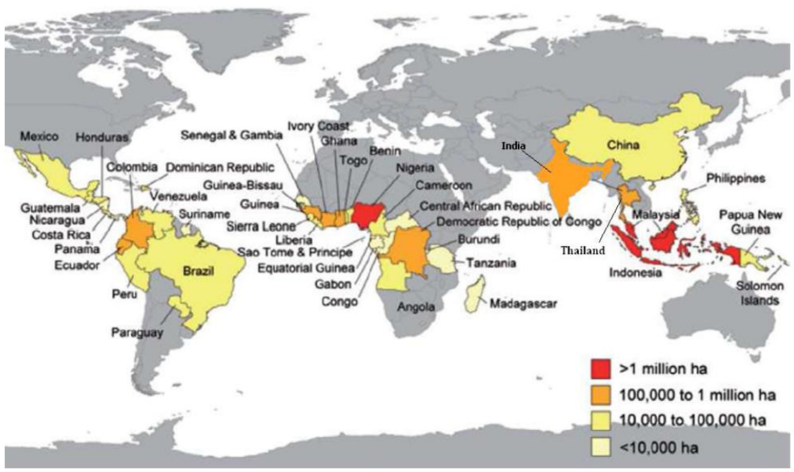
The Indian oil palm industry is an important part of India's long term food security, because India currently imports the majority of its oil palm requirements, a trend that is increasing, as set out below:



(Source: ICRA – Indian Edible Oils Industry, Key Trends and Credit Implications, July 2011.)

Between 2002 and 2008, oil palm cultivation in India expanded, supported by high edible oil prices. However, with the 2009 global economic meltdown, edible oil prices decreased significantly. As a result, a significant amount of planted oil palm was uprooted in Tamil Nadu and Karnataka, and the Government of Andhra Pradesh reduced annual cultivation targets by oil palm developers. This reduced pace of area expansion has resulted in a backlog of approximately 4.5 million oil palm seedlings, which has affected the Indian oil palm industry considerably. *(Source: Oil Palm in India, Study Undertaken for Development of Oil Palm in India; A Report by Dr. P. Rethinam, March 2011.)*

Despite this reduced pace of area expansion, India has emerged as a significant producer of oil palm. The global production of oil palm is set out below:



(Source: Key Sustainability Issues in the Palm Oil Sector, A Discussion Paper Commissioned by World Bank, 2006.)

Oil palm has proved to be a successful crop for Indian farmers under Indian agro-climactic conditions, as long as irrigation is available.

Oil Palm in India and the Oil Palm Development Project

The Oil Palm Development Project was launched in 1990. The project was implemented through state governments which provided subsidies and extension support to small and medium size farmers seeking to cultivate oil palm under irrigated conditions. State governments adopted the program and introduced bills which govern the relationship between oil palm farmers and processors. Farmers were guaranteed that the processor would purchase their crop in full at market based, transparent prices. Processors also were assured that famers in their allotted areas would sell their entire crop exclusively to them. Processor were also given the responsibility of developing oil palm nurseries, identifying potential farmers and providing technical assistance. *(Source: Oil Palm in India, Study Undertaken for Development of Oil Palm in India; A Report by Dr. P. Rethinam, March 2011.)*

The Global Poultry Industry

In 2011, poultry meat production is expected to have increased by 2.0% globally to 100 million MT. While the rate of increase for global poultry meat production remains faster than that of competing proteins, the relatively low 2.0% growth rate is attributed primarily to high feed costs and the resurgence in disease. Poultry meat production consists of poultry raised for two reasons: broilers raised solely for meat, at least in large scale operations; layers raised primarily for eggs, though in large scale operations they are often culled for meat when egg production drops.

Broiler meat production in selected countries is set out below (in thousand MT):

	2008	2009	2010	2011E*	2012E*
United States	16.6	16.0	16.6	16.8	16.4
China	11.8	12.1	12.6	13.2	13.7
Brazil	11.0	11.0	12.3	12.9	13.3
EU-27	8.6	8.8	9.1	9.2	9.6
Mexico	2.9	2.8	2.8	2.9	2.9
India	2.5	2.6	2.7	2.7	3.2
Russia	1.7	2.1	2.3	2.5	2.7
Others	16.7	17.1	17.7	18.1	13.9
Total	71.7	72.3	76.0	78.2	82.2

** Estimate*

(Source: CLFMA of India's Livestock Industry Survey Report, May 2012.)

The Poultry Industry in India

The Indian poultry industry has developed from a collection of independent private farmers to a sophisticated industry worth, in 2011, approximately ₹ 500.0 billion. In the past decade, India has become the third largest egg producer and fourth largest broiler meat producer in the world. The broiler and layer industries in India have grown rapidly for the last two years; a trend that is expected to continue for five more years. *(Source: CLFMA of India's Livestock Industry Survey Report, May 2012.)*

Indian broiler production grew by approximately 10.0% annually. In 2012, broiler production is expected to reach 3.2 million MT. Layer production is expected to grow at 6.0% annually. In 2011, India reported four outbreaks of avian influenza; however, industry sources have said that this has not significantly affected the business or production. *(Source: USDA Foreign Agricultural Service GAIN Report, November 2011.)* The Government of India in its 12th Plan Working Group report aims to achieve a growth rate of 10.0% for commercial broilers and layers. The layer industry serves a predominantly unprocessed market, with approximately 98.0% of the eggs being sold as fresh eggs.

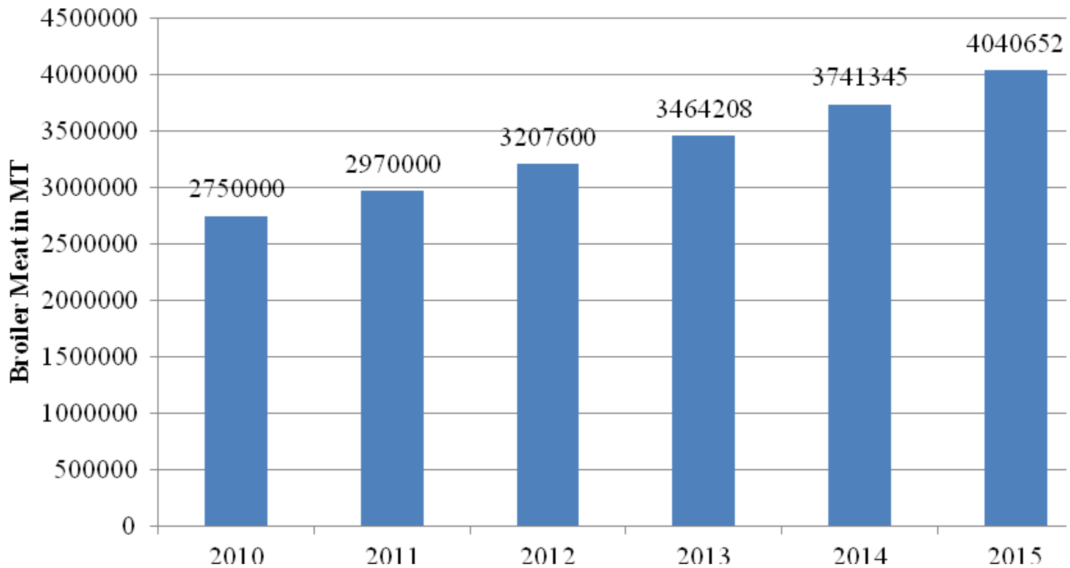
Production

Broiler Industry in India

Growth in the broiler industry is strong but volatile, with an estimated average growth rate of 10.0% annually. Growth is driven by India's expanding middle class and its increasing demand for more plentiful and less costly proteins. *(Source: USDA Foreign Agricultural Service GAIN Report, November 2011.)*

Indian broiler production is highly organized, with the formal sector contributing between 70.0% and 85.0% of total production. Between 60.0% to 65.0% of the organized sector is integrated, with the remainder operating as independent producers. The industry is primarily concentrated in the states of Tamil Nadu, Andhra Pradesh, Maharashtra, Karnataka and West Bengal. While production is highly integrated and commercialized, formal poultry processing and retailing are not. Live birds represent over 90.0% of total poultry sales, with processed products constituting the remainder. *(Source: USDA Foreign Agricultural Service GAIN Report, November 2011 and CLFMA of India's Livestock Industry Survey Report, May 2012.)*

Expected and actual production of broiler meat in India for the periods indicated is set out below:



(Source: CLFMA of India's Livestock Industry Survey Report, May 2012.)

The broiler industry consists of the processed poultry and live poultry industries. Growth in the processed poultry industry faces challenges due to a number of factors. First, Indian consumers believe live poultry to be disease free, fresher and more hygienic than processed chicken. Consumers lack confidence in the handling procedures and the local cold storage infrastructure. Poultry producers also face few retail options for processed poultry products due to consumer price sensitivity, customer resistance to mixed vegetarian and non-vegetarian products and the general perception that live poultry is superior in quality. As a result, processed poultry production is limited and its prevalence is increasing slowly , with the majority of its processed poultry consumed by hotels, restaurants and institutions. As a result, even as overall poultry production increases, the share of processed poultry production to total poultry production continues to decrease. *(Source: USDA Foreign Agricultural Service GAIN Report, November 2011.)*

Layer

Growth in the Indian layer industry, like in the broiler industry, is driven by an increasing demand for higher quality, lower-cost protein. Export opportunities for Indian egg powder products in the Middle East, Africa and Asia are also fuelling growth. Currently, the layer industry is expected to grow by 6.0% annually with per capita egg availability expected to be 57 eggs per year in 2012, compared to 51 eggs per year in 2009. *(Source: USDA Foreign Agricultural Service GAIN Report, November 2011.)*

Consumption

The growth rates of Indian broiler meat consumption and broiler meat production are each approximately 10.0% annually. India consumes nearly all of the broiler meat it produces. India's per capita consumption of broiler meat is approximately 3 kilograms per year, with poultry emerging as a preferred non-vegetarian option. India's per capita consumption of eggs is approximately 51 eggs per year. Broiler meat consumption in India is expected to double by 2015. *(Source: USDA Foreign Agricultural Service GAIN Report, November 2011.)*

Consumption of livestock products per capita in developing regions is lower than in the developed world, even though some rapidly developing countries are narrowing the gap, as set out below:

Region/Country Group/ Country	**Meat (kg/capita/year)**		**Milk (kg/capita/year)**		**Eggs (kg/capita/year)**	
	1980	**2005**	**1980**	**2005**	**1980**	**2005**
Developed Countries	76.3	82.1	197.6	207.7	14.3	13.0
Former centrally planned economies	63.1	51.5	181.2	176.0	13.2	11.4
Other developed countries	82.4	95.8	205.3	221.8	14.8	13.8
Developing Countries	14.1	30.9	33.9	50.5	2.5	8.0
East and Southeast Asia	12.8	48.2	4.5	21.0	2.7	15.4
China	13.7	59.5	2.3	23.2	2.5	20.2
Rest of East and Southeast Asia	10.7	24.1	9.9	16.4	3.3	5.1
Latin America and the Caribbean	41.1	61.9	101.1	109.7	6.2	8.6
Brazil	41.0	80.8	85.9	120.8	5.6	6.8
Rest of Latin America and the Caribbean	41.1	52.4	109.0	104.1	6.5	9.4
South Asia	4.2	5.8	41.5	69.5	0.8	1.7
India	3.7	5.1	38.5	65.2	0.7	1.8
Rest of South Asia	5.7	8.0	52.0	83.1	0.9	1.5
Near East and North Africa	17.9	27.3	86.1	81.6	3.7	6.3
Sub-Saharan Africa	14.4	13.3	33.6	30.1	1.6	1.6
World	**30.0**	**41.2**	**75.7**	**82.1**	**5.5**	**9.0**

(Source: State of Food and Agriculture 2009 – Livestock in the Balance (FAO), World Bank.)

The main drivers of broiler meat consumption in India are:

- an expanding middle class;
- increasing employment levels and incomes;
- new demand for ready to eat products and the growing presence of affordable, quick service restaurants; and
- a general preference for poultry over other meats due to lower prices and cultural and religious non-preferences for pork and beef.

(Source: USDA Foreign Agricultural Service GAIN Report, November 2011.)

Growth Drivers of the Indian Poultry Industry

Growth in the poultry industry is driven primarily by three factors

<u>Increasing incomes, as the Indian economy continues to grow faster than many other global economies.</u>

Increased disposable income is linked directly to the increase in consumption of food, particularly animal proteins. Between 1991 and 1992, and 2008 and 2009, per capita incomes in India increased by 4.9% and the urban population by 2.5% annually. These increases are linked to a higher consumption of animal proteins.

In India, though only 20.0% of the population is classified as vegetarian, Indian food habits, led by prices and availability, have traditionally favored plant-based proteins. The efficiency in producing poultry and the growth in production have made meat more accessible. While the share of the vegetarian population has decreased, consumption by those who traditionally eat animal proteins has increased. Demand for eggs has also increased, as eggs have been popularized as part of a balanced nutritional meal and in line with rising demand for processed foods such as desserts and battered meat products.

Lower availability and accessibility of other proteins

The commercialization and vertical integration of the poultry industry has increased the availability and accessibility of poultry to consumers. It is estimated that between 70.0% and 85.0% of the poultry market is now under the organized sector. The organized sector manages operations more efficiently and plans distribution and marketing more effectively than the unorganized sector. Vertically integrated poultry growers and processors are able to leverage economies of scale in their entire supply chain, including in acquiring corn and meal to breeding and production. These efficiencies also allow for more predictable production and the ability to manage supply. *(Source: USDA Foreign Agricultural Service GAIN Report, November 2011 and*

CLFMA of India's Livestock Industry Survey Report, May 2012).

Policies affecting the industry

There are few restrictive government policies adversely affecting the industry. Aside from certain tariff barriers to imports the poultry industry is one of the most open in the country. Since August 2011, the industry has been regulated by the Food Safety and Standards Authority of India through the Food Safety and Standards Regulations 2011. These regulations require registration and licensing of poultry processors and other food operators handling poultry and poultry products.

There are no restrictions on poultry or egg exports from India. However, India's poultry exports are confined to table eggs, egg powder and specific pathogen-free egg shipments to markets in Asia, Africa and the Middle East. India's poultry exports are low due to high production costs, insufficient marketing infrastructure and limited processed poultry production. India does not import poultry and poultry products. Although there are no quantitative restrictions on imports of poultry meat, restrictive sanitary import regulations and high tariffs are barriers to entry for poultry and poultry product imports and prevent almost all imports. *(Source: CLFMA of India's Livestock Industry Survey Report, May 2012.)*

Limiting Factors to Growth in the Poultry Industry

There are limiting factors to the growth in the poultry industry, which are set out below:

The price volatility of the inputs and their availability

Cereals represent over 80.0% of the inputs for poultry feed. Cereals typically consist of corn (or maize), one of the most volatile commodities in India. Corn production has increased, but there is a lack of predictability in its availability and price. As a result, there is a need to substitute corn with wheat or coarse grains which, in turn, affects the economics of production. Corn prices between 2007 and 2011 are set out below:

(Source: CLFMA of India's Livestock Industry Survey Report, May 2012.)

Demand fluctuations and limited growth in demand for processed chicken

Broiler meat can be sold for out of home consumption and at markets. 90.0% of the Indian poultry market consists of fresh birds. Demand for broiler meat is influenced by religion and weather related food habits. Demand could fluctuate within the poultry market. Demand fluctuation makes it difficult to plan breeder operations as well as broiler and layer operations. Possible solutions to demand fluctuation include freezing the products and finding new export markets. However, exporting to other markets would require significant investments and the ability to service markets throughout the year.

Rise in incidence of infection

Avian influenza negatively affects the poultry industry in parts of India. In 2006, India experienced severe losses of poultry, particularly in Western India. Since 2008, the poultry industry has not shut down however, costs have increased to prevent the spread of avian flu. The layer industry has also been affected by infection. Exports of eggs and egg products have been affected by salmonella infections.

Limitations on Funds Available for Investments

If the broiler industry grows at 8.0% annually and the layer industry grows at 6.0% annually a total of US$481 million additional investment will be required in 2015. The poultry industry lacks venture capital or private equity funds. As a result, most integrators and farmers depend on interest, profits and debt to fund expansion. As a result, this could restrict the growth of the poultry industry. *(Source: CLFMA of India's Livestock Industry Survey Report, May 2012.)*

Chemicals Industry

Global Scenario

The chemicals industry, is one of the most diverse of all industrial sectors covering many commercial products. The chemicals industry includes basic chemicals and its products, petrochemicals, fertilizers, paints and varnishes, gases, cosmetics and pharmaceuticals *(Source: 2012 Annual Report, Department of Chemicals and Petrochemicals, Ministry of Chemicals and Fertilizers, Government of India.)*

Indian Chemicals Industry Scenario

The chemicals industry is an important part in the development of the Indian economy. In 2010, the chemicals industry was estimated to be valued at US$108.4 billion. The chemicals industry is one of the oldest industries in India and contributes significantly to the industrial and economic growth of the nation. The chemicals industry contributes approximately 3.0% to the GDP of India. The value of the Indian chemical sector is ranked sixth in the world and third in Asia. It is also one of the largest industrial sectors in the Indian economy and an important employment generator. *(Source: 2012 Annual Report, Department of Chemicals and Petrochemicals, Ministry of Chemicals and Fertilizers, Government of India.)*

Introduction to the Chemicals Industry

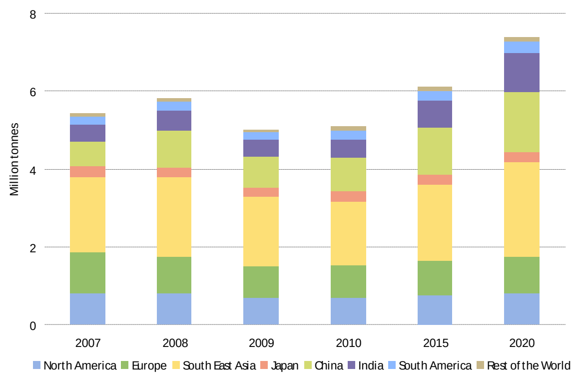
Basic oleochemicals consist of a range of fatty acids and fatty alcohols as well as the versatile by-product glycerine. These chemical intermediates are employed in the production of a plethora of products, such as plastics, cosmetics, detergents and pharmaceuticals. Interestingly, the raw materials consumed in the production of fatty acids and glycerine are plant and/or animal fats as opposed to petroleum. They are therefore able to benefit from the favorable 'green-driven' demand associated with renewably derived chemicals. In contrast, fatty alcohols can be made from either petroleum or renewable feedstocks with, increasingly, fatty acids themselves being the raw material employed in their manufacture.

Production and consumption of oleochemicals

The three diagrams revealed here (Diagrams 1.1-1.3) illustrate both the historical and forecast regional splits for fatty acid and fatty alcohol production as well as fatty alcohol consumption out to 2020. Diagram 1.1 shows the dominance of Asia, particularly South East Asia, in fatty acid production, with China set to increase its influence considerably out to 2020.

(These diagrams were prepared using LMC International data from its report "The Outlook for Oleochemicals to 2020 — Opportunities in a Changing Sector", June 2009.)

Diagram 1.1: Regional historical and forecast fatty acid production volumes, in million MT (2007-2020)



Diagrams 1.2 and 1.3 plot production and consumption data respectively for the fatty alcohol sector. Whilst it is readily apparent that the mature regions of the EU and North America play a more significant role in the production of fatty alcohols, as compared to fatty acids, growth out to 2020 is set to be located solely in Asia. In a similar fashion, current demand for fatty alcohols can be seen to be concentrated in the mature regions of the EU and North America. However, significant growth is set to occur in India, China and South East Asia by 2020 with these regions enjoying CAGRs of 7.5%, 5.9% and 5.5% respectively.

Diagram 1.2: Regional historical and forecast fatty alcohol production volumes, in million MT (2007-2020)

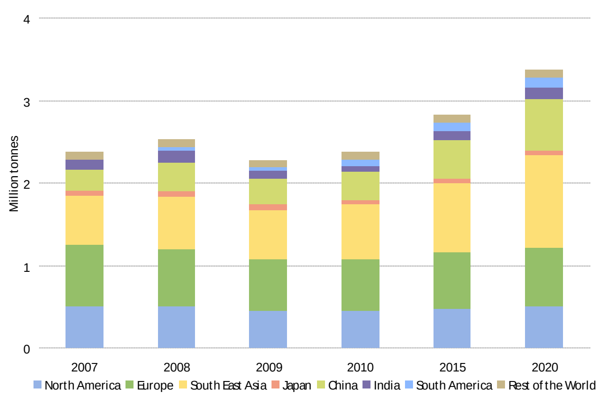
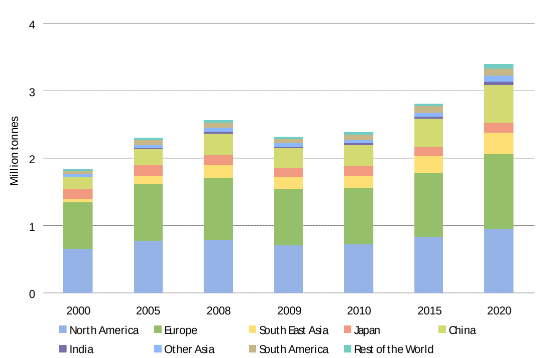


Diagram 1.3: Regional historical and forecast fatty alcohol consumption volumes, in million MT (2000-2020)



Raw materials — availability and pricing

The so-called lauric oils — namely, palm kernel oil and coconut oil — are the vegetable oils most sensitive, in terms of price, to oleochemical derived demand. Their supply availability is fundamental to the development of oleochemical based fatty alcohols production. However, production volumes of palm oil, palm stearin and tallow, as well as the lauric oils, are underpinned by determinants other than that of the oleochemical industry.

A further dynamic weakening oleochemical demand influence over their raw materials is that, as both oil palm and coconut palm are tree crops, it can take four or more years for any direct response to planting levels to increases in the supply of oil. As a result of this supply dynamic, the output of lauric oils is unresponsive to oleochemical demand signals and, subsequently, excessive expansion of oleochemical capacity has the short term potential to increase lauric oil prices.

In contrast, oleochemical demand for palm oil is small vis-à-vis food use. Therefore its supply to oleochemical producers is not problematic; indeed demand for palm olein ensures sufficient palm stearin is available for oleochemical producers. The biodiesel sector, as well as consumer sensitivity to animal-based fats and growth in the palm sector, has eroded tallow’s role as an oleochemical feedstock in recent years.

Outlook for the global oleochemical industry

Oleochemical demand growth is expected to be greatest in Asia as a consequence of its large population, strong income growth prospects and comparatively low current per capita consumption. Indeed, out of a forecast fatty acid market growth of over 1.7 million MT to 2020, from 2008 Asia will account for an impressive 1.4 million MT, or 80% of the total, with China alone accounting for 36% of world growth. India, which is beginning from a small base but is forecast to be a prime mover over the next ten years or so, contributes a further 26% of global demand expansion.

The oleochemical industry is characterized by successive waves of investment, followed by periods of relative calm. In basic terms, it appears that many players traditionally spot an opportunity at around the same time or follow the herd, or simply invest to reduce taxation on plantations profits. This reaction tends to result in periods of overcapacity until demand has once again caught up with installed capacity. During these intermittent periods of relative calm, much less development of facilities takes place. However, as demand expands, so the seeds of the next wave of investment in new and larger plants are sown.

A further challenge is that of high raw material prices which may occur in conjunction with high petroleum prices. Raw material prices have a significant impact on margins in the oleochemical sector, as producers often find it difficult to pass on the full extent of rises in feedstock prices in the price of their final products. The presence of growing overcapacity in both sectors will make it difficult for processors to cover the full costs of production given raw material price increases. Average fatty acid processing costs have increased over the past decade as energy and input costs escalated and eroded margins. Accordingly, profitability in the fatty acid sector is low. In contrast, the situation for fatty alcohols is more balanced as the sector is less characterized by overcapacity. In this sector, gross processing margins tend to fluctuate around full average costs, with variable costs almost always covered.

(The data is sourced from LMC International’s “The Outlook for Oleochemicals to 2020 — Opportunities in a Changing Sector” report, published in 2009)

The Real Estate Sector in India

The real estate sector in India can broadly be divided into residential, commercial and retail segments. The real estate sector is highly fragmented and consists of unorganized entities such as local builders as well as corporate developers and builders.

Outlook for Key Markets

Mumbai

In the residential real estate sector, most new launches in 2012 will be seen in the mid-ranged segment in suburban and peripheral locations in Mumbai. Rentals are expected to remain stable in the near term. *(Source:*

Marketbeat Residential Snapshot, Mumbai, India, Cushman & Wakefield, Q4 2011.) In the commercial sector, improved infrastructure facilities with better connectivity has resulted in an increased demand in the locations along the western express highway, such as Bandra-Kurla Complex. This demand was mainly driven by the banking and financial sectors, followed by the information technology and information technology enabled services sectors. *(Source: Marketbeat Office Snapshot, Mumbai, India, Cushman & Wakefield, Q4 2011.)*

The NCR

In the residential real estate sector, newly launched projects are mainly in the mid-range segment and concentrated in the suburban micro-markets. However, demand from end-users was very low due to high interest rates and high price points. Capital values are expected to remain stable in the short term while rental values may remain stable or experience a marginal increase driven by the possibility of an increase in commercial demand in Gurgaon and Noida. *(Source: Marketbeat Residential Snapshot, NCR, India, Cushman & Wakefield, Q4 2011.)* The region has experienced a steady increase in the use of office space over the last few years due to demand from the information technology and information technology enabled services sector, insurance, consulting and engineering firms. In the short term, steady demand is expected to keep rental values stable across most of the markets, except the suburban locations where values may appreciate marginally in the medium term due to high demand. *(Source: Marketbeat Office Snapshot, NCR, India, Cushman & Wakefield, Q4 2011.)*

Ahmedabad

Traditionally, demand in Ahmedabad has been driven by industrial investments in the region. The level of office space absorption in 2011 was 38.0% higher as compared to 2010. Demand was primarily driven by the banking sector and small enterprises. Developers may face difficulty in the near term with high mortgage rates and liquidity difficulties which could put further pressure on supply. The central business district areas may witness an increase in rentals. However, rentals are expected to remain stable across other micro markets with moderate demand. The demand for rentals is generally expected to remain stable across markets with moderate demand and vacancy levels in the short term. *(Source: Marketbeat Office Snapshot, Ahmedabad, India, Cushman & Wakefield, Q4 2011.)*

Kolkata

In the residential real estate sector, Kolkata experienced demand for housing units mainly in the mid-range segment. Customers were cautious of interest rates and increasing inflation. Rental and capital values are expected to remain stable in the short term and may appreciate during the second half of 2012. *(Source: Marketbeat Residential Snapshot, Kolkata, India, Cushman & Wakefield, Q4 2011.)* During the last quarter of 2011, the Kolkata market experienced balanced supply and use of office space, with regional companies primarily driving this demand. The demand in this sector is expected to increase in the short term given the improvement of economic growth in the country. However, uncertainties over the land acquisition policy of the state government will be a concern and may lead to increased land prices. *(Source: Marketbeat Office Snapshot, Kolkata, India, Cushman & Wakefield, Q4 2011.)*

Bengaluru

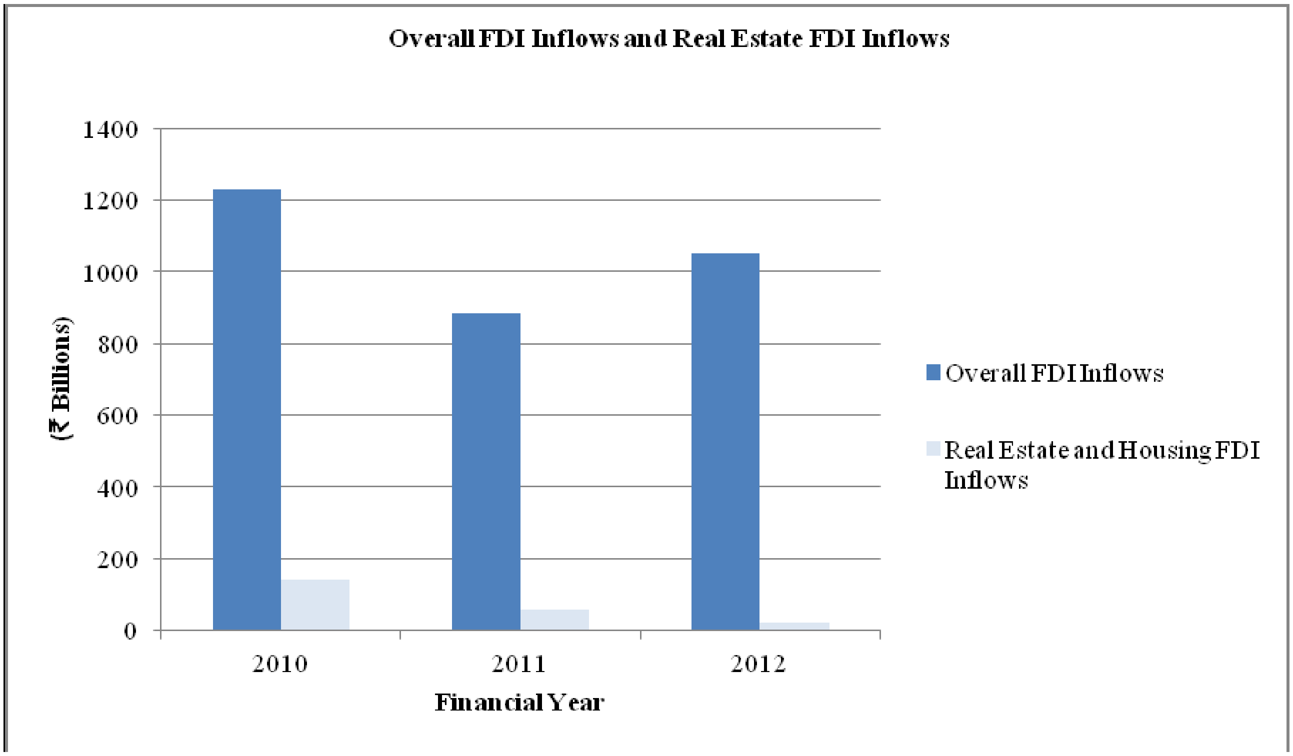
Demand for residential units in the real estate market was low during the fourth quarter of 2011 and was affected by prevailing interest rates and inflation. However, there were a significant number of project launches during the year resulting in a wide range of options available to customers. This is expected to result in revised price propositions in the market for the first few months of 2012. *(Source: Marketbeat Residential Snapshot, Bangalore, India, Cushman & Wakefield, Q4 2011.)* The demand for office space in the fourth quarter of 2011 remained strong against macro-economic uncertainties resulting in higher absorption as compared to earlier periods. Absorption levels are expected to continue to remain high for the first half of 2012. *(Source: Marketbeat Office Snapshot, Bangalore, India, Cushman & Wakefield, Q4 2011.)*

FDI Investment and the Private Equity Market

India experienced a positive trend regarding foreign investment in the first half of 2011. *(Source: Cushman & Wakefield and Global Real Estate Institute, Embracing Change, Scripting the Future of Real Estate, 2011.)* Total FDI inflows for the period April 2011 to November 2011 were US$22.84 billion, an increase of 63.00%, compared to the same period in 2010. *(Source: Department of Industrial Policy and Promotion, Fact Sheet on Foreign Direct Investment, November 2011.)*

The Indian real estate sector is also one of the more prominent FDI attracting sectors in India, having recorded inflows in excess of US$10.89 billion between April 2000 and November 2011. *(Source: Department of Industrial Policy and Promotion, Fact Sheet on Foreign Direct Investment, November 2011.)*

The chart below illustrates overall FDI inflows and real estate and housing FDI inflows:



Source: *Department of Industrial Policy and Promotion, Fact Sheet on Foreign Direct Investment, November 2011)*

Private Equity Market

Several real estate companies opted for private equity funding in 2011, mainly due to difficulties in raising funds from traditional sources such as banks and public equity. Despite no significant growth in the number of transactions, the value of transactions committed increased. As of August 2011, a total of approximately 36,290 million had been recorded as private equity investment in the real estate industry. The amount of investment raised through private equity during the first half of 2011 surpassed the total investment during the same period in 2010. Bengaluru was the top recipient of private equity funding with the highest amount of investment during the first half of 2011, followed by Mumbai and the NCR. *(Source: Cushman & Wakefield and Global Real Estate Institute, Embracing Change, Scripting the Future of Real Estate, 2011.)*

Key Demand Drivers

Demographic Changes

Demand for real estate in India is fuelled by various demographic trends such as a rising population, an increase in the working population, increasing per capita income, increased urbanization, the growth of nuclear families and an expanding middle class. Urbanization and popularity of nuclear families are primarily driven by employment opportunities arising in urban areas thereby increasing the demand for residential housing.

Indian cities which expected to have a population higher than four million people by 2030 are set out below:

City	Population in 2030 (in Millions)	GDP in 2030** (US$ Billions)	Per capita GDP in 2030** (US$ Thousands)
Mumbai (MMR)	33.0	265	8.0
Delhi (NCT)*	25.9	296	11.4
Kolkata	22.9	169	7.4
Chennai	11.0	73	6.6
Bengaluru	10.1	127	12.6
Pune	10.0	76	7.6
Hyderabad	9.8	67	6.8
Ahmedabad	8.4	68	8.1
Surat	7.4	53	7.2
Jaipur	5.4	24	4.5
Nagpur	5.2	37	7.1
Kanpur	4.2	15	3.6
Vadodara	4.2	35	8.5

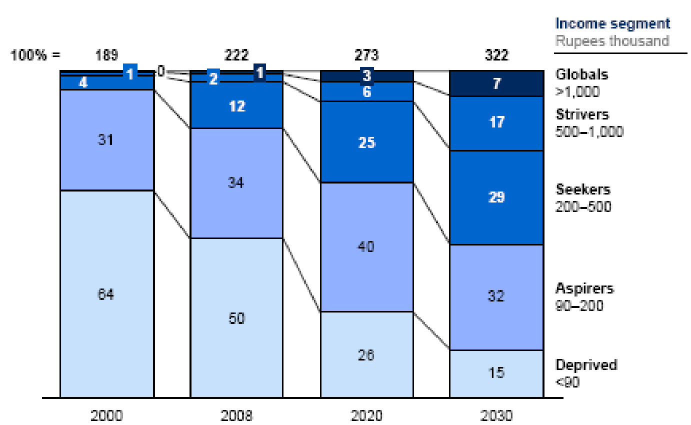
* *National Capital Territory, excludes Noida, Gurgaon, Greater Noida, Faridabad and Ghaziabad*

** *2008 prices*

(Source: Adapted from McKinsey Global Institute, India's Urban Awakening: Building Inclusive Cities, Sustaining Economic Growth, April 2010.)

Between 2010 and 2030, the working population in India is expected to increase by 241.1 million, as compared to increases in Indonesia, Brazil, the United States and China of 31.8 million, 18.4 million, 18.1 million and 9.9 million, over the same period. *(Source: United Nations, World Population Prospects: 2008 Revision.)* During this period, over 100 million Indian households are expected to join the middle class, as set out below:

All India households by income bracket, 2000-30 %, million households, 2000 prices



(Source: Adapted from McKinsey Global Institute, India's Urban Awakening: Building Inclusive Cities, Sustaining

Economic Growth, April 2010.)

Indian per capita income is also expected to continue to increase.

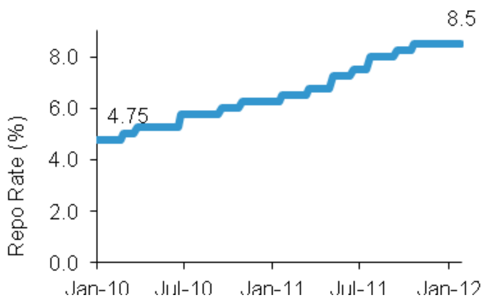
Economic Growth in India

Economic growth leads to an increase in the per capita GDP and income is a key driver for real estate demand.

Availability of Financing

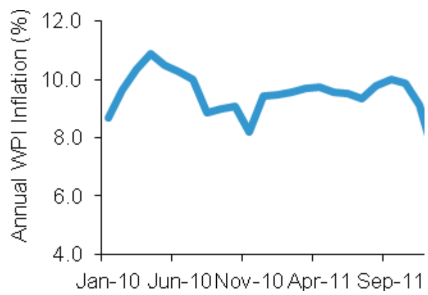
The residential real estate sector is dependent on the availability of financing for potential customers. The charts below illustrate the recent trends of interest rates and high inflation:

Interest rates have peaked



(Source: RBI, Ministry of Statistics, Govt. of India.)

High inflation with recent moderating trends



(Source: RBI, Ministry of Statistics, Govt. of India.)

Urbanization in India

India's urban population grew from a reported 290 million in 2001 to an estimated 340 million in 2008. It is projected that the urban population in India will increase to 590 million by 2030. It is expected that 70.0% of net new employment will be generated in Indian cities, as opposed to rural India. Between 700 and 900 million square meters of commercial and residential space is estimated to be built every year for the next 20 years to satisfy such demand. Urbanization is expected to spread out across India, impacting almost every state. The table below illustrates the populations and urbanization rates of various states in India, for the periods indicated:

	Urbanization Rate, 2008 % of Total Population	**Urban Population (Millions)**	**Urbanization Rate, 2030 % of Total Population**	**Urban Population (Millions)**
Tamil Nadu	53.0	35.4	67.0	53.4
Gujarat	44.0	25.2	66.0	48.0
Maharashtra	44.0	47.9	58.0	78.1
Karnataka	37.0	21.6	57.0	39.6
Punjab	36.0	10.0	52.0	19.0
Haryana	31.0	7.5	45.0	15.2
West Bengal	29.0	25.8	40.0	41.5
Kerala	28.0	9.7	41.0	15.8
Andhra Pradesh	28.0	23.4	46.0	45.5
Madhya Pradesh	25.0	17.2	32.0	29.9
Jharkhand	25.0	7.6	31.0	12.0
Rajasthan	24.0	15.5	33.0	29.5
Chhattisgarh	24.0	5.8	40.0	11.7
Uttar Pradesh	21.0	39.2	26.0	68.9
Odisha	18.0	7.0	24.0	11.0
Himachal Pradesh	12.0	0.8	20.0	1.8

	Urbanization Rate, 2008 % of Total Population	Urban Population (Millions)	Urbanization Rate, 2030 % of Total Population	Urban Population (Millions)
Bihar	9.0	8.9	17.0	21.3

(Source: Adapted from McKinsey Global Institute, India's Urban Awakening: Building Inclusive Cities, Sustaining Economic Growth, April 2010.)

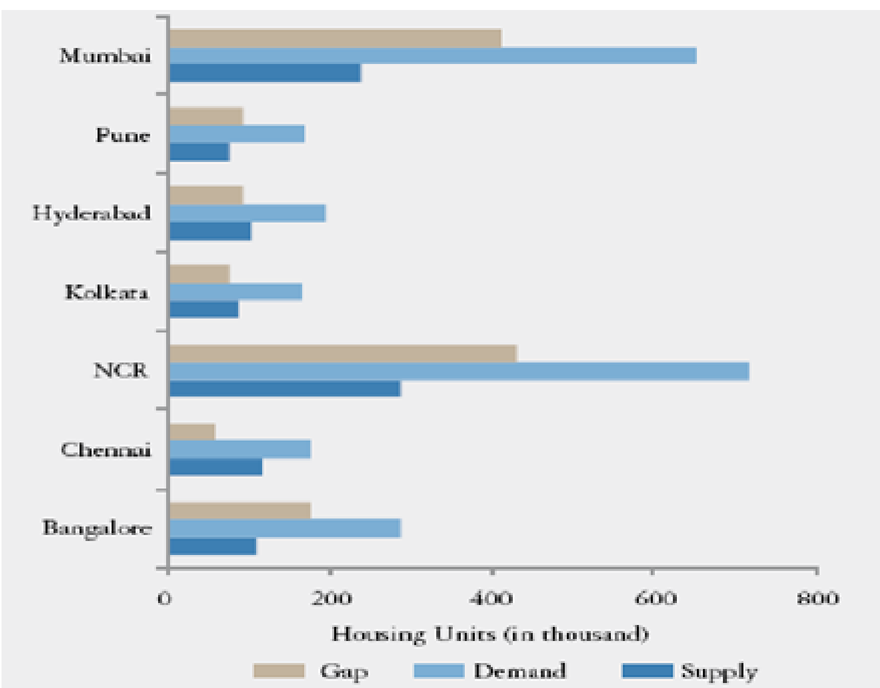
In 2008, urban GDP accounted for 58.0% of India's overall GDP. It is expected that by 2030 India's urban economies will generate nearly 70.0% of India's GDP. India's fast growing and relatively productive cities are expected to drive a near fourfold increase in India's per capita income between 2008 and 2030.

Residential Real Estate Development in India

Following the global economic crisis, the residential real estate sector showed signs of recovery in India's major cities such as improved buyer confidence and increasing prices. In other residential markets, consumer demand was consistent and fueled demand, but consumer growth was affected by factors such as rising interest rates, inflation and socio-political conflicts. Due to high construction costs and inflation, several developers raised property prices, thereby impacting the sector. The RBI also increased home loan interest rates, which affected real estate consumers. *(Source: Cushman & Wakefield and Global Real Estate Institute, Embracing Change, Scripting the Future of Real Estate, 2011.)*

In 2011, several residential markets reached their previous peak levels in terms of property prices as a result of increasing construction costs and anticipated demand. Premium markets in southern Mumbai and Central Delhi surpassed previous peak-level prices. On the supply side, during the first half of 2011, the residential sector registered a number of project launches across the seven major cities of India. A study of the major Indian cities revealed that markets such as the National Capital Region ("**NCR**"), Bengaluru, Chennai and Kolkata had high consumer demand in comparison to Pune and Hyderabad. *(Source: Cushman & Wakefield and Global Real Estate Institute, Embracing Change, Scripting the Future of Real Estate, 2011.)*

The chart below illustrates the demand and supply projections between 2011 and 2015 for the seven major cities in India:



(Source: Cushman & Wakefield and Global Real Estate Institute, Embracing Change, Scripting the Future of Real

Estate, 2011.)

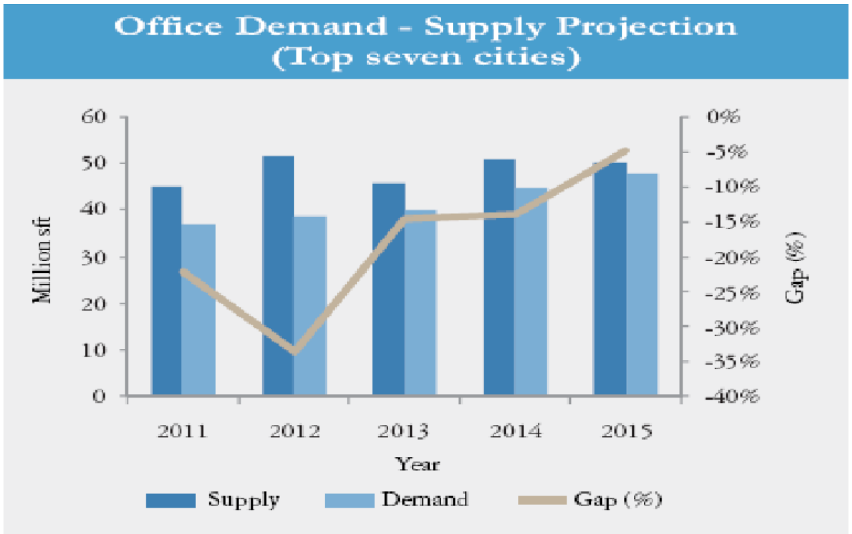
Commercial Real Estate Development in India

The global economic crisis significantly affected office space demand in 2009, which experienced a decline of 50.0% compared to 2008. This resulted in an increase in vacant units and a decrease in rent prices across most Indian cities. In 2010, scaling up of their operations by various occupier companies increased transaction activities. Demand for commercial office space in 2010 was approximately 39.6 million sq. ft., which was 67.0% higher than in 2009. *(Source: Cushman & Wakefield and Global Real Estate Institute, Embracing Change, Scripting the Future of Real Estate, 2011.)*

During the first six months of 2011, supply was approximately 17.4 million sq. ft., a decrease of 21.0% from the same period in 2010. The overall demand for 2011 is estimated to be 37 million sq. ft., registering a small decrease from 2010. *(Source: Cushman & Wakefield and Global Real Estate Institute, Embracing Change, Scripting the Future of Real Estate, 2011.)*

The cumulative pan-India commercial real estate demand between 2011 and 2015 is expected to be 267 million sq. ft. Bengaluru, the NCR and Mumbai are expected to constitute 47.0% of the total demand. Cities such as Chennai, Kolkata and Hyderabad are expected to experience an increase in demand between 2011 and 2015. *(Source: Cushman & Wakefield and Global Real Estate Institute, Embracing Change, Scripting the Future of Real Estate, 2011.)*

The majority of office units expected to become operational are in Mumbai, followed by the NCR and Chennai, between 2011 and 2015. Cities such as Bengaluru, Kolkata and Pune are expected to experience a negative supply growth, primarily due to there being fewer planned projects by developers. Chennai is expected to experience the highest real estate activity with the highest demand and supply growth between 2011 and 2015. Kolkata is expected to have the lowest demand and supply growth due to slowing supply between 2011 and 2015. *(Source: Cushman & Wakefield and Global Real Estate Institute, Embracing Change, Scripting the Future of Real Estate, 2011.)*



(Source: Cushman & Wakefield and Global Real Estate Institute, Embracing Change, Scripting the Future of Real Estate, 2011.)

Retail Real Estate Development in India

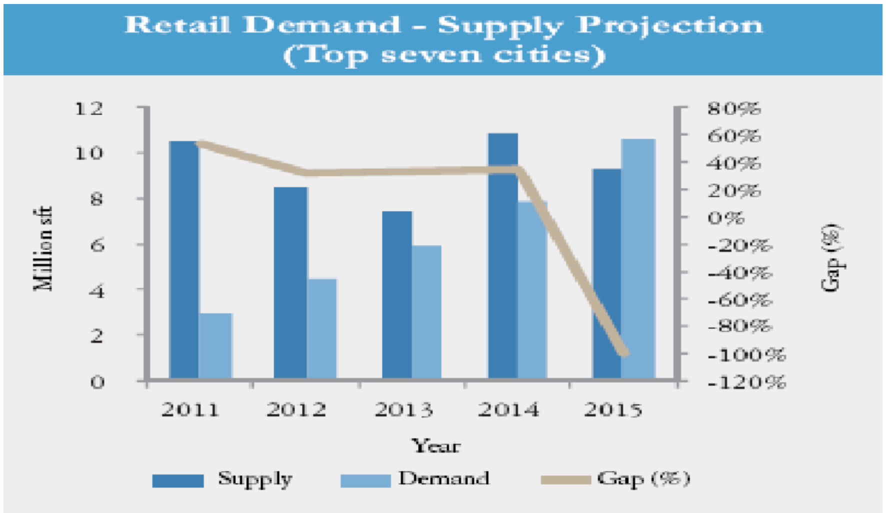
The retail real estate market in India is developing and becoming increasingly complex and competitive with consolidations and competition in pricing and promotional activities. New international, national and regional entities are expanding and reaching out to a new set of customers in India.

The majority of upcoming developments are expected to be launched with approximately 60.0% to 62.0% occupancy levels. Total demand for retail space in malls across India between 2011 and 2015 is expected to reach approximately 57 million sq. ft. at a CAGR of 37.0%. Additional retail space demand on the main streets is expected to be approximately 112.57 million sq. ft.

The share of the total demand for retail space in malls across India in the top seven cities is expected to be approximately 55.9% between 2011 and 2015. The NCR, Bengaluru and Mumbai will continue to dominate the market accounting for 43.0% of the demand. The NCR is likely to experience the highest cumulative demand for retail space in malls at approximately 11.8 million sq. ft by 2015 followed by Bengaluru with demand expected to be 6.6 million sq. ft.

The oversupply of retail space is expected to prevail until 2014. However, if organized retail growth continues steadily, the demand is expected to increase above the supply levels in 2015. The oversupply of retail space is likely to be more pronounced in Pune as the city is likely to experience substantial supply of real estate between 2011 and 2015. *(Source: Cushman & Wakefield and Global Real Estate Institute, Embracing Change, Scripting the Future of Real Estate, 2011.)*

The chart below illustrates the projection for retail demand and supply across the top seven cities in India:



(Source: Cushman & Wakefield and Global Real Estate Institute, Embracing Change, Scripting the Future of Real Estate, 2011.)

OUR BUSINESS

Overview

We are the listed flagship company of the Godrej group of companies, which is one of the leading, oldest and most prominent business groups in India. With diverse business interests, we are committed to growing our core businesses, building an environment to enable transformation while also nurturing and investing in emergent businesses of the future. This strategy is captured in our approach called CREATE, which stands for Consumers and Chemicals, Real Estate and Agri - our four core businesses, Transformation - our commitment to enhancing the social and environmental conditions of the communities in which we operate, and Emergent - our focused incubation of new businesses. We have been listed on the BSE since 1990 and the NSE since 1995, and have a market capitalisation of ₹ 79,928.9million as on July 18, 2012.

The Godrej group was established in 1897 and has since grown into a conglomerate with combined turnover of about ₹ 190.0 billion for the fiscal year 2012. We believe that the "Godrej" brand commands a strong resonance among the populace in India and is associated with trust, quality and reliability. Five Godrej brands featured in Brand Equity's "Most Trusted Brands 2011" survey. The "Godrej" brand was valued at US$2.9 billion in October 2010 by Interbrand, a London-based brand consultant.

Our consolidated total revenue was ₹ 58,038.6 million for the fiscal year 2012, as compared to ₹ 46020.4 million for the fiscal year 2011. Our consolidated profit was ₹ 2,916.1 million for the fiscal year 2012, as compared to ₹ 2,933.9 million for the fiscal year 2011.

We operate or hold interests in diversified businesses, on our own or through our subsidiaries, joint ventures and associates, including our:

- Consumer products business, through our 21.15% equity interest in Godrej Consumer Products Limited, which produces and sells a variety of home care, personal wash, hair care and other consumer products. Our share of profit from this business was ₹ 1,566.0 million for the fiscal year 2012.

- Chemicals business, which includes the production and sale of oleochemicals and surfactants, such as fatty alcohols, fatty acids, refined glycerine, alpha olefin sulphonates, sodium lauryl sulphate and sodium lauryl ether sulphate. Our result before interest, exceptional items and tax from this business was ₹ 1,198.1 million for the fiscal year 2012.

- Real estate and property development business, through our 62.35% equity interest in Godrej Properties Limited, which develops, sells, leases and licenses (short term rentals) real estate. Our result before interest, exceptional items and tax from this business was ₹ 1,567.3 million for the fiscal year 2012.

- Animal feed business, through our 75.32% equity interest in Godrej Agrovet Limited, which business includes the production and sale of compound feed for cattle, poultry, shrimp and fish. Our result before interest, exceptional items and tax from this business was ₹ 954.9 million for the fiscal year 2012.

- Other agricultural products business, through our 75.32% equity interest in Godrej Agrovet Limited, which business includes the oil palm, processing and sale of poultry and frozen snacks and agri inputs businesses.

- Beverages and foods business, through our 43.37% equity interest in Godrej Hershey Limited, which processes, produces and sells sugar confectionary, non-carbonated beverages and other edible products.

- Gourmet foods and fine beverages retail chain, through our wholly-owned subsidiary, Natures Basket Limited, for up market urban consumers in five metropolitan cities in India.

- Vegetable oils business, through our wholly owned subsidiaries, Godrej International and Godrej International Trading & Investment Private Limited, which business includes the bulk trading of refined vegetable oils and *vanaspati* (hydrogenated vegetable oil).

- Other businesses, which include our investments in companies such as Polchem Hygiene Laboratories

Private Limited, Aadhar Retailing Limited and Creamline Dairy Products Limited, and our wind energy business.

Our Strengths and Strategies

Across Our Various Businesses

Strengths

Established brand name

We are a part of the Godrej group, among India's oldest and most prominent corporate houses. We believe that the "Godrej" brand is instantly recognizable in India due to its long presence in the Indian market and the diversified businesses in which the Godrej group operates. Five Godrej brands featured in Brand Equity's "Most Trusted Brands 2011" survey. We believe that the strength of the "Godrej" brand and its association with trust, quality and reliability helps us in many aspects of our various businesses, particularly our businesses that involve contact with retail consumers, such as consumer products, real estate, beverages and foods and our gourmet foods and fine beverages retail chain.

The "Godrej" brand was valued at US$2.9 billion in October 2010 by Interbrand, a London-based brand consultant. The perceived value of our brand is assisted by our market leading presence in many of our businesses such as consumer products, chemicals, animal feed, oil palm and poultry businesses.

Diversified business model

We operate in diverse businesses and are therefore not overly reliant on one particular business or product line. Our businesses include mature and established businesses, such as consumer products, chemicals, real estate, and agricultural products, which complement our rapidly growing, newer businesses, such as our beverages and foods and our gourmet foods and fine beverages retail chain.

Some of our businesses are also diversified geographically. While our consumer products business has operations in Africa, Latin America, Indonesia and United Kingdom (in addition to our market leading presence in India), our chemical business exports products to over 75 countries in six continents. In addition, our oil palm farms are spread over eight states in India and our real estate projects are located in 12 cities in India. The diversification of our businesses enables us to maintain revenue growth year-over-year, as well as diminish the risks associated with the dynamics of any particular industry or geography while benefiting from the synergies of operating in diverse or related businesses.

Financial strength

Our financial strength is a result of several factors. We have a track record of stable revenues and profitability from many of our businesses. Our consolidated total revenue was ₹ 58,038.6 million for the fiscal year 2012, compared to ₹ 37,169.6 million for the fiscal year 2010. Our consolidated profit was ₹ 2,916.1 million for the fiscal year 2012, compared to ₹ 2,032.5 million for the fiscal year 2010. Additionally, our Company's debt to equity ratio has historically been low and was 0.41 as of March 31, 2012. In some of our businesses, to reduce risk or to leverage the strengths of partners, we offer and sell equity interests or enter into joint ventures. We believe this model also enables us to diversify or improve our profit margins.

Committed and experienced management team and motivated employee base

The senior management team at each of our businesses has strong entrepreneurial orientation and significant experience. They are committed to the Godrej group and the growth of our business and revenue. Most of our senior management have significant experience with the Godrej group.

We believe a motivated and empowered employee base is key to our competitive advantage. Our employee value proposition is based on a strong focus on employee development, an exciting work culture, empowerment and finally, competitive compensation, recognition and rewards. Our employee proposition includes organized talent management and career planning, and sponsored training and counselling, in order to strengthen the skills of our employees. We believe the skills and diversity of our employees give us the flexibility to adapt to future needs of various businesses.

Strategies

<u>Leverage and enhance our brand name</u>

We believe that our customers, vendors and suppliers perceive the "Godrej" brand to be that of a trusted provider of quality products and services. We were actively involved in a group-wide branding initiative that was conducted by Interbrand, a London-based brand consultant. Interbrand also conducted a branded business valuation exercise which measured the economic value added by the "Godrej" brand to our business and demonstrated how the "Godrej" brand could be used to grow our businesses. We intend to continue to enhance and leverage the "Godrej" brand through strategic branding initiatives, consumer engagement programs and integrated marketing campaigns. In addition, our association with the Godrej group helps us leverage group resources.

<u>Godrej Good & Green</u>

We have recently launched Good & Green, a group-wide initiative focused on building a more inclusive and greener India by 2020. The first of the three prongs of this social and environmental strategy is geared towards employability and targets providing vocational training to one million rural and urban youth. The second prong targets achieving zero waste, carbon neutrality, positive water balance and the use of renewable energy for at least 30% of our energy requirements. The final prong of this initiative is to target achieving a third of our revenues being generated from the provision of environmentally friendly products and services.

Our Consumer Products Business

Strengths

<u>Market leading position</u>

We believe that Godrej Consumer Products has established a market leading position in the consumer products industry with its ability to produce superior quality, cost effective and highly saleable products. Cinthol, Good Knight and Godrej No. 1 rank among the 100 most trusted brands in 2011 by Brand Equity. The Newly launched Godrej Expert powder hair colour - care was voted the product of the year in the powder hair colour category by Brand Equity in 2012.

Godrej Consumer Products has established a leading market share in one or more products in almost all countries it operates in. In terms of market share, our consumer products maintain the following key leadership positions:

- First in hair colour in India;*
- First in household insecticides in India;* and
- First in liquid detergents in India;* and
- Second in soaps in India.*

**(Source: Nielsen (India) Private Limited)*

We also have a leading market share in air freshners, wet tissues and home insecticides in Indonesia.

<u>Products in a diverse range of categories and regions</u>

Home care (household insecticides, air fresheners and wet tissues), personal wash (soaps) and hair care (hair colour and hair extensions) are our three core categories. In addition, Godrej Consumer Products also produces cereals, hand-hygiene products, liquid detergents, shampoos and conditioners, hair extension accessories, talcum powers, deodorants, shaving cream, lotions and oils. While the revenue mix of Godrej Consumer Products changes year-to-year, home care, personal wash and hair care core categories contributed 47.7%, 22.1% and 19.0% respectively of its total income, for the fiscal year 2012.

In addition, Godrej Consumer Products focuses on the emerging markets in Asia, Africa and Latin America. Asia (excluding India), Africa, Latin America and Europe contributed 19.2%, 8.7%, 5.9% and 4.3% respectively of Godrej Consumer Products' total income, for the fiscal year 2012.

Established presence in key emerging markets

Godrej Consumer Products has an established presence in populous emerging markets that are increasingly affluent and brand conscious. We believe this presence is key, because Godrej Consumer Products' income and profit margins are tied directly to levels of consumer spending in the markets in which it operates.

The international operations of Godrej Consumer Products contributed 42.6%, 40.1% and 16.6% of its consolidated total income, which was ₹ 21,187.8 million, ₹ 15,061.4 million and ₹ 4,098.9 million, for the fiscal years 2012, 2011 and 2010, respectively, exhibiting growth in the share of income derived from international operations and also total income, even during an ongoing global financial crisis. Godrej Consumer Products expanded its international operations during this period by establishing a presence in emerging economies through a number of acquisitions. As a result:

- we believe that Godrej Consumer Products is currently one of the largest consumer products companies in India and Indonesia; and

- Godrej Consumer Products now has a leading presence in the hair products markets in Africa and Latin America.

We expect this trend to continue, particularly after the second phase of the Darling Group acquisition, which is expected to be completed during the current fiscal year.

Strategies

Godrej Consumer Products implements a six key pillar business strategy.

Drive leadership position in core categories

The first pillar of this strategy is increasing market share in home care, personal wash and hair care, three core categories, and by focusing on increasing consumption and market penetration. To drive growth, Godrej Consumer Products also focuses on enhancing the value of the brand and product innovation in core categories.

Focus on growth pursuant to the 3X3 strategy

The second pillar of this strategy is Godrej Consumer Products' commitment to growth pursuant to the 3X3 strategy, particularly through acquisitions. It targets acquisitions in its three core categories and towards the emerging markets of Asia, Africa and Latin America, the 3X3 strategy. Since 2005, Godrej Consumer Products has completed thirteen acquisitions, including eleven acquisitions overseas, and has consolidated and grown its operations. To assist in integration and growth, Godrej Consumer Products believes in retaining existing management and maintaining existing brands and products.

Innovate and renovate products

The third pillar of strategy entails accelerating the pace of innovation and launching differentiated products in existing product lines in various geographies. Some of the recent product innovations are rosewater and almonds and saffron and milk cream soaps in Godrej No. 1 in India, Godrej Expert hair colour - care with henna and amla and Godrej Expert Power hair colour – advanced, a non-drip gel based hair colour in India, HIT-magic, a disruptive paper format mosquito repellent in Indonesia, Inecto Plus, an aloe vera and protein enriched conditioner in South Africa, Issue, an ammonia-free long-lasting hair colour in Argentina and Henara, a henna-based colour enhancing shampoo and conditioner line of products in the United Kingdom.

Future ready sales system

Godrej Consumer Products' fourth pillar of strategy is to grow the existing sales network by expanding the urban network and increasing the rural area penetration. Specifically, it is focused on sales channels that are new or under-performing, and improving the quality of sales system.

Best in class supply chain

The fifth pillar of strategy is to establish a sourcing system that covers all consumer products globally and utilizes practices such as the Theory of Constraints, Demand Driven Supply Chain, Total Productive Maintenance and Six Sigma and is automated. This initiative is designed to lower costs by reducing purchase and freight costs and wastage and improving manufacturing yields.

Agile and entrepreneurial management

Lastly, the sixth pillar of strategy is to inculcate the Godrej culture, develop talent and integrate new businesses. Godrej Consumer Products has won best employer recognitions, such as the leading rank in India's Best Companies to Work for in the consumer products sector by Economic Times and Great Place to Work Study 2011 and among the top five in Aon Hewitt Best Employer in India in 2011.

Our Chemicals Business

Strengths

Use in a diversified range of industries and geographies

Our chemical products are used in a diverse range of industries, including personal care (cosmetics, toothpaste, shampoos and conditioners), home care (toiletries and detergents), rubber, PVC, pharmaceuticals, humectants and certain other industrial applications. Moreover, we export our chemical products to over 75 countries in six continents. We believe this diversity enables us to sustain revenue growth, as applications for our products increase, and withstand the economic downturn and market and industry volatility. In addition, as a supplier to multi-national and market leading companies, we are able to leverage their growth to increase the size of our operations and the volume of revenues from such customers.

Market leading position in India

We are one of India's leading manufacturer of oleochemicals and surfactants. During the fiscal year 2012, we achieved exports of chemicals amounting to over ₹ 5.0 billion of sales revenue. We believe our market leading presence, coupled with the strength of our brand, will assist us in growing our business.

Strategies

Grow our range of products in value added and speciality chemicals product lines

We have a track record of successfully introducing and establishing new products in new and existing segments. In our chemicals business, we intend to focus on producing and marketing long chain fatty alcohols, derivatives of rapeseed oil and other value added and speciality chemicals. Our research and development centre, recognized by the Department of Scientific and Industrial Research of the Ministry of Science and Technology of India, will focus on development of value added and speciality chemicals.

Leverage our market leading position

We intend to leverage our market leading presence to not only increase the volume of existing products for our existing and new customers but also expand our product portfolio with adjacencies to our current product offerings. We intend to do this by expanding our production capacity for our existing product portfolio, particularly value added products at our technologically advanced oleo chemicals production facility being developed at Ambernath.

Our Real Estate Business

Strengths

Strong project pipeline

As of March 31, 2012, we had Land Reserves of approximately 77.1 million sq. ft. of Developable Area and 70.4 million sq. ft. of Saleable Area across 12 cities in India. As of March 31, 2012, we had 14 Ongoing Projects comprising 44.8 million sq. ft. of Developable Area and 41.5 million sq. ft. of Saleable Area. Additionally, we have 16 Forthcoming Projects comprising 32.3 million sq. ft. of Developable Area and 28.8 million sq. ft. of Saleable Area. In addition to the above projects, we have entered into definitive agreements for three projects, a redevelopment project located in Byculla, Mumbai, a residential project located in Alipore, Kolkata, and a township development project located in Panvel, Mumbai. During the fiscal year 2012, we entered into definitive agreements for the development of 10 projects. Godrej Properties has also entered into memoranda of understanding with Godrej & Boyce and Godrej Agrovet, to develop approximately 175 acres of land owned by them and has entered into a memorandum of understanding with Godrej & Boyce to develop its land in Vikhroli, Mumbai on a project development manager fee basis.

Track record of joint development projects and strategic investors

We typically undertake projects through the joint development model and enter into development agreements with land owners to develop their land. These agreements provide us with the development rights to land in exchange for a pre-determined portion of revenues, profits or developable area generated from the project. This model reduces our upfront land-acquisition costs and reduces our risk exposure to the project. As of March 31, 2012, 86.4% and 88.0% of our total Developable Area and Saleable Area, respectively, were being undertaken as joint development projects.

We also offer and sell equity interests in project-specific companies to long-term investors. This business model enables us to hold fewer assets, be more capital efficient, achieve higher returns on our investments and undertake more projects without investing large amounts of capital towards the purchase of land. We thereby limit our risk through project diversification while maintaining significant management control over our projects. As of March 31, 2012, nine of our projects were being undertaken with long-term equity partners who have invested in project-specific companies. Recently, we launched a residential development financing platform, under which a Dutch co-operative representing a group of overseas investors and an Indian investor, is committed to equity investments in our residential projects. The platform intends to focus primarily on the development of FDI-compliant residential projects (other than small joint development projects) in Mumbai, the National Capital Region, Bangalore, Chennai and Pune.

Strategies

Focus on developing residential projects

We believe that the growth opportunity for real estate development in India will be focused on residential developments aimed at India’s rapidly growing middle class. Our residential developments are typically located in high growth urban areas located in or near prominent or growing cities across India. By developing these residential projects, we believe we will be able to attract the rapidly growing number of middle and upper middle class home buyers in India. As of March 31, 2012, 80.6% of our Saleable Area comprised residential projects.

Build upon extensive portfolio of joint development projects and other innovative structures to optimise resources

We intend to leverage our established track record and existing relationships with land owners to pursue projects across high growth markets through innovative structures such as joint development agreements with land owners and partnering with investors in project specific companies and maintain an asset-light portfolio. As of March 31, 2012, nine of our projects were being undertaken with long-term equity partners who have invested in project-specific companies and we have recently created a residential development platform to invest in mid-income residential projects in certain cities. We will continue to explore opportunities to undertake projects with such investors. We have also diversified our execution model by undertaking the development of projects as a project development manager on a fee basis.

Commitment to superior project execution

We recognize the importance of delivering quality projects on a timely basis and we intend to increase the scale of our business while staying focused on such quality. Selective outsourcing of the development process enables us to source leading development partners, while optimally utilizing our resources. We will continue to explore opportunities for other leading development partners to undertake our non-core development functions.

Our Agricultural Products - Animal Feed Business

Strengths

One of the largest commercial feed millers in India

We are one of the largest commercial feed millers in India in the organized sector in terms of feed volumes and feed sales for the fiscal year 2011. We have an existing milling capacity of 145,000 MT per month, which can be configured to produce mash and pellets, and produced 1,016,080 MT of animal feed for the fiscal year 2012. We believe our size allows us to benefit from economies of scale in sourcing, producing feed and in our storage, research and development, marketing and distribution networks.

We have approximately four decades of experience in India as a commercial feed miller. This track record and the size of our operations have provided us with considerable experience in expanding and pursuing operational efficiencies. We have increased our feed volumes across all feed product categories and regions, with increases in feed sales of 35.2% and 13.2% and feed volumes of 17.8% and 10.9% in the fiscal years 2012 and 2011, respectively.

Diversified feed product mix

Our feed product mix is, and has historically been, well diversified in terms of feed volumes and feed sales. For the fiscal year 2012, for example, our volumes of cattle, broiler, layer, aqua and other feed were 32.2%, 46.7%, 13.6%, 4.3% and 3.2%, respectively, of our total feed volume. Our diversified product mix allows us to limit our reliance on a single product or product category for revenue.

Strategy

Improve market share across product lines and markets

We plan to improve our market share across product lines and markets by focusing on premium products and expanding our production capacity. We believe that premium products will continue to fuel our short-term growth. We also plan to focus on expanding to markets and product lines in which we do not already have a significant presence, such as cattle feed in Uttar Pradesh and Punjab, all animal feed in East India and aqua feed throughout India. In the long-term, we believe that our competitive advantage will continue to come from our research and development efforts. We are currently constructing an animal nutrition research and development facility in Nashik, Maharashtra, which we expect to be operational by the end of the fiscal year 2014. Our research and development efforts are focused primarily on developing innovative livestock nutrition products that give us the brand differentiation that we believe will help to improve our profit margins and market share.

We also believe that increasing our production capacity will allow us to accelerate our expansion in existing and new markets. Our production capacity depends in part on the production capacities of third parties, which represented 39.4% of our total feed production for the fiscal year 2012. We expect to benefit from industry growth with a number of new feed processing mills expected to be completed in the fiscal year 2013, including one in North, one in East and two in South India. At the same time, we plan to continue to invest in research and development.

Our Agricultural Products - Oil Palm Business

Strengths

One of the largest oil palm developers in India

We are one of the largest oil palm developers in India in terms of planted hectares, which we believe has provided us with substantial industry experience. As of March 31, 2012, we had over 45,000 planted hectares across Andhra Pradesh, Tamil Nadu, Goa, Orissa, Gujarat, Mizoram, Maharashtra and Karnataka in our allotted districts, 7,037 hectares of which were planted in the fiscal year 2012 alone. With the long gestation periods before fresh fruit bunches can be harvested, we are just beginning to reap high growth in fresh fruit bunch tonnage harvested from maturing oil palm: Our fresh fruit bunch tonnage harvested increased by 63.9%, and oil palm sales increased by 94.3% for the fiscal year 2012 from the fiscal year 2011. We have over 9,220 hectares of mature oil palms aged seven years and above, and over 19,180 hectare of oil palms aged four to six years.

Track record of successful oil palm development

Our experience has, in turn, allowed us to establish a track record of providing farmer support and reliable infrastructure for purchasing harvested fresh fruit bunches. Our farmer support initiatives include proposed farmer care centres in Andhra Pradesh, Karnataka and Tamil Nadu to provide farmers with equipment and training in mechanical harvesting. We also maintain an electronic database that tracks fertilizer usage, tree records and each farmer's involvement with oil palm, so that we can continue to improve farmers' fresh fruit bunch yields.

Strategies

Expand reach to high productivity regions

We plan to continue to increase our number of planted hectares by targeting high productivity regions. Our planted hectares increased by 40.0% in the fiscal year 2012 from the fiscal year 2011. We plan to target farmers in areas with an abundance of water, such as Tamil Nadu, coastal Maharashtra and Gujarat. We believe that our expansion plans benefit from the strategic locations of our processing mills, because fresh fruit bunches must be processed within approximately 48 hours of being harvested. We believe that our number of planted hectares will continue to increase due to the increasing acceptance by farmers of the profitability of oil palm. Oil palm has a higher oil yield per hectare than any other oil seed crop, and suitable land in India is increasingly consolidated into productive hands as absentee landowners move away.

Improve yields through research and development

We plan to continue to focus on research and development to improve fresh fruit bunch yields per hectare and provide additional support to farmers. One of our current research and development initiatives is to analyse the soil and leaf samples of our farmers' crops and provide customised suggestions to improve the productivity of the farm, thereby improving fresh fruit bunch yields and synchronous flowering, fruiting and harvesting. Apart from an existing research and development laboratory in Vijayawada, Andhra Pradesh, we are also planning additional laboratories in Tamil Nadu and Karnataka, which will continue to focus on providing support to farmers. We plan to commence a new research and development program on improving farmers' understanding of harvesting and intercropping. We also plan to continue to provide targeted interventions for farmers whose farms are experiencing slow growth or low yields, and will launch a new initiative to provide certain farmers with high grade, customized compound fertilizer and drip irrigation

Our Agricultural Products – Poultry Business

Strengths

Strong brand recognition and partnership heritage

We are a leading poultry processor in India, with well recognized brands that include Real Good Chicken and Yummiez. We believe that this strong brand recall gives us a distinct competitive advantage, with consumers associating our brand with high quality poultry products and frozen snacks. We also believe that our brand recognition provides us with a foothold with consumers and retailers to introduce new products and expand to new regions.

We also benefit from the brand recognition of, and our partnership with, Tyson Foods, Inc. ("**Tyson Foods**"), which is one of the largest meat protein companies in the world and the second largest food production company in the *Fortune 500* list with consolidated sales of over US$32.0 billion for its fiscal year 2011. Tyson Foods has over 75 years of experience producing, distributing and marketing chicken, beef, pork, prepared foods and related products. We believe that our partnership with Tyson Foods provides us with the technical, marketing and operational expertise to compete successfully in India with other producers, processors and sellers of value-added, fresh and frozen poultry products and frozen snacks.

Diversity in customers, their requirements and geographies

We believe that we benefit from the diversity of our customers' product requirements and geographies. We sell poultry products to retail customers, including grocery and wholesale stores, quick service restaurants ("**QSRs**"), modern trade retail outlets, food service customers, including fine dining restaurants, star hotels and chain restaurants, food processors and food service distributors. Our Real Good Chicken products are primarily sold in South and West India, and our Yummiez products are sold nationally. This diversity in customers allows us to maintain a discrete customer base which reduces our dependence on any one customer type or product.

Strategies

Provide value-added products

We will continue to provide variants of existing, and new, value-added poultry products. We currently provide a variety of value-added poultry products, including breaded and non-breaded ready-to-cook and ready-to-eat products. Our value-added poultry products accounted for 15.8% of our total poultry sales for the fiscal year 2012, representing a CAGR of 46.1% in volume and 56.3% in value between the fiscal years 2010 and 2012. Because our poultry production and processing are vertically integrated, we receive higher margins as we provide additional value to the products we eventually sell. Moreover, producing value-added poultry products decreases the percentage of poultry feed costs, which is the single highest cost component and can be volatile, to total costs, contributing to profitability.

We believe that value-added poultry products will continue to be one of the fastest growing and most profitable segments of the poultry industry in India. We intend to produce value-added products that are tailored to market demand. For example, we market and sell ethnically Indian products such as *tikkas* and *kebabs* and international products such as hot wings, chicken popcorn and marinated breast fillets to grocery stores. We also expect considerable growth in demand from QSRs and modern retail stores. We believe the QSR market, which includes QSRs such as McDonalds, KFC, Pizza Hut, Dominos, has been growing rapidly and provides a market for tailored chilled chicken products and processed value-added ready-to-eat and ready-to-cook products.

Modern retail stores, which include super markets and hyper markets, are expected to increase demand for hygienically processed raw chicken and various value-added portion products, such as drumsticks, breast and thigh fillets and mince meat in both chilled and frozen formats.

Expand processing capacities

We will also continue to focus on expanding our processing and prepared food capacities. Our poultry business has two existing production facilities, one at Taloja near Mumbai and another at Hoskote near Bangalore, with a combined processing capacity of 54,000 broilers per day. We are also in the final stages of expanding our processing capacity to 88,000 broilers per day.

Our Agricultural Products - Agri Inputs Business

Strength

Portfolio of existing and upcoming innovative products

We have a portfolio of plant growth regulators (Vipul, Double, Combine, Bountee, Zymegold and Drip Zyme), soil conditioners (Vikas), cotton herbicides (Hitweed) and other crop protection products. We also have a strong pipeline of innovative products, including a new herbicide which is a broad spectrum post-emergence to control a large number of weeds in paddy crops.

Strategies

Increase market penetration by focusing on selling core products in target markets

We plan to continue to grow our agri inputs business by focusing on increasing the market share of our existing core products. We plan to focus on achieving deeper market penetration with our niche plant growth regulators (Vipul, Double, Combine, Bountee, Zymegold) and cotton herbicide (Hitweed) which we believe bring innovation over existing substitutes. For example, Hitweed is a pesticide that differentiates between cotton and weeds, in contrast to conventional weed control measures which provides less effective weed control and damage the cotton. Zymegold is an innovative yield enhancer that provides a natural source of nutrients to enhance soil microbial activity and improve soil texture and structure. HBR products (Double, Combine and Bountee), are part of the newest generation of plant growth regulators and increases yields by improving plant metabolism and helping plants survive abiotic stress conditions.

Focus on research and development

We plan to continue to focus on research and development to develop our agri inputs, seeds and tissue culture products. Our research and development has increasingly focused on herbicide synthesis, which we believe will produce crop protection products with higher profit margins. We are also focusing on research and development of bajra hybrids, which, if successful, will allow farmers to grow crops, particularly hybrids for dairy cattle nutrition, with a combination of favourable traits, such as higher yields coupled with a resistance to climate change. Our research and development efforts are also focused on plant tissue culture of banana, pomegranate, sugarcane and papaya planting material. We are in the process of seeking a technical partnership to source a new generation of sophisticated agri input products for the Indian market.

Description of Our Businesses

Our Consumer Products Business

We hold a 21.15% equity interest in Godrej Consumer Products Limited, a consumer products company that focuses on home care, personal wash, hair care and certain other consumer products. Godrej Consumer Products manufactures and sells its products in the emerging markets of Asia, Africa and Latin America as well as in the United Kingdom.

For the fiscal years 2012, 2011 and 2010, our consumer products business contributed ₹ 1,511.2 million, representing 51.8%, ₹ 1,069.3 million, representing 36.4%, and ₹ 762.4 million, representing 37.5%, of our consolidated net profit, respectively.

Godrej Consumer Products' Acquisitions

In the past few years, Godrej Consumer Products completed a number of acquisitions in India and overseas to increase its market share in selected product categories and to expand its geographical reach. In India, Godrej Consumer Products acquired 49.0% of Godrej Sara Lee Limited from our affiliates in June 2009 and the remaining 51.0% from Sara Lee Mauritius Holdings Private Limited in May 2010. In addition, in December 2010, Godrej Consumer Products acquired the Genteel brand, a liquid detergent, and the Swastik Shikhakai brand, a toilet soap.

As part of Godrej Consumer Products' expansion plans to establish its international presence, it has completed the following acquisitions:

- *United Kingdom*. In October 2005, Godrej Consumer Products acquired the business of Keyline Brands Limited ("**Keyline**"), which markets and distributes cosmetics and toiletries primarily in the United Kingdom.
- *South Africa*. In September 2006, Godrej Consumer Products acquired the cosmetics and personal care business of Rapidol Limited ("**Rapidol**") in South Africa and also acquired trademarks owned by Rapidol and its subsidiary, Rapidol International Limited. Rapidol manufactures, markets and distributes hair colour in South Africa.
- *United Arab Emirates*. In October 2007, Godrej Consumer Products acquired Godrej Global Mid East FZE ("**Godrej Middle East**"), a distribution company in the Middle East, from Godrej International.
- *South Africa*. In April 2008, Godrej Consumer Products acquired Kinky Group (Pty.) Limited ("**Kinky**"), which is one of the leading hair products manufacturing, marketing and distribution companies in South Africa.
- *Indonesia*. In May 2010, Godrej Consumer Products acquired the Megasari group of companies, which comprises PT Megasari Makmur, PT Ekamas Sarijaya, PT Indomas Susemi Jaya, PT Simba Indosnack, PT Intrasari Raya, PT Sarico Indah in Indonesia and Indovest Capital Limited (Labuan) (collectively, the "**Megasari Group**"). The Megasari Group has a presence across a wide range of consumer products categories, particularly home care, and are one of the leading companies in the Indonesian home care market.
- *Latin America*. In June 2010, Godrej Consumer Products acquired the Issue group, comprising Laboratorio Cuenca SA and its subsidiaries, Consell SA, Issue Group Uruguay, Deciral and Issue Group Brasil (collectively, the "**Issue Group**"). The Issue Group is one of the leading mass market hair colour companies in Latin America.
- *Argentina*. In June 2010, Godrej Consumer Products also acquired Argencos SA ("**Argencos**"), a company that manufactures and markets cosmetics and hair prodcuts in Argentina and abroad.
- *Nigeria*. In June 2010, Godrej Consumer Products also acquired the "Tura" brand, a personal care brand, and certain related assets from the Tura group in West African countries.
- *Africa.* In September 2011, Godrej Consumer Products acquired a 51.0% equity interest in Darling Group Holdings, which sells hair extension products in South Africa, Mozambique and Nigeria. This acquisition is to be completed in phases. See "– Products – Africa." Darling Group Holdings has operations in 14 countries in Africa and had total income of US$200.0 million for the year ended December 31, 2010.
- *Chile.* In April 2012, Godrej Consumer Products, for a purchase price of US$38.0 million, acquired a 60.0% equity interest in Cosmetica Nacional, a company in the hair colour and household insecticides business in Latin America. Cosmetica Nacional had total income of US$38.0 million for the year ended December 31, 2011.
- *United Kingdom*. In February 2011, Keyline acquired the "Salon Selectives" brand, a hair care brand, and related assets from Croft Marketing (International) Limited.

Products – India

Godrej Consumer Products offers household insecticides in all formats, including mat, coil, aerosol, liquid vaporiser and lotion. It sells household insecticides under Good Knight, HIT and Jet brand names. Within the Good Knight brand, Godrej Consumer Products offers a variety of products such mosquito repellent mats and coils, electrical repellents, aerosol and repellent cream. HIT comprises a variety of insecticide aerosols targeting mosquitoes, flies, insects and household pests.

The leading brands of soaps in India for Godrej Consumer Products are Godrej No. 1, Cinthol, Godrej FairGlow, Crowning Glory, Godrej Shikhakai and Swastik Shikhakai. The Cinthol brand was first launched in India in 1952 and is one of the oldest brands of soap in India.

Godrej Consumer Products offers a variety of hair care product offerings ranging across powders, liquids, oils and creams, and at a variety of price points to satisfy various economic categories of customers. The Godrej Renew cream based hair colour and Coloursoft liquid hair colour is targeted at the middle income customers. The mass market range comprises Godrej Expert powder, gel and liquid hair colour, Godrej Kesh Kala oil based hair colour, Godej Nupur Mehndi and Godrej Kali Mehndi, natural hair colour, and Godrej Anoop Hair Oil, an Ayurvedic herbal hair oil.

Godrej Consumer Products also offers liquid detergents under the brands Ezee and Genteel, liquid dish wash under the brand Godrej Dish Wash and Cinthol talcum powders, Cinthol deodorants, Godrej Protekt hand sanitizers and Godrej shaving creams.

Products – United Kingdom

Keyline's key market is the United Kingdom, which contributes approximately 90.0% of its total sales, but its brands also have presence in Europe, Asia, Australia and New Zealand, the United States and Canada, Africa and the Middle East. Keyline markets, sells and distributes cosmetics, toiletries and male grooming products and has developed a customer base in numerous supermarket chains and discount stores. Keyline outsources manufacturing activities to low-cost third party manufacturers in the United Kingdom.

Keyline's brands include Aapri, a facial scrub, Adorn, a hair spray, Bio-oil, a scar and stretch mark reducing oil, Cuticura, an anti-bacterial hand gel, medicated talcum powder and hand wipe, Erasmic, shaving cream and brush, Henara, a henna based colour enhancing shampoo and conditioner, Inecto, a range of coconut based skin and hair care products, P20, a sunfilter, Perspirex, an anti-perspirant, Pro:Voke Touch of Silver, a range of hair care products for grey, white and platinum blonde hair, and Salon Selectives, a range of salon style hair care products.

Products – Africa

Godrej Consumer Products has significant presence in the African continent in the hair and hair care product category, through its ownership of Rapidol, Kinky and Tura and, more recently, its equity interest in Darling Group Holdings.

Rapidol is involved in the manufacturing and marketing of hair colourants. It has developed a range of hair colourants and hair care products particularly designed for colour treated hair in the climatic conditions of Africa. Its Inecto brand comprises Famous Originals, Color Range, Plus, Plus Highlights, Henna, Powder Hair Color and Semi Permanent variants. It also offers the Soflene brand of hair colour. Rapidol's distribution network is spread across South Africa and other African nations such as Zambia, Mozambique, Tanzania, Swaziland, Ghana, Namibia, Zimbabwe, Mauritius, Seychelles and Madagascar.

Kinky is one of the leading hair products manufacturing, marketing and distribution companies in South Africa. The product portfolio of Kinky includes hair, hair braids, hair pieces, wigs, and hair accessories such as styling gels, hair sprays, oil free shampoo, bonding glue and bonding glue remover under the Kinky brand. The products are sold through wholesalers, cash and carry outlets stores in various African countries and 30 of Kinky's stores in South Africa. Kinky currently exports its products to Swaziland and Lesotho.

Tura is a household name in many West African countries, and in 2007, it became the only super brand in Nigeria in the personal care category. The Tura brand enjoys a leading market share in a range of products including toilet soap, moisturizing lotion and skin-toning cream, with a distribution network across Nigeria.

In June 2011, Godrej Consumer Products agreed to acquire a 51.0% equity interest in the businesses of Darling Group Holdings, which sells hair extension products under the Darling and Amigos brand names in 14 countries in the sub-Saharan Africa. The acquisition, subject to customary conditions precedent, will occur in three phases. Phase 1 of the acquisition was completed in September 2011, and entailed Godrej Consumer Products to acquire 51.0% of the equity interest (together with an option to increase its equity interest to up to 100.0% five years after the closing date of phase 1) in companies that contributed to 45.0% of the total revenues of the Darling group, operated at a 20.0% EBITDA margin for the year ended December 31, 2010 and sold products in South Africa, Mozambique and Nigeria. Phase 2 of this acquisition is expected to be complete during the current fiscal year and entails the acquisition of a 51.0% equity interest in companies that contribute an additional 25.0% to 30.0% to the revenues of the Darling Group Holdings and sell their products in Kenya, Uganda, Tanzania and Ghana. Phase 3 of this acquisition is expected to be completed within 15 months of the completion of phase 2, and will entail the acquisition of a 51.0% equity interest in the remaining companies that contributed to the balance of the revenues of the Darling Group Holdings and sell their products in Cameroon, Côte d'Ivoire, Senegal, Angola, Democratic Republic of Congo, Malawi and Zambia. The acquisition of businesses under each of Phase 2 and Phase 3 will be undertaken on substantially the same basis as Phase 1.

Products – Asia (excluding India)

Godrej Middle East was initially established in Sharjah to distribute our consumer products in the Middle East. It currently has a distribution network in the United Arab Emirates, Oman, Saudi Arabia, Kuwait, Qatar and Bahrain, with over 10 years' experience in these markets, particularly in the distribution of soap, hair colourant and toiletries. Godrej Middle East has launched our Expert and Nupur Mehendi hair colour products in the Middle East and the Cuticura hand hygiene product range in Lebanon. Godrej Middle East's products are available in large trade channels and in pharmacies which help to rapidly introduce new products and new brands.

The Megasari Group manufactures a wide range of products in various consumer products segment, including household insecticides, air fresheners, wet tissues, baby care, cereals, drain openers, bleach, metal polishers and fly and rat glue. It is one of the leading companies in the Indonesia household products market, with extensive distribution network across Indonesia. In the household products category, the Megasari Group manufactures, distributes and sells, leading brands such as HIT anti-mosquito, fly and cockroach insecticide; Stella and Fogo air fresheners; and Mitu baby products in Indonesia.

Products – Latin America

The Issue Group is one of the leading mass market hair colour companies in Latin America, with presence in Argentina, Paraguay, Peru and Uruguay and an emerging presence in Brazil. The Issue Group sells hair colour under the brands Issue and Denney.

Argencos is one of the largest companies in Argentina in the niche market of hair colours in kit format. Its leading brands are L'eau Vive, Roby and 919, which are leading hair styling spray brands in Argentina.

In April 2012, Godrej Consumer Products acquired a 60.0% equity interest in Cosmetica Nacional, a company in the hair colour and household insecticides business with brands such as Illicit, Pamela Grant and U2 and operating in five countries in Latin America: Chile, Costa Rica, Paraguay, Peru and Panama. Godrej Consumer Products has an option to increase its equity interest in Cosmetica Nacional to up to 100.0%, any time between April 1, 2017 and April 30, 2018.

Production Facilities

Godrej Consumer Products has several manufacturing facilities in India. It also has manufacturing facilities in South Africa, Mozambique, Nigeria, Indonesia, Sri Lanka, Bangladesh, Argentina and Chile.

Raw Materials

The principal raw materials for the manufacture of Godrej Consumer Products' products are palm oil and its derivatives and allethrin based active compounds. Its other raw materials include colour and perfume. Godrej Consumer Products maintains a diverse base of suppliers from which it sources raw materials.

Sales, Marketing and Distribution

Godrej Consumer Products' sales and marketing strategy focuses on increasing sales, gaining market share and brand-building. Its products are sold in approximately 4.6 million outlets in India.

Certain key features of Godrej Consumer Products' sales and marketing strategy are set out below:

Value-For-Money Focus. Godrej Consumer Products aims to ensure that its personal wash products possess distinct 'value for money' propositions, offering quality products at competitive prices and with professional tools and education leaflets. In order to access the rural markets, Godrej Consumer Products has introduced some of its products in smaller stock-keeping-units.

Dedicated Brand Teams. Godrej Consumer Products has appointed marketing managers for marketing and brand building initiatives for each product as well as to pursue new market trends and variations. The brand team is responsible for marketing, advertising, promotions, consumer research and other disciplines that are key to developing a consumer products brand.

Customised Product Offerings. In line with Godrej Consumer Products' objective of building long-term consumer relationships and adapting to various customer needs, it introduced customised products based on specific market requirements.

Focused Communication Strategy. Godrej Consumer Products' advertisements consist of a mix of electronic, print and online media, as well as through various competitions and partnerships to strengthen brand identity. In the fiscal year 2012, Godrej Consumer Products' spent ₹ 4,498.6 million in advertising and publicity expenses as compared to ₹ 3,528.5 million in the fiscal year 2011.

Supply Chain Management

Godrej Consumer Products believes it has an efficient supply chain management system. The objective of its supply chain is to ensure that the required product is available in the right quantity at a specified place at the right time.

Research and Development

Godrej Consumer Products believes that research and development activities are an integral component of its success and growth strategy. Its R&D focus is to drive innovation in all areas of its business leading to improvements in product quality, cost savings, higher efficiencies and quality packaging for its proprietary brands. In the recent past, its R&D team has focused on customer centricity, and packaging development with respect to hair care, skin care, fabric care and hygiene products. Godrej Consumer Products has integrated its R&D practices to operate in co-ordination with all its businesses and various product categories. Particularly, Godrej Consumer Products endeavours to leverage its R&D activities to keep up with changing consumer taste and trends, as well as capture new markets. Feedback from Godrej Consumer Products' consumer studies on its existing and new products is relayed to its R&D team for suggestions of modifications to suit consumer taste. Through Godrej Consumer Products' R&D activities, it continuously modifies the variety and aesthetic aspects of its products as well as improves the ancillaries of its products such as packaging with emphasis on enhanced safety and improved imagery. Godrej Consumer Products' R&D team also studies areas in its production that can be outsourced for lower costs and improve efficiencies.

Competition

Competition in our core categories is intense and based upon quality, cost and innovation. Flexibility to respond to changing business and economic conditions including advertising spend is an important element towards maintaining a competitive position in the consumer products industry. Godrej Consumer Products competes against a number of manufacturers and marketers, some of which are larger and have substantially greater resources than the company, including the ability to spend more aggressively on advertising and marketing.

Our Chemicals Business

We are one of India's leading manufacturers of oleochemicals and surfactants, such as fatty alcohols, fatty acids, glycerine, alpha olefins ("**AO**"), alpha olefin sulphonates ("**AOS**"), sodium lauryl sulphates ("**SLS**") and sodium lauryl ether sulphates ("**SLES**"). Our production capacity is 65,000 MT per year for fatty alcohols, 75,800 MT per year for fatty acids, 8,280 MT per year for glycerine and 31,250 MT per year for sulphonated products.

For the fiscal years 2012, 2011 and 2010, our chemicals business contributed ₹ 12,835.3 million, representing

22.1%, ₹ 10,228.0 million, representing 22.2%, and ₹ 7,812.4 million, representing 21.0%, respectively, of our consolidated total revenue.

The table below provides the break-up of income and quantities sold of our chemicals for the periods indicated:

Item	**For the Fiscal Year**					
	2012		**2011**		**2010**	
	Quantity (in MT)	**Amount (₹ in Millions)**	**Quantity (in MT)**	**Amount (₹ in Millions)**	**Quantity (in MT)**	**Amount (₹ in Millions)**
Fatty Alcohol and Surfactants	70,517	7,357.2	75,054	5,883.8	68,687	4,238.3
Fatty Acids	64,466	4,849.0	61,952	3,850.4	58,888	3,162.4
Glycerine	10,647	512.8	10,908	416.9	9,120	319.2
Others	-	116.3	-	76.9	-	93.1
Total	145,630	12,835.3	147,914	10,228.0	136,695	7,812.4

Production Facilities

Our production facilities are located in Valia, Gujarat and Vikhroli, Mumbai. Our plant located in Vikhroli is ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified and manufactures fatty acids and sulphonated products. Our manufacturing plant located in Valia is ISO 9001:2008, ISO 14001:2004, ISO 27001:2005 and OSHAS 18001:2007 certified. We manufacture crude and distilled fatty acids, refined Glycerin and franctionated fatty alcohols from vegetable oils at our plant in Valia. The OHSAS certification is provided by Bureau Veritas.

We are constructing a manufacturing plant at Ambernath in the Mumbai Metropolitan Region. We intend for this facility to replace our manufacturing plant in Vikhroli. We expect to commission the plant during the quarter ending September 30, 2013. We expect the total cost of construction to be ₹ 2,960.0 million and have spent ₹ 600.0 million as of March 31, 2012.

Uses of Our Products

Our chemicals are used in the manufacture of the following products:

- Fatty alcohols are used in the production of shampoos, cosmetics and detergents and in certain industrial applications;
- Surfactants are used in the production of shampoos, conditioners, toothpaste, cosmetics and detergents;
- Fatty acids are used in the production of facial and shaving cosmetics, rubber processing for tires and PVC processing; and
- Glycerine is used in the production of pharmaceuticals, humectants and cosmetics.

Raw Materials

The key raw materials in our chemicals business include crude palm oil, palm kernel oil and its variants, and alpha olefin, which we source from Southeast Asia. The raw materials that we source from Southeast Asia are subject to an import duty between 10.0% and 12.0%.

Power and Fuel

We require a substantial amount of energy to operate our chemicals business. We purchase our electricity from state electricity boards and generate the remainder through steam turbine generators. As back up, we have diesel generator sets that we use during power or energy shortages. We have converted our medium pressure boilers to run on natural gas, which we source from Mahanagar Gas Limited.

Sales and Distribution Network

We have branches in Mumbai, Delhi, Kolkata and Chennai, a network of clearing and forwarding agents across India and a distributor network across eight countries, and we export our products to over 75 countries in six continents. In addition to our distributor networks, we have also deployed electronic customer relationship management solutions as a part of our continuing endeavour to build more transparent relationships with our customers.

Customers

We supply our products to a diverse range of customers in the personal care, rubber, polymer and home care sectors.

Research and Development

We have established an in-house research and development unit, which is recognized by the Department of Scientific and Industrial Research of the Ministry of Science and Technology of India. This centre will focus on identification and development of new value added chemicals with synergies with our existing product portfolio keeping in mind our customer requirements.

Competition

We compete with a number of Asian companies based on price, quality and customer service.

Our Real Estate and Property Development Business

We undertake our real estate and property development business through our 62.35% held subsidiary, Godrej Properties Limited, which is one of the leading real estate development companies in India, with a focus on developing residential projects.

For the fiscal years 2012, 2011 and 2010, our real estate business contributed ₹ 6,829.8 million, representing 11.8%, ₹ 6,086.4 million, representing 13.2%, and ₹ 4,144.3 million, representing 11.1%, of our consolidated total revenue, respectively.

We currently have real estate development projects in 12 cities in India. In our residential project portfolio, we develop projects that are focused on the higher end to mid-level range of the real estate market. Residential projects constituted 80.6% of our total Saleable Area as of March 31, 2012. In addition, we also have certain commercial projects in various stages of development, which constituted 19.4% of our total Saleable Area as of March 31, 2012. Two of these projects, The Trees, Mumbai and Godrej Alpine, Mangalore, are mixed-use projects.

Our total Land Reserves, as of March 31, 2012, aggregated to approximately 77.1 million sq. ft. of Developable Area and 70.4 million sq. ft. of Saleable Area, which includes our Ongoing Projects and Forthcoming Projects.

The table below provides the estimated Developable Area and Saleable Area for our Ongoing Projects and Forthcoming Projects by city as of March 31, 2012:

City	Estimated Developable Area* (in million sq. ft.)	Estimated Saleable Area* (in million sq. ft.)	Number of Projects
Ahmedabad	24.00	23.00	1
Bengaluru	2.83	2.26	5
Chandigarh	0.68	0.48	1
Chennai	3.23	2.51	1
Gurgaon	3.30	2.86	2
Hyderabad	10.02	7.53	2
Kochi	2.52	2.24	1
Kolkata	6.83	6.28	3
Mangalore	0.99	0.89	1

City	Estimated Developable Area* (in million sq. ft.)	Estimated Saleable Area* (in million sq. ft.)	Number of Projects
Mumbai Metropolitan Region	7.00	6.79	9
Nagpur	2.76	2.76	1
Pune	12.97	12.78	3
Total	**77.13**	**70.37**	**30**

* Total Developable/Saleable Area, irrespective of the revenue, profit or area sharing arrangement.

Note: In addition, subsequent to March 31, 2012, we have entered into agreements with respect to two developments. In April 2012, we entered into an agreement with R.R. Builders to undertake a residential redevelopment project in Byculla, Mumbai as a development manager and a development agreement with certain individuals to develop their property in Alipore, Kolkata. In July 2012, we entered into an agreement to grant development rights with certain individuals and an LLP to develop a township project in Panvel, Mumbai.

In addition, Godrej Properties has entered into memoranda of understanding with Godrej & Boyce and Godrej Agrovet for developing land owned by them in various regions across India. The land covered under these memoranda of understanding do not form a part of our Land Reserves and is detailed in the table below:

Group Company	City	Area (in acres)
Godrej & Boyce	Mohali (Chandigarh)	75
Godrej Agrovet	Bengaluru	100
Total		**175**

Godrej Properties has also entered into a memorandum of understanding with Godrej & Boyce to develop its lands in Vikhroli, Mumbai, under which we are entitled to receive 10.0% of the money received for the sales of units as a development manager fee, with the total area of land to be developed pursuant to the memorandum of understanding not yet determined. In addition, Godrej Properties has entered into an agreement with Godrej & Boyce to develop the Godrej Platinum, Mumbai project, under which Godrej Properties is entitled to 10.0% of the money received for the sales of units as a development manager fee. Godrej Platinum, Mumbai is located on land which is the subject matter of our memorandum of understanding with Godrej & Boyce to develop its lands in Vikhroli, Mumbai. For details of these memoranda of understanding and agreement, see "— Memoranda of Understanding, Limited Liability Partnership Agreements and Development Agreement with Godrej Group Companies".

We generally use the "joint development model" for developing properties, which entails entering into a development agreement with the owner(s) of the land parcel(s) sought to be developed and developing the project jointly with the land owner. We are, typically, entitled to a share in the development property, or a share of the revenue or profits generated from the sale of the developed property, or a combination of both entitlements.

Additionally, in some projects, we offer and sell equity interests in project-specific companies to long-term investors. This business model enables us to hold fewer assets, be more capital efficient, achieve higher returns on investments in the projects and undertake more projects without investing large amounts of capital towards the purchase of land. As of March 31, 2012, nine of our projects were being undertaken with long-term equity partners who have invested in project-specific companies.

In addition, we undertake the development of projects as a project development manager on a fee basis, which allows us to reduce the number of responsibilities with regard to such projects that we are required to handle including, for example, the responsibility to obtain various approvals in relation to such development.

Completed Projects

The following table presents, as of March 31, 2012, the approximate Developable Area and Saleable Area of our completed projects.

Type of Property	Approximate Developable Area* (in million sq. ft.)	Percentage of Developable Area as per Type of Property	Approximate Saleable Area* (in million sq. ft.)	Percentage of Saleable Area as per Type of Property
Residential Projects	5.53	72.9	4.01	82.9
Commercial Projects	2.06	27.1	0.83	17.1
Total	**7.59**	**100.0**	**4.84**	**100.0**

* Total Developable/Saleable Area, irrespective of the revenue, profit or area sharing arrangement.

Ongoing Projects

The following table presents, as of March 31, 2012, the estimated Saleable Area of our Ongoing Projects:

Type of Property	Estimated Saleable Area* (in million sq. ft.)	Percentage of Saleable Area as per Type of Property
Residential Projects	32.21	77.5
Commercial Projects	9.33	22.5
Total**	**41.53**	**100.0**

* Total Saleable Area, irrespective of the revenue, profit or area sharing arrangement.

** Includes mixed-use developments.

Forthcoming Projects

The following table presents, as of March 31, 2012 the estimated Saleable Area of our Forthcoming Projects:

Type	Estimated Saleable Area* (in million sq ft)	Percentage of Saleable Area as per Type of Property
Residential Projects	24.51	85.0
Commercial Projects	4.33	15.0
Total**	**28.84**	**100.0**

* Total Saleable Area, irrespective of the revenue, profit or area sharing arrangement.

** Includes mixed-use developments.

Residential Projects

Our residential projects are primarily designed for the higher end to mid-level range of the real estate market and are designed with a variety of amenities such as security systems, sports and recreational facilities, play areas and electricity back-up. As of March 31, 2012, we had 11 residential Ongoing Projects and 14 residential Forthcoming Projects (including mixed-use projects).

The details of our residential Ongoing Projects and Forthcoming Projects, as of March 31, 2012, are as follows:

Project Name	Location	Expected Completion Date (Financial Year)	Estimated Developable* Area (in million sq. ft.)	Estimated Saleable Area** (in million sq. ft.)	Our Economic Interest
Our Residential Ongoing Projects					
Godrej Garden City[1]	Ahmedabad	2018	24.0	20.6	Area based – 67.6%
Godrej Crest	Bengaluru	2013	0.09	0.065	Revenue based – 59.0%
Godrej Platinum	Bengaluru	2014	0.85	0.60	Godrej Properties – 49.0%, other investor has preferential dividend rights
Godrej Frontier	Gurgaon	2014	1.26	0.82	Revenue based – 70.0%
Godrej Prakriti[1]	Kolkata	2016	3.29	2.71	Godrej Properties – 51.0%
The Trees[2]	Mumbai	2017	3.50	0.88	Profit based – 60.0%
Godrej Edenwoods	Mumbai	2012	0.04	0.03	Profit based – 50.0% (from 85.0% of revenue for this project)
Godrej Platinum	Mumbai	2016	0.60	0.60	Development manager fee

Project Name	Location	Expected Completion Date (Financial Year)	Estimated Developable* Area (in million sq. ft.)	Estimated Saleable Area** (in million sq. ft.)	Our Economic Interest
					– 10.0% of revenue (net sales)
Godrej Anandam	Nagpur	2017	2.76	2.76	Development manager fee – ₹ 400.00 / sq. ft. to 784,790 sq. ft., revenue based for remaining Revenue based –first 1,000,000 sq. ft. – 62.0%, after 787,790 sq. ft., next 1,000,000 sq. ft. – 57.0%[3]
Godrej Palm Grove	Chennai	2017	3.23	2.51	Area based – 70.0% (for 12.57 acres), 68.0% (for 4.82 acres)[3], we hold 51.0% equity in the project
Godrej Alpine[2]	Mangalore	2016	0.99	0.64	Area based for residential area – 71.5%
Our Residential Forthcoming Projects					
Godrej Gold County	Bengaluru	2015	0.40	0.40	Revenue based – 60.0%
Tumkur Road - Sanjay Khan	Bengaluru	2016	1.09	0.79	Revenue based – 78.0%
Electronic City	Bengaluru	2015	0.40	0.40	Development manager fee – 11.0% of revenue
Godrej Summit	Gurgaon	2016	2.04	2.04	Area based – 65.0%, we hold 51.0% equity in project
Godrej & Boyce Moosapet	Hyderabad	2016	2.83	2.22	Profit based – 35.0%
Godrej Oasis[1,5]	Hyderabad	2017	7.19	4.87	100.0% of the profit
Kochi-I Project	Kochi	2017	2.52	2.24	Revenue based – 70.0%
Kalyan Township[1,4]	Mumbai	2018	0.60	0.48	Revenue based – 95.0%
Godrej Serenity	Mumbai	2015	0.15	0.15	Revenue based – 50.0%
Godrej Palm Springs	Mumbai	2015	0.10	0.10	Area based – 47.5%
Godrej & Boyce Lawkim, Thane	Mumbai	2015	0.38	0.27	Profit based – 32.0%
Bhugaon Township[1]	Pune	2018	11.8	9.44	Share in project specific company – 11.09%, development manager fee – ₹ 162.00 / sq. ft., profit sharing if profits exceed certain threshold
Godrej Horizon	Pune	2015	0.67	0.50	Profit based – 51.0%
Sahakar Nagar	Mumbai	2017	0.63	0.61	Shares in project specific company – 51%, fee for providing services to the project specific company – ₹ 125 / sq.ft. Revenue sharing – 87.5% of the revenue

* Total Developable Area, irrespective of residential or commercial demarcation and revenue, profit or area sharing arrangement.

** Total Saleable Area, irrespective of the revenue, profit or area sharing arrangement.

1 Primarily a residential project, with a portion of commercial Saleable Area.

2 Mixed-use project: also included in Ongoing commercial projects.

3 Revenue/area share used is until a threshold selling price per sq. ft. We receive shares of the incremental revenue above the pre-agreed threshold.

4 We are in the process of acquiring the land. Five percent of the revenues will be paid to the aggregator.

5 We have applied for permission to convert the commercial Saleable Area of this project to residential Saleable Area.

Given below is a brief overview of some of our residential Ongoing Projects:

Godrej Garden City, Ahmedabad

Godrej Garden City is a township development planned in Ahmedabad. It is located in Jagatpur village in the northwest region of Ahmedabad and is located within the Ahmedabad Municipal Corporation administrative limits. The project is expected to feature a clubhouse, full-time security and a mix of apartments, villas and row houses. It is located approximately 1.8 kilometres from Sarkhej-Gandhinagar highway, 14 kilometres from the nearest airport, 20 kilometres from the nearest railway station and 20 kilometres from Gandhinagar. This project is one of 17 projects worldwide of the Climate Positive Development Program that is a part of the Clinton Climate Initiative. As of March 31, 2012, approximately 3.89 million sq. ft. of the project had been sold. The project is expected to be completed in the fiscal year 2018. We have entered into an agreement dated April 15, 2008 for grant of development rights for 250 acres of land. Of this, 203 acres of land have been acquired and the remainder is in the process of being obtained by counterparties.

Godrej Frontier, Gurgaon

Godrej Frontier is a residential development located in Gurgaon. It is located near National Highway 8 in residential sector 80. It is located approximately 25 kilometres from Indira Gandhi International Airport. The project is expected to feature three-bedroom and four-bedroom homes in addition to 19 penthouses. It is also located adjacent to a golf course project located near Karnal Lake and is in close proximity to a proposed metro station. The project is expected to include a health club, jogging track, swimming pool, gymnasium, indoor games area and a variety of landscaping features. As of March 31, 2012, approximately 0.8 million sq. ft. of the project had been sold. The project is expected to be completed in the fiscal year 2014.

Godrej Prakriti, Kolkata

This is a residential project on B. T. Road in the Northern part of Kolkata, with a Developable Area of 3.29 million sq. ft. The project is expected to feature landscaped gardens, a clubhouse and a mix of two-bedroom and three-bedroom units. The project is located approximately two kilometres from the Sodepur railway station and 15 kilometres from the international airport and has access to an expressway. As of March 31, 2012, 1.32 million sq. ft. of the project had been sold. This project will be developed in phases and is expected to be completed in the fiscal year 2016.

Commercial Projects

Our commercial projects include IT parks, retail space and office complexes. As of March 31, 2012, we had seven commercial Ongoing Projects and five commercial Forthcoming Projects (including mixed-use projects).

The details of our commercial Ongoing Projects and Forthcoming Projects, as of March 31, 2012, are as follows:

Project Name	Location	Expected Completion Date (Fiscal year)	Estimated Developable Area* (in million sq. ft.)	Estimated Saleable Area** (in million sq. ft.)	Our Economic Interest
Commercial Ongoing Projects					
Godrej Garden City[4]	Ahmedabad	2018	24.00	2.40	Area based – 67.6%
Godrej Eternia	Chandigarh	2012	0.68	0.48	We hold 51.0% equity in the project specific company, revenue based – 44.5% to 47.0%[1]
Godrej Prakriti[4]	Kolkata	2016	3.29	0.42	We hold 51.0% equity in the project specific company
Godrej Genesis	Kolkata	2018	1.34	1.34	We hold 51.0% equity in the project specific company, area based – 62.0%
Godrej Waterside	Kolkata	2012	2.20	1.81	We hold 51.0% equity in the project specific company, area based – 61.0%
The Trees[2]	Mumbai	2017	3.50	2.62	Profit based – 60.0%
Godrej Alpine[2]	Mangalore	2016	0.99	0.25	Revenue based – 71.5% for commercial area
Commercial Forthcoming Projects					
Godrej Oasis[4, 6]	Hyderabad	2017	7.19	0.44	100.0% of the profit
Godrej Properties BKC Project	Mumbai	2015	1.00[3]	1.00	Profit based – 50.0%
Kalyan Township[4, 5]	Mumbai	2018	0.60	0.06	Revenue based – 95.0%

Project Name	Location	Expected Completion Date (Fiscal year)	Estimated Developable Area* (in million sq. ft.)	Estimated Saleable Area** (in million sq. ft.)	Our Economic Interest
Godrej Genesis	Pune	2018	0.50	0.48	We hold 51.0% equity in the project specific company, revenue based – 58.0%
Bhugaon Township[4]	Pune	2018	11.80	2.36	Share in project specific company – 11.09%, development manager fee – ₹ 162.00 / sq. ft., profit sharing if profits exceed certain threshold

* Total Developable Area, irrespective of residential or commercial demarcation and revenue, profit or area sharing arrangement.

** Total Saleable Area, irrespective of the revenue, profit or area sharing arrangement.

1 Revenue share is until certain threshold selling price per sq. ft. We receive shares of the incremental revenue above the pre-agreed threshold.

2 Mixed-use project: also included in Ongoing residential projects.

3 Includes approximately 0.16 million sq. ft. of carpet area to be handed over to the counterparty at cost.

4 Primarily a residential project, with a portion of commercial Saleable Area.

5 We are in the process of acquiring the land. Five percent of the revenues will be paid to the aggregator.

6 We have applied for permission to convert the commercial Saleable Area of this project to residential Saleable Area.

Given below is a brief overview of some of our commercial projects:

The Trees, Vikhroli, Mumbai

The Trees project is being undertaken by Godrej Vikhroli Properties LLP, a joint venture between our Company and Godrej Properties. Godrej Vikhroli Properties LLP has, pursuant to an indenture of assignment and conveyance dated March 30, 2012, purchased 34.20 acres of land in Vikhroli from Godrej & Boyce, the consideration for which will be paid over a period of five and a half years beginning from April 2012. The Trees is expected to have approximately 1.46 million sq. ft. of office space, approximately 0.40 million sq. ft. of residential apartments, with the remainder of the area devoted to retail and hotel space. This project is spread over three phases and the entire development is planned to be completed over six years. The project is expected to feature a four acre landscaped park in the centre. The Trees is located between the Eastern Express Highway and LBS Marg, thereby offering connectivity to Vikhroli station, LBS Marg bus terminus, the proposed Mumbai Metro terminus at Ghatkopar and Mumbai airport. The project will also have access to the Jogeshwari-Vikhroli Link Road. The project is expected to be completed in the fiscal year 2017.

Godrej Properties BKC Project, Mumbai

This project is a commercial project located at Bandra Kurla Complex, Mumbai. The project is being developed on 2.5 acres of land and is expected to have approximately 1.00 million sq. ft. of office space. The project is located approximately six and nine kilometres away from Mumbai’s domestic and international airports, respectively, and has access to both the western and eastern express highways. The project is expected to be completed in the fiscal year 2015.

Memoranda of Understanding, Limited Liability Partnership Agreements and Development Agreement with Godrej Group Companies

Godrej Properties has entered into memoranda of understanding with Godrej & Boyce and Godrej Agrovet, for developing land owned by them in India. Under these memoranda of understanding, Godrej Properties is expected to be appointed as the developer to develop their land. The land covered by these memoranda of understanding does not form a part of our Land Reserves and the memoranda of understanding do not constitute definitive agreements for the development of this land. Such appointments entail developing the land the entities own in India, providing advice on the regulations affecting a proposed project and on the feasibility and the design of the project. Godrej Properties may also be responsible for overseeing the quality, cost, schedule, aesthetics, pricing and marketing of the project.

Godrej Properties has entered into a memorandum of understanding and an agreement with Godrej & Boyce (collectively, the "**G&B Agreements**"), each dated October 4, 2011, to appoint Godrej Properties as the "Development Manager" for the development of Godrej & Boyce's lands in Vikhroli and the development of two of Godrej & Boyce's residential towers in Vikhroli, respectively. As the Development Manager for the land, Godrej Properties is required to provide its expertise and advice as regards, among other things, FSI/FAR regulations and project feasibility, design and marketing plans. As the Development Manager for the two residential towers, Godrej Properties is required to lead the marketing and selling of the premises located in the residential towers. Under the terms of the agreement, Godrej Properties is also responsible for assisting Godrej & Boyce in monitoring a variety of project features and specifications and are required to indemnify Godrej & Boyce against all liability in connection with any claims, actions, proceedings, judgments, losses or settlements arising out of its actions. Under the terms of the G&B Agreements, Godrej Properties is responsible for bearing all costs related to management, sales and marketing and Godrej & Boyce is required to pay Godrej Properties 10.0% of the money received for the sales of units plus all related statutory levies (excluding monies received towards taxes, other levies, infrastructure provided by Godrej & Boyce and certain other charges and fees) and is responsible for arranging financing, obtaining all necessary development approvals and permissions, performing all construction work and for bearing all costs related to development.

Godrej Properties has entered into limited liability partnership agreements with Godrej & Boyce and our Company for the joint development of certain real estate projects (the "**LLP Agreements**"). Under the terms of the LLP Agreements, Godrej Properties and the counterparties are required to contribute certain amounts as fixed capital contributions and are entitled to certain shares of the partnership profits. Godrej Properties is required to assist in obtaining financing for the construction and development of the projects and may also be responsible for contributing further financing by way of additional capital contributions. Godrej Properties is responsible for bearing all losses. If Godrej Properties is unable to bear all of the losses of a particular partnership and the relevant counterparty is, as a result, required to bear some of the losses, Godrej Properties is required to indemnify and hold harmless such counterparty from and against all losses that it may be required to bear. Godrej Properties is also required to indemnify the counterparties for any losses that may arise as a result of its private debts.

The table below provides details of the LLP Agreements that Godrej Properties has entered into with Godrej group companies:

Counterparty	**Acreage**	**Project Location**	**Profit Sharing Arrangement**
Godrej & Boyce	3.0	Thane	Godrej Properties: 32.0%; Godrej & Boyce: 68.0%
Godrej & Boyce	9.16	Hyderabad	Godrej Properties: 35.0%; Godrej & Boyce: 65.0%
Godrej Industries	36.5	Vikhroli	Godrej Properties: 60.0%; Godrej Industries: 40.0%

Other Agreements

Godrej Properties has entered into various memoranda of understanding with various parties for the development of real estate projects in Kalyan, Titwala, Panvel and Vikhroli, Mumbai. These are not definitive agreements and the lands that are the subject matter of these agreements do not form a part of our Land Reserves.

Sustainable Developments

We have maintained a strong focus on sustainable development by meeting environmental parameters in site selection and planning, water efficiency, energy efficiency, material and indoor environmental quality. We are a founding member of the Indian Green Building Council. The Godrej Garden City, Ahmedabad project has been chosen as one among 17 projects around the world by the Climate Positive Development Program, which is a part of the Clinton Climate Initiative, to work towards being climate positive. The Godrej Garden City, Ahmedabad project seeks to achieve carbon emission levels of below zero through the use of economically viable innovations in buildings, generation of clean energy, waste and water management and transportation and outdoor lighting systems.

We have implemented environmentally-friendly building concepts in many of our projects in line with leading global sustainability practices. The Godrej Waterside, Kolkata project has been certified as LEED Gold for its core and shell. The Godrej One, Mumbai project and the Godrej Eternia, Chandigarh project have been pre-certified as LEED Platinum for their core and shell and the Godrej Platinum, Bengaluru project has been pre-certified as Indian Green Building Council Green Homes Gold. The Godrej Palm Grove, Chennai project has been pre-certified as Indian Green Building Council Green Homes Gold. The Godrej Platinum, Mumbai project has been pre-certified platinum for its "B-type towers". As of March 31, 2012, 10 of our projects met the relevant LEED or Indian Green Building Council Green Homes standards for environmental performance.

Competitors

We face competition from regional, national and international property developers. Moreover, as we seek to diversify into new geographies, we face the risk that some of its competitors have a pan-India presence while other competitors have a strong presence in certain regional markets. Our competitors include both large corporate and small real estate developers.

Our Animal Feed and Other Agricultural Products Businesses

Our agricultural businesses include animal feed, oil palm, poultry and agri inputs. These businesses are operated primarily through Godrej Agrovet Limited and its subsidiaries and associates. We hold a 75.32% equity interest in Godrej Agrovet Limited.

Agricultural Products - Animal Feed

We are one of India’s largest commercial feed millers in the organized sector in terms of feed volumes and feed sales for the fiscal year 2011.

For the fiscal years 2012, 2011 and 2010, our animal feed business contributed ₹ 17,479.3 million, representing 30.1%, ₹ 12,926.0 million, representing 28.1%, and ₹ 11,417.9 million, representing 30.7%, respectively, of our consolidated total revenue.

Products

We manufacture and market cattle, poultry (both layer and broiler), aqua and other animal feed products. Our feed volumes have experienced significant growth, with cattle, poultry and aqua feed volumes increasing by 20.5%, 18.0% and 5.5%, respectively, between the fiscal years 2011 and 2012.

The volumes of animal feed sold are set out below for the periods indicated:

	Fiscal Year		
	2012	**2011**	**2010**
	(in MT)		
Poultry – Broiler	446,916	373,538	352,680
Poultry – Layer	130,327	115,790	109,129
Cattle	307,846	255,456	240,208
Aqua	41,289	39,130	22,508
Other	30,664	28,693	7,997
Total	957,042	812,607	732,522

Our major cattle feed products are tailored to high milk yielding cattle (Bovino, Godrej Bypro, Milk More), medium milk yielding cattle (High Performance Milk Ration), calves (Bovino Calf Starter) and cattle feed and concentrate supplements (MOO Magicmix, Prepwell, SummerKool). We have focused increasingly on innovative cattle feed products, such as SummerKool, which contains additives to prevent heat stress, and MOO MagicMix, a milk-boosting cattle feed concentrate.

Our poultry feed products consist of broiler full feed and layer full feed. Our major broiler full feed products include feed for prestarters (10D, Excel Prestarter), feed for starter and finishers (Excel, Crumbro, Higain Gold), a new age feed for fast growing broilers, and broiler premixes. Our major layer full feed products are CrumChick, CrumGro, CrumEgg, Eggy, MorEggs and 8W.

Our aqua feed products include shrimp feed, particularly for black tiger shrimp and vannamei, and fish feed. Our major aqua feed products include feed for black tiger shrimp (Hositho, Super Tiger), vannamei and scampi (Macro Gold, Higashi Scampi). Our major fish feed products include floating feed (Profit Plus, Spark Plus) and premium sinking feed (Jalpari).

We have focused on premium products for high stocking densities of black tiger shrimp and vannamei. We have focused on high performing feed, such as broodstock and fry feed, in the fish feed segment.

Our other feed products include feed for local needs, such as rabbit, pony and emu feed.

Our animal feed products that generate the most revenue include Higain, Bypro, Excel, Bovino and Milk More.

Production Facilities

Our feed is produced in 45 manufacturing facilities, 23 of which are operated by third party manufacturers, across India. We supervise the operations of every manufacturing facility and, in certain of the third party facilities, own the plant and machinery. These production facilities have a total production capacity of 145,000 MT per month, which can be configured to produce mash and pellets, and are located in 15 Indian states. We intend to increase our production capacity, particularly in North, East and South India.

Raw Materials

Key raw materials in our animal feed business include maize, soya extraction, raw rice bran and de-oiled rice bran. We typically purchase our raw materials from the open market.

Marketing, Distribution and Customers

Our animal feed business distributes its products through over 1,750 distributors, who in turn supply to dealers and customers. We distribute cattle feed through distributors and dealers, and poultry feed through distributors, dealers and direct sales to large customers.

We recently formed separate cattle feed and poultry feed sales teams, which we believe allow the respective sales teams to specialize in a product and its target markets We also seek to capitalize on our complementary business segments in marketing our animal feed products.

Research and Development

Our animal feed business has a research and development centre in Bangalore, the Animal Nutrition Innovation Center. The Animal Nutrition Innovation Center has developed what we believe are our most promising animal feeds, including Summer kool and another feed which took over one year of in-house research and development. We are currently developing a second advanced animal nutrition facility in Nashik, Maharashtra, which we expect to be operational by the fiscal year 2014.

Competition

We generally compete with regional companies on the basis of quality, animal performance and price.

Agricultural Products - Oil Palm

We are one of the largest oil palm developers in India, as measured by planted hectares, with, as of March 31, 2012, over 45,000 planted hectares across Andhra Pradesh, Tamil Nadu, Goa, Orissa, Gujarat, Mizoram, Maharashtra and Karnataka in our allotted districts. We consider ourselves a one-stop shop for oil palm farmers and offer seeds, fertilizers, pesticides, technical guidance and guaranteed buyback of fresh fruit bunches.

For the fiscal years 2012, 2011 and 2010, our oil palm business contributed ₹ 2,239.1 million, representing 9.1%, ₹ 1,152.6 million representing 6.0%, ₹ 635.1 million, representing 3.9%, respectively, of our consolidated total revenue.

Production Process and Facilities

We liaise with farmers participating in the Oil Palm Development Programme. Under the Oil Palm Development Programme, state governments subsidize oil palm planting and farm operations with annual stipends to encourage farmers to plant and grow oil palm by helping to offset the three to four year-long gestation period required between field planting and first harvest. Production of fresh fruit bunches is cyclical with a substantial majority of our harvest produced between June and November for the fiscal year 2012.

We enter into memoranda of understanding with state governments, who allot districts to us in their respective states. We currently have a presence in, and memoranda of understanding with, the Governments of, Andhra Pradesh, Tamil Nadu, Goa, Orissa, Gujarat, Mizoram, Maharashtra and Karnataka. Pursuant to these memoranda of understanding, we are responsible for convincing farmers to plant oil palm on their farmland and providing technical guidance and assistance throughout the life of the oil palm crop. State government regulations require us to purchase harvested fresh fruit bunches at a price using a pre-determined formula, broadly linked to the moving average crude palm oil price for that month, and establish processing centres within the allotted districts. Certain states, such as Goa and Maharashtra, also require us to enter into contracts with the farmers to memorialize our responsibilities as set out in state regulations.

We incubate imported seedlings for approximately a year and supply farmers with seedlings, crop protection chemicals and technical guidance while planting and growing oil palm. We also work with the farmers to understand the benefits of staggered planting and intercropping to supplement their income stream during the gestation period. Our farmer support initiatives include proposed farmer care centres in Andhra Pradesh, Karnataka and Tamil Nadu to provide farmers with equipment and training in mechanical harvesting. We maintain an electronic database that tracks fertilizer usage, tree records and each farmer's involvement with the oil palm crop, so that we can continue to improve farmers' fresh fruit bunch yields.

Farmers harvest the fresh fruit bunches and bring them to collection agents, who transport the fresh fruit bunches to our processing mills. Because fresh fruit bunches must be processed within approximately 48 hours of being harvested, our four processing mills across Andhra Pradesh, Goa and Tamil Nadu are located to ensure proximity to regions with high concentrations of oil palm farms. We are also planning processing mills in Mizoram and Karnataka, which we expect to complete in the fiscal year 2013. Our processing mills produce crude palm oil, palm kernel oil, palm kernel cake, palm nuts and other edible nuts.

Sales, Distribution and Customers

We sell crude palm oil, palm kernel oil, palm kernel cake, palm nuts and other edible nuts primarily through brokers to refineries in India and on a commodity exchange.

Research and Development

We have established a research and development facility at Vijayawada, Andhra Pradesh, and are planning additional laboratories in Tamil Nadu and Karnataka. Our research and development is focused on improving fresh fruit bunch yields on a per seed and per hectare basis. Our research and development facilities also process soil and leaf samples from farmers' crops so that we can provide customized suggestions to try to improve farmers' fresh fruit bunch yields.

Agricultural Products - Poultry

We are a leading poultry processor in India and are primarily engaged in the production, processing, marketing and distribution of fresh, frozen and value-added poultry products and frozen snacks to retail customers, including grocery and wholesale stores, modern trade retail outlets, food service customers, including fine dining restaurants and star hotels and chain restaurants, food processors, food distributors and QSRs.

Our poultry business is undertaken through a joint venture, Godrej Tyson Foods Limited, in which Godrej Agrovet holds a 49.0% equity interest. Godrej Agrovet established the joint venture with a subsidiary of Tyson Foods, Inc., which is one of the largest meat protein companies in the world and the second largest food production company in the *Fortune 500* list with a total revenue of US$32.0 billion for its fiscal year 2011.

For the fiscal years 2012, 2011 and 2010, our poultry business contributed ₹ 2,426.7 million, representing 9.9%, ₹ 3,239.6 million, representing 16.9%, and ₹ 2,315.9 million, representing 14.4%, respectively, of our consolidated total revenue.

Products

We market our value-added, fresh and frozen poultry products primarily through two brands, Real Good Chicken and Yummiez. We also sell frozen snacks, including frozen peas and French fries, under the Yummiez brand.

Products sold under our Real Good Chicken brand cater primarily to QSRs and retail customers seeking fresh value-added products, such as boneless breasts, drum sticks, lollipops and curry cut packs. Products under our Yummiez brand cater primarily to retail customers with frozen value-added chicken products and other snacks, such as chicken nugget, chicken burger patty, chicken *tikkas*, chicken *kebabs*, French fries, frozen green peas, pizza pops, cheese fingers, veg dinoz and burger patties.

Production Facilities

Our poultry production is vertically integrated. We breed and hatch broilers in our hatcheries, before sending them to third party farms to be reared. We provide third party farmers with the chicks, medicine and poultry feed and pay the farmers a fee to rear the poultry. Once the poultry has grown, we process the poultry in two of our production facilities one of which is close to Mumbai and another close to Bangalore. These facilities are both ISO 22000:2005 certified and have a combined processing capacity of 54,000 broilers per day. For our frozen snacks, we contract with third parties who provide the recipes, source the raw materials and produce frozen snacks that we sell under our brands.

Raw Materials

Key raw materials for our poultry products are breeder and broiler poultry feed.

Sales, Marketing, Distribution and Customers

We transport processed poultry in refrigerated vans directly to our customers. As part of our distribution network, we provide retailers with visi coolers that we have placed in retail outlets where our products are sold. We offer these retail outlets a margin on the purchase price of our products that they sell. For QSRs and food service customers, we typically enter into fixed price contracts. The key markets for our poultry products are Delhi, Maharashtra, Karnataka, Goa and Tamil Nadu.

ACI Godrej Agrovet Private Limited

Godrej Agrovet holds a 50.0% equity interest in a joint venture, ACI Godrej Agrovet Private Limited, with Advanced Chemical Industries Limited (Bangladesh), which processes and sells poultry, cattle, fish and shrimp feed and day old chicks. ACI Godrej Agrovet Private Limited produces poultry broiler, layer and house feed, fish and shrimp feed primarily for koi, tilapia pangash and other carp fish, as well as shrimp, and several brands of cattle feed in a feed mill with a capacity of 22,500 MT per month. ACI Godrej Agrovet Private Limited also has a hatchery and breeding farm to produce day old chicks.

Al-Rahba International Trading LLC

Godrej Agrovet has a 33.33% share in the profits and losses of Al-Rahba International Trading LLC, a joint venture with the Bin Butti Group and Balkrishna Breeding Farms Pvt Ltd in the United Arab Emirates. Al-Rahba International Trading LLC processes a variety of value-added fresh and frozen poultry products which are sold and marketed in the United Arab Emirates.

Agricultural Products - Agri Inputs

Our agri inputs business focuses on selling plant growth regulators, soil conditioners, cotton herbicides and other crop protection products and seeds and tissue culture.

For the fiscal years 2012, 2011 and 2010, our agri inputs business contributed ₹ 2,073.0 million, representing 8.4%, ₹ 1,570.0 million representing 8.2%, and ₹ 1,328.0 million, representing 8.2%, respectively, of our consolidated total revenue.

Products

Our key plant growth regulators are Vipul, Double, Combine, Bountee, Zymegold and Drip Zyme, which improve plant growth and are compatible with many of the most commonly used crop protection products. Our key soil conditioner product is Vikas. Our key cotton herbicide is Hitweed. Our other crop protection products include Poorak Micronutrient, which is a mixture fertilizer.

Production Facility

Our agri inputs business uses a number of third party and one of our own production facilities. A majority of our agri inputs production comes from three production facilities: our own production facility in a tax-exempt zone in Jammu, which produces plant growth promoters and regulators; a third party production facility in Ratnagiri, Maharashtra which produces plant growth regulators; and a third party production facility in Bhavnagar, Gujarat, which produces plant growth promoters and regulators.

Sales, Marketing, Distribution and Customers

Our agri inputs business has a marketing and distribution network of over 3,700 distributors, dealers and carrying and forwarding agents.

Research and Development

Our research and development team has developed a number of our most innovative and successful products, including Hitweed, Vipul, HBR products (Double, Combine and Bountee), Zymegold. We are continuing to focus our research and development activities on herbicide synthesis. We are also actively seeking to acquire new molecules from third parties, which we will subsequently develop into our own branded products.

Seeds

In 2011, we established our seeds business to focus on maize, paddy and bajra. Our seeds business is responsible for hybrid seed sales and breeding activities that were previously undertaken directly by Godrej Agrovet. We have also invested in research and development concentrating on developing new bajra hybrids for dairy cattle nutrition, which will allow farmers to grow crops with a combination of favourable traits, such as higher yields coupled with a resistance to climate change.

Our seeds business has a dedicated sales and marketing team that focuses on Maharashtra, Bihar, Karnataka and Andhra Pradesh. We believe that our seeds business will benefit from the existing networks of farmers and distributors that our agri inputs and other rural-based businesses have developed.

Tissue Culture

We also focus on the micro-propagation of plants through tissue culture from tissue culture of banana, pomegranate, sugarcane and papaya planting material. These tissue culture plants are selected from high yielding clones, are free from diseases and pests, have synchronous flowering, fruiting and harvesting.

Our Beverages and Foods Business

Our beverages and foods business is operated by Godrej Hershey Limited, a joint venture in which our company holds a 43.37% equity interest. The other joint venture partners are The Hershey Company and Mr. A Mahendran.

We are in the process of reviewing the terms of this joint venture, including the amendment or termination of the underlying agreement. See "*Risk Factors – Internal – Failure to successfully identify, integrate and conclude, or the non-performance or termination of strategic relationships could adversely affect our business or results of operations.*"

For the fiscal years 2012, 2011 and 2010, our beverages and foods business contributed ₹ 1,685.9 million, representing 2.9%, ₹ 1,549.5 million, representing 3.4%, and ₹ 1,621.8 million, representing 4.4%, of our consolidated total revenue, respectively.

Products

Godrej Hershey manufactures, markets and distributes packaged beverages and foods. Its products include sugar confectionary, non-carbonated beverages and other edible products.

Godrej Hershey's confectionary products include hard boiled candies, éclairs, toffee, lollipop and roll formats. Its key confectionary brands are Maha Lacto, Nutrine Eclairs, Gold Eclairs Maha Coffee Eclairs, Nutrine Lollipop, Nutrine Santra Goli, Aasay, Kokanaka and Honeyfab.

Godrej Hershey's non-carbonated beverage products include fruit drinks, nectars and juices, soy milk and syrups. Its key brands are Jumpin, Xs, Sofit and Hershey Chocolate Syrup.

Godrej Hershey's other edible products include edible oils, fruit pulp and tomato puree. Its key brand is SMART COOK Puree.

Production Facilities

Our beverages and foods business has two primary owned production facilities, one in Mandideep, Bhopal for fruit drinks and processing operations, and one in Chitoor, Andhra Pradesh for confectionary products. From time to time, Godrej Hershey also uses third party facilities to manufacture certain products. The Mandideep facility utilizes excess capacity and provides filling operations to third parties.

Raw Materials

The key raw materials in our beverages and foods business are sugar, glucose, fruit pulp, flavors, soya, dairy products and cocoa. Sugar, glucose, milk products and cocoa are critical comodities for confectionary products, and volatility in one or a combination of these can determine the price or size of the individual confectionary product.

Sales and Distribution

Our beverages and foods business has regional sales offices in Mumbai, Delhi and Kolkata. Godrej Hershey has a sales force of more than 140 personnel, and access to a large number of distributors, wholesalers and carrying and forwarding agents.

Competition

Our beverages and foods business faces competition based upon price, volume and innovation. Advertising costs are critical in increasing sales in this business.

Our Gourmet Foods and Fine Beverages Retail Chain

Our wholly owned subsidiary, Natures Basket Limited operates our gourmet foods and fine beverages retain chain business. Natures Basket currently operates a chain of 20 gourmet food retail stores under the Natures Basket brand across Mumbai, Pune, Delhi and the National Capital Region, Hyderabad and Bengaluru.

For the fiscal years 2012, 2011 and 2010, our foods and beverages retail chain business contributed ₹ 817.6 million, representing 1.4%, ₹ 553.4 million, representing 1.2%, and ₹ 277.22 million, representing 0.7%, respectively, of our consolidated total revenue.

We began Natures Basket as a fresh food retailer with a store in Mumbai. Since 2008, we have operated Natures Basket stores as gourmet foods and fine beverages retailers which offer unconventional, gourmet Indian and international foods. We opened eight stores since April 1, 2011 across four metropolitan cities, and plan to open seven new stores in the remaining fiscal year 2013. Unlike other gourmet food retailers in India, Natures Basket stores sell only foods and beverages, not personal or home care products. We source our gourmet foods and beverages from a number of importers in India.

Our sales and marketing efforts for Natures Basket include implementing a customer loyalty program, online retailing, efforts to build food gifts as a revenue stream and in-store efforts through our trained staff to educate and inform customers about, our gourmet food products.

Awards recently won by Natures Basket include “Retailer of the Year (Food and Grocery)” at the Asia Retail Congress in 2012 and our second consecutive “Most Admired Foreign Foods Retailer of the Year” at the Coca Cola Golden Spoon Awards in 2012.

Competition

Our Natures Basket business faces competition from local competitors and a few emerging regional retailers.

Our Vegetable Oils Business

Our vegetable oils business includes the trading of vegetable oils, including palm oil and its derivatives. This business is held by Godrej International Trading & Investment Pte. Ltd. and Godrej International, an Isle of Man corporation. These companies trade vegetable oil internationally in bulk parcels of 500 to 1,000 MT. The business is to buy and sell vegetable oil Free on Board Malaysian or Indonesian ports (in the case of palm oil) and Free on Board Argentinian ports (in case of soyabean oil). In case of palm kernel oil and coconut oil, the trade is usually on the basis of Cost Insurance & Freight Rotterdam.

Our Finance and Investments Business

In our finance and investment business we typically invest in companies that are either associated with us or businesses in which we see a long-term investment advantage.

For the fiscal years 2012, 2011 and 2010, our finance and investments business contributed ₹ 1,143.5 million, representing 2.0%, ₹ 963.1 million, representing 2.1%, and ₹ 1,267.5 million, representing 3.4%, respectively, of our consolidated total revenue.

The following table represents our investments at cost and the amount and shareholdings in our investments, as of March 31, 2012:

Company	Business	Book Value of Investment (₹ in Millions)	Percentage of Holding (%)
M*Modal Inc[1]	Clinical transcription services and clinical documentation workflow solutions	359.2	2.6
Aadhar Retailing Limited	Rural retail outlet chain	290.7	19.0
Creamline Dairy Products Limited	Dairy	213.0	19.58
Avesthagen Limited	Bio-technology	108.1	4.4
New Market Limited	Sales and marketing	104.5	18.0
Polchem Hygiene Laboratories Private Limited	Bio-security and bio-technology	38.9	19.58
Others[2]	-	132.3	-

[1] Since March 31, 2012, we have sold all of our equity interest in M*Modal Inc.

[2] Others includes all other non-current investments other than our equity interest in Godrej Consumer Products.

Our Wind Energy Business

We have nine windmills of 1.25 MW each as a part of our windmill project at Dhule in Maharashtra. We have entered into power purchase agreements with the Maharashtra State Electricity Board for 13 years whereby the power generated from the windmills will be supplied to the state grid starting from the year 2005. The project has been registered for clean development mechanism benefits under the Kyoto Protocol under the United Nations framework on Climate Change Convention, and we are thereby entitled to certified emission reductions that are generally known as carbon credits. Carbon credits will continue to accrue on the power generated from our windmills for a period of ten years from 2006.

Health, Safety and Environment

We believe that we are generally in compliance with applicable environmental laws and regulations. We are not currently a party to any environmental proceedings which, if adversely determined, would reasonably be expected to have a material adverse effect on our financial condition or results of operations.

We are committed to complying with applicable health, safety and environmental legislation and other requirements in our operations. To ensure the effective implementation of our practices, we seek to identify at every project all hazards at the beginning of our work on a project, evaluate the associated risks and institute and monitor appropriate controls and methods.

We believe that all accidents and occupational health hazards can be prevented through systematic analysis and control of risks and by providing appropriate training to employees, subcontractors and communities. We encourage our employees to work constantly and proactively toward eliminating or minimising the impact of hazards to people and the environment. We encourage the adoption of occupational health and safety procedures as an integral part of our operations.

We have implemented a number of precautionary measures for the safety of our manufacturing units and for the better usage and conservation of the environment. We have commenced rain water harvesting initiatives at our plants located in Vikhroli and at the staff quarters located at Vikhroli.

Our Employees

As of March 31, 2012, our Company and our subsidiaries and joint ventures and Godrej Consumer Products employed a total of 6,277 individuals. Some of these employees are covered by collective bargaining agreements. We have not experienced any strikes or work stoppages over two decades and we consider our relationship with our employees to be cordial and cooperative.

Function	**No. of Employees**
Management	
Administration	147
Manufacturing	872
Auditing and finance	355
Sales and marketing	1,380
Others	683
Total	**3,437**
Non-Management	2,840
Grand Total	**6,277**

Intellectual property

We currently have the rights to the “Godrej” trademark and other trademarks that we generally use for our products. In 2001, Godrej & Boyce Manufacturing Company Limited transferred and assigned all the registered trademarks, all the trademarks for which registration was pending and all the copyrights in the artistic works comprised in the trademarks to us. We are thus entitled to exclusively use and reproduce the trademarks and artistic labels on our goods in respect of which the trademarks have been registered or are pending registration.

Insurance

We maintain insurance coverage with leading insurers in India. Some of the major risks covered for our business assets are against risk of fire, natural calamities, transit, burglary, implosion and explosion for boilers. We also have a public liability policy and directors and officers liability coverage.

Properties

Our registered office is located at Pirojshanagar, Eastern Express Highway, Vikhroli (East) Mumbai 400 079. Our Company's manufacturing units are located at Pirojshanagar, Eastern Express Highway, Vikhroli (East) Mumbai 400 079, Burjorjinagar, Plot No.3, Village Kanerao, Valia, Bharuch, Gujarat 393 135, and L.M Nadkarni Marg, Wadala (East) Mumbai 400 037.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The Company's Articles of Association provide that the minimum number of Directors shall be three and the maximum number of Directors shall be 18, excluding directors appointed by specified financial corporations. As of the date of this Preliminary Offer Document, the Company has 12 Directors. The Company may, subject to the provisions of the Articles of Association and the Companies Act, alter the minimum or the maximum number of Directors by approval of its shareholders, subject to approval of the Government, if the increase is beyond the maximum permissible limits under its Articles of Association as first registered.

Not less than two-thirds of the total number of Directors shall be elected Directors who are liable to retire by rotation. At the Company's annual general meeting, one-third of the Directors for the time being who are liable to retire by rotation shall retire from office. A retiring director is eligible for re-election. The Executive Directors of the Company, other than the Managing Director, are liable to retire by rotation. The Company's Articles of Association permit certain banks, government entities, financial institutions and other persons which are its lenders/shareholders (as a result of underwriting, direct subscription of private placement) to appoint Directors to the Board while any loan amount remains outstanding to them from the Company. The quorum for meetings of the Board of Directors is one-third of the total number of Directors, or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength the number of remaining Directors present at the meeting, being not less than two, shall be the quorum.

The Company's Directors are not required to hold any Equity Shares to qualify to be a Director.

The following table provides information about the Company's current Directors as of the date of this Preliminary Offer Document:

Sr. No.	Name, DIN, Term and Nationality	Age (Years)	Designation
1.	**Mr. Adi B. Godrej** **DIN**: 00065964 **Term**: Liable to retire by rotation **Nationality**: Indian	70	Chairman (Non-Executive)
2.	**Mr. Jamshyd N. Godrej** **DIN**: 00076250 **Term**: Liable to retire by rotation **Nationality**: Indian	63	Non-Executive Director
3.	**Mr. Nadir B. Godrej** **DIN**: 00066195 **Term**: April 1, 2011 to March 31, 2014 **Nationality**: Indian	60	Managing Director
4.	**Mr. Saleem A. Ahmadullah** **DIN**: 00037137 **Term**: Liable to retire by rotation **Nationality**: Indian	72	Independent Director

Sr. No.	Name, DIN, Term and Nationality	Age (Years)	Designation
5.	**Mr. Jimmy S. Bilimoria** **DIN**: 00112654 **Term**: Liable to retire by rotation **Nationality**: Indian	65	Independent Director
6.	**Mr. Amit B. Choudhury** **DIN**: 00557547 **Term**: Liable to retire by rotation **Nationality**: Indian	69	Independent Director
7.	**Mr. Vijay M. Crishna** **DIN**: 00066267 **Term**: Liable to retire by rotation **Nationality**: Indian	67	Non-Executive Director
8.	**Mr. Kersi K. Dastur** **DIN**: 00050199 **Term**: Liable to retire by rotation **Nationality**: Indian	71	Independent Director
9.	**Dr. Naushad D. Forbes** **DIN**: 00630825 **Term**: Liable to retire by rotation **Nationality**: Indian	52	Independent Director
10.	**Mr. Kavas N. Petigara** **DIN**: 00066162 **Term**: Liable to retire by rotation **Nationality**: Indian	64	Independent Director
11.	**Ms. Tanya A. Dubash** **DIN**: 00026028 **Term**: April 1, 2010 to March 31, 2013 **Nationality**: Indian	43	Executive Director & Chief Brand Officer
12.	**Mr. Mathew Eipe** **DIN**: 00027780 **Term**: April 1, 2010 to March 31, 2013 **Nationality**: Indian	60	Executive Director & President (Chemicals)

Brief Profile of the Directors

Mr. Adi B. Godrej has been a Director of the Company since 1988 and is the Chairman of the Company. He holds a Bachelor's degree and a Master's degree in engineering from the Massachusetts Institute of Technology, U.S.A. He is the chairman of Godrej Consumer Products, Godrej Properties, Godrej Hershey and several other companies in the Godrej group. Mr. Godrej is a director of several companies, including Godrej & Boyce, Godrej Agrovet and Godrej International. He is chairman of the board of the Indian School of Business. He has been elected as the president of the Confederation of Indian Industry for the year 2012-13. He has also participated actively in the field of management education as a former chairman of the governing council of the Narsee Monjee Institute of Management Studies, as a former member of the Dean's Advisory Council of the MIT Sloan School of Management and the Wharton Asian Executive Board. Mr. Godrej is a member of Tau Beta Pi (the engineering honor society). For his contribution to Indian industry, Mr. Godrej has been the recipient of several awards and recognitions including the Rajiv Gandhi Award 2002, the Entrepreneur of the Year for the Asia Pacific Entrepreneurship Awards 2010, Best Businessman of the Year for the GQ Men of the Year Awards 2010, Chemexcil's Life Time Achievement Award 2010, AIMA-JRD Tata Corporate Leadership Award 2010, BMA-Management Man of the Year Award 2010-2011 and the Qimpro Platinum Standard award for business in 2011.

Mr. Jamshyd N. Godrej has been a Director of the Company since 1988. He is the chairman of the board of directors of Godrej & Boyce. He graduated in mechanical engineering from Illinois Institute of Technology, USA. Mr. Godrej is the chairman emeritus of Aspen Institute India. He is the trustee and president emeritus of World Wide Fund for Nature – India. He is the chairperson of the board of directors of Shakti Sustainable Energy Foundation and chairman of India Resources Trust. He is a director of World Resources Institute, USA; director of Climate Works Foundation, USA and director of Global Footprint Network, USA. He is a member of the Toyota Motor Asia Pacific Regional Advisory Committee. He has served as the past president of Confederation of Indian Industry and also the past president of the Indian Machine Tool Manufacturers' Association. Mr. Godrej is the Chairman of the CII Sohrabji Godrej Green Business Centre. The President of India conferred on Mr. Godrej the "Padma Bhushan" on April 3, 2003.

Mr. Nadir B. Godrej has been a Director of the Company since 1988, and is the Managing Director. He holds a Bachelor of Science degree in chemical engineering from the Massachusetts Institute of Technology, U.S.A., a Master of Science degree in chemical engineering from Stanford University, U.S.A. and a Master of Business Administration degree from Harvard Business School, U.S.A. Mr. Nadir B. Godrej is the chairman of Godrej Agrovet. He is on the board of several companies. He has played an important role in developing the animal feed, agricultural input and chemicals businesses. He has also contributed to the development of a variety of industries by participating keenly in industry bodies such as the Compound Livestock Feed Manufacturers Association of India, Indian Chemical Manufacturers Association and Oil Technologists' Association of India. Currently, he is the president of Alliance Francaise Mumbai. For his contribution to Indo-French relations, the French Government has honored him with the awards of "Chevalier de L'Ordre National due Merite" and "The National Order of the Legion of Honour".

Mr. Saleem A. Ahmadullah has been a Director of the Company since 1995. He is a B.A. (Cantab.).

Mr. Jimmy S. Bilimoria has been a Director of the Company since 2009. He holds a Bachelor of Commerce degree from Bombay University and is a Fellow of the Institute of Chartered Accountants, England & Wales. Mr. Jimmy Bilimoria started his career in 1975 as an audit manager and became finance director and member of the board of directors on formation of Ciba Speciality Chemicals (India) Limited in 1998. Mr. Bilimoria became the managing director and country head (2001-02) and vice chairman and managing director (2002-06). From August 2006 to August 2009, he was the chairman of Ciba India Limited.

Mr. Amit B. Choudhury has been a Director of the Company since 2009. He holds a Master's degree in economics and a Master's degree in management studies from Jamnalal Bajaj Institute of Management Studies. Mr. Choudhury serves on the board of Godrej Agrovet and Godrej Properties.

Mr. Vijay M. Crishna has been a Director of the Company since 1995. He is the executive director of Lawkim Motors Group. He is a B.A. (Economics) from St. Stephen's College, University of Delhi. He is also a director of Godrej Agrovet and Precision Wires India Limited. He serves as a trustee of the Bombay Scottish Orphanage Society and is a member of the Advisory Board of the Institute for Technology and Management, Navi Mumbai, and chairs the Advisory Board of the New Zealand Trade and Enterprise Beachheads Programme. In 1991, he established the Naoroji Godrej Centre for Plant Research at Shindewadi, Satara District, which researches and propagates rare and endangered species of medicinal plants endemic to the Western Ghats.

Mr. Kersi K. Dastur is a Chartered Accountant. He has been a Director of the Company since 2001. He is also a director of Transwarranty Finance Limited and Godrej Infotech Limited, among others.

Mr. Naushad D. Forbes has been a Director of the Company since 2009. Mr. Naushad Forbes received his Bachelors and Masters degrees from Stanford University and is PhD in Industrial Engineering. He also holds the B.A.S. in Industrial Engineering & History from the Stanford University. He has been a Consulting Professor in the Management Science & Engineering program at Stanford University since 1987. He has a number of publications to his credit. He was elected as the deputy chairman of the Confederation of Indian Industry, Western Region for 2008 - 09. He is also a director of Forbes Marshall Private Limited.

Mr. Kavas N. Petigara has been a Director of the Company since 2002. He holds a graduate degree in chemical engineering from the Massachusetts Institute of Technology. He has been associated with chemical and allied businesses in India and abroad for many years.

Ms. Tanya A. Dubash has been a Director of the Company since 1996, and is the Executive Director & Chief Brand Officer of the Company. She heads the Strategic Marketing Group that guides the Godrej masterbrand and portfolio strategy, and chairs a marketing council comprising of group marketing heads. She also heads the Corporate Communications and Media for the group and is a chairperson of Natures Basket. She is AB cum laudé, Economics & Political Science, Brown University, USA, and an alumnus of the Harvard Business School. She is a trustee of the Brown University and a member of the Brown - India Advisory Council.

Mr. Mathew Eipe has been a Director of the Company since 2001, and is the Executive Director & President (Chemicals) of the Company. He holds a B. Tech (Chem.) from the Indian Institute of Technology, Mumbai, a post graduate diploma in management from IIM, Kolkata and has been with the Company for over 34 years. He has been a member of the Committee of Administration of Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council.

Borrowing Powers of the Board

In terms of the Articles of Association, the Board may, from time to time, at its discretion raise or borrow any sum or sums of money for the purposes of the Company and subject to the provisions of the Companies Act may secure payment or repayment of the same in such manner and terms as prescribed by the Board. The shareholders of the Company have, by way of a resolution passed at the AGM held on dated July 29, 2009 resolved that pursuant to provisions of Section 293(1)(d) of the Companies Act, the Board is authorised to borrow amounts up to an aggregate amount of ₹ 10,000 million (apart from temporary loans obtained or to be obtained in the ordinary course of the Company’s business).

Shareholding of Directors

The following table sets forth the number of Equity Shares held by and the stock options granted to the Directors as of June 30, 2012:

Name	Number of Equity Shares	Percentage (%)	Number of employee stock options granted under GIL ESOP I	Number of employee stock options granted under GIL ESOP II	Number of stock options granted under GIL ESGS
Mr. Adi B. Godrej	Nil	-	Nil	Nil	Nil
Mr. Jamshyd N. Godrej	Nil	-	Nil	Nil	Nil
Mr. Nadir B. Godrej	1,220,572	0.38	Nil	Nil	Nil
Mr. Saleem A. Ahmadullah	6,000	-	Nil	Nil	Nil
Mr. Jimmy S. Bilimoria	Nil	-	Nil	Nil	Nil
Mr. Amit B.	Nil	-	Nil	Nil	Nil

Name	Number of Equity Shares	Percentage (%)	Number of employee stock options granted under GIL ESOP I	Number of employee stock options granted under GIL ESOP II	Number of stock options granted under GIL ESGS
Choudhury					
Mr. Vijay M. Crishna	Nil	-	Nil	Nil	Nil
Mr. Kersi K. Dastur	3,606	-	Nil	Nil	Nil
Dr. Naushad D. Forbes	5,000	-	Nil	Nil	Nil
Mr. Kavas N. Petigara	Nil	-	Nil	Nil	Nil
Ms. Tanya A. Dubash	4,268,783	1.34	Nil	Nil	Nil
Mr. Mathew Eipe#	120,300	0.04	Nil	Nil	87,815

- Pursuant to the allotment of 14,868 Equity Shares on July 9, 2012 upon exercise of options under GIL ESGS, Mr. Mathew Eipe's shareholding has increased to 135,168 Equity Shares, and the options outstanding under GIL ESGS have decreased correspondingly to 72,947.

Compensation of the Directors

Executive Directors

The following tables set forth the compensation paid by the Company to its Executive Directors for the Financial Year 2012:

Name of Director	Designation	Salary (In ₹)	Perquisites and Allowances (In ₹)	Provident Fund (In ₹)	Total (In ₹)
Mr. Nadir B. Godrej	Managing Director	24,651,589	4,568,484	1,070,640	30,290,713
Ms. Tanya A. Dubash	Executive Director & Chief Brand Officer	20,832,771	1,955,446	811,944	23,600,161
Mr. Mathew Eipe	Executive Director & President (Chemicals)	36,341,891	298,946	914,400	37,555,237

Note: Remuneration to Mr. Nadir B. Godrej, Ms. Tanya A. Dubash and Mr. Mathew Eipe, includes a performance linked variable remuneration of ₹ 7,301,021, ₹ 7,301,021 and ₹ 17,861,329 respectively for the year ended March 31, 2012 payable in 2012-13.

The following tables set forth compensation paid by the Company to its Non-Executive Directors for the Financial Year 2012:

Non-Executive Directors

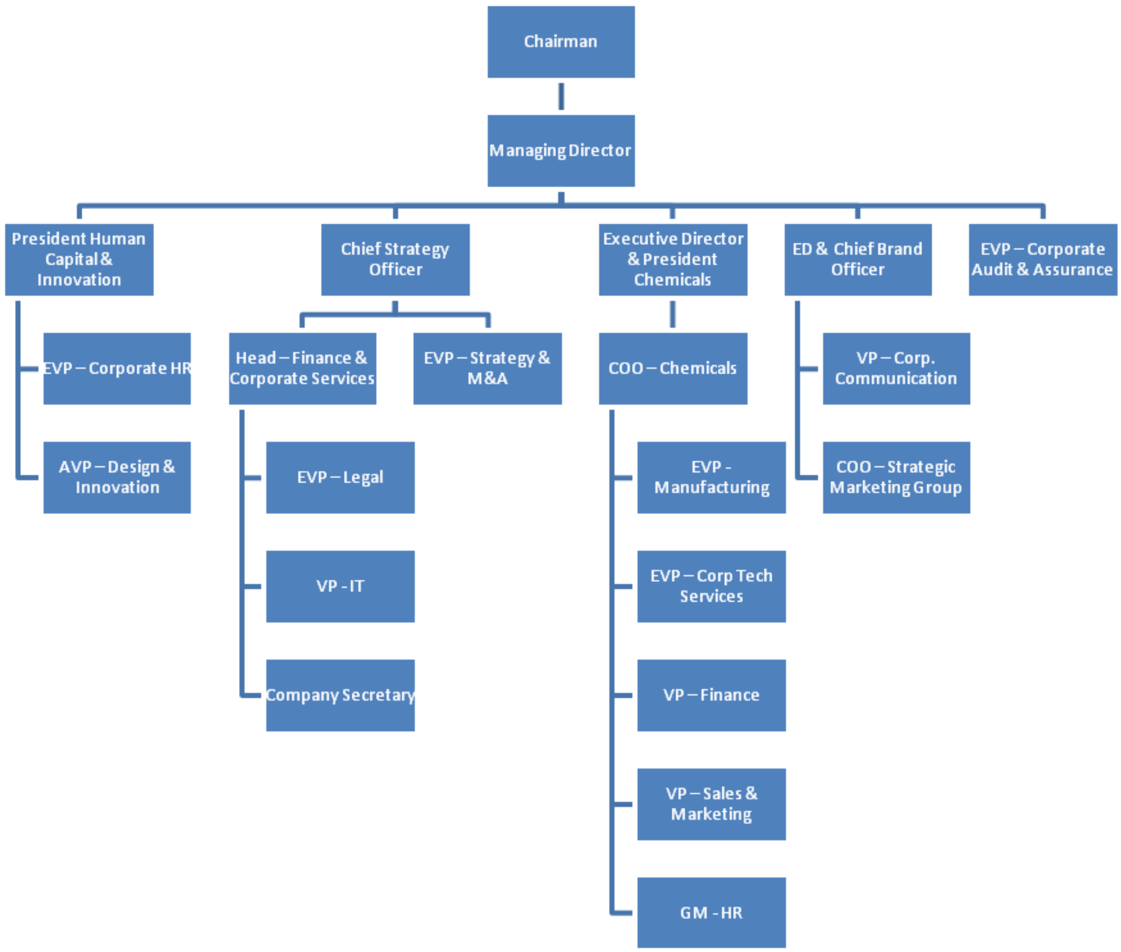
Name	Commission (In ₹)	Perquisites (In ₹)	Sitting Fees (In ₹)	Total (In ₹)
Mr. Adi B. Godrej	Nil	Nil	195,000	195,000
Mr. Jamshyd N. Godrej	Nil	Nil	Nil	Nil
Mr. Saleem A. Ahmadullah	Nil	Nil	130,000	130,000
Mr. Jimmy S. Bilimoria	Nil	Nil	20,000	20,000
Mr. Amit B. Choudhury	Nil	Nil	90,000	90,000

Name	Commission (In ₹)	Perquisites (In ₹)	Sitting Fees (In ₹)	Total (In ₹)
Mr. Vijay M. Crishna	Nil	Nil	60,000	60,000
Mr. Kersi K. Dastur	Nil	Nil	120,000	120,000
Dr. Naushad D. Forbes	Nil	Nil	20,000	20,000
Mr. Kavas N. Petigara	Nil	Nil	130,000	130,000

Prohibition by SEBI or Other Governmental Authorities

None of the Directors or the companies with which they are or were associated as promoters, directors or persons in control have been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Organisation Structure



Key Managerial Personnel

The key managerial personnel of our Company, other than the Executive Directors, are as follows:

Ms. Nisaba Godrej is President – Human Capital and Innovation of our Company. She drives our transformation efforts including innovation and talent development. She holds a Bachelors degree from The Wharton School, University of Pennsylvania and an MBA from Harvard Business School.

Mr. Vivek Gambhir is the Chief Strategy Officer of our Company. He is responsible for enhancing the strategic capabilities within the group companies, guiding overall group strategy, conducting portfolio analysis, advising on mergers and acquisitions and leading special projects. Prior to joining our Company, he was a partner at Bain & Company, a global management consulting firm. He is an MBA from the Harvard Business School and a BS (Computer Science) and BA (Economics) from Lafayette College.

Mr. Nitin Nabar is Chief Operating Officer – Chemicals of our Company. Nitin began as an Executive Trainee in 1989 at the erstwhile Godrej Soaps Limited. He is a B.Sc. (Tech.) from University of Mumbai, Department of Chemical Technology and later pursued his management studies from Welingkar Institute of Management, Development & Research in Mumbai.

Mr. Ravi Venkateswar is Head – Finance and Corporate Services of our Company. He is a Chartered Accountant with more than 28 years experience. He has completed an Advanced Management Program from Harvard Business School. Prior to working with Godrej Industries Limited, he was the Director (Finance) in Godrej Sara Lee Limited. He has also worked with other leading Companies like Hindustan Unilever Limited, Union Carbide Limited and Piramal Glass Limited.

Mr. Sumit Mitra is Executive Vice-President, Human Resources of our Company. He also heads the HR function for International Operations at Godrej Consumer Products. He is an MBA in Human Resource from Symbiosis Institute of Business Management, and is a certified trainer and assessor. With us, he has been involved in leading several projects including launching the open appraisal system, talent management and the Godrej University.

Godrej Agrovet

Mr. Balram Yadav is managing director of Godrej Agrovet. He also serves as managing director of Godrej Tyson Foods Limited and chairman of the Compound Livestock Feed Manufacturers Association of India. Balram completed his B.Sc. in Agricultural Science at Haryana Agricultural University. He earned his Post Graduate Diploma in Management from IIM-Ahmedabad.

Godrej Properties

Mr. Pirojsha Godrej is the managing director and chief executive officer of Godrej Properties. He holds a Bachelor‘s degree in economics from the Wharton School at the University of Pennsylvania, a Master’s degree in international affairs from Columbia University’s School of International and Public Affairs and a Master’s degree in business administration from Columbia Business School.

Godrej Consumer Products

Mr. A. Mahendran is the managing director of Godrej Consumer Products since August 2010. He is a Chartered Accountant and has a Bachelors Degree in Commerce from Madras Loyola College. He is on several industry forums such as FICCI, CII, Crop Care Federation of India and the Pest Control Association of India.

Each of the aforesaid key managerial personnel is a permanent employee and/or director of the entity specified above.

The following table sets forth the number of Equity Shares held by and stock options granted to the key managerial personnel as of June 30, 2012:

Name	Designation	Number of employee stock options granted under GIL ESOP I (as of June 30, 2012)	Number of employee stock options granted under GIL ESOP II (as of June 30, 2012)	Number of employee stock options granted under GIL ESGS (as of June 30, 2012)	No. of Equity Shares held (as of June 30, 2012)
Ms. Nisaba A. Godrej	President – Human Capital and Innovation, Godrej Industries Limited	-	-	-	4,268,781
Mr. Vivek Gambhir#	Chief Strategy Officer, Godrej Industries Limited	-	600,000	152,055	-
Mr. Nitin Nabar#	Chief Operating Officer – Chemicals, Godrej Industries Limited	100,000	-	38,328	-
Mr. Ravi Venkateswar#	Head – Finance and Corporate Services, Godrej Industries Limited	-	-	-	-
Mr. Sumit Mitra#	Executive Vice-President, Human Resources, Godrej Industries Limited	-	-	18,291	-
Mr. Balram Yadav#	Managing Director, Godrej Agrovet	355,000	39,450	76,026	-
Mr. Pirojsha A. Godrej	Managing Director and Chief Executive Officer, Godrej Properties	-	-	-	4,268,786
Mr. A. Mahendran	Managing Director, Godrej Consumer Products	-	-	-	97,000

 # - Pursuant to allotment of Equity Shares on July 9, 2012 upon exercise of options under GIL ESGS, Mr. Vivek Gambhir was allotted 29,736 Equity Shares, Mr. Balram Yadav was allotted 14,868 Equity Shares while Mr. Nitin Nabar and Mr. Sumit Mitra were each allotted 3,304 Equity Shares, and the number of options held by them under GIL ESGS have decreased correspondingly. Further, Mr. Ravi Venkateswar was granted 1,32,000 option on July 9, 2012 under GIL ESOP II.

Corporate Governance

The Company complies with the applicable corporate governance requirements, including the requirements such as constitution of the Board and committees thereof under the Equity Listing Agreement.

Currently, the Board consists of 12 Directors out of which six are independent Directors. As the Chairman of the Company is a Promoter, at least half of the Board is required to consist of independent directors, as required under the corporate governance norms provided in Clause 49 of the Equity Listing Agreement. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and proper constitution of committees of the Board. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

Committees of the Board

As of the date of this Preliminary Offer Document, There are three Board level committees in the Company, which have been constituted and which function in accordance with the relevant provisions of the Companies Act and the Equity Listing Agreement: (i) the Audit Committee; (ii) the Compensation Committee; and (iii) the Shareholders Committee.

The members of the aforesaid committees as of the date of this Preliminary Offer Document are:

Committee	Members
Audit Committee	Mr. Kersi K. Dastur (Chairman), Mr. Saleem A. Ahmadullah and Mr. Kavas N. Petigara
Compensation Committee	Mr. Saleem A. Ahmadullah (Chairman), Mr. Amit B. Choudhury, Mr. Kavas N. Petigara and Mr. Nadir B. Godrej
Shareholders Committee	Mr. Adi B. Godrej (Chairman), Ms. Tanya A. Dubash and Mr. Mathew Eipe

The Company has also constituted other Board level committees including: (i) the Management Committee (*inter alia* empowered to borrow monies, open/close bank accounts and issue powers of attorney to any persons); (ii) Selection Committee, empowered for the selection and appointment of a relative of a Director for holding office or place of profit in the Company with a salary exceeding ₹ 250,000 per month (iii) the Securities Issuance Committee.

Interest of Directors and Key Managerial Personnel

Except as stated in "***Financial Statements – Related Party Transactions***" beginning on page 344, and to the extent of shareholding and stock options held in the Company and remuneration and benefits to which they are entitled as per their terms of appointment, the Directors do not have any other interest in the Company or its business. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to them, their relatives, dependents, companies, firms, HUF or trusts, in which they are interested as directors, members, partners, karta and/or trustees. All the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares and any other benefit arising out of such holding and transactions with the companies with which they are associated as directors or members. The Non-Executive Directors of the Company may also be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board or a committee.

The key managerial personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares and stock options held by them or their dependants in the Company, if any. The Company has a 'Performance Linked Variable Remuneration' Scheme for payment of performance bonus to the employees.

Employee Stock Option Plans

*Godrej Industries Limited Employee Stock Option Plan ("**GIL ESOP I**")*

In December 2005, we had instituted GIL ESOP I which provides for the allotment of 1,500,000 options that are convertible into 1,500,000 equity shares of ₹ 6 each to eligible employees of participating companies. In view of the subdivision of equity shares into face value of ₹ 1 each, the total number of options stands automatically increased to 9,000,000 options convertible into 9,000,000 Equity Shares (of ₹ 1 each). The Compensation Committee determines detailed terms and conditions of GIL ESOP I. An independent ESOP trust purchases the Equity Shares from the secondary market equivalent to the number of options granted by the participating companies and holds them till the time of exercise of options by the option grantees. On exercise of options by the option grantees, the trust transfers them the Equity Shares, in consultation with the Compensation Committee.

Options granted under GIL ESOP I shall vest between one to three years, as determined by the Compensation Committee, from the date of grant of option, provided the employee continues to be in employment and the options are exercisable within two years after vesting. For all the options granted under GIL ESOP I, the vesting period has been extended to five years and exercise period has been extended to four years.

Details regarding the GIL ESOP I as at June 30, 2012 are provided in the following table:

Sr. No.	Description	No. of Equity Shares
1.	Total number of options under the GIL ESOP I	9,000,000
2.	Options granted	8,794,950
3.	Options vested	3,722,450
4.	Options exercised	2,100,000
5.	Options lapsed or forfeited	2,117,000
6.	Total number of options outstanding	4,577,950

*Godrej Industries Limited Employee Stock Option Plan – II (“**GIL ESOP II**”)*

In July 2009, we had instituted GIL ESOP II which provides for the allotment of 9,000,000 options that are convertible into 9,000,000 Equity Shares to eligible employees of participating companies. The Compensation Committee determines detailed terms and conditions of GIL ESOP II. An independent ESOP trust (which is the same trust as for GIL ESOP I) purchases the Equity Shares from the secondary market equivalent to the number of options granted by the participating companies and holds them till the time of exercise of options by the option grantees. On exercise of options by the option grantees, the trust transfers them the Equity Shares, in consultation with the Compensation Committee.

The options granted shall vest between one to three years, as determined by the Compensation Committee, from the date of grant of option, provided the employee continues to be in employment and the options are exercisable within two years after vesting.

The details regarding the GIL ESOP II as at June 30, 2012 are provided in the following table:

Sr. No.	Description	No. of Equity Shares#
1.	Total number of options under the GIL ESOP II	9,000,000
2.	Options granted	1,373,750
3.	Options vested	115,000
4.	Options exercised	12,000
5.	Options lapsed or forfeited	50,000
6.	Total number of options outstanding	1,311,750

An additional 132,000 options have been granted under GIL ESOP II on July 9, 2012 taking the total number of outstanding options to 1,443,750

*Godrej Industries Limited Employees Stock Grant Scheme 2011 (“**GIL ESGS**”)*

The GIL ESGS was established in 2011. It provides for the grant of up to 2,500,000 options that are convertible into 25,00,000 Equity Shares to eligible employees of the Company and its present and future subsidiaries. One-third of the options granted vest every year from the date of grant (provided the employee continues to be in employment), although the Compensation Committee has the authority to vary the aforesaid terms. The exercise period for options vesting under GIL ESGS is 1 month from the date of vesting, or such other period as may be determined by the Compensation Committee

The details regarding the GIL ESGS as of June 30, 2012 are provided in the following table:

Sr. No.	Description	No. of Equity Shares #
1.	Total number of options under the GIL ESGS	2,500,000
2.	Options granted	845,583
3.	Options vested	126,500
4.	Options exercised	120,599
5.	Options lapsed or forfeited	Nil
6.	Total number of options outstanding	724,984

- Pursuant to the allotment of 1,20,599 Equity Shares on July 9, 2012 upon exercise of options under GIL ESGS,

the total number of options outstanding under GIL ESGS has reduced to 604,385.

PRINCIPAL SHAREHOLDERS

The Promoters of the Company are Godrej & Boyce, Mr. Adi B. Godrej, Mr. Jamshyd N. Godrej, Mr. Nadir B. Godrej, Ms. Smita V. Crishna and Mr. Rishad K. Naoroji.

The shareholding pattern of the Company as of June 30, 2012 is as indicated in the table below:

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Equity Shares	Total No. of Equity Shares held in Dematerialised Form	Total Shareholding as a % of total No. of Equity Shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Equity Shares	As a % of Total No. of Equity Shares
(A)	**Shareholding of Promoter and Promoter Group**							
(1)	**Indian**							
(a)	Individuals / Hindu Undivided Family	12	64,031,786	64,031,786	20.16%	20.16%	-	-
(b)	Central Government/ State Government(s)	0	0	0	0.00%	0.00%	-	-
(c)	Bodies Corporate	1	187,202,388	187,202,388	58.94%	58.94%	-	-
(d)	Financial Institutions/ Banks	0	0	0	0.00%	0.00%	-	-
(e)	Any Other (specify)	0	0	0	0.00%	0.00%	-	-
	Sub Total (A)(1)	**13**	**251,234,174**	**251,234,174**	**79.10%**	**79.10%**	-	-
(2)	**Foreign**							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00%	0.00%	-	-
(b)	Bodies Corporate	0	0	0	0.00%	0.00%	-	-
(c)	Institutions	0	0	0	0.00%	0.00%	-	-
(d)	Qualified Foreign Investor	0	0	0	0.00%	0.00%	-	-
(e)	Any Other (Specify)	0	0	0	0.00%	0.00%	-	-
	Sub-Total (A)(2)	**0**	**0**	**0**	**0.00%**	**0.00%**	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	**13**	**251,234,174**	**251,234,174**	**79.10%**	**79.10%**	-	-

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Equity Shares	Total No. of Equity Shares held in Dematerialised Form	Total Shareholding as a % of total No. of Equity Shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Equity Shares	As a % of Total No. of Equity Shares
(B)	**Public Shareholding**							
(1)	**Institutions**							
(a)	Mutual Funds / UTI	13	5,903,494	5,903,494	1.86%	1.86%	-	-
(b)	Financial Institutions / Banks	9	63,512	58,442	0.02%	0.02%	-	-
(c)	Central Government/ State Government(s)	0	0	0	0.00%	0.00%	-	-
(d)	Venture Capital Funds	0	0	0	0.00%	0.00%	-	-
(e)	Insurance Companies	2	4,742,182	4,742,182	1.49%	1.49%	-	-
(f)	Foreign Institutional Investors	80	19,418,212	19,413,412	6.11%	6.11%	-	-
(g)	Foreign Venture Capital Investors	0	0	0	0.00%	0.00%	-	-
(h)	Qualified Foreign Investors	0	0	0	0.00%	0.00%	-	-
(i)	Any Other (Specify)	0	0	0	0.00%	0.00%	-	-
	Sub Total (B)(1)	**104**	**30,127,400**	**30,117,530**	**9.48%**	**9.48%**	-	-
(2)	**Non-Institutions**							
(a)	Bodies Corporate	855	8,665,922	8,657,537	2.73%	2.73%	-	-
(b)	Individuals – i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	48,307	16,536,830	15,736,412	5.21%	5.21%	-	-
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	21	10,199,297	10,199,297	3.21%	3.21%	-	-
(c)	Qualified Foreign Investor	0	0	0	0.00%	0.00%	-	-

Category Code	Category of Shareholder	No. of Shareholders	Total No. of Equity Shares	Total No. of Equity Shares held in Dematerialised Form	Total Shareholding as a % of total No. of Equity Shares		Shares pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Equity Shares	As a % of Total No. of Equity Shares
(d)	Any Other (NRI)	1,263	861,269	822,443	0.27%	0.27%	-	-
	Sub-Total (B)(2)	**50,446**	**36,263,318**	**35,415,689**	**11.42%**	**11.42%**	-	-
	Total Public Shareholding (B) = (B)(1) + (B)(2)	**50,550**	**66,390,718**	**65,533,219**	**20.90%**	**20.90%**	-	-
	Total (A) + (B)	**50,563**	**317,624,892**	**316,767,393**	**100.00%**	**100.00%**	-	-
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	**0**	**0**	**0**	**0.00%**	**0.00%**	-	-
	Grant Total (A)+(B)+(C)	**50,563**	**317,624,892**	**316,767,393**	**100.00%**	**100.00%**	-	-

Note: Pursuant to the allotment of 1,20,599 Equity Shares on July 9, 2012 upon exercise of options under GIL ESGS, the total number of Equity Shares and public shareholding has increased to 317,745,491 and 66,511,317 Equity Shares respectively. Percentage of public shareholding and shareholding of Promoter and Promoter Group have consequently changed to 20.93% and 79.07% respectively.

Shareholding of persons belonging to the category "Promoter and Promoter Group" as of June 30, 2012 is detailed in the table below:

Name of the Shareholder#	Details of Equity Shares held	
	No. of Equity Shares held	As a % of total
Godrej & Boyce	187,202,388	58.94
Rishad K. Naoroji	12,806,350	4.03
Freyan V. Crishna	6,403,175	2.02
Navroze J. Godrej	6,403,181	2.02
Nyrika V. Crishna	6,403,175	2.02
Raika J. Godrej	6,403,169	2.02
Sohrab N. Godrej	5,539,074	1.74
Burjis N. Godrej	5,446,740	1.71
Nisaba A. Godrej	4,268,781	1.34
Pirojsha A. Godrej	4,268,786	1.34
Tanya A. Dubash	4,268,783	1.34
Nadir B. Godrej	1,220,572	0.38
Rati N. Godrej	600,000	0.19
Total	**251,234,174**	**79.10**

ISSUE PROCEDURE

*The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares offered in the Issue. The Company and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable laws or regulations, which may occur after the date of this Preliminary Offer Document. This section applies to all Applicants. The Applicants are advised to inform themselves of any restrictions or limitations that may be applicable to them. Please see "**Selling Restrictions**" and "**Transfer Restrictions**" beginning on pages 168 and 173 respectively. Applicants are advised to make their independent investigations and ensure that their applications do not exceed the Issue Size or the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

Authority for the Issue

The Issue was authorised and approved by the Board of Directors through a circular resolution dated June 8, 2012, by the shareholders of the Company through a special resolution dated July 7, 2012 and a resolution of the Securities Issuance Committee dated July 19, 2012.

The Company has applied for and received in-principle approvals from both BSE and the NSE on July 19, 2012 under Clause 24(a) of the Equity Listing Agreement for listing of the Equity Shares offered in the Issue on the Stock Exchanges. The Company has also filed a copy of this Preliminary Offer Document with the RoC, SEBI and the Stock Exchanges.

Prohibition by SEBI or Other Governmental Authorities

The Company, its subsidiaries, the Promoters, the members of the Promoter Group, the Directors and the persons in control of the Company have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which the Promoters, the Directors or the persons in control of the Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Restrictions on Issue Size

The aggregate of all tranches of the IPP undertaken by the Company cannot result in an increase in the public shareholding in the Company by more than 10% or such lesser percentage as may be required for the Company to achieve the required minimum public shareholding. Based on the Issue Size of up to 17,233,407 Equity Shares (assuming the exercise of the Over Allotment Option in full), the increase in public shareholding of the Company shall be 4.07 %.

Who can Apply

This Issue is being made only to QIBs, being the following:

- mutual funds, venture capital funds, AIFs and foreign venture capital investors registered with SEBI;
- foreign institutional investors and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- public financial institutions, as defined in Section 4A of the Companies Act;
- scheduled commercial banks;
- state industrial development corporations;
- insurance companies registered with the Insurance Regulatory and Development Authority;

- multilateral and bilateral financial institutions;
- provident funds with minimum corpus of ₹ 250 million;
- pension funds with minimum corpus of ₹ 250 million;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the GoI published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India; and
- insurance funds set up and managed by the Department of Posts, India.

No single FII can hold more than 10% of the post Issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares offered in the Issue on behalf of its eligible sub-accounts, the investment on behalf of each eligible sub-account shall not exceed 10% of the Company's total issued capital. **The aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company.**

Note: Each eligible sub-account of an FII, other than a sub-account which is a foreign corporate or foreign individual, will need to submit a separate ASBA Applications. FIIs or sub-accounts of FIIs, are required to indicate the SEBI FII/sub-account registration number in the ASBA Applications.

No Allotment shall be made, either directly or indirectly, to any QIB being a promoter or any person related to the promoter(s). QIBs which have all or any of the following rights shall be deemed to be persons related to promoter(s):

a) rights under a shareholders' agreement or voting agreement entered into with a promoter or persons related to the promoters;

b) veto rights; or

c) right to appoint any nominee director on the Board.

Provided that a QIB which does not hold any Equity Shares and which has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to the promoters.

Applicants are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Applicants are advised to ensure that the number of Equity Shares for which they have provided ASBA Applications \does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Offer Document. Further, Applicants are required to satisfy themselves that their ASBA Applications would not result in triggering a tender offer under the Takeover Regulations.

A minimum of 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds and Insurance Companies, subject to receipt of valid ASBA Applications at or above the Issue Price, provided that if this portion or any part thereof to be Allocated and Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs. For further details, please see "- *Basis of Allocation*".

Affiliates or associates of the Book Running Lead Manager who are QIBs may participate in the Issue in compliance with applicable laws.

No person connected with the Issue shall offer any incentive, direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Applicant for making an ASBA Application.

Number of Allottees

The Equity Shares offered in the Issue will not be Allotted to less than 10 Allottees.

As provided in the SEBI Regulations, no single Allottee shall be Allotted more than 25% of the aggregate number of the Equity Shares Allotted in the Issue.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single Allottee for the purpose of the foregoing.

i. The expression 'belong to the same group' shall have the same meaning as 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act:

   Section 372(11) of the Companies Act - "*For the purposes of this section, a body corporate shall be deemed to be in the same group as the investing company-*

   (a) *if the body corporate is the managing agent of the investing company; or*

   (b) *if the body corporate and the investing company should, in virtue of subsection (1B) of section 370, be deemed to be under the same management*."

   Under Section 370(1B) of the Companies Act, two bodies corporate are deemed to be under the same management if any of the following conditions are satisfied:

   (a) The managing agent, secretaries and treasurers, managing director or manager of one body corporate is the managing agent, secretary or treasurer, managing director or manager of the other body corporate or a partner in a firm acting as the managing agents or secretaries and treasurers of the other body corporate or a director of a private company acting as managing agent or secretaries and treasurers of the other body corporate;

   (b) A majority of the directors of the one body corporate constitute or at any time within the immediately preceding six months have constituted a majority of the directors on the board of the other body corporate;

   (c) Not less than one-third of the total voting power with respect to any matter relating to each of the two bodies corporate is exercised or controlled by the same individual or body corporate;

   (d) The holding company of one body corporate is under the same management as the other body corporate within the meaning of (a), (b) or (c) above; and

   (e) One of more directors of one body corporate hold, either by themselves or together with their relatives, the majority of the shares in the other body corporate.

ii. The expression 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations:

   Regulation 2(1)(e) of the Takeover Regulations – *"control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:*

   Provided that a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position."

Information for the Applicants

(a) Only ASBA mode of payment can be used by QIBs to participate in this Issue.

(b) The Company, in consultation with the Book Running Lead Manager, will decide the Floor Price or the Price Band for the Issue and the same shall be announced at least one day prior to the Issue Opening Date.

(c) The Company will publish the Issue Opening Date and the Issue Closing Date in the Floor Price/ Price

Band Announcement. The Issue Period shall be for a minimum of one Working Day and shall not exceed two Working Days.

(d) The Company has filed this Preliminary Offer Document with the RoC at least three days before the Issue Opening Date.

(e) Once a duly filled in ASBA Application is submitted by an Applicant, such ASBA Application constitutes an irrevocable offer and cannot be withdrawn. In addition, the price per Equity Share and/or the number of Equity Shares applied for in an ASBA Application cannot be revised downwards.

(f) The Company shall open the Public Issue Account with the Public Issue Account Bank in terms of Section 73 of the Companies Act to receive monies on the Designated Date from the ASBA Accounts.

(g) Upon the receipt of the ASBA Applications, the Company, after the closure of the Issue, shall determine the Issue Price for the Equity Shares offered in the Issue and the number of Equity Shares to be issued at the Issue Price, in consultation with the Book Running Lead Manager and in accordance with the Allotment Criteria. Upon finalisation of the Basis of Allocation, the Company will issue CANs to the successful Applicants. The dispatch of the CANs shall be deemed a valid, binding and irrevocable agreement on the part of the Applicant to subscribe to such number of Equity Shares as mentioned in their respective CANs at the Issue Price indicated in such CAN. The CAN shall contain details such as the number of Equity Shares Allocated to the Applicant and the Issue Price.

(h) The Company shall take all steps to ensure that listing and commencement of trading of the Equity Shares Allotted in the Issue at the Stock Exchanges is within 12 Working Days of the Issue Closing Date.

(i) The Company or the Book Running Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. Applicants are advised to apprise themselves of the status of the receipt of the listing and trading approvals from the Stock Exchanges or the Company.

(j) The Company will issue a statutory advertisement after the filing of the Offer Document with the RoC in terms of Regulation 66 of the SEBI Regulations, in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation.

(k) In case of a Mutual Fund, a separate ASBA Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such ASBA Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple ASBA Applications, provided that the ASBA Applications clearly indicate the scheme concerned for which it has been made. No Mutual Fund scheme can invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. Further, no single Mutual Fund shall be Allocated and Allotted more than 25% of the aggregate number of the Equity Shares Allotted in the Issue.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, after registering this Preliminary Offer Document with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation.

ASBA Application and Revision Form

The ASBA Application and the Revision Form shall be in the form prescribed by SEBI pursuant to the circular dated September 27, 2011, to the extent applicable to the Issue.

By making an application for the Equity Shares offered in the Issue through an ASBA Application, an Applicant will be deemed to have made the representations, warranties and agreements made under "***Representations by***

Investors", "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on pages 2, 168 and 173.

SCSBs would be entitled to a processing fee of ₹ 25 per valid ASBA Application collected by the members of the Syndicate in the Specified Cities and submitted to the SCSBs. No selling commission is payable in respect of ASBA Applications procured in the Issue.

Method and Process of Bidding

(a) ASBA Applications will be available with the SCSBs, the members of the Syndicate (only in the Specified Cities) and at the Registered Office of the Company. Electronic ASBA Applications will be available on the website of the Stock Exchanges and the Designated Branches of the SCSBs.

(b) Any eligible Applicant may obtain a copy of this Preliminary Offer Document and the ASBA Applications from the Registered Office of the Company.

(c) Applicants should approach the Designated Branches of the SCSBs or the members of the Syndicate (only in the Specified Cities) to submit their ASBA Applications.

(d) Applicants may submit their ASBA Applications, and / or the Revision Forms, during the Issue Period to (i) the members of the Syndicate in the Specified Cities; (ii) the Designated Branches of the SCSBs where the ASBA Account is maintained; or (iii) in electronic form to the SCSBs with whom the ASBA Account is maintained. For details, the Applicants should contact the SCSBs where the ASBA Account is maintained. The SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or through any secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

(e) ASBA Applications submitted directly to the SCSBs should bear the stamp of the SCSBs and the ASBA Application submitted to the members of the Syndicate in the Specified Cities should bear the stamp of the member of the Syndicate. Applicants also have an option to submit the ASBA Application in electronic form or submit ASBA Applications through the members of the Syndicate in the Specified Cities.

(f) For ASBA Applications submitted to the members of the Syndicate in the Specified Cities, the members of the Syndicate shall upload the details of the ASBA Application onto the electronic bidding system of the Stock Exchanges and deposit a schedule (containing certain information including the ASBA Application number and the Application Amount) along with the ASBA Application with the relevant branch of the SCSB, named by such SCSB to accept such ASBA Applications from the members of the Syndicate in such Specified City (A list of such branches is available at http://www.sebi.gov.in/cms/sebi_data/attachdocs/1342415788672.html. The relevant branch of the SCSB shall block an amount equal to the Application Amount specified in the ASBA Application in the ASBA Account.

(g) The Applicant should mention its PAN allotted under the I.T. Act in the ASBA Application. Any ASBA Application without the PAN is liable to be rejected. Applicants should not submit the GIR number instead of the PAN as the ASBA Application is liable to be rejected on this ground.

(h) The Registrar to the Issue shall validate the details of the ASBA Application uploaded on the electronic bidding system of the Stock Exchanges with the Depository records and the complete reconciliation of the final certificates received from the SCSBs with the electronic details of the ASBA Applications.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the ASBA Application and entered into the electronic bidding system of the Stock Exchanges by the Syndicate/ SCSBs do not match with the DP ID, Client ID and PAN available in the database of Depositories, the ASBA Application is liable to be rejected.

(i) Each ASBA Application will give the Applicant the option to indicate up to three prices within the Price Band or at or above the Floor Price, as the case may be, and specify the demand (i.e., the number of Equity Shares applied for at each such price). The number of Equity Shares applied for by an Applicant at or above the Floor Price or within the Price Band, as the case may be, will be considered for Allocation and Allotment in accordance with the Basis of Allocation. The highest value indicated by the Applicant in the ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application shall be blocked in the ASBA Account of such Applicant. After determination of the Issue Price, the maximum number of Equity Shares applied for by an Applicant at or above the Issue Price will be considered for Allocation and the rest of the options will become automatically invalid.

(j) The Applicant cannot submit another ASBA Application after one ASBA Application has been submitted to the SCSBs or any member of the Syndicate. Submission of a second ASBA Application to either the same or to another SCSBs or any member of the Syndicate will be treated as multiple applications and is liable to be rejected either before entering the required details of the ASBA Application into the electronic bidding system, or at any point of time prior to the Allotment of the Equity Shares offered in this Issue. However, the Applicant can revise upwards the price per Equity Share or the number of Equity Shares applied for through the Revision Form, the procedure for which is detailed under the paragraph titled "- ***Revision of ASBA Applications***".

(k) Upon receipt of an ASBA Application from the Applicant, in physical mode, the Designated Branches of the SCSBs shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading details of the ASBA Application on the electronic bidding system of the Stock Exchanges.

(l) If sufficient funds are not available in the ASBA Account, the Designated Branches of the SCSBs shall reject such ASBA Application and shall not upload the details of the ASBA Application on the electronic bidding system of the Stock Exchanges.

(m) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application and will enter the details of the ASBA Application into the electronic bidding system and generate a TRS for each price and demand option. It is the Applicant's responsibility to obtain the TRS from the members of the Syndicate or the Designated Branches of the SCSBs. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(n) The Application Amount shall remain blocked in the ASBA Account until the finalisation of the Basis of Allocation, the dispatch of the CAN and consequent transfer of the Application Amount for the Allotted Equity Shares to the Public Issue Account from the ASBA Accounts, or alternatively, until the withdrawal of the Issue or the rejection of the ASBA Application, as the case may be. Once the Basis of Allocation is finalised and the CAN is dispatched, the Registrar to the Issue shall send an appropriate request to the SCSBs to unblock the relevant ASBA Accounts and to transfer the amount due on the Equity Shares to be Allotted to the successful Applicants to the Public Issue Account on the Designated Date.

(o) In case the Company withdraws or cancels the Issue, the Registrar to the Issue shall give instructions to the SCSBs to unblock the Application Amounts in the relevant ASBA Accounts of the Applicants within one day of receipt of such instruction. The Company shall also inform the Stock Exchanges of such cancellation or withdrawal.

Electronic Registration of ASBA Applications

(a) The Stock Exchanges will offer an electronic facility for registering details under the ASBA Applications for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Issue Period. The members of the Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of details under the ASBA Applications, subject to the condition that they will subsequently upload the off-line data file into the electronic facilities offered by the Stock Exchanges. The members of the Syndicate and the SCSBs will register the ASBA Applications received, using the electronic bidding system of the Stock Exchanges. On the Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the details under the ASBA Applications on the electronic bidding system of the Stock Exchanges till such time as may be permitted by the Stock Exchanges.

(b) Each ASBA Application will give the Applicant the choice to apply for up to three optional prices at or above the Floor Price or within the Price Band, as the case may be, and to specify the demand (i.e., the number of Equity Shares applied for) at each such price.

(c) With respect to details under the ASBA Applications submitted to the members of Syndicate at the Specified Cities, the members of Syndicate shall enter the following details in the electronic bidding system of the Stock Exchanges:

- ASBA Application number;
- PAN;
- DP ID and Client ID number of the beneficiary account of the Applicant;
- Application Amount;
- ASBA Account number (not compulsory);
- Category of the Applicant;
- Numbers of Equity Shares applied for;
- Price per Equity Share;
- Bank code for the SCSB where the ASBA Account is maintained; and
- Name of the Specified City.

(d) With respect to details under the ASBA Applications submitted to the SCSBs, the SCSBs shall enter the following details in the electronic bidding system of the Stock Exchanges:

- ASBA Application number;
- PAN;
- DP ID and Client ID number of the beneficiary account of the Applicant;
- Application Amount;
- ASBA Account number;
- Category of the Applicant;
- Numbers of Equity Shares applied for; and
- Price per Equity Share.

(e) TRS will be generated when the ASBA Application is registered for each price and demand option. The registration of the ASBA Application by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be Allocated/Allotted either by the members of the Syndicate or the Company.

(f) The members of the Syndicate and the SCSBs will register the ASBA Applications received, using the electronic bidding system of the Stock Exchanges.

(g) The members of the Syndicate and the SCSBs may undertake modification of selected fields in the details under the ASBA Application already uploaded within one Working Day from the Issue Closing Date.

(h) Neither the Company nor the Registrar to the Issue shall be responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the ASBA Applications accepted by the members of the Syndicate or the SCSBs, (ii) the details under the ASBA Applications uploaded by the members of the Syndicate or the SCSBs, or (iii) the ASBA Applications accepted but not uploaded by the members of the Syndicate or the SCSBs.

(i) The SCSBs shall be responsible for any acts, mistakes, errors or omissions and commissions in relation to (i) the ASBA Applications accepted by them, (ii) the details under the ASBA Applications uploaded by them, (iii) the ASBA Applications accepted but details not uploaded by them, and (iv) the ASBA Applications accepted and details uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for ASBA Applications uploaded by the SCSBs, the full Application Amount has been blocked in the relevant ASBA Account and can be transferred to the Public Issue Account on the Designated Date.

(j) The permission given by the Stock Exchanges to use its network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, the members of the Syndicate or the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company or any scheme or project of the Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Preliminary Offer Document; nor does it warrant that the Equity Shares offered in the Issue will be listed or will continue to be listed on the Stock Exchanges.

(k) The aggregate demand in relation to ASBA Applications registered shall be displayed by Stock Exchanges without disclosing the price.

(l) Only those ASBA Applications details of which are uploaded on the electronic bidding system of the Stock Exchanges shall be considered for the Allocation and Allotment. Members of the Syndicate and the SCSBs will be given up to one Working Day after the Issue Closing Date to verify the DP ID and Client ID uploaded on the electronic bidding system of the Stock Exchanges during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchanges and will reconcile and validate the details of the ASBA Application uploaded on the electronic bidding system of the Stock Exchanges with the Depositories records. In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such ASBA Applications are liable to be rejected.

(m) The details of the ASBA Applications uploaded on the electronic bidding system of the Stock Exchanges shall be considered as final and Allocation and Allotment will be based on such details.

Revision of ASBA Applications

(a) During the Issue Period, any Applicant who has submitted an ASBA Application may revise upwards the number of Equity Shares applied for and/or the price per Equity Shares within the Price Band or at or above the Floor Price, as the case may be, using the printed Revision Form, which is a part of the ASBA Application. **An ASBA Application cannot be withdrawn and the price per Equity Share and/or the number of Equity Shares applied for cannot be revised downwards**.

(b) Upward revisions can be made in both the desired number of Equity Shares and the price per Equity Share by using the Revision Form.

(c) The Applicant can make this upward revision any number of times during the Issue Period. However, for any revision(s) in the ASBA Application, the Applicants will have to use the services of the same member of the Syndicate or the SCSB through whom such Applicant had placed the original ASBA Application. Applicants are advised to retain copies of the blank Revision Form and any revision in the ASBA Application must be made only in such Revision Form or copies thereof.

(d) Apart from mentioning the revised options in the Revision Form, the Applicant must also mention the details of all the options in his or her ASBA Application or earlier Revision Form. For example, if an Applicant has applied for three options in the ASBA Application and such Applicant is changing only one of the options in the Revision Form, the Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

(e) In case of revision of the number of Equity Shares and/or the price per Equity Share, the relevant SCSB shall block the additional Application Amount in the ASBA Account of such Applicant. The Registrar to the Issue will reconcile the ASBA Application data and consider the revised ASBA Application data for preparing the Basis of Allocation.

(f) When an Applicant revises its ASBA Application, it should surrender the earlier TRS and request for a revised TRS from the members of the Syndicate or the SCSB as proof of it having revised the previous ASBA Application.

Allocation

(a) Allocation to FIIs and FVCIs, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

(b) A minimum of 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds and Insurance Companies, subject to valid ASBA Applications being received at or above the Issue Price, provided that if this portion or any part thereof to be Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs.

(c) The Equity Shares will be Allotted to at least 10 Allottees under the Issue. As provided in the SEBI Regulations, no single Allottee shall be Allotted more than 25% of the aggregate number of the Equity Shares Allotted in the Issue. See "- ***Number of Allottees***".

Price Discovery

(a) Based on the demand for the Equity Shares offered in the Issue generated at various price levels, the Company, in consultation with the Book Running Lead Manager, shall finalise the Issue Price.

(b) The Issue Price shall be the price at or above the Floor Price, or within the Price Band, as the case may be. The Equity Shares offered in the Issue shall be Allocated and Allotted at the Issue Price.

RoC Filing

The Company will update and deliver a copy of the updated Preliminary Offer Document for registration to the RoC in accordance with the applicable law, which then would be termed as the 'Offer Document'. The Offer Document will contain details of the Issue and will be complete in all material respects. The Company will register a copy of the Offer Document with the RoC in terms of relevant provisions of the Companies Act.

Allotment Criteria

The Equity Shares offered in the Issue will be Allocated and Allotted to successful Applicants as per the proportionate method.

Basis of Allocation

- ASBA Applications received at or above the Issue Price shall be grouped together to determine the total demand for the Equity Shares offered in the Issue. ASBA Applications for Equity Shares in excess of 25% of the final Issue Size shall be reduced to such number of Equity Shares representing 25% of the final Issue Size by the Company, in consultation with the Book Running Lead Manager and the Stock Exchanges. The Allocation and Allotment to all successful Applicants will be made at the Issue Price finalised by the

Company, in consultation with the Book Running Lead Manager.

- The Allocation shall be undertaken in the following manner:

  (a) In the first instance, Allocation to Mutual Funds and Insurance Companies for 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be determined as follows:

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies exceeds 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then subject to valid ASBA Applications received at or above the Issue Price, Allocation to Mutual Funds and Insurance Companies shall be made on a proportionate basis at the Issue Price as per the Allocation criteria mentioned below for 25% of the aggregate number of Equity Shares to be Allotted in the Issue.

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies is equal to or less than 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then all Mutual Funds and Insurance Companies shall get full Allocation at the Issue Price to the extent of valid ASBA Applications received at or above the Issue Price.

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies exceeds 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then the additional demand from Mutual Funds and Insurance Companies after Allocation of 25% of the aggregate number of Equity Shares to be Allotted in the Issue, shall be aggregated with the portion to be Allocated to other QIBs.

    - In the event subscription from Mutual Funds and Insurance Companies is below 25% of the aggregate number of Equity Shares to be Allotted in the Issue, the Equity Shares offered in the Issue that remain unsubscribed shall be available for Allocation to other QIBs as set out in (b) below.

  (b) In the second instance, Allocation to all Applicants shall be determined as follows:

    - All Applicants who have submitted valid ASBA Applications at or above the Issue Price shall be Allocated Equity Shares offered in the Issue at the Issue Price on a proportionate basis as per the Allocation criteria mentioned below, until the Equity Shares offered in the Issue representing up to 75% of the Issue Size or such number of Equity Shares offered in the Issue as may remain after Allocation to Mutual Funds and Insurance Companies are exhausted.

    - Mutual Funds and Insurance Companies, who have received Allocation as per (a) above, for less than the number of Equity Shares applied for by them, are eligible to receive Equity Shares on a proportionate basis as per the Allocation criteria mentioned below along with the other QIBs. For the purpose of Allocation to Mutual Funds and Insurance Companies in this category, quantity of Equity Shares applied for in the Issue less the Equity Shares Allocated as per (a) above shall be considered for Allocation.

    - In the event subscription from Mutual Funds and Insurance Companies pursuant to (a) above is below 25% of the aggregate number of Equity Shares to be Allotted in the Issue, such portion which remains unsubscribed would be included for Allocation along with the other QIBs on a proportionate basis.

Proportionate Method

The Allocation and Allotment shall be made on a proportionate basis as explained below:

(a) The number of Equity Shares applied for in the Issue at or above the Issue Price shall first be aggregated.

(b) Number of Equity Shares to be Allocated to the successful Applicants will be calculated on a proportionate basis, which is total number of Equity Shares applied for by each Applicant (subject to the maximum limit of 25% of the aggregate number of Equity Shares to be Allotted) multiplied by the inverse of the over-subscription ratio, where oversubscription ratio means the ratio of the total number of Equity Shares applied for in the Issue and the remaining number of Equity Shares offered in the Issue that are available for Allocation.

(c) If the determination of proportionate Allocation to an Applicant is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allocation and Allotment to all Applicants would be arrived at after such rounding off.

THE DECISION OF THE COMPANY AND THE BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION AND ALLOTMENT SHALL BE BINDING ON ALL APPLICANTS.

Issuance of the CAN

(a) Upon approval of the Basis of Allocation by the Stock Exchanges and the dispatch of the CAN, the Registrar to the Issue shall send to the Book Running Lead Manager a list of the Applicants who would be Allotted Equity Shares in the Issue.

(b) The Company will then issue a CAN to the Applicants who have been Allocated Equity Shares in the Issue.

(c) The dispatch of the CAN shall be deemed a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Issue Price.

(d) On the basis of the approved Basis of Allocation, the Company shall pass necessary corporate action for Allotment of Equity Shares in the Issue.

Advertisement under Regulation 66 of the SEBI Regulations

The Company will issue a statutory advertisement after the filing of the Offer Document with the RoC in terms of Regulation 66 of the SEBI Regulations, in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation. Any material updates between the date of this Preliminary Offer Document and the date of Offer Document will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares offered in the Issue

(a) The Company will ensure that (i) the Allotment of Equity Shares offered in the Issue; and (ii) credit to the successful Applicant's depositary account will be completed within 12 Working Days of the Issue Closing Date.

(b) In accordance with the SEBI Regulations, Equity Shares offered in the Issue will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted in the Issue as per the provisions of the Companies Act and the Depositories Act.

(d) In case of an over subscription to the Issue, an Allotment of not more than 1,566,673 Equity Shares may be made by the Company in consultation with the Book Running Lead Manager, under the Over Allotment Option. The Over Allotment Option shall be exercised by the Company on or prior to dispatch of CANs. The Allotment under the Over Allotment Option shall not result in an increase in the public shareholding in the Company by more than such percentage as is required for the Company to achieve the required minimum public shareholding.

(d) The Equity Shares will be Allotted to at least 10 Allottees under the Issue. As provided in the SEBI Regulations, no single Allottee shall be Allotted more than 25% of the aggregate number of the Equity Shares Allotted in the Issue. See "- ***Number of Allottees***".

Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

(a) Check if you are eligible to apply;

(b) Ensure that the price per Equity Share you have included in the ASBA Applications is a price per Equity Share at or above the Floor Price or within the Price Band, as the case may be;

(c) Do not apply for or revise the prices indicated in the ASBA Application to a price higher than the Cap Price, if applicable;

(d) Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares in the Issue will be in the dematerialised form only;

(e) Ensure that the ASBA Applications are submitted either to the members of the Syndicate (only in Specified Cities) or at a Designated Branch of the SCSB where the Applicant or the person whose ASBA Account will be utilised by the Applicant for bidding has an ASBA Account;

(f) Ensure that the ASBA Application is signed by the account holder(s) or an authorised signatory on behalf of the account holder, in case the Applicant is not the account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Application;

(g) Ensure that the ASBA Application is completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Application or in the Revision Form. Applicants should note that the members of the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible ASBA Applications or Revision Forms;

(h) Ensure that you request for and receive a TRS for each of the options applied for in the ASBA Application;

(i) Ensure that you have funds equal at least to the Application Amount in your ASBA Account maintained with the SCSB before submitting the ASBA Application to the respective Designated Branch of the SCSB or the member of the Syndicate in Specified Cities;

(j) Submit revised ASBA Applications to the same member of the Syndicate/SCSB through whom the original ASBA Application was placed and obtain a revised TRS;

(k) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

(l) Ensure that the name given in the ASBA Application is exactly the same as the name in which the beneficiary account is held with the Depository Participant;

(m) Ensure that the DP ID, the Client ID and the PAN mentioned in the ASBA Application and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate match with the DP ID, Client ID and PAN available in the Depository database;

(n) Ensure that you use the ASBA Application bearing the stamp of the relevant SCSB and/or the Designated Branch of the SCSB and/or the member of the Syndicate (except in case of electronic forms);

(o) Applicants bidding through Syndicate should ensure that the ASBA Application is submitted to a member of the Syndicate only in the Specified Cities and that the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has named at least one branch in the Specified Cities for the members of the Syndicate to deposit the ASBA Applications;

(p) Ensure that in case of ASBA Applications made under power of attorney, relevant documents are submitted;

(q) Ensure that ASBA Applications submitted by QIBs resident outside India should be in compliance with applicable foreign and Indian laws;

(r) Ensure that you have correctly signed the authorisation/undertaking box in the ASBA Application, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the ASBA Application;

(s) ASBA Applications made on a repatriation basis shall be in the name of FIIs or FVCIs;

(t) Do not fill up the ASBA Application such that the number of Equity Shares applied for exceeds the investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and

(u) Information provided by the Applicants will be uploaded on the electronic bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make Allocation and Allotment. Please ensure that the details are correct and legible.

Applicant's PAN, Depository Account and ASBA Account Details

Applicants should note that on the basis of PAN of the Applicants, DP ID and Client ID entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate or SCSBs, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants' ASBA Account details, and PAN registered with the Depository (the "Demographic Details"). These Demographic Details would be used for processing, including identifying ASBA Applications to be rejected on technical grounds and unblocking of ASBA Account. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in unblocking of the ASBA Account at the Applicants sole risk and none of the Book Running Lead Manager, the Registrar to the Issue, the Syndicate Member, the SCSBs or the Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the ASBA Application.

The Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs. The Demographic Details given by Applicants in the ASBA Application would not be used for any other purpose by the Registrar to the Issue.

By signing the ASBA Application, the Applicant would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

The CAN will be mailed at the address of the Applicant as per the Demographic Details received from the Depositories or the email address provided by the Applicant in the ASBA Application. Applicants may note that delivery of the CAN may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Please note that any such delay shall be at such Applicant's sole risk and none of the Company, Book Running Lead Manager, Syndicate Member or the Registrar to the Issue shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the parameters, namely, PAN of the Applicant, the DP ID and Client ID, then such ASBA Application is liable to be rejected.

ASBA Applications made under Power of Attorney

In case of ASBA Applications made pursuant to a power of attorney or by FIIs, Mutual Funds, VCFs, FVCIs, AIFs, Insurance Companies and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the ASBA Application.

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a) With respect to ASBA Applications by FIIs, Mutual Funds, VCFs, FVCI's and AIFs a certified copy of their SEBI registration certificate must be lodged along with the ASBA Application.

(b) With respect to ASBA Applications by Insurance Companies, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the ASBA Application.

(c) With respect to ASBA Applications made by provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the ASBA Application.

PAYMENT INSTRUCTIONS

Payment mechanism for Applicants

The Applicants shall specify the ASBA Account number in the ASBA Application. The SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the ASBA Application and each Applicant or the account holder shall be deemed to have agreed to block such amount. In case of revision of the number of Equity Shares applied for or the price per Equity Share, the SCSB shall block additional Application Amount in the ASBA Account of such Applicant and the Applicants or the account holder shall be deemed to have agreed to block such amount.

The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allocation in the Issue, dispatch of the CAN and consequent transfer of the Application Amount to the Public Issue Account, until rejection of the ASBA Applications or until withdrawal of the Issue, as the case may be. In the event of rejection of the ASBA Application or for unsuccessful or partially successful ASBA Applications, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant ASBA Account and the same shall be acted upon by the SCSB concerned within one Working Day of receipt of such instruction.

OTHER INSTRUCTIONS

Multiple Applications

An Applicant should submit only one (and not more than one) ASBA Application.

In case of a Mutual Fund, a separate ASBA Application may be made in respect of each scheme of the Mutual Fund and such ASBA Applications in respect of over one scheme of the Mutual Fund will not be treated as multiple ASBA Applications provided that the ASBA Applications clearly indicate the scheme concerned for which the ASBA Application has been made.

After submitting an ASBA Application, an Applicant cannot submit another ASBA Application, to either the same or another Designated Branch of the SCSB or member of the Syndicate. Submission of a second ASBA Applications in such manner will be deemed a multiple ASBA Application and is liable to be rejected. However, the Applicants may revise their ASBA Application through the Revision Form, the procedure for which is described in "***Revision of ASBA Applications***" above.

Copies of ASBA Applications with the same PAN details shall be treated as multiple ASBA Applications and are liable to be rejected.

The Company, in consultation with the Book Running Lead Manager, reserves the right to reject, in its absolute discretion, all or all except one of such multiple ASBA Application(s) in any or all categories.

1. All ASBA Applications will be checked for common PAN as per the records of Depository. For Applicants other than Mutual Funds and FII sub-accounts, ASBA Applications bearing the same PAN will be treated as multiple ASBA Applications and will be rejected.

2. For ASBA Applications from Mutual Funds and FII sub-accounts which were submitted under the same

PAN, the ASBA Applications will be scrutinised for DP ID and Client ID. In case applications bear the same DP ID and Client ID, these will be treated as multiple applications.

The Registrar to the Issue will obtain, from the depositories, details of the Applicant's address based on the DP ID and Client ID provided in the ASBA Applications.

REJECTION OF ASBA APPLICATIONS

The Company has a right to reject the ASBA Applications based on technical grounds. The Designated Branches of the SCSBs shall have the right to reject ASBA Applications if at the time of blocking the Application Amount in the Applicant's ASBA Account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Applicant's ASBA Account maintained with the SCSB.

Grounds for Technical Rejections

Applicants are advised to note that ASBA Applications are liable to be rejected *inter alia* on the following technical grounds and for any other reasons after assigning reason for such rejection in writing:

(a) ASBA Applications other than by QIBs.

(b) Incomplete ASBA Application. For instance, ASBA Application not having details of the ASBA Account to be blocked or not containing the authorisations for blocking the Application Amount in the ASBA Account specified in the ASBA Application;

(c) The amount mentioned in ASBA Application does not tally with the amount payable for the value of the Equity Shares applied for;

(d) PAN not mentioned in the ASBA Application;

(e) ASBA Applications made at a price per Equity Share less than the Floor Price or not within the Price Band, as the case may be;

(f) ASBA Application by Applicants whose demat account have been "suspended for credit" pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(g) Multiple ASBA Applications as explained in this Preliminary Offer Document. See "- ***Other Instructions – Multiple ASBA Applications***";

(h) ASBA Applications are not delivered by the Applicants within the time prescribed as per the ASBA Applications, the Floor Price / Price Band Announcement and this Preliminary Offer Document and as per the instructions in this Preliminary Offer Document and the ASBA Applications;

(i) In case no matching or corresponding record is available with the Depositories that matches the DP ID and the Client ID;

(j) Inadequate funds in the ASBA Account to block the Application Amount specified in the ASBA Application at the time of blocking such Application Amount in the ASBA Account;

(k) ASBA Application submitted by Applicants to a member of the Syndicate at locations other than the Specified Cities;

(l) ASBA Applications by persons in the United States – other than qualified institutional buyers as defined in Rule 144A of the U.S. Securities Act;

(m) ASBA Applications, details of which are not uploaded on the electronic bidding system of the Stock Exchanges; and

(n) ASBA Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

The Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

Applicants can seek Allotment only in dematerialised mode. ASBA Applications from any Applicant without relevant details of its depository account are liable to be rejected.

(a) An Applicant applying for Equity Shares in the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the ASBA Application.

(b) Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant as provided in the ASBA Application.

(c) Names in the ASBA Application or Revision Form should be identical to those appearing in the account details in the Depository.

(d) The Applicant is responsible for the correctness of its Demographic Details given in the ASBA Application vis-à-vis those with its Depository Participant.

(e) The trading of the Equity Shares issued pursuant to the Issue of the Company would be in dematerialised form only for all Applicants in the demat segment of the Stock Exchanges.

(f) Non transferable CAN will be directly sent to the Applicants.

The Company or the members of the Syndicate will not be responsible or liable for the delay in the credit of the Equity Shares Allotted in the Issue due to errors in the ASBA Application or otherwise on part of the Applicants.

Communications

All future communications in connection with ASBA Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the Applicant, ASBA Application number, the Applicants' Depository Account details, number of Equity Shares applied for, date of the ASBA Application, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the ASBA Application was submitted and ASBA Account number in which the amount equivalent to the Application Amount was blocked.

Applicants can contact the Registrar to the Issue in case of any pre-Issue or post- Issue related problems such as non-receipt of the CAN, credit of Allotted Equity Shares in the respective beneficiary accounts etc. In case of ASBA Applications submitted with the Designated Branches of the SCSBs, Applicants can contact the Designated Branches of the SCSBs.

UNBLOCKING THE FUNDS

The Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date and the same shall be acted upon by the SCSBs within one Working Day of receipt of such instruction.

DISPOSAL OF ASBA APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall take all steps to ensure that listing and commencement of trading of the Equity Shares Allotted in the Issue at the Stock Exchanges is within 12 Working Days of the Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

(a) Allotment of Equity Shares in the Issue shall be made only in dematerialised form within 12 Working Days of the Issue Closing Date;

(b) Instructions for unblocking of the Applicant's ASBA Account shall be made within 12 Working Days from the Issue Closing Date; and

(c) The Company shall pay interest at 15% per annum for any delay, if Allotment is not made, funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially successful ASBA Applications are not unblocked and/or demat credits are not made to investors within the 12 Working Days.

IMPERSONATION

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"*Any person who:*

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

***shall be punishable with imprisonment for a term which may extend to five years.*"**

Issue Programme

ISSUE OPENS ON	[●], 2012
ISSUE CLOSES ON	[●], 2012

Details of the Issue programme shall be disclosed in the Floor Price/ Price Band Announcement. Investors should refer to the pre-issue advertisement and the Floor Price / Price Band Announcement for further details.

ASBA Applications and any revision in the ASBA Applications shall be accepted and uploaded only between 10 a.m. (Indian Standard Time, "**IST**") and 5 p.m. IST during the Issue Period as mentioned above by the members of the Syndicate at the Syndicate ASBA Bidding Centres and the Designated Branches of SCSBs as mentioned on the ASBA Application.

Withdrawal of the Issue

The Company reserves the right to withdraw the Issue at any stage prior to Allotment. In such an event, the Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published. The Registrar to the Issue, shall issue instructions to the SCSBs to unblock the ASBA Accounts of the Applicants within one day of receipt of such instructions. The Company shall also inform the Stock Exchanges of such withdrawal.

PLACEMENT

Issue and Placement Agreement

The Book Running Lead Manager has entered into the Issue and Placement Agreement with the Company, pursuant to which the Book Running Lead Manager has agreed to manage the Issue and use reasonable efforts to procure subscription for Equity Shares to be placed with the QIBs, pursuant to Chapter VIII-A of the SEBI Regulations.

The Issue and Placement Agreement contains customary representations and warranties, as well as indemnities from the Company and is subject to termination in accordance with the terms contained therein.

In case of over subscription in the Issue, the Company in consultation with the Book Running Lead Manager, can exercise the right to Allot up to 1,566,673 additional Equity Shares on or prior to dispatch of CANs.

The Company has received in-principle approvals from the Stock Exchanges under Clause 24(a) of the Equity Listing Agreement to list the Equity Shares being offered in the Issue on the Stock Exchanges. After Allotment of the Equity Shares, applications shall be made to list the Equity Shares and admit them to trading on the Stock Exchanges. The Issue is subject to obtaining (i) the final approval of the RoC after the Offer Document is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after the Allotment.

In connection with the Issue, the Book Running Lead Manager (or its affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and issuance of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Manager may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes. See "***Offshore Derivative Instruments***" beginning on page 7.

From time to time, the Book Running Lead Manager and certain of its affiliates have provided and continue to provide commercial and investment banking services, particularly acting as an underwriter or lead manager, to us or our affiliates for which they have received and may in the future receive compensation.

Lock-up

The Company will not, without the prior written consent of the Book Running Lead Manager, from the date of the Issue and Placement Agreement and for a period of up to 90 days from the date of Allotment, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; or (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any such transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise, provided, however, that the foregoing restrictions shall not be applicable to (i) any grant of options by the Company under the GIL ESOP I, GIL ESOP II or GIL ESGS; or (ii) any issue or allotment of the Equity Shares by the Company pursuant to the exercise of any options awarded under the GIL ESGS; or (iii) the Allotment pursuant to the terms of this Preliminary Offer Document and the Offer Document.

The Promoters and members of the Promoter Group, who are holding Equity Shares, have agreed that they will not, without the prior written consent of the Book Running Lead Manager, during the period commencing on the date of the Issue and Placement Agreement and ending 90 days after the date of Allotment (the "**Lock-up Period**"), directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; or (c) deposit Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or which carry the right to subscribe for or purchase Equity Shares in depository receipt facilities or enter into any transaction (including transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Shares in any depository receipt facility; or (d) announce any intention to enter into any transaction whether any such transaction described in (a), (b) or (c) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise.

The foregoing paragraph shall not apply to (a) any inter-se transfer of Equity Shares between the Promoters and Promoter Group, provided that the lock-up shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the Lock-up Period set out herein has expired; (b) bona fide pledge of lock-up Equity Shares, as collateral for loans as per the normal commercial terms entered into, in the ordinary course of business of the Company, where any arrangement for any such encumbrance as collateral is undertaken with the prior written approval of the Book Running Lead Manager and (c) any sale, transfer or disposition of such Equity Shares only to the extent such sale, transfer or disposition is required by applicable Indian law, including compliance with minimum public shareholding requirements applicable to the Company.

Statement of Responsibilities of the Book Running Lead Manager

The Book Running Lead Manager shall be responsible for the following activities in relation to the Issue:

Sr. No.	Activities
1.	Capital structuring with the relative components and formalities
2.	Due diligence of the Company including its operations, management, business plans, legal etc. Drafting and design of offer documents and other issue related material such as application forms etc. The Book Running Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalisation of offer documents and RoC filing.
3.	Drafting and approval of all statutory advertisements
4.	Review of other publicity material such as corporate advertisements, press releases, etc.
5.	Appointment of Intermediaries: Public Issue Account Bank, Registrar to the Issue and other intermediaries including printers, advertising agency, etc.
6.	International institutional marketing strategy, which will cover, *inter alia:* • Finalising the list and division of investors for one to one meetings • Finalising the international road show schedule and investor meeting schedules • Preparing road show presentation and frequently asked questions
7.	Domestic institutional marketing strategy, which will cover, *inter alia*: • Finalising the list and division of investors for one to one meetings • Finalising the domestic road show schedule and investor meeting schedules
8.	Pricing, managing the book and allocation
9.	Co-ordination with the Stock Exchanges for book building software and bidding terminals. Post-bidding activities including management of escrow accounts, follow-up with SCSBs, Registrar to the Issue, co-ordination for allocation, demat delivery of shares, intimation of allocation and dispatch of CANs to successful Applicants etc. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.

Sr. No.	Activities
	The post Issue activities will involve essential co-ordination and follow up steps with the Stock Exchanges, which include the finalisation of listing and trading of Equity Shares successfully Allotted.

SELLING RESTRICTIONS

The distribution of this Preliminary Offer Document or any material related to the Issue and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Offer Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Preliminary Offer Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized. No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Preliminary Offer Document or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Offer Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Australia. This Preliminary Offer Document is not a disclosure document under Chapter 6D of the Corporations Act 2001 (the "**Australian Corporations Act**"), has not been lodged with the Australian Securities & Investments Commission and does not purport to include the information required of a disclosure document under the Australian Corporations Act. (i) The offer of Equity Shares under this Preliminary Offer Document is only made to persons to whom it is lawful to offer the Equity Shares without disclosure to investors under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in Section 708 of the Australian Corporations Act; (ii) this Preliminary Offer Document is made available in Australia to persons as set forth in clause (i) above; and (iii) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (ii) above and agrees not to sell or offer for sale within Australia any Equity Share sold to the offeree within 12 months after their transfer to the offeree under this Preliminary Offer Document.

Bahrain. All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Preliminary Offer Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. The Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Preliminary Offer Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency has not reviewed, nor has it approved, this Preliminary Offer Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, the Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

Cayman Islands. No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands.

European Economic Area (including Liechtenstein, Iceland and Norway). In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer may not made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), make an offer of Equity Shares to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Book Running Lead Manager for any such offer; or

- in any other circumstances which do not require the publication of a prospectus pursuant to Article 3(2) of the Prospectus Directive;

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Book Running Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means, of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Hong Kong. No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32) of Hong Kong. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to the Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan. The offering of the Equity Shares has not been and will not be registered under the Financial Instruments and Exchange Law of Japan, as amended (the "**Financial Instruments and Exchange Law**"). No Equity Shares have been offered or sold, and will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for reoffering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and otherwise in compliance with the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial ordinances of Japan.

Jordan. This Preliminary Offer Document has not been and will not be filed with the Jordanian Securities Commission. This Preliminary Offer Document has not been and will not be distributed, and offers to sell, and sales of the Equity Shares will not be made to more than 30 Jordanian residents. It may not be used for a public offering in Jordan of the Equity Shares. Offers of the Equity Shares are being made from outside Jordan on a private one-on-one contact basis to pre-identified potential investors in Jordan by persons who are not resident within Jordan and accordingly no registration, local prospectus filing and local agent requirements apply. This Preliminary Offer Document is strictly for private use by its holder and may not be passed on to third parties or otherwise distributed publicly.

Korea. The Equity Shares have not been registered under the Korean Securities and Exchange Law, and the Equity Shares acquired in connection with the distribution contemplated hereby may not be offered or sold, directly or indirectly, in Korea or to or for the account of any resident thereof, except as otherwise permitted by applicable Korean laws and regulations, including, without limitation, the Korean Securities and Exchange Law and the Foreign Exchange Transaction Laws.

New Zealand. This Preliminary Offer Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Preliminary Offer Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting this Preliminary Offer Document, each investor represents and warrants that if they receive this Preliminary Offer Document in New Zealand they are a Habitual Investor and you will not disclose this Preliminary Offer Document to any person who is not also a Habitual Investor.

Oman. This Preliminary Offer Document, and the Equity Shares to which it relates, may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of Equity Shares, no prospectus has been filed with the CMA. The offering and sale of Equity Shares described in this Preliminary Offer Document will not take place inside Oman. This Preliminary Offer Document is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar. The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute a public offering. This Preliminary Offer Document has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, this Preliminary Offer Document is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than recipient thereof.

Saudi Arabia. The offer and sale of the Equity Shares will only take place within the Kingdom of Saudi Arabia in accordance with the capital market law, including the Offer of Securities Regulations issued thereunder. The Equity Shares will be offered to investors in the Kingdom of Saudi Arabia pursuant to an "exempt offer" as defined in the Offer of Securities Regulations. Prior to any offer of Equity Shares in the Kingdom of Saudi Arabia, the Capital Market Authority will be notified of this offering in accordance with the Offer of Securities Regulations. The Equity Shares have not been and will not be approved or disapproved by the Capital Market Authority nor will the Capital Market Authority comment upon the accuracy or adequacy of this Preliminary Offer Document. Furthermore, the Capital Market Authority takes no responsibility for the accuracy or adequacy of the information contained in this Preliminary Offer Document.

Singapore. Each purchaser has acknowledged that this PRELIMINARY OFFER DOCUMENT has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each purchaser has represented and agreed that it has not offered or sold any Equity Shares or caused the Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell the Equity Shares or cause the Equity Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this PRELIMINARY OFFER DOCUMENT and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares, as the case may be, pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; and/or

(4) as specified in Section 276(7) of the SFA.

Switzerland. This Preliminary Offer Document does not constitute an issue prospectus pursuant to Art. 652a of the Swiss Code of Obligations. The Equity Shares will not be listed on the SWX Swiss Exchange and, therefore, This Preliminary Offer Document does not comply with the disclosure standards of the Listing Rules of the SWX Swiss Exchange. Accordingly, the Equity Shares may not be offered to the public in or from Switzerland, but only to a selected and limited group of investors, which do not subscribe the Equity Shares with a view to distribution to the public. The investors will be individually approached by the Book Running Lead Manager from time to time. This Preliminary Offer Document is personal to each offeree and does not constitute an offer to any other person. This Preliminary Offer Document may only be used by those persons to whom it has been handed out in connection with the offer described herein and may neither directly nor indirectly be distributed or made available to other persons without the express consent of the Company. It may not be used in connection with any other offer and shall in particular not be copied and/or distribute to the public in or from Switzerland.

United Arab Emirates. This Preliminary Offer Document is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (the "**UAE**"). The Equity Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities market or with any other UAE exchange. The Issue, the Equity Shares and interests therein do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise. This Preliminary Offer Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Equity Shares may not be offered or sold directly or indirectly to the public in the UAE.

By receiving this Preliminary Offer Document, the person or entity to whom it has been issued understands, acknowledges and agrees that the Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the Dubai International Financial Centre other than in compliance with laws applicable in the Dubai International Financial Centre, governing the issue, offering or sale of securities. The Dubai Financial Services Authority has not approved this Preliminary Offer Document nor taken steps to verify the information set out in it, and has no responsibility for it.

United Kingdom. Each of the Book Running Lead Manager and the Syndicate Member has represented and agreed that:

(i) it is a person who is a qualified investor within the meaning of Section 86(7) of the Financial Services and Markets Act 2000 (the "**FSMA**"), being an investor whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Equity Shares other than to persons who are qualified investors within the meaning of Section 86(7) of the FSMA or who it reasonably expects will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Equity Shares would otherwise constitute a contravention of Section 19 of the FSMA by us;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Equity Shares in circumstances in which Section 21(1) of the FSMA does not apply to it; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

United States. Our Company has not and does not intend to register under the U.S. Investment Company Act in reliance upon Section 3(c)(7) thereof, and investors will not be entitled to the benefit of such act. The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Equity Shares are being offered and sold only (i) to investors within the United States and to U.S. Persons that are (A) "qualified institutional buyers" (as defined in Rule 144A) and (B) "qualified purchasers" (as defined in the Investment Company Act) in reliance upon Section 3(c)(7) of the Investment Company Act, and (ii) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S, in each case in compliance with the applicable laws of the jurisdictions where those offers and sales occur.

Prospective purchasers in the United States are hereby notified that the seller of Equity Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act and that our Company is relying on exemptions from the Investment Company Act.

Each purchaser of the Equity Shares offered by this Preliminary Offer Document will be deemed to have made the representations, agreements and acknowledgements as described under "Transfer Restrictions" in this Preliminary Offer Document.

Each purchaser of Equity Shares in the United States or who is a U.S. Person (as defined in Regulation S) will be required to represent and agree that, among other things, such purchaser (i) is a "qualified institutional buyer" (as defined in Rule 144A) and a "qualified purchaser" (as defined in the U.S. Investment Company Act) and (ii) will only reoffer, resell, pledge or otherwise transfer the Equity Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S and under circumstances that will not require the Company to register under the U.S. Investment Company Act.

TRANSFER RESTRICTIONS

The Equity Shares being Allotted shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges.

Due to the following restrictions, investors are advised to consult legal counsel prior to making any resale, pledge or transfer of the Equity Shares.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Equity Shares are being offered and sold only (i) to investors within the United States and to U.S. Persons that are (A) "qualified institutional buyers" (as defined in Rule 144A) and (B) "qualified purchasers" (as defined in the U.S. Investment Company Act) in reliance upon Section 3(c)(7) of the U.S. Investment Company Act, and (ii) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S, in each case in compliance with the applicable laws of the jurisdictions where those offers and sales occur.

If you are a non-U.S. Person purchasing the Equity Shares outside of the United States, by accepting delivery of this Preliminary Offer Document, submitting a bid to purchase the Equity Shares and accepting delivery of the Equity Shares, you will be deemed to have represented and agreed as follows:

- You acknowledge (or if acting for the account of another person, such person has confirmed that you acknowledge) that, the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and that the Company has not registered as an investment company under the U.S. Investment Company Act in reliance on sections 3(c)(7) and 7(d) thereof.

- Any offer and sale of the Shares by you will not be made to a person in the United States or to a person known by you to be a U.S. Person (as defined in Regulation S).

- Any buy order for the Equity Shares held by you shall originate only if, (i) the buyer shall be outside the United States, or (ii) the Equity Shares shall be sold in an "on-market" trade in India, or (iii) you and any person acting on your behalf shall reasonably believe that the buyer is outside the United States.

- None of you, any of your affiliates nor any person acting on behalf of you or any of your affiliates, has made or shall make any directed selling efforts (as defined in Regulation S), or any "general solicitation" or "general advertising" (as defined in Regulation D under the U.S. Securities Act), with respect to the Equity Shares.

- You confirm that, prior to any sale of the Equity Shares by the undersigned, you shall notify the purchaser of such Equity Shares or the executing broker, as applicable, (a) of any transfer restrictions that are applicable to the Equity Shares being sold, (b) that the Equity Shares have not been and will not be registered under the U.S. Securities Act and (c) that the Company has not been will not be registered as an investment company under the U.S. Investment Company Act.

- You agree that the Company and your agents and your respective affiliates may rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements at all times.

If you are a U.S. Person or purchase Equity Shares in the United States in reliance on Section 4(2) or another available exemption from the registration requirements of the U.S. Securities Act, by accepting delivery of this Preliminary Offer Document, submitting a bid to purchase Equity Shares and accepting delivery of any Equity Shares, you will be deemed to have represented and agreed to us and the Book Running Lead Manager as follows:

- You confirm that:

    - you are a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) and a "qualified purchaser" (as defined in Section 2(a)(51) of the Investment Company Act);

- you are is not a broker-dealer which owns and invests on a discretionary basis less than US$25 million in securities of unaffiliated companies;
- you are not a participant-directed employee plan, such as a plan (including a 401(k) plan) described in subsection (a)(1)(i)(D), (E) or (F) of Rule 144A;
- you were not formed for the purpose of investing in the Company; and
- you are not an affiliate of the Company or a person acting on behalf of an affiliate of the Company.

- You are an institution that, in the normal course of business, invests in or purchases securities similar to the Equity Shares of the Company and not with a view to distribution, and you, and any accounts for which the you are acting, (a) are a sophisticated investor that has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of its investment in the Equity Shares, and (b) are able to bear the economic risk, and sustain a complete loss, of such investment in the Equity Shares. Further, you confirm that:
    - If you are acquiring the Equity Shares as a fiduciary or agent for one or more investor accounts,
    - each such account is both a "qualified institutional buyer" and a "qualified purchaser";
    - you have sole investment discretion with respect to each account; and
    - you have full power and authority to make the representations, warranties, agreements, undertakings and acknowledgements contained in this "Transfer Restrictions" section on behalf of each such account.
- You will base your investment decision on a copy of this Preliminary Offer Document or the final offer document relating to the Issue. You acknowledge that neither the Company nor any of its affiliates nor any other person (including the Book Running Lead Manager) or any of their respective affiliates have made or will make any representations, express or implied, to you with respect to the Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Issue or the Equity Shares, other than (in the case of the Company and its affiliates only) the information contained in this Preliminary Offer Document or the final offer document relating to the Issue.
- Any Equity Shares you acquire will be for your own account (or for the account of an investor who is both a "qualified institutional buyer" and "qualified purchaser" as to which you exercise sole investment discretion and have authority to make the statements contained in this document) for investment purposes, and not with a view to the resale or distribution within the meaning of the U.S. federal securities laws, subject to the understanding that the disposition of its property shall at all times be and remain within its control.
- You understand that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction of the United States and that the Company has not been and will not be registered as an investment company under the U.S. Investment Company Act in reliance on sections 3(c)(7) and 7(d) thereof and that you will not be entitled to the benefits of that act. You understand that the Company has elected to impose the transfer and offering restrictions with respect to persons in the United States and U.S. Persons described herein so that the Company will have no obligation to register as an investment company under the U.S. Investment Company Act. You understand that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them.
- You acknowledge and agree that you are not purchasing the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the U.S. Securities

Act).

- You understand that the Shares will be “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, and you agree that such securities may not be deposited into any unrestricted depository facility established or maintained by any depository bank.

- You agree, on your own behalf and on behalf of any accounts for which you are acting, that you will not reoffer, resell, pledge or otherwise transfer the Equity Shares, except to a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act and under circumstances which will not require the Company to register under the U.S. Investment Company Act, in each case in accordance with all applicable securities laws.

- You agree, upon a proposed transfer of the Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, (i) of any transfer restrictions that are applicable to the Equity Shares being sold, (ii) that the Equity Shares have not been and will not be registered under the U.S. Securities Act, and (iii) that the Company has not been and will not be registered as an investment company under the U.S. Investment Company Act.

- You understand and acknowledge that the Company shall have no obligation to recognize any offer, sale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth and described herein and that the Company may make notation on its records or give instructions to any transfer agent of the Equity Shares.

- You understand that the foregoing representations, warranties, agreements, undertakings and acknowledgements are required in connection with United States and other securities laws and that the Company, the Book Running Lead Manager and their respective affiliates, and others are entitled to rely upon the truth and accuracy of the representations, warranties, agreements, undertakings or acknowledgements contained herein. The undersigned agrees that if any of the representations, warranties, agreements, undertakings and acknowledgements made herein are no longer accurate, you shall promptly notify the Company and the Book Running Lead Manager in writing. All representations, warranties, agreements, undertakings and acknowledgements you have made in this document shall survive the execution and delivery hereof.

- You irrevocably authorize the Company, its affiliates, the Underwriters and their respective affiliates and any person acting on your behalf to produce this document or a copy hereof to any interested party in any administrative or legal proceeding, dispute or official inquiry with respect to the matters covered hereby.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from SEBI, the BSE and the NSE, and has not been prepared or independently verified by the Company, the Book Running Lead Manager, the Syndicate Member or any of their respective affiliates or advisors.

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Stock Exchange Division, under the SCRA and the SCRR. On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. Further, various rules, bye-laws and regulations of Indian stock exchanges also regulate the recognition of the stock exchanges and provide for the qualifications for membership thereof and the manner in which contracts are entered into, settled and enforced between members.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and other intermediaries, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authorities.

Most of the stock exchanges have their own governing board for self regulation. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the equity listing agreements of the respective stock exchanges. The governing body of each recognised stock exchange is empowered to suspend or withdraw admission to dealings in a listed security for breach of or non compliance with any conditions under such equity listing agreement or for any other reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend such equity listing agreements and the bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognised stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (the "**Delisting Regulations**") in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Pursuant to an amendment of the SCRR in June 2010, all listed companies (except public sector undertakings) are required to maintain a minimum public shareholding of 25% and have been given a period of three years to comply with such requirement.

Pursuant to a notification dated January 30, 2012 and a circular dated February 1, 2012, SEBI has introduced two new mechanisms for listed Indian companies and their controlling shareholders to meet minimum public shareholding requirements, i.e., (i) the institutional placement programme; and (ii) an offer for sale (secondary offering) by the promoters and promoter group through the relevant stock exchange.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchange of India.

As of May 31, 2012, the BSE had 1,383 members, comprising 206 individual members, 1,149 Indian companies and 28 FIIs. Only a member of the BSE has the right to trade in the stocks listed on the BSE. As of May 31, 2012 there were 5,140 listed companies trading on the BSE (excluding permitted companies). The estimated market capitalisation of stocks trading on the BSE was ₹ 58,174.22 billion as on May 31, 2012. In May 2012, the average daily equity turnover on the BSE was ₹ 18.93 billion. As of May 31, 2012, the BSE had 15,703 trader work stations spread over 256 cities.

NSE

The NSE was established by financial institutions and banks to provide nationwide on-line satellite-linked screen-based trading facilities with electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchange of India. The NSE was recognised as a stock exchange in April 1993 and commenced operations in the wholesale debt market segment in June 1994.

The average daily turnover for May 2012 was ₹ 98.53 billion. The NSE launched the NSE 50 index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996. As of May 31, 2012 the NSE had 1,651 companies listed and market capitalisation of approximately ₹ 56,955.47 billion. The NSE has a wide network in major metropolitan cities and has a screen based trading and a central monitoring system.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the BSE and the NSE occurs from Monday through Friday, from 9.15 a.m. to 3.30 p.m. IST (excluding the 15 minutes pre-open session from 9.00 a.m. to 9.15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in cash and derivatives segments) subject to the condition that (i) the trading hours are between 9 a.m. and 5 p.m.; and (ii) the stock exchange has in place risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading (BOLT) facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. NSE also provides on-line trading facilities through a fully automated screen based trading system called 'National Exchange for Automated Trading' (NEAT).

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the specific regulations in relation to substantial acquisition of shares and takeover being the Takeover Regulations. Since the Company is an Indian listed company, the provisions of the Takeover Regulations apply to the Company.

Insider Trading Regulations

The Insider Trading Regulations have been notified by SEBI to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information. The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information of the company.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended, which among other things provide regulations in relation to the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

DESCRIPTION OF THE EQUITY SHARES

The following is a summary of some of the provisions contained in, and is qualified in its entirety by, the Company's Memorandum and Articles of Association, the Companies Act, the SCRA and other related Indian regulations. Prospective investors are urged to read the Company's Memorandum and Articles of Association carefully, and consult with their advisers, as to the Company's Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights of the holders of the Equity Shares.

Authorised Capital

The authorised share capital of the Company is 1,800 million divided into 800 million Equity Shares of ₹ 1 each and 100 million unclassified shares of ₹ 10 each.

Articles of Association

The Company is governed by its Articles of Association.

Dividends

Under the Companies Act, an Indian company pays dividend upon a recommendation by its board of directors and subject to approval by a majority of the members, who have the right to decrease but not to increase the amount of the dividend recommended by the board of directors. Subject to certain conditions specified under Section 205 of the Companies Act, no dividend can be declared or paid by a company for any financial year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous financial year(s) arrived at as laid down by the Companies Act and remaining undistributed, or out of both.

However, the board of directors is not obligated to recommend a dividend. The decision of the Board of Directors and shareholders of the Company may depend on a number of factors, including but not limited to, the Company's profits, capital requirements and overall financial condition.

No unpaid or unclaimed dividend shall be forfeited unless the claim thereto becomes barred by law. The Company shall comply with the provisions of Section 205A read with Section 205C of the Companies Act and the Articles of the Company in respect of unpaid or unclaimed dividend. In addition, as permitted by the Articles, the Board may from time to time pay to the members of the Company such interim dividends as in their judgment the position of the Company justifies.

Subject to applicable provisions of the FEMA, all dividends and other distributions declared and payable on the Equity Shares may be paid by the Company to the holder thereof in Indian Rupees and may be converted into foreign currency and freely transferred out of India without the necessity of obtaining any governmental or regulatory authorisation or approval in the India or any political subdivision or taxing authority thereof.

The Equity Shares issued pursuant to the Issue shall rank *pari passu* with the existing Equity Shares of the Company in all respects including entitlements to any dividends that may be declared by the Company.

Capitalisation of Profits and Issue of Bonus Shares

The Company may capitalise any amounts standing to the credit of the Company's reserve funds or capital redemption reserve account or in the hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the securities premium account) and distribute among shareholders in paying up in full either at par or at premium any unissued shares of the Company or in payment of uncalled liability on the issued shares. However, the securities premium account or the capital redemption reserve account of the Company can only be applied towards payment for unissued Equity Shares to be issued to members of the Company as fully paid bonus shares. Any issue of bonus shares by a listed company will be subject to the applicable SEBI regulations.

Alteration of Share Capital

The Company's issued share capital may be increased by, *inter alia*, creation of new shares.

Subject to provisions of the Companies Act, the Company may also from time to time by special resolution reduce its capital redemption reserve account or premium account. Further, the Company may convert all or any of its fully paid paid-up Equity Shares into stock and re-convert that stock into paid-up equity shares of any denomination and cancel the Equity Shares which have not been taken or agreed to be taken by any person.

The Articles further provide that the Company may in a general meeting, from time to time consolidate or sub-divide its share capital or any of them subject as aforesaid and the Company in a general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. The Company may also buyback its shares or any other securities issued by it.

Pre-emptive Rights

When it is proposed to increase the subscribed capital of the Company by the issue of new Equity Shares, whether out of unissued share capital or out of increased share capital, such Equity Shares shall be offered first to the existing shareholders in proportion to the to the capital paid up on those shares at that date.

Further, new Equity Shares may be offered to any person whether or not those persons include existing shareholders, either if a special resolution to that effect is passed by the shareholders of the Company in a general meeting, or where a simple majority of shareholders present and voting have passed the resolution and the permission of the Government has been obtained.

Preference Shares

The Company may issue preference shares which are liable to be redeemed subject to provisions of the Companies Act.

General Meetings of Shareholders

The Company must hold its annual general meeting within six months after the expiry of each financial year, provided that not more than 15 months shall elapse between the date of the previous annual general meeting and the next, unless extended by the Registrar of Companies at the request of the Company for any special reason for a period not exceeding three months.

Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders entitled to vote at an annual general meeting, and from shareholders holding not less than 95% of the paid-up capital of the company, at any other meeting. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

A listed company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum of association, the issuing of shares with differential voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares under the Section 77A(1) of the Companies Act, giving loans or extending guarantee or providing security in excess of the limits prescribed under Section 372A(1) of the Companies Act, is required to obtain the resolution passed by means of a postal ballot instead of transacting such business in the company's general meeting. A notice to all the shareholders is required to be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Such postal ballot includes procedure for voting by electronic mode.

Voting Rights

Every member present in person and entitled to vote shall have one vote on a show of hands and on a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles. The instrument appointing a proxy is required to be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the prior death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the office before the meeting. Further no member shall be entitled to exercise any voting right personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid in regard to which the Company has exercised any right of lien.

Pursuant to SEBI Circular dated July 13 2012, our Company (being one of the top 500 companies listed on the Stock Exchanges based on market capitalization as on the date of the circular) is required to provide e-voting facility to its shareholders for the businesses which are transacted through postal ballot and for which the notices are issued on or after October 1, 2012.

Register of Members

The Company is required to maintain a register of members wherein the particulars of the members of the Company are entered. For the purpose of determining the shareholders the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the board of directors may deem expedient.

Annual Report and Financial Results

The annual report must be laid before the annual general meeting of the shareholders of a company. This includes financial information about the company such as the audited financial statements as of the date of closing of the financial year, directors' report, management's discussion and analysis and a corporate governance section, and is sent to the shareholders of the company.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI, which provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with NSDL and CDSL.

Under the Equity Listing Agreements, in respect of transfer of Equity Shares, in the event the Company does not effect transfer of Equity Shares within one month or where the Company fails to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares of the Company are freely transferable. Further, in terms of the Articles, any person, entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends, or money as provided in the Articles, be entitled to receive, and may give a discharge for any dividends or other money payable in respect of the share.

Liquidation Rights

Under the Articles of the Company, the liquidator on any winding-up (whether voluntary under supervision or compulsory) may, with the sanction of a special resolution, but subject to the rights attached to any preference share capital, divide among the contributors in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator shall think fit.

TAXATION

I. Statement of possible tax benefits available to the Company and its shareholders under the applicable laws in India

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Godrej Industries Limited,
Mumbai.

Dear Sirs,

<u>Statement of Possible Tax Benefits Available to the Company and its shareholders</u>

We enclose herewith the statement providing the possible tax benefits available to the Company and to the institutional shareholders of the Company under the Income tax Act, 1961 (incorporating the amendments introduced by the Finance Act, 2012), the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this statement. While all reasonable care has been taken in the preparation of this statement, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

We do not express any opinion or provide any assurance as to whether:

(i) Company or its shareholders will continue to obtain these benefits in future; or

(ii) The conditions prescribed for availing the benefits has been/ would be met with; or.

(iii) That the revenue authorities / appellate authorities / courts will concur with the views expressed in the enclosed statement.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

This statement is intended solely for information and for inclusion in the offer document in connection with the proposed issue of equity shares of the company in accordance with SEBI Regulations and is not to be circulated or referred to for any other purpose without our prior written consent.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Regn. No.: 104607W

Daraius Z. Fraser
PARTNER
M. No.: 42454
Mumbai: July 7, 2012.

STATEMENT OF TAX BENEFITS

I. SPECIAL TAX BENEFITS

A. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special tax benefits available to the Company.

B. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

There are no special tax benefits available to the shareholders of the Company.

II. GENERAL TAX BENEFITS

The Income Tax Act, 1961 (provisions of Finance Act, 2012), Wealth Tax Act, 1957, presently in force in India, make available the following general tax benefits to companies and to their shareholders. Several of these benefits are dependent on the companies or their shareholders fulfilling the conditions prescribed under the relevant provisions of the statute.

A. BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 ("THE ACT"):

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

(a) Dividends Exempt Under section 10 (34)/10(35)

Under section 10(34) of the Act, the Company will be eligible for exemption of income by way of dividend (interim or final) on shares held in a domestic Company referred to in section 115-O of the Actor from units of mutual funds specified under section 10(23D) of the Act, income received in respect of units from the Administrator of the specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of section 10(35) of the Act.

However, in view of the provisions of Section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, Section 94(7) of the Act provides that losses arising from the sale/transfer of shares or units purchased within a period of three months prior to the record date and sold/transferred within three months or nine months respectively after such date, will be disallowed to the extent dividend income on such shares or units is claimed as tax exempt.

(b) Computation of Capital Gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares of a company, listed securities or units of UTI or units of Mutual Fund specified under section 10 (23D) or zero coupon bond will be considered as long term capital assets if they are held for period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "Long Term Capital Gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "Short Term Capital Gains".

Section 48 of the Act, which prescribes the mode of computation of Capital Gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index as prescribed from time to time.

As per the provisions of section 112(1)(b) of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act, would be subject to tax at a rate of 20 percent (plus applicable surcharge, education cess and secondary higher education cess). However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at concessional rate of 10 percent (plus applicable surcharge, education cess and secondary higher education cess).

Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge, education cess and secondary higher education cess). However, as per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund on or after 1st October, 2004, where the transaction of sale is subject to STT shall be chargeable to tax at a rate of 15 percent (plus applicable surcharge, education cess and secondary higher education cess).

Further the tax benefits related to capital gains are subjected to the CBDT Circular No. 4/2007 dated 15th June 2007, and on fulfillment of criteria laid down in the circular, the Company will be able to enjoy the concessional benefits of taxation on capital gains.

As per section 74,short term capital loss suffered during the year is allowed to be set-off against short-term as well as long term capital gain of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long term capital gains only.

Offshore share transfers of non-resident companies, the underlying value of whose assets is substantially derived from assets located in India are now taxable. Hence any gains arising on the transfer of any such investment made by a non-resident, directly or indirectly, in shares of such Company, is taxable even if the shares are transferred outside India to a non-resident.

(c) Exemption of capital gain from income tax

(i) Under section 10(38) of the Act, any long term capital gains arising out of sale of equity shares or units of an equity oriented fund on or after 1st October, 2004, will be exempt from tax provided that the transaction of sale of such shares or units is chargeable to STT. However, such income shall be taken into account in computing the book profits under section 115JB of the Act.

(ii) According to the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six month from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Investment in such notified bonds(made on or after 1st April 2007)is now restricted to and cannot exceed Rupees Fifty Lakhs.

(d) Deductibility of dividend received from subsidiary company while computing Dividend Distribution Tax liability of the Holding Company

Every domestic company is liable to pay Dividend Distribution Tax (DDT) on the amount of dividend distributed by it whether interim or final, @15% (plus applicable surcharge and education cess). However, while computing the DDT liability of a domestic company which is the holding company, amount of the dividend so paid or distributed, shall be reduced by the dividend received from its subsidiary company where the subsidiary company has paid DDT on such dividend. Thus, the holding company is eligible to take credit for the dividend distributed by its subsidiary company while computing the amount of DDT payable by itself on the dividend distributed. For the purposes of this provision a company is considered to be a subsidiary of another company if such other company holds more than half in nominal value of the equity share capital of the Company.

(e) Computation of business income:

Subject to the fulfillment of conditions prescribed, the company will be eligible, inter-alia, for the following specified deductions in computing its business income:-

(i) Under Section 35(1)(i) and Section 35(1)(iv) of the Act, in respect of any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the Company.

(ii) Under Section 35(1)(ii) of the Act, any sum paid to a research association which has as its object, the undertaking of scientific research or to a university, college or other institution to be used for scientific research is eligible for weighted deduction to the extent of one and three fourth times (175%) of the sum so paid. This weighted deduction is available to amounts paid to approved research association, university, college or institution.

(iii) Under Section 35(1)(iia) of the Act any sum paid to a company registered in India which has as its main object the conduct of scientific research and development and is approved by the prescribed authority and fulfils such conditions as may be prescribed shall be liable to deduction at one and one fourth times(125%) of the amount so paid.

(iv) Under section 35(1)(iii) any sum paid to a research association, university, college or other institution to be used for research in social science or statistical research is eligible for deduction to the extent of one and one fourth times (125%) of the sum so paid. This weighted deduction is available to amounts paid to approved research association, university, college or institution.

(v) Similarly, payments to a National Laboratory, university or Indian Institute of Technology in respect of approved programmes of scientific research are also eligible for weighted deduction of 200% under section 35(2AA).

(vi) Under Section 35(2AB) a weighted deduction of 200% in respect of expenditure incurred on scientific research (excluding cost of land or building) in an approved in-house research and development facility is allowable to Companies engaged in the business of bio-technology or in the business of manufacturing articles or things, not being items mentioned in the Eleventh Schedule.

(vii) Under Section 35AD(ac) of the Act an assessee shall be allowed a deduction in respect of the whole of the purposes of any specified business which is in the nature of developing and building a housing project under a scheme for slum redevelopment or rehabilitation framed by Central Government and notified by the CBDT, in accordance with the guidelines prescribed in this regard.

(viii) Under Section 35AD(ad) of the Act an assessee shall be allowed a deduction in respect of the whole of the purposes of any specified business which is in the nature of developing and building a housing project under a scheme for affordable housing framed by Central Government and notified by the CBDT, in accordance with the guidelines prescribed in this regard.

(ix) Subject to certain conditions, Section 35D of the Act provides for deduction of specified preliminary expenditure incurred before the commencement of the business or after the commencement of business in connection with the extension of the undertaking or in connection with the setting up a new unit. The deduction allowable is equal to one-fifth of such expenditure incurred for each of the five successive previous years beginning with the previous year in which the business commences.

(x) Section 35DDA of the Act provides for deduction for any expenditure incurred in any year by way of payment of any sum to an employee in connection with his voluntary retirement scheme. The deduction allowable is equal to one-fifth of such expenditure incurred for each of the five successive previous years beginning with the previous year in which the expenses are incurred.

(xi) Under Section 36(1)(xv) of the Act, the amount of Securities Transaction Tax ("STT")paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of business or profession" shall be allowable as a deduction against such Business Income.

(xii) Subject to compliance with certain conditions laid down in section 32 of the Act, the Company will be entitled to deduction for depreciation in respect of tangible assets (being buildings, machinery, plant or furniture) and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income Tax Rules,1962;

(xiii) Under section 24(a) of the I.T. Act, the Company is eligible for deduction of thirty percent of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out).

(xiv) The Finance Act 2012 have introduced transfer pricing regulations (earlier applicable to international related parties transactions only) to domestic related party transactions (including inter-unit transfers) with the threshold limit of such transactions being Rs 5 crores in aggregate for all such transactions. The Company will have to comply with all the provisions of the transfer pricing regulations, which were earlier applicable to the international transactions only.

(xv) The corporate tax rate presently is 30% (plus surcharge of 5%, education cess of 2% and secondary and higher education cess of 1%).

COMPUTATION OF TAX ON BOOK PROFITS:

As provided under section 115JB of the Act, the company is liable to pay income tax at the rate of 18.50% (plus applicable surcharge of 5%, education cess of 2%and secondary and higher education cess of 1%) on the Book Profit as computed in accordance with the provisions of section 115JB of the Act, if the total tax payable as computed under the normal provisions of the Act is less than 18.50% of the Book Profit as computed under the said section.

Under section 115JAA (1A) of the Act, tax credit shall be allowed of any tax paid under section 115JB of the Act (MAT). Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 10 years succeeding the year in which the MAT becomes allowable. The company shall be eligible to set-off the MAT credit, thus carried forward, in the year in which it is required to pay the tax under the regular provisions of the Income-tax Act. The amount which can be set-off is restricted to the difference between the tax payable under the regular provisions of the Act and tax payable under the provisions of section 115JB in that year.

TAX REBATES (TAX CREDITS):

As per the provisions of section 90, for taxes on income paid in Foreign Countries with which India has entered into Double Taxation Avoidance Agreements (Tax Treaties from projects/activities undertaken thereat), the Company will be entitled to the deduction from the India Income-tax of a sum calculated on such doubly taxed income to the extent of taxes paid in Foreign Countries. Further, the company as a tax resident of India would be entitled to the benefits of such Tax Treaties in respect of income derived by it in foreign countries. In such cases, the provisions of the Income-tax Act shall apply to the extent they are more beneficial to the company. Section 91 provides for unilateral relief in respect of taxes paid in Foreign Countries.

B. BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs'):

(a) Dividends exempt under section 10 (34)

Under section 10(34) of the Act, income earned by way of dividend (Interim or final) from domestic Company referred to in section 115-O of the Act is exempt from income tax in the hands of the shareholders.

However, in view of the provisions of Section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, Section 94(7) of the Act provides that losses arising from the sale/transfer of shares or units purchased within a period of three months prior to the record date and sold/transferred within three months or nine months respectively after such date, will be disallowed to the extent dividend income on such shares or units is claimed as tax exempt.

(b) Taxability of capital gains

Under section 10(38) of the Act, long term capital gains arising out of sale of equity shares or units of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or units is chargeable to STT.

The income by way of short term capital gains or long term capital gains [long term capital gains not covered under section 10(38) of the Act realized by FII's on sale of the shares of the Company would be taxed at the following rates as per section 115AD of the Act.

- Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge, education cess and secondary higher education cess).

- Short term capital gains, referred to under section 111A of the Act shall be taxed @ 15% (plus applicable surcharge, education cess and secondary higher education cess).

- Long term capital gains @10% (plus applicable surcharge, education cess and secondary higher education cess) (without cost indexation).

It may be noted that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

According to provisions of section 54EC of the Act and subject to the condition specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. Provided that investments made on or after 1st April 2007, in the said bonds should not exceed Rupees fifty lakh.

However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempt earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Further the tax benefits related to capital gains are subjected to the CBDT Circular No. 4/2007 dated 15th June 2007, and on fulfillment of criteria laid down in the circular, the institution will be able to enjoy the concessional benefits of taxation on capital gains.

Offshore share transfers of non-resident companies, the underlying value of whose assets is substantially derived from assets located in India are now taxable. Hence any gains arising on the transfer of any such investment made by a non-resident, directly or indirectly, in shares of such Company, is taxable even if the shares are transferred outside India to a non-resident.

Provisions of the Act vis-à-vis provisions of the tax treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

C. BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India, would be exempt from income tax subject to the conditions as the Central Government may notify. However, the mutual funds shall be liable to pay tax on distributed income to unit holders under section 115R of the Act.

D. BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS

As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies/ Funds (set up to raise funds for investment in a venture capital undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified therein. However, the exemption is restricted to the Venture Capital Company and Venture Capital Fund set up to raise funds for investment in a Venture Capital Undertaking (referred to in the Securities Exchange Board of India (Venture Capital Funds), Regulations, 1996 made under the SEBI Act, 1992), which is engaged in the business as specified under section 10(23FB)(c). However, the income distributed by the Venture

Capital Companies/ Funds to its investors would be taxable in the hands of the recipients on accrual basis.

E. BENEFITS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence, no wealth tax will be payable on the market value of shares of the company held by the shareholder of the company.

Notes:

1. All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by the joint holders.

2. In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident has fiscal domicile.

In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

II. Certain U.S. Federal Income Tax Considerations

To ensure compliance with United States Treasury Department Circular 230, investors are hereby notified that: (i) any discussion of United States federal tax issues in this document is not intended or written to be relied upon, and cannot be relied upon by investors, for the purpose of avoiding penalties that may be imposed on investors under the United States Internal Revenue Code of 1986, as amended (the "**Code**"); (ii) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein by the Company and dealers, managers and underwriters; and (iii) investors should seek advice based on their particular circumstances from their own independent tax advisors.

The following is a discussion of certain material U.S. federal income tax consequences of purchasing, owning and disposing of Equity Shares. This summary does not address any aspect of U.S. federal non-income tax laws, such as U.S. federal estate and gift tax laws, or state, local or non-U.S. tax laws, and does not purport to be a comprehensive description of all of the U.S. tax considerations that may be relevant to a particular person's decision to acquire Equity Shares.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

The discussion applies to you only if you acquire the Equity Shares in this Issue and you hold the Equity Shares as capital assets for tax purposes (generally, for investment). This section does not apply to you if you are a member of a special class of holders subject to special tax rules, including:

- a broker
- a dealer in securities or foreign currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank or other financial institution;
- a tax-exempt organization;
- an insurance company;
- a regulated investment company;
- an investor who is a U.S. expatriate;
- a mutual fund;
- an individual retirement or other tax-deferred account;
- a holder liable for alternative minimum tax;
- a holder that actually or constructively owns 10% or more, by voting power, of the Company's voting stock;
- a partnership or other pass-through entity for U.S. federal income tax purposes;
- a holder that holds Equity Shares as part of a straddle, hedging, constructive sale, conversion or other integrated transaction for U.S. federal income tax purposes; or
- a U.S. holder whose functional currency is not the U.S. Dollar.

This section is based on the Code, existing and proposed income tax regulations issued under the Code, legislative history, and judicial and administrative interpretations thereof, all as of the date hereof. All of the foregoing are subject to change at any time, and any change could be retroactive and could affect the accuracy of this discussion. In addition, the application and interpretation of certain aspects of the passive foreign investment company rules, referred to below, require the issuance of regulations which in many instances have not been promulgated and which may have retroactive effect. There can be no assurance that any of these regulations will be enacted or promulgated, and if so, the form they will take or the effect that they may have on this discussion. This discussion is not binding on the U.S. Internal Revenue Service ("**IRS**") or the courts. No ruling has been or will be sought from the IRS with respect to the positions and issues discussed herein, and there can be no assurance that the IRS will not take a different position concerning the U.S. federal income tax consequences of an investment in the Equity Shares or that any such position would not be sustained.

You are a "U.S. holder" if you are a beneficial owner of Equity Shares and you are:

- a citizen or resident of the United States;
- a U.S. domestic corporation, or other entity treated as a domestic corporation for U.S. federal income tax purposes;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if (1) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorised to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

In addition, this discussion is limited to U.S. holders who are not resident in India for purposes of the Income Tax Treaty between the United States and India.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the Equity Shares, the U.S. tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of the Equity Shares that is a partnership and partners in such a partnership should consult their own tax advisors concerning the U.S. federal income tax consequences of purchasing, owning and disposing of Equity Shares.

A "non-U.S. holder" is a beneficial owner of Equity Shares that is neither a U.S. holder nor a partnership for U.S. federal income tax purposes.

Although not free from doubt, the Company does not believe that it should be treated as, and does not expect to become, a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for the current taxable year. However, no assurance can be given that the Company will not be considered a PFIC in the current or future years. The determination whether or not the Company is a PFIC is a factual determination that is made annually based on the types of income it earns and the value of its assets. If the Company was currently or were to become a PFIC, U.S. holders of Equity Shares would be subject to special rules and a variety of potentially adverse tax consequences under the Code.

Taxation of Dividends

U.S. Holders. Subject to the passive foreign investment company rules below, if you are a U.S. holder you must include in your gross income the gross amount of any distributions of cash or property (other than certain pro rata distributions of Equity Shares) with respect to Equity Shares, to the extent the distribution is paid by the Company out of its current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. A U.S. holder will include the dividend income at the time of actual or constructive receipt. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the Equity Shares and thereafter as capital gain from the sale or exchange of such Equity Shares.

Notwithstanding the foregoing, the Company does not intend to maintain calculations of its earnings and profits as determined for U.S. federal income tax purposes. Consequently, distributions generally will be reported as dividend income for U.S. information reporting purposes.

You should not include the amount of any Indian tax paid by the Company with respect to the dividend payment, as that tax is, under Indian law, a liability of the Company and not the shareholders, unless you are a U.S. corporation that owns 10% or more of the voting stock of the Company and also claims a foreign tax credit against your U.S. tax liability for your share of income taxes paid by the Company. The dividend is ordinary income that you must include in income when you receive the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

Subject to the passive foreign investment company rules described below, for taxable years beginning before January 1, 2013, dividends paid by a non-U.S. corporation generally will be taxed at the preferential tax rates applicable to long-term capital gain of non-corporate taxpayers if (a) such non-U.S. corporation is eligible for the benefits of the U.S. Treaty or the dividend is paid by such non-U.S. corporation with respect to stock that is readily tradable on an established securities market in the United States, (b) the U.S. holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on shares that have been held by such U.S. holder for at least 61 days during the 121-day period beginning 60 days before the "ex-dividend date." If the requirements of the immediately preceding paragraph are not satisfied, a dividend paid by a non-U.S. corporation to a U.S. holder, including a U.S. holder that is an individual, estate, or trust, generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). The dividend rules are complex, and each U.S. holder should consult its own tax advisor regarding the dividend rules.

Dividends received generally will be income from non-U.S. sources, which may be relevant in calculating your U.S. foreign tax credit limitation. Such non-U.S. source income generally will be "passive category income", or in certain cases "general category income", which is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you. You should consult your own tax advisor to determine the foreign tax credit implications of owning the Equity Shares.

The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. Dollar value of the Indian Rupee payments made, determined at the spot Indian Rupee/U.S. Dollar exchange rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. Dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. Dollars will be treated as ordinary income or loss. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Non-U.S. Holders. Dividends paid to non-U.S. holders generally will not be subject to U.S. income tax unless the dividends are "effectively connected" with your conduct of a trade or business within the United States, and the dividends are attributable to a permanent establishment (or in the case of an individual, a fixed place of business) that you maintain in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to U.S. taxation on a net income basis. In such cases you generally will be taxed in the same manner as a U.S. holder (other than with respect to the Medicare Tax described below). If you are a corporate non-U.S. holder, "effectively connected" dividends may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Taxation of Capital Gains

U.S. Holders. Subject to the passive foreign investment company rules discussed below, if you are a U.S. holder and you sell, exchange or otherwise dispose of your Equity Shares, you will generally recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. Dollar value of the amount realized and your tax basis, determined in U.S. Dollars, in your Equity Shares. Gain or loss recognized on such a sale, exchange or other disposition of Equity Shares generally will be long-term capital gain if the U.S. holder has held the Equity Shares for more than one year. Prior to January 1, 2013, long-term capital gains of U.S. holders who are individuals (as well as certain trusts and estates) are generally taxed at a maximum rate of 15%. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes, unless it is attributable to an office or other fixed place of business outside the United States and certain other conditions are met. Your ability to deduct capital losses is subject to limitations.

Non-U.S. Holders. If you are a non-U.S. holder, you will not be subject to U.S. federal income tax on gain recognized on the sale, exchange or other disposition of your Equity Shares unless:

- the gain is "effectively connected" with your conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment (or in the case of an individual, a fixed place of business) that you maintain in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to U.S. taxation on a net income basis; or

- you are an individual, you are present in the United States for 183 or more days in the taxable year of such sale, exchange or other disposition and certain other conditions are met.

In the first case, the non-U.S. holder will be taxed in the same manner as a U.S. holder (other than with respect to the Medicare Tax described below). In the second case, the non-U.S. holder will be subject to U.S. federal income tax at a rate of 30% on the amount by which such the non-U.S. holder's U.S.-source capital gains exceed such non-U.S.-source capital losses.

If you are a corporate non-U.S. holder, "effectively connected" gains that you recognize may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Medicare Tax

Legislation enacted in 2010 will require certain U.S. holders who are individuals, estates or trusts to pay a 3.8% Medicare surtax on all or part of that holder's "net investment income", which includes, among other items, dividends on, and capital gains from the sale or other taxable disposition of, the Equity Shares, subject to certain limitations and exceptions. This surtax will apply to taxable years beginning after December 31, 2012. Prospective investors should consult their own tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the Equity Shares.

Passive Foreign Investment Company Considerations

The Code provides special rules regarding certain distributions received by U.S. persons with respect to, and sales, exchanges and other dispositions, including pledges, of, shares of stock in a passive foreign investment company ("**PFIC**"). A foreign corporation will be treated as a PFIC for any taxable year in which either: (i) at least 75 percent of its gross income is "passive income" or (ii) at least 50 percent of its gross assets during the taxable year, based on a quarterly average and generally by value, which produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, rents, royalties, gains from commodities and securities transactions, and gains from assets that produce passive income. In determining whether a foreign corporation is a PFIC, a pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

Although not free from doubt, the Company does not believe that it should be treated as, and does not expect to become, a PFIC for U.S. federal income tax purposes but the Company's possible status as a PFIC must be determined annually and therefore may be subject to change. Because this determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond the Company's control, including whether the Company continues to earn substantial amounts of operating income, as well as on the market valuation of the Company's assets and the Company's spending schedule for its cash balances and the proceeds of the Issue, and because certain aspects of the PFIC rules are not entirely certain, there can be no assurance that the Company is not a PFIC and will not become a PFIC or that the IRS will agree with our conclusion regarding our PFIC status.

A U.S. stockholder that holds stock in a foreign corporation during any taxable year in which the corporation qualifies as a PFIC is subject to special tax rules with respect to (a) any gain realized on the sale, exchange or other disposition of the stock and (b) any "excess distribution" by the corporation to the stockholder, unless the stockholder elects to treat the PFIC as a "qualified electing fund" ("**QEF**") or makes a "mark-to-market" election, each as discussed below. An "excess distribution" is that portion of a distribution with respect to PFIC stock that exceeds 125% of the average of such distributions over the preceding three-year period or, if shorter, the stockholder's holding period for its shares. Excess distributions and gains on the sale, exchange or other disposition of stock of a corporation which was a PFIC at any time during the U.S. stockholder's holding period are allocated ratably to each day of the U.S. stockholder's holding period. Amounts allocated to the current taxable year and any taxable year in which the Company was not a PFIC will be taxed as ordinary income (rather than capital gain) earned in the current taxable year. Amounts allocated to other years are taxed at the highest ordinary income tax rates in effect for those years, and the tax for each such prior year is subject to an interest charge at the rate applicable to income tax deficiencies. The preferential U.S. federal income tax rates for dividends and long-term capital gain of individual U.S. holders (as well as certain trusts and estates) would not apply, and special rates would apply for calculating the amount of the foreign tax credit with respect to excess distributions. In addition, a U.S. stockholder who acquires shares in a PFIC from a decedent generally will not receive a "stepped-up" fair market value tax basis in such shares but, instead, will receive a tax basis equal to the decedent's basis, if lower.

If a corporation is a PFIC for any taxable year during which a U.S. stockholder holds shares in the corporation, then the corporation generally will continue to be treated as a PFIC with respect to the stockholder's shares, even if the corporation no longer satisfies either the passive income or passive assets test described above, unless the U.S. stockholder terminates this deemed PFIC status by electing to recognize gain, which will be taxed under the excess distribution rules as if such shares had been sold on the last day of the last taxable year for which the corporation was a PFIC.

The excess distribution rules may be avoided if a U.S. stockholder makes a QEF election effective beginning with the first taxable year in the stockholder's holding period in which the corporation is a PFIC. A U.S. stockholder that makes a QEF election is required to include in income its pro rata share of the PFIC's ordinary earnings and net capital gain as ordinary income and long-term capital gain, respectively, subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. A U.S. stockholder whose QEF election is effective after the first taxable year during the stockholder's holding period in which the corporation is a PFIC will continue to be subject to the excess distribution rules for years beginning with such first taxable year for which the QEF election is effective.

In general, a U.S. stockholder makes a QEF election by attaching a completed IRS Form 8621 to a timely filed (taking into account extension) U.S. federal income tax return for the year beginning with which the QEF election is to be effective. In certain circumstances, a U.S. stockholder may be able to make a retroactive QEF election. A QEF election can be revoked only with the consent of the IRS. In order for a U.S. stockholder to make a valid QEF election, the corporation must annually provide or make available to the stockholder certain information. The Company does not intend to provide to U.S. stockholders the information required to make a valid QEF election and the Company currently makes no undertaking to provide such information.

As an alternative to making a QEF election, a U.S. stockholder may make a "mark-to-market" election with respect to its PFIC shares if the shares meet certain minimum trading requirements. If a U.S. stockholder makes a valid mark-to-market election for the first tax year in which such stockholder holds (or is deemed to hold) stock in a corporation and for which such corporation is determined to be a PFIC, such holder generally will not be subject to the PFIC rules described above in respect of its stock. Instead, a U.S. stockholder that makes a mark-to-market election will be required to include in income each year an amount equal to the excess of the fair market value of the shares that the stockholder owns as of the close of the taxable year over the stockholder's adjusted tax basis in the shares. The U.S. stockholder will be entitled to a deduction for the excess, if any, of the stockholder's adjusted tax basis in the shares over the fair market value of the shares as of the close of the taxable year; provided, however, that the deduction will be limited to the extent of any net mark-to-market gains with respect to the shares included by the U.S. stockholder under the election for prior taxable years. The U.S. stockholder's basis in the shares will be adjusted to reflect the amounts included or deducted pursuant to the election. Amounts included in income pursuant to a mark-to-market election, as well as gain on the sale, exchange or other disposition of the shares, will be treated as ordinary income. The deductible portion of any mark-to-market loss, as well as loss on a sale, exchange or other disposition of shares to the extent that the amount of such loss does not exceed net mark-to-market gains previously included in income, will be treated as ordinary loss.

The mark-to-market election applies to the taxable year for which the election is made and all subsequent taxable years, unless the shares cease to meet applicable trading requirements (described below) or the IRS consents to its revocation. The excess distribution rules generally do not apply to a U.S. stockholder for tax years for which a mark-to-market election is in effect. However, if a U.S. stockholder makes a mark-to-market election for PFIC stock after the beginning of the stockholder's holding period for the stock, a coordination rule applies to ensure that the stockholder does not avoid the tax and interest charge with respect to amounts attributable to periods before the election.

A mark-to-mark election is available only if the shares are considered "marketable" for these purposes. Shares will be marketable if they are regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission or on a non-U.S. exchange or market that the IRS determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. For these purposes, shares will be considered regularly traded during any calendar year during which they are traded, other than in negligible quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded. Each U.S. stockholder should ask its own tax advisor whether a mark-to-market election is available or desirable.

A U.S. stockholder of a PFIC must file an IRS Form 8621 annually regardless of whether or not it makes a QEF election or a mark-to-market election and provide such other information as may be required by the U.S. Treasury Department.

U.S. holders are urged to consult their tax advisors as to the effect on them of the PFIC rules and the desirability of making, and the availability of, either a QEF election or a mark-to-market election with respect to our ordinary shares. The Company provides no advice on taxation matters.

Information with Respect to Foreign Financial Assets

Under recently enacted legislation, individuals that own "specified foreign financial assets" with an aggregate value in excess of US$50,000 in taxable years beginning after March 18, 2010 will generally be required to file an information report with respect to such assets with their tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in foreign entities. U.S. holders that are individuals are urged to consult their tax advisors regarding the application of this legislation to their ownership of Equity Shares.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to distributions made on our Equity Shares within the U.S. to a non-corporate U.S. holder and to the proceeds from the sale, exchange, redemption or other disposition of Equity Shares by a non-corporate U.S. holder to or through a U.S. office of a broker. Payments made (and sales or other dispositions effected at an office) outside the U.S. will be subject to information reporting in limited circumstances.

In addition, backup withholding of U.S. federal income tax may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number (or otherwise establishes, in the manner provided by law, an exemption from backup withholding) or to report dividends required to be shown on the U.S. holder's U.S. federal income tax returns.

Backup withholding is not an additional income tax, and the amount of any backup withholding from a payment to a U.S. holder will be allowed as credit against the U.S. holder's U.S. federal income tax liability provided that the appropriate returns are filed.

A non-U.S. holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status to the payor, under penalties of perjury, on IRS Form W-8BEN. You should consult your own tax advisor as to the qualifications for exemption from backup withholding and the procedures for obtaining the exemption.

The foregoing does not purport to be a complete analysis of the potential tax considerations relating to the Issue, and is not tax advice. Prospective investors should consult their own tax advisors as to the particular tax considerations applicable to them relating to the purchase, ownership and disposition of the Equity Shares, including the applicability of the U.S. federal, state and local tax laws or non-tax laws, foreign tax laws, and any changes in applicable tax laws and any pending or proposed legislation or regulations.

LEGAL PROCEEDINGS

We are involved in various legal proceedings including, among others, central excise duty and service tax cases and criminal proceedings. Except as described below, we believe that we are not involved in any material legal proceedings, and in our opinion, no proceedings are threatened, which may have, or have had during the 12 months preceding the date of this Preliminary Offer Document, a material adverse effect on our business, financial position, profitability or results of operations.

Litigations against our Company

Criminal cases

Five criminal cases have been filed against us and certain of our employees and Directors in various courts in India. Three of these cases have been filed under the Drugs & Cosmetics Act 1940, one under the Prevention of Food Adulteration Act 1954 and one under Section 138 of the Negotiable Instruments Act, 1881.

Proceedings under foreign exchange laws

The Company and two of its Directors have each filed appeals before the Special Director (Appeals) against the order dated December 5, 2003 passed by the Deputy Director, Directorate of Enforcement imposing a penalty of ₹ 1.55 million on the Company and ₹ 0.15 million on each of the Directors for alleged contravention of certain provisions of the (erstwhile) Foreign Exchange Regulation Act, 1973. These appeals are currently pending.

Litigations against Godrej Agrovet

Central excise duty proceedings

Godrej Agrovet has set up a manufacturing facility in Samba in Jammu & Kashmir where it manufactures "Vipul Booster", a plant growth regulator (the "**Product**"). Pursuant to Government of India's notification no. 56/2002-CE dated November 14, 2002(the "**Notification**"), goods manufactured at manufacturing units set up in certain areas of Jammu & Kashmir (including Samba), which are otherwise subject to central excise duty, are exempted (other than duty paid by utilisation of CENVAT credit), and Godrej Agrovet claimed this exemption in respect of the above manufacturing facility. Godrej Agrovet classified the Product as a "plant growth regulator" under the Central Excise Tariff Act, 1985, which attracts 16% central excise duty. However, this classification by Godrej Agrovet was not accepted, and Godrej Agrovet has been served with 15 show cause notices for periods between June 2006 and September 2010, on the grounds that the Product is a "fertilizer", and hence liable to "nil" central excise duty. Accordingly, the show cause notices allege, *inter alia*, that Godrej Agrovet wrongly classified the Product (which, if classified as "fertilizer", would not be subject to "Nil" central excise duty) in order to avail the benefits under the Notification.

The amount of duty claimed from Godrej Agrovet is ₹ 135 million, comprising of central excise duty credit availed by Godrej Agrovet towards central excise duty paid, CENVAT credit claimed on manufacture of Product, and education cess and secondary and higher education cess on the CENVAT credit availed. In addition, the above show cause notices also, *inter alia*, seek to impose penalty on Godrej Agrovet equivalent to the amount claimed (that is, ₹ 135 million) and interest on the duty amount. In respect of eight of these show cause notices involving a total duty of ₹ 93.99 million, orders have been passed against Godrej Agrovet for the period from June 2006 to March 2008 directing *inter alia* cancellation of Godrej Agrovet's registration under Rule 9 of Central Excise Rules, 2002. Appeals have been filed before CESTAT, Delhi, which has stayed these orders. For the other seven show cause notices, replies have been filed by Godrej Agrovet before the respective authorities issuing the show cause notices, and these are currently pending adjudication.

Separately, for the periods from March 2007 till August 2011, the Deputy Commissioner of Central Excise has passed eight orders (last being dated May 28, 2012 for period from April 2011 to August 2011) for refund of excise duty credit availed and education cess and secondary and higher education cess thereon(as stated in the preceding paragraph), for an amount of ₹ 116.63 million. While the demand for the period from March 2007 till March 2008 (of ₹ 55.22 million) has been stayed by order of CESTAT (as stated above), appeals have been filed with Commissioner (Appeals) at Jalandhar against the other orders. The Commissioner (Appeals) has stayed the recovery of basic excise duty, except ₹ 19.53 million demanded by order dated May 28, 2012 and these appeals are pending. The duty credit availed on education cess and secondary and higher education cess amounting to ₹ 2.65 million, for which stay was not granted, have been reversed by Godrej Agrovet.

Litigations against Godrej Properties

1. Undrya Sukrya Murkute was the tenant of land bearing survey no. 6, Hissa 14 and 16 situated at Village Barave, Taluka Kalyan, District Thane belonging to one Gulamali Moulvi. Murkute died leaving behind two widows and two daughters. On an application made under the Bombay Tenancy and Agricultural Lands Act, 1948, the Additional Mamlatdar and Agricultural Lands Tribunal, Kalyan declared the family members of Murkute as the statutory purchasers and accordingly a mutation was made in their names. By an agreement of sale dated May 10, 1985, the widows of Murkute agreed to sell the land to one Dalvi. Thereafter, negotiations for sale of the land commenced between Dalvi and Godrej Properties for acquisition of the land for the purposes of development. Godrej Properties issued a public notice inviting objections in respect of the proposed sale. Moulvi, heir of Gulamali Moulvi, claimed rights to the said property. The said property was allegedly acquired by Ramesh Mehta through an agreement for sale dated July 7, 1995 with Moulvi, for the purpose of development. Moulvi (petitioner) filed a special civil suit (Special Civil Suit No. 303/1997) against Godrej Properties and certain others before the Senior-Division Civil Court, Kalyan (the "**Suit**"), for declaration of ownership to title, injunction and partition of the suit property. Further, Ramesh Mehta filed a case (Suit No. 123/1997) against Godrej Properties in respect of the above mentioned suit property. Ramesh Mehta made an application in the Suit to implead him as a party to the proceedings. By an order and judgment dated July 5, 2006, the Civil Judge, Kalyan directed the petitioner to implead Ramesh Mehta as a necessary party. Being aggrieved by the said order and judgment, the petitioner filed a writ petition before the High Court of Bombay challenging the validity and legality of the order dated July 5, 2006. Moulvi and Ramesh Mehta claim to have a right in the suit property under the agreement for sale dated July 7, 1995. The contention of Godrej Properties is that the development work in the said premises was commissioned by Godrej Properties and the entire consideration had been paid to Dalvi, who has paid the requisite amount to the owners of the land. Further, Godrej Properties had also created third party rights in respect of the said premises in the buildings to be constructed. The matter relates to our project Godrej Hill, Kalyan and is currently pending.

2. The Federation of Edenwoods Co-operative Housing Society Limited (the "**Federation**") has filed a civil case (R.C.S.No.308 of 2009) against Godrej Properties and certain others before the Civil Judge Court (Junior Division), Thane, on the ground of breach of the terms of consent decree filed by Godrej Properties in suit no. 34 of 2004 against the same parties and thereby seeking injunction restraining Godrej Properties from carrying on construction at Godrej Properties' project Godrej Edenwoods, Thane. Godrej Properties filed its reply and an injunction application to restrain the Federation from creating obstructions in its construction work and entry of the officials of Godrej Properties in the Edenwoods complex. Pursuant to an order dated July 21, 2009, the Joint Civil Judge (Junior Division), Thane, restrained the Federation from obstructing the construction activities by Godrej Properties and allowed Godrej Properties to continue construction at its own risk. However, it restrained Godrej Properties from selling or creating any third party interest in the suit property, till final adjudication. Godrej Properties filed an appeal on September 1, 2009 (Miscellaneous Civil Appeal No. 94 of 2009) before the District Judge, Thane against the order dated July 21, 2009, which restricted the right of Godrej Properties to create any third party interest till final adjudication of the suit. Pursuant to an order dated April 8, 2011 , the District Judge, Thane allowed Godrej Properties to create third party rights in the Pine, Regency Park Tower B and Birch buildings, and restrained it from selling row apartments, pending hearing and final disposal of the suit. The matter is currently pending.

3. Ascent Construction has filed a civil case (Special Civil Suit No. 479 of 2009) before the Joint Civil Judge Senior Division, Thane against Godrej Properties, the Municipal Commissioner, the Municipal Corporation and 16 others for declaration and injunction against Godrej Properties restraining it from encroaching on the plot of land adjoining Godrej Edenwoods and measuring 2,166.80 square metres at Villa Chitala Mandapa Taluk, Thane (West) and giving vacant possession to them. The allegation is that Godrej Properties, along with the other defendant parties, is encroaching upon the plaintiff's land. The matter is currently pending.

4. Dr. Meenaz Kassam has filed a civil case (No.11 of 2012) against M/s. Universal Builders, Godrej Properties and certain others before the Court of Senior Civil Judge, Bangalore, Rural District. Godrej Properties has entered into a development agreement with M/s. Universal Builders to develop 27 acres contiguous converted land parcels under residential zone at Dodda Thoggur village, Electronics City, Bangalore. A plaint was filed for specific performance of an agreement for sale dated December 6, 2007 entered into between Dr. Meenaz Kassam and M/s. Universal Builders either by executing a sale deed, or in the alternative, a decree directing M/s. Universal Builders to pay a sum of ₹ 29,560,000 and interest of 12% p.a. thereon till the date of payment. In addition, Dr. Meenaz Kassam has requested for compensation of ₹ 4,380,750 and ₹ 50 per sq. ft. per month and costs from the date the suit was filed till possession of the property is delivered to Dr. Meenaz Kassam. The matter is currently pending.

5. TCM Limited ("**TCM**") filed a reference on September 30, 2004 with the BIFR under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 to declare it as a sick industrial company. On February 6, 2007, the BIFR declared TCM as a sick industrial company. On February 15, 2008, TCM entered into an agreement with Godrej Properties agreeing to grant development rights in respect of immoveable property measuring 21.66 acres at Trikkakara North Village, Kanayannur Taluk, Ernakularm, Kerala, subject to the approval of the BIFR. Pursuant to an order dated November 28, 2008, the BIFR granted approval to TCM to enter into the development agreement with Godrej Properties and utilise the project advance of ₹ 200.00 million to pay off the secured creditors, statutory dues etc. Accordingly, Godrej Properties advanced ₹ 196.70 million to the secured creditors of TCM.

   T S Sanil, one of the shareholders of TCM, filed an appeal (No. 238 of 2009) before the AAFIR challenging the order dated November 28, 2008 of the BIFR and, the appeal was allowed by an order dated January 14, 2011. TCM filed a writ petition (WP No.1466/11) before the High Court of Delhi challenging the order dated January 14, 2011. The High Court of Delhi, by an order dated March 23, 2011, allowed the appeal and remanded the matter back to the AAIFR for fresh hearing. Godrej Properties, being an aggrieved party, also filed a writ petition (No. 1909 of 2011) before the High Court of Delhi, which by an order dated March 23, 2011 set aside the order dated January 14, 2011 on the ground that Godrej Properties was not given an opportunity of being heard and directed AAIFR to hear Godrej Properties before deciding the said matter. Further, the High Court of Delhi, by an order dated March 29, 2011 has directed TCM not to create any third interest by selling, alienating or encumbering the property. The matter is currently pending.

   Additionally, one T. P. Muralidharanhan has filed an appeal (No. 85 of 2011) before the AAIFR challenging the order dated November 28, 2008 of the BIFR. Further, Venkateswara Rao Chagarlamudi, a shareholder of TCM, has filed a writ petition (No. 22931 of 2011) against TCM, Godrej Properties and certain others before the High Court of Kerala at Ernakulam challenging the order dated June 28, 2011 pronounced by the AAIFR dismissing an appeal (No. 108 of 2011) filed with the AAFIR against the order dated November 28, 2008 of the BIFR. These matters are currently pending.

   Service Tax Proceedings

   The Commissioner of Service Tax, Service Tax Commissionerate No. 16/1 issued a show cause notice dated May 18, 2011 to Godrej Properties for short payment of service tax of approximately ₹ 103.35 million and applicable interest and penalty, stating that Godrej Properties has wrongly registered itself under "Works Contract Service" category instead of "Construction of Complex Service" category. Godrej Properties has filed its replies to the aforesaid notice on June 17, 2011 and July 15, 2011 stating that it is not liable to pay service tax under the "Construction of Complex" category but falls under the "Works Contract Service" category and has requested to drop the proceedings. The matter is currently pending.

Material litigations involving lands forming part of the Completed Projects, the Ongoing Projects and the Forthcoming Projects in which neither Godrej Properties nor the Directors are parties

Four civil suits and one caveat application has been filed *inter alia* before the Senior Civil Judge, Ahmedabad (Rural), Civil Judge, Ahmedabad (Rural) and the Principal Senior Civil Judge and Ahmedabad (Rural) claiming rights in relation to land parcels bearing Survey No.29A, Survey No.37, Survey No.45, Survey No. 43, Survey No.65 located at Ahmedabad and Block No.111 and 112 at Dascroi, Ahmedabad. Godrej Properties is not party to these cases. These matters are currently pending.

Litigations against Godrej Consumer Products

There are two winding-up petitions filed against Godrej Consumer Products in the High Court of Bombay under Sections 433 and 434 of the Companies Act. One petition (being Company Petition No. 389 of 2011) has been filed by Asmi Jewelry (India) Private Limited for non-payment of ₹ 63.38 million towards supply of gold coins. The other petition (being Company Petition No. 306 of 2010) has been filed by Laxmi Dia Jewel Private Limited for non-payment of ₹ 26.15 million towards supply of gold coins. Godrej Consumer Products has filed its replies to these petitions. Neither of these petitions has been admitted as on date.

Miscellaneous

There are legal proceedings filed against some of our Directors, either in their capacity as Directors of the Company or as directors of other companies, including among others, criminal proceedings, proceedings in relation to foreign exchange regulations, labour law related proceedings, proceedings by municipal authorities and consumer disputes.

INDEPENDENT ACCOUNTANTS

M/s. Kalyaniwalla & Mistry, Chartered Accountants, Statutory Auditor of the Company, have audited our consolidated financial statements as of and for each of the years ended March 31, 2012, 2011 and 2010, included in this Preliminary Offer Document.

M/s. Kalyaniwalla & Mistry, Chartered Accountants, Statutory Auditors of Godrej Consumer Products, have audited Godrej Consumer Products' consolidated financial statements as of and for each of the years ended March 31, 2012 and 2011, included in this Preliminary Offer Document.

M/s. Kalyaniwalla & Mistry, Chartered Accountants are independent auditors with respect to each of the Company and Godrej Consumer Products, as required by the Companies Act and in accordance with the guidelines issued by the ICAI.

GENERAL INFORMATION

1. Our Company was incorporated in Gujarat on March 7, 1988 as Gujarat – Godrej Innovative Chemicals Limited, under the Companies Act. On January 6, 1995 the name of our Company was changed to Godrej Soaps Limited. The registered office of our Company was also shifted from the State of Gujarat to Maharashtra on March 1, 1996. Subsequently on April 2, 2001, pursuant to corporate restructuring undertaken by our Company, the name of our Company was changed to Godrej Industries Limited. The registered office of the Company is situated at Pirojshanagar, Eastern Express Highway, Mumbai 400 079.

2. The Issue is being made to QIBs in reliance upon Chapter VIII-A of the SEBI Regulations.

3. The Issue has been authorised and approved by the Board of Directors and the Securities Issuance Committee through resolution dated June 8, 2012 and July 19, 2012, respectively, and by the Company's shareholders through a special resolution dated July 7, 2012.

4. The Company has received in-principle approvals under Clause 24(a) of the Equity Listing Agreement to list the Equity Shares being offered in the Issue on the BSE and the NSE on July 19, 2012.

5. The Company has obtained and will obtain necessary consents, approvals and authorisations required in connection with the Issue.

6. Except as disclosed in this Preliminary Offer Document, there has been no material change in the Company's financial condition since March 31, 2012, the date of its latest audited financial statements, prepared in accordance with Indian GAAP, included herein.

7. Except as disclosed in this Preliminary Offer Document, there are no legal or arbitration proceedings against or affecting the Company or its assets or revenues, nor is the Company aware of any pending or threatened legal or arbitration proceedings, which are, or might be, material in the context of the Issue.

8. The Company's statutory Auditor, M/s. Kalyaniwalla & Mistry, Chartered Accountants has audited the Company's consolidated financial statements as of and for each of the years ended March 31, 2012, 2011 and 2010, and have consented to the inclusion of their audit report in relation thereto in this Preliminary Offer Document.

9. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

10. **Consents**

    Consents in writing of: (a) the Directors and the legal advisors; (b) M/s. P. G. Patki Architects Private Limited; and the Book Running Lead Manager, the Syndicate Member, the Public Issue Account Bank and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of this Preliminary Offer Document with the RoC and such consents will not be withdrawn up to the time of delivery of this Preliminary Offer Document for registration with the RoC.

    M/s. Kalyaniwalla & Mistry, Chartered Accountants, the Company's statutory Auditor, have given their written consent to the inclusion of their report dated July 7, 2012 in the form and context in which it appears in this Preliminary Offer Document. M/s. Kalyaniwalla & Mistry, Chartered Accountants, have given their written consent to inclusion of their report dated July 7, 2012 relating to the possible tax benefits accruing to the Company and its shareholders in the form and context in which it appears in this Preliminary Offer Document.

11. **Experts**

    The statutory Auditor of the Company, M/s. Kalyaniwalla & Mistry, Chartered Accountants, have furnished a report dated July 7, 2012 relating to the possible tax benefits accruing to the Company and its shareholders in the form and context in which it appears in this Preliminary Offer Document.

Additionally, except for the Architect's certificate dated July 17, 2012 provided by M/s. P. G. Patki Architects Private Limited and the statement of tax benefits provided by M/s. Kalyaniwalla & Mistry, Chartered Accountants, the Company has not obtained any expert opinion.

12. Company Secretary and Compliance Officer

The Company Secretary and Compliance Officer of the Company is Mr. K. R. Rajput . His contact details are as follows:

Mr. K. R. Rajput
Godrej Industries Limited
Pirojshanagar, Eastern Express Highway, Vikhroli East,
Mumbai 400 079.
Tel: (91 22) 25188010, 25188020, 25188030
Fax: (91 22) 25188066
Email: investor@godrejinds.com
Website: www.godrejinds.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems related to Allotment, credit of Allotted Equity Shares in the respective beneficiary account or unblocking of funds in the ASBA Accounts.

13. Price Information of Past Issues handled by Book Running Lead Manager

The price information of past issues handled by Book Running Lead Manager to the Issue is as follows:

(a) Price information of past issues handled by Book Running Lead Manager to the Issue:

Sr. No.	Issue Name	Issue size (Rs. million)	Issue price (Rs.)	Listing date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Benchmark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Benchmark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Benchmark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Benchmark index as on 30th calendar day from listing day (Closing)
1	Speciality Restaurants Ltd.	1,760.91	150.00	May 30, 2012	152.00	159.60	6.40%	4,950.75	191.55	5,054.10	207.70	5,103.85	209.75	5,278.90
2	Future Ventures India Limited	7,500.00	10.00	May 10, 2011	9.00	8.20	(18.00)%	5,541.25	8.30	5,486.35	8.10	5,473.10	9.30	5,521.05
3	Muthoot Finance Limited	9,012.50	175.00	May 6, 2011	196.60	175.90	0.51%	5,551.45	160.50	5,499.00	157.60	5,412.35	177.90	5,516.75
4	Coal India Limited[1]	151,994.40	245.00	November 4, 2010	291.00	342.55	39.82%	6,281.80	320.15	6,071.65	310.80	5,865.75	321.95	5,992.80
5	Prestige Estates Projects Limited	12,000.00	183.00	October 27, 2010	190.00	193.15	5.55%	6,012.65	205.85	6,312.45	187.85	5,988.70	160.15	5,751.95
6	Oberoi Realty Limited	10,286.12	260.00	October 20, 2010	271.10	282.90	8.81%	5,982.10	279.05	6,017.70	289.15	6,301.55	262.35	5,890.30
7	Tecpro Systems Limited[2]	2,676.85	355.00	October 12, 2010	380.00	405.70	14.28%	6,090.90	393.75	6,066.05	424.55	6,117.55	410.95	6,194.25
8	Eros International Media Limited	3,500.00	175.00	October 6, 2010	205.45	190.25	8.71%	6,186.45	175.55	6,062.65	184.00	6,082.00	193.05	6,312.45
9	Gujarat Pipavav Port Limited	5,538.54	46.00	September 9, 2010	56.10	54.05	17.50%	5,640.05	54.00	5,884.95	61.00	5,991.30	59.35	6,103.45
10	Bajaj Corp Limited	2,970.00	660.00	August 18, 2010	760.00	758.75	14.96%	5,479.15	730.45	5,408.70	730.15	5,604.00	724.65	5,884.95

Source: www.nseindia.com

[1] *In Coal India Limited, the issue price after discount to the retail individual bidders and the eligible employees was Rs. 232.75 per equity share.*
[2] *In Tecpro Systems Limited, the issue price after discount to the eligible employees was Rs. 338 per equity share.*

Notes: a. In the event any day falls on a holiday, the price/ index of the immediately succeeding working day has been considered;
b. S&P CNX Nifty has been considered as the benchmark index.

(b) Summary statement of price information of past issues handled by Book Running Lead Manager to the Issue:

Fiscal Year	Total No. of IPOs	Total Funds Raised (Rs. million)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing day			No. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
April 1, 2012 – July 18, 2012	1	1,760.91	-	-	-	-	-	1	-	-	-	-	1	-
2012	2	16,512.50	-	-	1	-	-	1	-	-	1	-	-	1
2011	11	234,579.83	-	-	2	-	1	8	-	1	2	-	3	5

Source: www.nseindia.com

Notes: a. In the event any day falls on a holiday, the price/ index of the immediately succeeding working day has been considered;
b. S&P CNX Nifty has been considered as the benchmark index.

14. **Track record of past issues handled by Book Running Lead Manager**

For details regarding the track record of the Book Running Lead Manager to the Issue as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please refer to the website of the Book Running Lead Manager at http://investmentbank.kotak.com/track-record/Disclaimer.html.

FINANCIAL STATEMENTS OF OUR COMPANY

AUDITORS' REPORT

The Board of Directors
Godrej Industries Limited,

Dear Sirs,

1. We have examined the attached consolidated financial information of **Godrej Industries Limited** (the "Company"), its subsidiaries, joint ventures, associates and limited liability partnership (collectively referred to as the "Group") comprising Consolidated Statement of Assets and Liabilities (Annexure-1), Consolidated Statement of Profit and Loss (Annexure-2), Consolidated Cash Flow Statement (Annexure-3) as on and for the years ended March 31, 2012, 2011 and 2010 along with related Notes (Annexure-4to34)as approved by the Board of Directors, the Company, prepared in terms of applicable provisions of the Companies Act, 1956, (the "Act"),the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("ICDR Regulations") and in terms of our engagement agreed upon with you in accordance with the appointment letter dated June 11, 2012 and our engagement letter dated June 15, 2012, in connection with the proposed Institutional Placement Program (IPP) through fresh issue of Equity Shares by the Company.

2. The preparation and presentation of this consolidated financial information is the responsibility of the Company's Management.

3. The attached consolidated financial information has been correctly extracted by the Management from the Group Companies' audited financial statements for the years ended on March 31, 2012, 2011 and 2010.

   We, the statutory auditors of the Company have audited in accordance with Auditing Standards generally accepted in India, the Consolidated Balance Sheet of the Company as on March 31, 2012, 2011 and 2010 and the related Statement of Profit and Loss and the Cash Flow Statement for the years ended and the related, notes thereto, prepared in accordance with generally accepted accounting principles in India ("Indian GAAP") in respect of which we have issued our audit reports.

   The audited financial statements for the year ended on March 31, 2010, form the basis for the reclassified Consolidated Balance Sheet as at March 31, 2010 and the related consolidated Statement of Profit and Loss and Cash Flows for the year ended March 31, 2010, which have been restated to conform to the requirements of Schedule VI (Revised) of the Companies Act, 1956.

4. We have performed such tests and procedures, which in our opinion, were necessary for the examination of the attached consolidated financial information. These tests and procedures, mainly involved comparison of the attached consolidated financial information with the Group Companies audited financial statements for the respective years.

5. Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the attached consolidated financial information to be correct and the same have been used appropriately.

6. In accordance with the requirements of the ICDR Regulations, applicable provisions of the Act and the terms of our engagements agreed with you, we have also examined the other consolidated financial information, as stated in the table below, as on and for the years ended on March 31, 2012, 2011 and 2010, prepared by the Management and approved by the Board of Directors of the Company for the purpose of inclusion in this Preliminary Offer Document and Offer Document in connection with the proposed IPP of Equity Shares of the Company.

a.	Consolidated Statement of Share Capital	Annexure 4
b.	Consolidated Statement of Reserves and Surplus	Annexure 5

c.	Consolidated Statement of Long Term Borrowings	Annexure 6
d.	Consolidated Statement of Deferred Tax Liabilities	Annexure 7
e.	Consolidated Statement of Other Long Term Liabilities	Annexure 8
f.	Consolidated Statement of Long Term Provisions	Annexure9
g.	Consolidated Statement of Short Term Borrowings	Annexure 10
h.	Consolidated Statement of Trade Payables	Annexure 11
i.	Consolidated Statement of Other Current Liabilities	Annexure 12
j.	Consolidated Statement of Short Term Provisions	Annexure 13
k.	Consolidated Statement of Fixed Assets	Annexure 14A,B,C
l.	Consolidated Statement of Non Current Investments	Annexure 15
m.	Consolidated Statement of Deferred Tax Assets	Annexure 16
n.	Consolidated Statement of Long Term Loans And Advances	Annexure 17
o.	Consolidated Statement of Other Non Current Assets	Annexure 18
p.	Consolidated Statement of Current Investments	Annexure 19
q.	Consolidated Statement of Inventories	Annexure 20
r.	Consolidated Statement of Trade Receivables	Annexure 21
s.	Consolidated Statement of Cash and Bank Balances	Annexure 22
t.	Consolidated Statement of Short Term Loan and Advances	Annexure 23
u.	Consolidated Statement of Other Current Assets	Annexure 24
v.	Consolidated Statement of Revenue from Operations	Annexure 25
w.	Consolidated Statement of Other Income	Annexure 26
x.	Consolidated Statement of Cost of Materials Consumed	Annexure 27
y.	Consolidated Statement of Cost of Sales - Property Development	Annexure 28
z.	Consolidated Statement of Changes In Inventory of Finished Goods, Work In Progress and Stock In Trade	Annexure 29
aa	Consolidated Statement of Employee Benefits Expense	Annexure 30
bb.	Consolidated Statement of Finance Costs	Annexure 31
cc.	Consolidated Statement of Other Expenses	Annexure 32
dd.	Consolidated Statement of Exceptional Items	Annexure 33
ee	Notes to the Consolidated Summary Statements of Assets and Liabilities and Profits and Losses	Annexure 34

7. Without qualifying our opinion, we had drawn attention to Note 9 b), Annexure 34 to the Consolidated Financial Information that the Company has instituted an Employee Stock Option Plan for the benefit of eligible employees of participating companies. The Scheme is administered by an independent trust created with ILFS Trust Company Ltd. The ESOP Trust has been advanced loans which along with interest thereon and net of provision of Rs. 343 million as of March 31, 2012, Rs. 83million as of March 31, 2011 and Rs. 33 million as of March 31, 2010, amounts to Rs. 2,563 million as at March 31, 2012, Rs. 1,821 million as at March 31, 2011 and Rs. 1,733 million as at March 31, 2010. The loans have been granted for financing the purchase of equity shares of Godrej Group Companies equivalent to the number of options granted. As at the respective year ends, the market value of the equity shares held by the ESOP Trust were lower than the holding cost (cost or market value whichever is lower) of these equity shares by Rs. 191 million as at March 31, 2012, Rs. 652 million as at March 31, 2011 and Rs. 787 million as at March 31, 2010 (net of provision of Rs. 343 million as of March 31, 2012, Rs. 83 million as of March 31, 2011 and Rs. 33 million as of March 31, 2010).The repayment of the loans granted to the ESOP Trust and interest payable by the Trust on the said loan is dependent on the exercise of options by the employees during the exercise period and / or the market price of the underlying equity shares of the unexercised options at the end of the exercise period. In the opinion of the management, the fall in the value of the underlying equity shares is on account of market volatility and the loss, if any, can be determined only at the end of the exercise period.

8. *Reference is invited to Note 1, Annexure 17 to the Consolidated Financial Information, regarding the recoverability of advances given to certain individuals amounting to Rs. 103.30million being contingent*

upon the transfer and / or disposal of the shares pledged against the loan. The said shares were lodged for transfer, which application was rejected and the Company has preferred an appeal to the Company Law Board. The investee company had in the mean while moved the High Court but the matter was referred back to the Company Law Board, where the matter is awaiting hearing. In the meanwhile the minority shareholders have been restrained from transferring shares to a third party. The impact thereof on the profit for the years ended March 31, 2012, March 31, 2011, March 31, 2010 and the reserves as at the respective dates, could not be ascertained.

9. Based on the above and *subject to paragraph 8 above*, we report that in our opinion and according to the information and explanations given to us, we have found the information as mentioned in paragraph 1 and 6, subject to paragraph 3 above, to be correctly extracted from the audited consolidated financial statements and the same has been prepared in accordance with the ICDR Regulations and the applicable provisions of the Act.

10. The attached consolidated financial information, do not reflect the effect of events that occurred subsequent to the date of our report on those consolidated financial statements.

11. This report is intended solely for use of the Management and for inclusion in the Preliminary Offer Document and Offer Document in connection with IPP of the Equity Shares of the Company and is not to be used, referred to, or distributed for any other purpose without our prior written consent.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Regn. No.: 104607W

Daraius Z. Fraser
PARTNER
M. No.: 42454

Mumbai: July 7, 2012.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF GODREJ INDUSTRIES LIMITED

ANNEXURE 1 : CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Amount INR Million

	As on March 31,2012	As on March 31,2011	As on March 31,2010
Equity And Liabilities			
(1) **Shareholders' Funds**			
(a) Share Capital	317.62	317.62	317.62
(b) Reserves And Surplus	23,352.59	18,988.08	17,338.28
	23,670.21	**19,305.70**	**17,655.90**
(2) **Minority Interest**	6,224.11	3,960.70	3,154.68
(3) **Non Current Liabilities**			
(a) Long Term Borrowings	11,876.77	4,121.00	3,903.82
(b) Deferred Tax Liabilites (Net)	566.63	525.00	513.85
(c) Other Long Term Liabilities	62.70	42.30	34.71
(d) Long Term Provisions	133.07	145.60	142.83
	12,639.17	**4,833.90**	**4,595.21**
(4) **Current Liabilities**			
(a) Short Term Borrowings	12,909.13	10,745.30	6,000.44
(b) Trade Payables	19,213.52	8,197.70	4,822.53
(c) Other Current Liabilities	8,199.10	6,133.60	7,447.11
(d) Short Term Provisions	767.21	917.84	776.62
	41,088.96	**25,994.44**	**19,046.70**
TOTAL	**83,622.45**	**54,094.74**	**44,452.49**
Assets			
(1) **Non Current Assets**			
(a) Fixed Assets			
(i) Tangible Assets	6,112.30	5,451.10	4,617.12
(ii) Intangible Assets	396.70	153.30	149.58
(iii) Capital Work In Progress	2,136.70	300.60	347.91
(iv) Intangible Assets Under Development	-	-	24.05
	8,645.70	**5,905.00**	**5,138.66**
(b) Goodwill on Consolidation	5,424.50	5,658.30	4,809.59
(c) Non Current Investments	9,698.80	7,684.04	7,046.35
(d) Deferred Tax Assets (Net)	35.30	13.10	6.00
(e) Long Term Loans And Advances	1,859.15	3,164.90	3,064.20
(f) Other Non Current Assets	37.05	75.00	26.24
	25,700.50	**22,500.34**	**20,091.04**
(2) **Current Assets**			
(a) Current Investments	1,828.65	207.90	2,228.36
(b) Inventories	31,912.74	14,036.90	10,358.14
(c) Trade Receivables	4,332.94	2,975.00	3,440.50
(d) Cash and Bank Balances	4,640.16	2,686.30	1,485.58
(e) Short Term Loans and Advances	10,260.46	7,839.60	5,392.32

	As on March 31,2012	As on March 31,2011	As on March 31,2010
(f) Other Current Assets	4,947.00	3,848.70	1,456.55
	57,921.95	**31,594.40**	**24,361.45**
TOTAL	**83,622.45**	**54,094.74**	**44,452.49**

See Accompanying Annexures to the Financial Statements

As per our Report attached

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Daraius Z. Fraser
Partner

Mumbai, July 7, 2012

Signatures to Balance Sheet and Annexures
to the Financial Statements

For and on behalf of the Board

A. B. Godrej
Chairman

ANNEXURE 2 : CONSOLIDATED STATEMENT OF PROFITS AND LOSSES

Amount INR Million

Particulars	2011-12	2010-11	2009-10
Revenue from Operations (Gross)	56,882.18	44,169.90	34,580.10
Less: Excise Duty	761.31	672.40	438.50
	56,120.87	**43,497.50**	**34,141.60**
Other Income	979.42	1,734.90	1,971.56
Total Revenue	**57,100.29**	**45,232.40**	**36,113.16**
Expenses			
(a) Cost of Materials Consumed	28,356.63	22,134.63	18,189.89
(b) Purchases of Stock In Trade	11,360.29	8,356.80	6,765.48
(c) Cost of Sales - Property Development	4,816.70	3,240.02	2,000.27
(d) Changes in Inventory of Finished Goods, Work In Progress and Stock In Trade	(365.33)	(213.55)	(148.98)
(e) Employee Benefits Expense	2,631.46	2,189.10	2,094.07
(f) Finance Costs	1,108.28	879.30	848.76
(g) Depreciation and Amortisation Expense	563.49	550.60	501.68
(h) Other Expenses	6,665.47	5,551.50	4,687.95
Total Expenses	**55,136.99**	**42,688.40**	**34,939.12**
Profit Before Exceptional Items And Tax	**1,963.30**	**2,544.00**	**1,174.04**
Exceptional Items	938.30	683.10	954.21
Profit Before Tax	**2,901.60**	**3,227.10**	**2,128.25**
Tax Expense			
(a) Current Tax	1,124.20	932.40	541.49
(b) MAT Credit Entitlement	(190.00)	(194.80)	(105.90)
(c) Deferred Tax	19.10	5.70	9.57
(d) Adjustment for Tax of Previous Years (net)	(4.30)	(11.90)	1.00
Total Tax	**949.00**	**731.40**	**446.16**
Profit After Taxation	**1,952.60**	**2,495.70**	**1,682.09**
Share of Profit In Associates	1,566.00	1,112.20	810.26
Profit Before Minority Interest	3,518.60	3,607.90	2,492.35
Minority Interest	(602.50)	(674.00)	(459.88)
Profit For The Year	**2,916.10**	**2,933.90**	**2,032.47**
Earnings Per Share (Face Value Re 1 per share)			
(a) Basic	9.18	9.24	6.39
(b) Diluted	9.16	9.24	6.39

See Accompanying Annexures to the Financial Statements

As per our Report attached

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

For and on behalf of Kalyaniwalla & Mistry Chartered Accountants	For and on behalf of the Board
Daraius Z. Fraser Partner	A. B. Godrej Chairman
Mumbai, July 7, 2012	

ANNEXURE 3 : CONSOLIDATED STATEMENT OF CASH FLOWS

Amount INR Million

	2011-12	2010-11	2009-10
A. Cash Flow from Operating Activities :			
Profit Before Tax	**2,901.60**	**3,227.10**	**2,128.25**
Adjustments for :			
Depreciation	563.49	550.60	501.68
Unrealised Foreign Exchange	(55.60)	2.00	(36.08)
Profit on Sale of Investments	(1,311.40)	(1,698.60)	(2,465.30)
(Loss) / Profit on Sale of Fixed Assets	13.00	(242.90)	13.26
Dividend Income	(10.80)	(87.10)	(32.60)
Interest Income	(422.20)	(346.30)	(335.35)
Interest Expense	1,108.30	880.00	848.76
Employee Stock Option Compensation	75.10	-	100.20
(Write back) / Provision for Diminution in Value of Investments	(25.40)	104.80	102.24
Provision for Doubtful Debts / Advances & Sundry Balances (net)	135.00	124.60	(5.81)
Others	(12.70)	(12.30)	-
Operating Profit Before Working Capital Changes	**2,958.39**	**2,501.90**	**819.25**
Adjustments for :			
Inventories	(25,292.00)	(3,646.10)	(3,058.26)
Trade and Other Receivables	(8,102.09)	(5,139.90)	2,526.25
Trade Payables	19,399.50	3,195.40	(1,437.47)
Cash Used in Operations	**(11,036.20)**	**(3,088.70)**	**(1,150.23)**
Direct Taxes Paid	(1,378.00)	(870.10)	(547.71)
Direct Taxes Refund	7.40	131.50	1.26
Voluntary retirement compensation paid	-	-	(48.63)
Net Cash Used in Operating Activities	**(12,406.80)**	**(3,827.30)**	**(1,745.31)**
B. Cash Flow from Investing Activities :			
Purchase of Fixed Assets	(831.20)	(1,651.90)	(933.09)
Proceeds from Sale of Fixed Assets	50.10	386.50	17.74
Purchase of Investments	(11,590.10)	(8,143.10)	(8,318.82)
Proceeds from Sale of Investments	11,112.80	11,421.50	10,844.80
Intercorporate Deposits / Loans (net)	420.50	(76.50)	320.64
Interest Received	397.20	309.80	309.05
Dividend Received	10.80	87.10	39.83
Net Cash (used in) / from Investing Activities	**(429.90)**	**2,333.40**	**2,280.15**
C. Cash Flow from Financing Activities :			
Equity Share Capital bought back	-	-	(288.66)
Proceeds from Issue of Share Capital to Minority	4,593.40	104.70	4,285.65
Proceeds from Borrowings	20,838.20	9,941.70	8,627.09

	2011-12	2010-11	2009-10
Repayments of Borrowings	(8,934.80)	(9,832.70)	(10,884.78)
Bank Overdrafts (net)	(36.80)	2,932.50	954.40
Interest Paid	(1,073.10)	(883.50)	(865.26)
Dividend Paid	(444.90)	(566.60)	(428.35)
Tax on Distributed Profits	(220.60)	(132.80)	(110.01)
Net Cash from financing activities	**14,721.40**	**1,563.30**	**1,290.08**
Net Increase in Cash and Cash Equivalents	**1,884.70**	**69.40**	**1,824.92**
Opening Balance of Cash and Cash Equivalents	1,571.00	1,478.80	1,252.04
Add : Cash and Cash Equivalents taken over pursuant to Business Acquisition	134.50	43.70	-
Less : Cash and Cash Equivalents on Demerger/Transfer/Dilution	-	(20.90)	(103.88)
Less : Adjustment for Cash and Cash Equivalents reclassification due to Revised Schedule VI	-	-	(1,494.28)
Closing Balance of Cash and Cash Equivalents	**3,590.20**	**1,571.00**	**1,478.80**
(including share in jointly controlled entities - Rs. 4.58 crore)			

Amount INR Million

Notes :	2011-12	2010-11	2009-10
1. Cash and Cash Equivalents			
Cash on Hand and Balances with Banks	4,640.10	2,686.30	1,469.72
Effect of Exchange Rate Changes	0.10	(0.00)	15.86
Opening balances of Fixed deposit (more than 3 months but less than 12 months)	-	(264.30)	-
Closing balances of Fixed deposit (more than 3 months but less than 12 months)	(2,548.20)	-	(640.15)
Other Bank Balances	(290.60)	(1,058.90)	(1.82)
Balances in Current Investments (Mutual funds)	1,788.80	207.90	2,125.81
Adjustment for Cash and Cash Equivalents reclassification due to Revised Schedule VI (Opening)	-	-	3.66
Adjustment for Cash and Cash Equivalents reclassification due to Revised Schedule VI (Closing)	-	-	(1,494.28)
Cash and Cash Equivalents	**3,590.20**	**1,571.00**	**1,478.80**
2. The above Cashflow Statement includes share of cashflows from jointly controlled entities as under:			
a. Net Cash from Operating Activities	138.70	130.20	(73.88)
b. Net Cash used in Investing Activities	(139.30)	(239.30)	(105.41)
c. Net Cash from Financing Activities	(59.70)	160.20	212.86
3. The figures of previous year have been regrouped / restated wherever necessary to confirm to current years presentation.			

As per our Report attached

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants

Daraius Z. Fraser
Partner

Mumbai, July 7, 2012

Signatures to Cash Flow Statement

For and on behalf of the Board

A. B. Godrej
Chairman

ANNEXURE 4 : CONSOLIDATED STATEMENT OF SHARE CAPITAL

Amount INR Million

		As on March 31,2012		As on March 31,2011		As on March 31,2010	
		Number	**Value**	**Number**	**Value**	**Number**	**Value**
Authorised Share Capital							
(a)	Equity shares of Re1 each	800,000,000	800.00	800,000,000	800.00	800,000,000	800.00
(b)	Unclassified Shares of Rs10 each	100,000,000	1,000.00	100,000,000	1,000.00	100,000,000	1,000.00
	Total		**1,800.00**		**1,800.00**		**1,800.00**
Issued, Subscribed and Paid up Share Capital							
(a)	Equity Shares of Re1 each fully paidup	317,624,892	317.62	317,624,892	317.62	317,624,892	317.62
(b)	Unclassified Shares of Rs10 each		-		-		-
	Total		**317.62**		**317.62**		**317.62**
Par Value of Equity Share is Re 1 each							
Par Value of Unclassified Share is Rs 10 each							
Rights, Preferences And Restrictions attached to Shares							
Equity Shares: The Company has one class of equity shares. Each equity share entitles the holder to one vote. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding.							
Share Holding Information							
(a)	Equity Shares held by Godrej & Boyce Manufacturing Company Limited - Holding Company	187,202,388	187.20	187,202,388	187.20	187,202,388	187.20
(b)	Shareholders holding more than 5% of Equity Shares in the Company						
	Godrej & Boyce Manufacturing Company Limited - 58.94% (Previous Year 58.94%)	187,202,388	187.20	187,202,388	187.20	187,202,388	187.20
Equity Shares Reserved for Issue Under Option							
(a)	120,599 Employee Stock Options eligible for 120,599 equity	120,599	0.12	-	-	-	-

		As on March 31,2012		As on March 31,2011		As on March 31,2010	
		Number	Value	Number	Value	Number	Value
	shares of Re1 each vesting on 31/05/12						
(b)	213,714 Employee Stock Options eligible for 213,714 equity shares of Re1 each vesting on 30/07/12	207,813	0.21	-	-	-	-
(c)	5,901 Employee Stock Options eligible for 5,901 equity shares of Re1 each vesting on 29/06/12	5,901	-	-	-	-	-
(d)	120,599EmployeeStockOptionseligiblefor120,599equitysharesof Re1eachvestingon 31/05/13	120,599	0.12	-	-	-	-
(e)	5,901 Employee Stock Options eligible for 5,901 equity shares of Re1 each vesting on 31/05/13	5,901	-	-	-	-	-
(f)	120,599 Employee Stock Options eligible for 120,599 equity shares of Re1 each vesting on 31/05/14	120,599	0.12	-	-	-	-
(g)	3,974 Employee Stock Options eligible for 3,974 equity shares of Re1 each vesting on 31/12/13	3,974	-	-	-	-	-
(h)	1,927 Employee Stock Options eligible for 1,927 equity shares of Re1each vesting on 30/04/14	1,927	-	-	-	-	-
	During the period of five years immediately preceding March31, 2012 as at which the Balance Sheet is prepared:						
(a)	There were no shares allotted as fully paid up pursuant to contracts without payment being received in cash.						
(b)	No shares have been allotted as fully paid up bonus shares.						
(c)	In the financial year 2009-10, the company bought back 2,133,710 Equity Shares.						
There are no calls unpaid.							
There are no forfeited shares.							

ANNEXURE 5 : CONSOLIDATED STATEMENT OF RESERVES AND SURPLUS

Amount INR Million

	As on March 31,2012		As on March 31,2011		As on March 31,2010	
Capital Investment Subsidy Reserve						
As Per Last Balance Sheet	7.10		7.10		7.10	
Additions During the year	2.41		-		-	
		9.51		**7.10**		**7.10**
Capital Redemption Reserve						
As Per Last Balance Sheet	314.63		314.63		312.50	
Additions During the year	-		-		2.13	
Utilisation during the year	-		-		-	
		314.63		**314.63**		**314.63**
Capital Reserve						
As Per Last Balance Sheet		**0.39**		**0.39**		**0.39**
Securities Premium Account						
As Per Last Balance Sheet	10,214.80		10,520.20		8,020.03	
Additions During the year	2,711.42		-		3,193.50	
Utilisation during the year	(114.00)		(313.90)		(693.33)	
Adjustment on Acquisition / Deletion (refer note below)	(805.44)		8.50		-	
		12,006.78		**10,214.80**		**10,520.20**
Revaluation Reserve						
As Per Last Balance Sheet	114.95		128.64		140.99	
Utilisation During the Year						
Depreciation on Revalued component and deduction due to sale / discard of fixed assets	(9.30)		(13.69)		(12.35)	
		105.65		**114.95**		**128.64**
Special Reserve u/s 45IC of RBI Act,1934						
As Per Last Balance Sheet	27.50		25.90		19.50	
Transfer from Surplus	2.20		1.60		6.40	
		29.70		**27.50**		**25.90**
Employee Stock Options Outstanding						
Compensation for Options Granted During the Year	120.11		-		-	
Less: Deferred Employee Stock Compensation	48.80		-		-	
		71.31		**-**		**-**
General Reserve						
As Per Last Balance Sheet	1,459.70		1,201.42		1,087.51	
Transfer from Surplus	365.50		305.40		227.84	
Utilisation during the year	(211.10)		(47.12)		(60.17)	

	As on March 31,2012		As on March 31,2011		As on March 31,2010	
Adjustment on Acquisition / Deletion	-		-		(53.76)	
		1,614.10		**1,459.70**		**1,201.42**
Foreign Exchnage Fluctuation Reserve						
As Per Last Balance Sheet	4.20		3.15		45.66	
Additions during the Year	55.86		3.15		(43.24)	
Adjustment on Acquisition / Deletion	-		(2.10)		0.73	
		60.06		**4.20**		**3.15**
Surplus						
As Per Last Balance Sheet	6,844.81		5,136.85		4,125.42	
Additions During the year - As per Statement of Profit and Loss	2,916.10		2,933.90		2,032.47	
Excess Provision of Proposed Dividend Written Back	-		-		2.61	
Excess Provision of Tax on Distributed Profit Written Back	-		-		0.44	
Utilisation during the year						
Proposed Dividend - Final	(556.43)		(555.84)		(476.44)	
Tax on Distributed Profit	(182.80)		(166.00)		(132.79)	
Transfer to Special Reserve	(2.20)		(1.60)		(6.40)	
Transfer to General Reserve	(365.50)		(305.40)		(227.84)	
Adjustment on Acquisition / Deletion	486.48		(197.10)		(180.62)	
		9,140.46		**6,844.81**		**5,136.85**
Total		**23,352.59**		**18,988.08**		**17,338.28**

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

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

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

The Cost and expenses arising out of or incurred in carrying out and implementing the scheme amounting Rs.2.3 Million have been directly charged against the balance in General Reserve Account of the Transferee Company.
Amortisation amounting to Rs 21.3 Million on Intangible Assets of the Transferor Companies recorded in the books of the Transferee Company are charged against the balance in the General Reserve Account of the Transferee Company. The Gross Book value of these Assets now held by the transferee Company is Rs. 425.1 Million.

The excess of book value of the net assets of the Transferor Company taken over, amounting to Rs. 605.50 Million over the face value of the shares held by the transferee Company has been credited to the Securities Premium Account as per the Scheme.

Provision created against the loan advanced to the ESOP Trust of the Company amounting to Rs. 200.00 Million has been directly charged against the balance in the Securities Premium Account of the Transferee Company.

ANNEXURE 6 : CONSOLIDATED STATEMENT OF LONG TERM BORROWINGS

Amount INR Million

	As on March 31,2012		As on March 31,2011		As on March 31,2010	
Secured						
(a) Debentures (Refer Note 1 below)		426.30		215.60		215.60
(b) Term Loans						
(i) From Bank (Refer Note 2 below)	833.32		894.60		487.30	
(ii) From Others (Refer Note 3 below)	7,020.00		-		692.40	
		7,853.32		**894.60**		**1,179.70**
(c) Long Term Maturities of Finance Lease Obligations		-		0.10		1.44
Unsecured						
(a) Term Loans						
(i) From Banks (Refer Note 4 below)		1,142.40		875.00		500.00
(b) Deferred Payment Liabilities (Refer note 5 below)		46.67		46.67		46.67
(c) Deposits						
(i) Fixed Deposit (Refer note 6 below)		2,270.70		1,912.38		1,581.93
(d) Loans And Advances From Related Parties		-		26.90		-
Share in Jointly Controlled Entities		137.38		149.75		378.48
Total		**11,876.77**		**4,121.00**		**3,903.82**

Notes :

1 (a) 1,592,500 1% secured optionally convertible debentures of Rs. 10/- each are redeemable at the end of the 7 years from the deemed date of allotment and are secured to the extent of specific immovable assets .

(b) 267,000, 12% Compulsorily Convertible Debentures of face value of Rs. 1,000/- each on December 29, 2011. These debentures are compulsorily convertible at the end of 10 years from the date of allotment. These debentures are convertible into 50,000 Equity Shares of Rs.10 each in accordance with the terms of the issue. The interest shall accrue on a quarterly basis.

2 (a) The Term Loan taken from SBI is secured against share of undivided interest in the project Godrej Genesis at Kolkata. Repayable in two installments Rs. 350.00 Million on June 2014 and Rs. 347.50 Million on Sept 2014. Interest rate is Base Rate + 3.75% payable monthly. Effective Rate of Interest as on 31.03.2012 is 13.75% p.a.

(b) Loan of Rs.35.82 Million is repayable in 42 monthly installments of Rs.0.83 Million each and 1 installment of Rs.0.79 Million from the date of the first disbursement (March 02, 2012) carrying interest @ 11.95% p.a.

(c) Loan of Rs.100.00 Million repayable within 7 years (with a morotorium period of 2 years) in 59 monthly installments of Rs.1.67 Million each and 1 installment of Rs.1.59 Million from the date of the first disbursement (October 21, 2011) carrying interest @ 11.95% pa.

(d) Term loans from a Bank is secured by hypothecation of stocks, book debts and moveable fixed assets including leasehold improvements.

3 Secured term loan from HDFC Ltd: Total Sanction amount Rs. 7500.00 Million bearing interest @ HDFC BPLR – 485 BPS and secured by way of exclusive/ mortgage and charge of movable and immovable property of the project at Bandra Kurla Complex at Mumbai. Repayment from 6th month from the date of disbursement.

4 (a) Unsecured loan from Bank amounting to Rs 125.00 Million having rate of interest of 8.9% pa for a term of 36 months ending in June 2013.

(b) Unsecured loan from Bank amounting to Rs 1017.40 Million having rate of interest at LIBOR+ 2.17 % is for a term of 36 months and is reapayable from March 2015 to September 2016.

5 Sales Tax Deferment is availed under the scheme floated by the Directorate of Industries, Government of Andhra Pradesh. Loan repayment shall be performed as per the scheme from March 2014 to March 2022.
6 Fixed deposits from public have a maturity period of 13, 24 or 36 months.

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

ANNEXURE 7: CONSOLIDATED STATEMENT OF DEFERRED TAX LIABILITIES

Amount INR Million

	As on March 31,2012	**As on March 31,2011**	**As on March 31,2010**
Liabilities			
(a) Depreciation	704.10	690.80	659.07
Assets			
(a) Provision for Retirement Benefits	15.40	16.70	22.50
(b) Provision for Doubtful Debts / Advances	66.77	71.80	54.76
(c) VRS Expenses	5.50	10.30	21.50
(d) Others	52.60	67.40	46.71
Share in Jointly Controlled Entities	2.80	0.40	0.25
Total	**566.63**	**525.00**	**513.85**

ANNEXURE 8: CONSOLIDATED STATEMENT OF OTHER LONG TERM LIABILITIES

Amount INR Million

	As on March 31,2012	As on March 31,2011	As on March 31,2010
Deposits	15.70	5.80	0.12
Interest Accrued But Not Due	47.00	36.50	34.59
Total	**62.70**	**42.30**	**34.71**

ANNEXURE 9: CONSOLIDATED STATEMENT OF LONG TERM PROVISIONS

Amount INR Million

	As on March 31,2012	As on March 31,2011	As on March 31,2010
Provision For Employee Benefits	107.00	101.70	122.58
Share in Jointly Controlled Entities	26.07	43.90	20.25
Total	**133.07**	**145.60**	**142.83**

ANNEXURE 10 : CONSOLIDATED STATEMENT OF SHORT TERM BORROWINGS

Amount INR Million

	As on March 31,2012	**As on March 31,2011**	**As on March 31,2010**
Secured			
(a) Loans Repayable On Demand			
(i) From Bank - Refer note (1) below	3,722.20	4,621.20	2,042.21
(ii) Others	-	136.70	-
Unsecured			
(a) Loans Repayable On Demand			
(i) From Bank - Refer Note (2) below	7,441.50	4,534.10	115.39
(ii) From Others	-	-	2,400.00
(b) Loans and Advances From Related Parties	-	-	60.00
(c) Deposits			
(i) Other Deposits	65.00	89.00	-
(d) Other Loans and Advances			
(i) Commercial Papers	750.00	950.00	850.00
Share in Jointly Controlled Entities	930.43	414.30	532.84
Total	**12,909.13**	**10,745.30**	**6,000.44**

Notes :

1 (a) Working capital facilities sanctioned by banks under consortium arrangement are secured by hypothecation of stocks and book debts.

(b) Secured Loans availed from State Bank of India is secured by Equitable Mortgage of immovable property of Project at Juhu, Mumbai and by exclusive First Charge by way of hypothecation of the current assets of one of it's subsidiaries and carries interest at Base Rate + 4.75% p.a. in case of Cash credit and 11.25% to 11.30% for Working Capital Demand Loan.

2 (a) Other loans of Rs. 2500.00 Million availed from Central Bank of India carries interest at Base Rate + 0.50% p.a. Repayable in 364 days from the date of each drawdown.

(b) Rs. 2000.00 Million availed from Canara Bank Ltd. carries interest at Base Rate + 1.25% p.a. Repayable in 12 month from the date of each drawdown.

(c) Rs.1500.00 Million availed from Punjab & Sind Bank carries interest at Base Rate + 0.50% p.a. Repayable in 12 month from the date of drawdown.

(d) Term Loans from Bank are at an Interest Rate of 10.00 % to 10.75%. These loans are repayable on different dates ranging from 1 month to 6 months from the date of the Financial Statements.

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

ANNEXURE 11 : CONSOLIDATED STATEMENT OF TRADE PAYABLES

Amount INR Million

	As on March 31,2012	**As on March 31,2011**	**As on March 31,2010**
Trade Payables			
(a) Outstanding dues of Micro and Small Enterprise (refer note 1)	17.00	5.30	8.53
(b) Others	16,085.27	6,455.60	3,412.28
Acceptances	2,830.30	1,541.80	1,253.34
Share in Jointly Controlled Entities	280.95	195.00	148.38
Total	**19,213.52**	**8,197.70**	**4,822.53**

Note:

(1) Disclosure of outstanding dues of Micro and Small Enterprise under Trade Payables is based on the information available with the Company regarding the status of the suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006. There is no amount overdue as on March 31, 2012 to Micro, Small and Medium Enterprises on account of principal or interest . (previous year – Rs. Nil)

ANNEXURE 12 : CONSOLIDATED STATEMENT OF OTHER CURRENT LIABILITIES

Amount INR Million

	As on March 31,2012		As on March 31,2011		As on March 31,2010	
Current Maturities of Long Term Debts						
(a) Secured Loan						
(i) From Bank	800.00		250.00		1,880.66	
(ii) 5,635,000, 1% Secured Redeemable optionally Convertible Debentures	56.40		-		-	
(iii) From Others - refer note (1) below	-		650.00		1,000.00	
	856.40		900.00		2,880.66	
(b) Unsecured Loan						
(i) From Bank	1,700.00		1,475.00		1,750.00	
(c) Unsecured Deposit						
(i) Fixed Deposit	1,294.30		312.50		141.22	
Current Maturities of Finance Lease Obligations	10.11		6.10		4.86	
		3,860.81		**2,693.60**		**4,776.74**
Interest Accrued but not Due on Borrowings		47.10		32.90		49.90
Interest accrued and due on borrowings		-		-		2.78
Unpaid Dividends		2.80		2.30		1.72
Unpaid Matured Deposit						
(a) Principal Amount	24.70		3.70		1.23	
(b) Interest Accrued Thereon	0.10		0.30		0.50	
		24.80		**4.00**		**1.73**
Other Payables						
(a) Advances from Customers	878.10		387.60		350.89	
(b) Foreign Exchange Contracts	1,303.20		1,305.20		639.37	
(c) Due to Management Projects	67.80		210.70		128.85	
(d) Debenture Application Money	117.60		-		-	
(e) Deposits	287.70		262.00		246.26	
(f) Other Liabilities	1,369.91		878.00		920.10	
		4,024.31		**3,043.50**		**2,285.47**
Share in Jointly Controlled Entities		239.28		357.30		328.77
Total		**8,199.10**		**6,133.60**		**7,447.11**

Note:

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

ANNEXURE 13 : CONSOLIDATED STATEMENT OF SHORT TERM PROVISIONS

Amount INR Million

	As on March 31,2012	As on March 31,2011	As on March 31,2010
Provision For Employee Benefits	48.89	60.40	68.79
Proposed Dividend (refer note 1)	556.43	555.84	476.44
Provision for Tax on Distributed Profit	128.30	166.00	132.79
Provision for Tax	21.78	111.20	70.47
Share in Jointly Controlled Entities	11.81	24.40	28.13
Total	**767.21**	**917.84**	**776.62**

Note:

(1) The Board of Directors of the Company has proposed a dividend of Rs 1.75 - (175 %)(previous year Rs 1.75 (175 %)) per equity share for the year 2011-12 amounting to a total out-go of Rs 556.43 Million (previous year Rs 555.84 Million) .

ANNEXURE 14A : CONSOLIDATED STATEMENT OF FIXED ASSETS

Amount INR Million

ASSETS	GROSS BLOCK				DEPRECIATION / IMPAIRMENT				NET BLOCK	
	As on 01.04.2011	Additions	Deductions/ Adjustments	As on 31.3.2012	Upto 31.03.2011	Deductions/ Adjustments	For the Year	Upto 31.3.2012	As on 31.3.2012	As on 31.03.2011
Tangible Assets										
(a) Land										
(i) Freehold	238.60	24.00	-	**262.60**	-	-	-	**-**	**262.60**	238.60
(ii) Leasehold	224.30	51.10	-	**275.40**	5.70	-	2.80	**8.50**	**266.90**	218.60
(b) Buildings	1,786.00	219.20	2.20	**2,003.00**	452.40	0.80	67.20	**518.80**	**1,484.20**	1,333.60
(c) Plant and Equipment	5,754.10	506.10	79.80	**6,180.40**	3,426.50	53.00	307.10	**3,680.60**	**2,499.80**	2,327.60
(d) Research Centre	5.00	1.00	0.20	**5.80**	2.60	0.20	0.30	**2.70**	**3.10**	2.40
(e) Furniture and Fixtures	204.30	28.70	1.90	**231.10**	102.50	1.40	16.20	**117.30**	**113.80**	101.80
(f) Office and Other Equipment	228.40	57.50	8.90	**277.00**	82.30	2.70	14.60	**94.20**	**182.80**	146.10
(g) Vehicles / Vessels										
(i) Own	385.10	57.40	29.40	**413.10**	102.80	17.40	36.60	**122.00**	**291.10**	282.30
(ii) Under Finance Lease	10.50	-	5.80	**4.70**	9.60	5.80	0.80	**4.60**	**0.10**	0.90
(h) Tree Development Cost	18.50	-	(23.00)	**41.50**	12.10	(10.30)	4.20	**26.60**	**14.90**	6.40
(i) Share in Jointly Controlled Entities	1,258.60	261.20	19.80	**1,500.00**	465.80	50.50	91.70	**507.00**	**993.00**	792.80
Total Tangible Assets	**10,113.40**	**1,206.20**	**125.00**	**11,194.60**	**4,662.30**	**121.50**	**541.50**	**5,082.30**	**6,112.30**	**5,451.10**
Intangible Assets										

ASSETS	GROSS BLOCK				DEPRECIATION / IMPAIRMENT				NET BLOCK	
	As on 01.04.2011	Additions	Deductions/ Adjustments	As on 31.3.2012	Upto 31.03.2011	Deductions/ Adjustments	For the Year	Upto 31.3.2012	As on 31.3.2012	As on 31.03.2011
(a) Trademarks	89.60	-	(381.80)	**471.40**	55.70	(118.20)	-	**173.90**	**297.50**	33.90
(b) Technical Knowhow Fees	20.00	-	-	**20.00**	20.00	-	-	**20.00**	**-**	-
(c) Software	222.90	10.20	-	**233.10**	123.30	-	26.20	**149.50**	**83.60**	99.60
(d) Share in Jointly Controlled Entities	100.90	1.00	-	**101.90**	81.10	-	5.20	**86.30**	**15.60**	19.80
Total Intangible Assets	**433.40**	**11.20**	**(381.80)**	**826.40**	**280.10**	**(118.20)**	**31.40**	**429.70**	**396.70**	**153.30**
TOTAL - Current Year	**10,546.80**	**1,217.40**	**(256.80)**	**12,021.00**	**4,942.40**	**3.30**	**572.90**	**5,512.00**	**6,509.00**	
- Previous Year	9,250.80	1,787.80	491.80	10,546.80	4,484.10	102.20	560.50	4,942.40		5,604.40
Capital Work In Progress									**2,136.70**	**300.60**
								Total	**8,645.70**	**5,905.00**

Notes:

1. Buildings, Plant and Equipment and Research Centre at Vikhroli Factory were revalued on 30th June, 1992, on the basis of a valuation report submitted by professional valuers.
2. Depreciation for the year includes Rs. 9.40 Million being depreciation on revalued component of the fixed assets.
3. Gross block deductions includes Rs. 0.10 Million being the revalued component of assets sold/discarded during the year.
4. Accumulated depreciation includes impairment loss of Rs.51.00 Million on certain Plant and Equipment .
5. Capital work-in-progress is net of impairment loss of Rs. 20.40 Million provided on an infructuous asset under construction.

ANNEXURE 14B : CONSOLIDATED STATEMENT OF FIXED ASSETS

Amount INR Million

ASSETS	GROSS BLOCK				DEPRECIATION / IMPAIRMENT				NET BLOCK	
	As on 01.04.2010	Additions	Deductions/ Adjustments	As on 31.3.2011	Upto 31.03.2010	Deductions/ Adjustments	For the Year	Upto 31.3.2011	As on 31.3.2011	As on 31.03.2010
Tangible Assets										
(a) Land										
(i) Freehold	138.50	103.90	3.80	**238.60**	-	-	-	**-**	**238.60**	138.50
(ii) Leasehold	36.00	186.90	(1.40)	**224.30**	3.50	-	2.20	**5.70**	**218.60**	32.50
(b) Buildings	1,275.40	613.80	103.20	**1,786.00**	393.40	4.70	63.70	**452.40**	**1,333.60**	882.00
(c) Plant and Equipment	5,480.50	343.90	70.30	**5,754.10**	3,132.10	20.40	314.80	**3,426.50**	**2,327.60**	2,348.40
(d) Research Centre	14.60	-	9.60	**5.00**	7.40	5.10	0.30	**2.60**	**2.40**	7.20
(e) Furniture and Fixtures	186.50	34.50	16.70	**204.30**	98.30	9.20	13.40	**102.50**	**101.80**	88.20
(f) Office and Other Equipment	207.70	42.90	22.20	**228.40**	87.80	17.60	12.10	**82.30**	**146.10**	119.90
(g) Vehicles / Vessels										
(i) Own	323.60	80.60	19.10	**385.10**	80.70	11.00	33.10	**102.80**	**282.30**	242.90
(ii) Under Finance Lease	27.80	-	17.30	**10.50**	23.50	16.50	2.60	**9.60**	**0.90**	4.30
(h) Tree Development Cost	11.70	6.80	-	**18.50**	6.00	(3.10)	3.00	**12.10**	**6.40**	5.70
(i) Share in Jointly Controlled Entities	1,116.17	256.90	114.47	**1,258.60**	368.65	(31.71)	65.44	**465.80**	**792.80**	747.52
Total Tangible Assets	**8,818.47**	**1,670.20**	**375.27**	**10,113.40**	**4,201.35**	**49.69**	**510.64**	**4,662.30**	**5,451.10**	**4,617.12**
Intangible Assets										

ASSETS	GROSS BLOCK				DEPRECIATION / IMPAIRMENT				NET BLOCK	
	As on 01.04.2010	Additions	Deductions/ Adjustments	As on 31.3.2011	Upto 31.03.2010	Deductions/ Adjustments	For the Year	Upto 31.3.2011	As on 31.3.2011	As on 31.03.2010
(a) Trademarks	118.00	73.40	101.80	**89.60**	53.20	2.60	5.10	**55.70**	**33.90**	64.80
(b) Technical Knowhow Fees	20.00	-	-	**20.00**	20.00	-	-	**20.00**	**-**	-
(c) Software	179.40	44.20	0.70	**222.90**	98.70	0.30	24.90	**123.30**	**99.60**	80.70
(d) Share in Jointly Controlled Entities	114.93	-	14.03	**100.90**	110.85	49.61	19.86	**81.10**	**19.80**	4.08
Total Intangible Assets	**432.33**	**117.60**	**116.53**	**433.40**	**282.75**	**52.51**	**49.86**	**280.10**	**153.30**	**149.58**
TOTAL - Current Year	**9,250.80**	**1,787.80**	**491.80**	**10,546.80**	**4,484.10**	**102.20**	**560.50**	**4,942.40**	**5,604.40**	
- Previous Year	8,690.82	938.84	378.86	9,250.80	4,181.16	208.70	511.64	4,484.10		4,766.70
Capital Work In Progress									**300.60**	**389.10**
								Total	**5,905.00**	**5,155.80**

Notes:

1. Buildings, Plant and Equipment and Research Centre at Vikhroli Factory were revalued on 30th June, 1992, on the basis of a valuation report submitted by professional valuers.
2. Depreciation for the year includes Rs. 9.90 Million being depreciation on revalued component of the fixed assets.
3. Gross block deductions includes Rs. 7.20 Million being the revalued component of assets sold/discarded during the year.
4. Accumulated depreciation includes impairment loss of Rs.51 Million on certain Plant and Equipment .
5. Capital work-in-progress is net of impairment loss of Rs. 20.40 Million provided on an infructuous asset under construction.

ANNEXURE 14C : CONSOLIDATED STATEMENT OF FIXED ASSETS

Amount INR Million

ASSETS	GROSS BLOCK				DEPRECIATION / IMPAIRMENT				NET BLOCK	
	As on 01.04.2009	Additions	Deductions/ Adjustments	As on 31.3.2010	Upto 31.03.2009	Deductions/ Adjustments	For the Year	Upto 31.3.2010	As on 31.3.2010	As on 31.03.2009
Tangible Assets										
(a) Land										
(i) Freehold	98.90	39.59	(0.01)	**138.50**	0.41	0.41	-	**-**	**138.50**	98.49
(ii) Leasehold	17.08	18.89	(0.03)	**36.00**	2.74	(0.37)	0.39	**3.50**	**32.50**	14.34
(b) Buildings	947.40	329.48	1.48	**1,275.40**	347.49	(2.89)	43.02	**393.40**	**882.00**	599.91
(c) Plant and Equipment	5,239.83	314.50	73.83	**5,480.50**	2,903.63	70.62	299.09	**3,132.10**	**2,348.40**	2,336.20
(d) Research Centre	16.41	0.02	1.83	**14.60**	8.04	1.13	0.49	**7.40**	**7.20**	8.37
(e) Furniture and Fixtures	176.84	23.11	13.45	**186.50**	94.39	8.40	12.31	**98.30**	**88.20**	82.45
(f) Office and Other Equipment	185.64	34.47	12.41	**207.70**	81.92	5.36	11.24	**87.80**	**119.90**	103.72
(g) Vehicles / Vessels										
(i) Own	326.60	13.81	16.81	**323.60**	63.71	10.83	27.82	**80.70**	**242.90**	262.89
(ii) Under Finance Lease	30.66	-	2.86	**27.80**	20.19	2.05	5.36	**23.50**	**4.30**	10.47
(h) Tree Development Cost	11.70	-	-	**11.70**	3.99	(0.01)	2.00	**6.00**	**5.70**	7.71
(i) Share in Jointly Controlled Entities	1,283.94	88.37	256.14	**1,116.17**	411.91	110.09	66.83	**368.65**	**747.52**	872.03
Total Tangible Assets	**8,335.00**	**862.24**	**378.77**	**8,818.47**	**3,938.42**	**205.62**	**468.55**	**4,201.35**	**4,617.12**	**4,396.58**
ASSETS				**GROSS BLOCK**				**DEPRECIATION / IMPAIRMENT**		**NET BLOCK**
	As on 01.04.2009	**Additions**	**Deductions/ Adjustments**	**As on 31.3.2010**	**Upto 31.03.2009**	**Deductions/ Adjustments**	**For the Year**	**Upto 31.3.2010**	**As on 31.3.2010**	**As on 31.03.2009**

ASSETS	GROSS BLOCK				DEPRECIATION / IMPAIRMENT				NET BLOCK	
	As on 01.04.2009	**Additions**	**Deductions/ Adjustments**	**As on 31.3.2010**	**Upto 31.03.2009**	**Deductions/ Adjustments**	**For the Year**	**Upto 31.3.2010**	**As on 31.3.2010**	**As on 31.03.2009**
(a) Trademarks	118.05	-	0.05	**118.00**	44.99	0.01	8.22	**53.20**	**64.80**	73.06
(b) Technical Knowhow Fees	20.00	-	-	**20.00**	20.00	-	-	**20.00**	**-**	-
(c) Software	105.72	73.72	0.04	**179.40**	82.95	0.08	15.83	**98.70**	**80.70**	22.77
(d) Share in Jointly Controlled Entities	112.05	2.88	-	**114.93**	94.80	2.99	19.04	**110.85**	**4.08**	17.25
Total Intangible Assets	**355.82**	**76.60**	**0.09**	**432.33**	**242.74**	**3.08**	**43.09**	**282.75**	**149.58**	**113.08**
TOTAL - Current Year	**8,690.82**	**938.84**	**378.86**	**9,250.80**	**4,181.16**	**208.70**	**511.64**	**4,484.10**	**4,766.70**	
- Previous Year	9,126.20	603.51	1,038.89	8,690.82	4,154.31	456.79	483.64	4,181.16		4,509.66
Capital Work In Progress									**347.91**	**245.45**
Intangible Assets Under Development									**24.05**	**-**
								Total	**5,138.66**	**4,755.11**

Notes:

1. Buildings, Plant and Equipment and Research Centre at Vikhroli Factory were revalued on 30th June, 1992, on the basis of a valuation report submitted by professional valuers.
2. Depreciation for the year includes Rs. 9.96 Million being depreciation on revalued component of the fixed assets.
3. Gross block deductions includes Rs. 0.83 Million being the revalued component of assets sold/discarded during the year.
4. Accumulated depreciation includes impairment loss of Rs.54.03 Million on certain Plant and Equipment .
5. Capital work-in-progress is net of impairment loss of Rs. 20.40 Million provided on an infructuous asset under construction.

ANNEXURE 15 : CONSOLIDATED STATEMENT OF NON CURRENT INVESTMENTS

Investee Company / Entity	Face value (Rs.)	Number			Notes	Amount INR Million					
		2011-12	2010-11	2009-10		As on March 31,2012		As on March 31,2011		As on March 31,2010	
Trade Investments (Valued at cost unless stated otherwise)											
1 Investment in Equity Instruments (Fully paid unless stated otherwise)											
(a) Investment in Associate Companies											
(i) Quoted											
Godrej Consumer Products Ltd.	1	71,989,620	69,794,620	72,444,620	(a)		8,452.10		6,466.51		5,889.06
(ii) Unquoted											
Swadeshi Detergents Ltd.	10	209,370	209,370	209,370			-		-		-
Personalitree Academy Ltd.	10	389,269	389,269	389,269		11.00		11.00		11.00	
Less: Provision for Diminution in the Value of Investment						(11.00)		(11.00)		(11.00)	
							-		-		-
Creamline Dairy Products Ltd.	10	2,671,993	2,671,993	2,671,993			213.00		192.21		168.94
Polchem Hygiene Laboratories Pvt. Ltd.	10	455,000	455,000	455,000			38.90		35.41		30.70
(b) Others											
(i) Quoted											
M*Modal Inc. (Formerly MedQuist Holdings Inc.)	$0.10	1,792,132	2,138,786	9,604,540			359.20		425.50		425.83
Mafatlal Industries Limited	10	90,589	101,904	114,334			6.40		7.80		8.73
Castrol India Ltd.	10	-	-	1,207			-		-		0.31
Colgate Palmolive	1	-	-	840			-		-		0.31
Others							0.10		0.11		-
(ii) Unquoted											
Bharuch Eco-Aqua Infrastructure Ltd.	10	440,000	440,000	440,000		4.40		4.40		4.40	
Less: Provision for Diminution in the Value of						(4.40)		(4.40)		(4.40)	

Investee Company / Entity	Face value (Rs.)	Number			Notes	Amount INR Million					
		2011-12	2010-11	2009-10		As on March 31,2012		As on March 31,2011		As on March 31,2010	
Investment											
							-		-		-
Avesthagen Ltd.	7	469,399	469,399	202,203			108.10		108.10		108.10
CBay Infotech Ventures Pvt. Ltd.	10	112,579	112,579	32,258			23.30		23.30		10.00
Gharda Chemicals Ltd.	100	114	114	114	(b)		1.20		1.20		1.20
HyCa Technologies Pvt. Ltd.	10	12,222	12,222	12,222			12.50		12.50		12.50
Tahir Properties Ltd (Partly paid) *	100	25	25	25	(c)		-		-		-
Boston Analytics Inc.	$1	1,055,629	1,067,754	1,055,629		68.80		68.80		68.80	
Less: Provision for Diminution in the Value of Investment						(68.80)		(68.80)		(66.49)	
							-		-		2.31
CBay Systems Ltd., USA	$0.01	-	4,091,073	4,091,073		-		25.40		25.40	
Less: Provision for Diminution in the Value of Investment						-		(25.40)		(25.40)	
							-		-		-
The Saraswat Co-op Bank Ltd. *	10	1,000	1,000	3,500			-		-		0.03
Sachin Industrial Co-operative Society Limited	500	-	-	3			-		-		0.01
KarRox Technologies Pvt Ltd.	10	125,000	250,000	250,000			5.00		10.10		10.10
Selac Agroventures Pvt Ltd	10	250,000	-	-			2.50		-		-
Aadhaar Retailing Limited	10	6,080,000	4,465,000	4,465,000			290.70		233.70		209.95
New Market Limited	£1	100	100	100			104.50		91.60		92.27
2 Investment in Preference Shares (Fully paid unless stated otherwise)											
(a) Others											
(i) Unquoted											
Wadala Commodities Ltd. (8% Redeemable Cumulative Preference Shares, 2012)	10	5,000,000	5,000,000	5,000,000	(c)	45.00		45.00		45.00	
Less: Provision for						(45.00)		(45.00)		(45.00)	

Investee Company / Entity	Face value (Rs.)	Number				Amount INR Million					
		2011-12	2010-11	2009-10	Notes	As on March 31,2012		As on March 31,2011		As on March 31,2010	
Diminution in the Value of Investment											
							-		-		
Tahir Properties Ltd (Class - A) (partly paid) *	100	25	25	25	(c)		-		-		-
Verseon Corporation - Class A Preferred Shares	$1.90	2,631,578	2,631,578	2,631,578		114.20		114.20		114.20	
Less: Provision for Diminution in the Value of Investment						(78.00)		(78.00)		(78.00)	
							36.20		36.20		36.20
3 Investment in Partnership Firm											
View Group LP *		-	-	-	(d)	-		-		-	
Less: Provision for Diminution in the Value of Investment						-		-		-	
							-		-		-
4 Other Non Current Investments											
(a) Limited Liability Partnership											
Crop Science Advisors LLP		-	-	-			0.10		-		-
(b) Optionally Convertible Loan Notes/Promissory Notes/Debentures :											
(i) Unquoted :											
Verseon Corporation (13%)	$1,000,000	-	-	-	(e)		-		39.80		39.80
(c) Investment in Units of Venture Capital Fund											
Omnivore India Capital Trust	100000	450	-	-			45.00		-		-
TOTAL							**9,698.80**		**7,684.04**		**7,046.35**
Aggregate Amount of Quoted Investments							8,817.80		6,899.92		6,323.62
Aggregate Amount of Unquoted Investments							881.00		784.12		722.73
Aggregate Provision for Diminution in the Value of Investments							207.20		232.60		230.29

Investee Company / Entity	Face value (Rs.)	Number				Amount INR Million					
		2011-12	2010-11	2009-10	Notes	As on March 31,2012		As on March 31,2011		As on March 31,2010	
Market Value of Quoted Investments							35,500.70		58,995.20		19,438.90
* Amount less than Rs. 0.01 Million											

NOTES:

(a) Previous year 65,00,000 equity shares in Godrej Consumer Products Limited had been pledged as security against loan and 52,34,852 equity shares received under a Scheme of Arrangement are locked in till November 24, 2012.

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

(c) Uncalled Liability on partly paid shares
Tahir Properties Ltd. - Equity - Rs. 80 per share.
Tahir Properties Ltd. - Preference - Rs. 30 per share.
Wadala Commodities Limited - Preference - Re. 1 per share.

(d) Information on partnership firm - View Group

Sr. No.	Name of the partner		% Holding Current Year	% Holding Previous Year
1	Mr. Robert Buirkle	USA	13.08%	13.08%
2	Mr. John H. Gutfreund	USA	13.08%	13.08%
3	Bonsal Trust	USA	6.54%	6.54%
4	Free Market Capital L.P.	USA	4.83%	4.83%
5	Kilbane Development SA	Monaco	6.54%	6.54%
6	Mazda Partners LP	USA	8.96%	8.96%
7	Ms. Mrinalini Jaikumar	USA	1.96%	1.96%
8	Mr. John Pries	USA	2.62%	2.62%
9	Mr. Marti Subrahmanyam	USA	1.96%	1.96%
10	R. Gregg Stone Trust	USA	1.28%	1.28%
11	Mr. Robert G. Stone, Jr.	USA	1.28%	1.28%
12	Mr. Michael R. Greenberg	USA	3.27%	3.27%
13	Mr. Paul D. Sonz	USA	1.24%	1.24%
14	VIEW Group Grantor Retained Annuity Trust	USA	2.03%	2.03%
15	BKE Partners L.P.	USA	4.83%	4.83%
16	VIEW LP Holding, Inc.	USA	4.83%	4.83%
17	Schwartz and Nystrom, as escrow agent	USA	9.66%	9.66%

Sr. No.	Name of the partner		% Holding Current Year	% Holding Previous Year
18	Godrej Industries Limited	India	12.00%	12.00%
	Total		**100.00%**	**100.00%**

(e) Optionally Convertible Notes issued by Verseon Corporation – are convertible after December 1, 2008 until the due date but not later than September 15, 2012. In current year, the Investment is considered as current investment and disclosed in Annexure 19.

ANNEXURE 16 : CONSOLIDATED STATEMENT OF DEFERRED TAX ASSETS

Amount INR Million

	As on March 31,2012	As on March 31,2011	As on March 31,2010
Liabilities			
(a) Depreciation	(6.60)	(3.60)	0.69
Assets			
(a) Provision for Retirement Benefits	0.30	0.40	0.37
(b) Others	28.40	9.10	6.32
Total	**35.30**	**13.10**	**6.00**

ANNEXURE 17 : CONSOLIDATED STATEMENT OF LONG TERM LOANS AND ADVANCES

Amount INR Million

	As on March 31,2012		As on March 31,2011		As on March 31,2010	
Secured and considered Good						
Loans and Advances						
Considered Good (refer note 1 & 2)	103.30		103.30		103.30	
Considered Doubtful	31.50		31.50		31.50	
Less: Provision for Doubtful Loans	(31.50)		(31.50)		(31.50)	
		103.30		103.30		103.30
Unsecured and Considered Good						
(Unless otherwise stated)						
(a) Capital Advances		348.94		89.70		49.80
(b) Deposits		172.30		101.10		79.50
(c) Inter Corporate Deposits		38.50		-		40.00
(d) Loans And Advances to Related Parties		21.00		128.40		202.35
(e) Other Loans and Advances						
(i) Advances to suppliers		-		-		19.07
(i) Loan to ESOP Trust		347.10		1,940.10		1,852.48
(ii) Loans to Employees		12.76		8.20		10.51
(iii) Interest Accrued on Loan		-		60.30		0.92
(iv) Advance Tax and Tax Deducted at Source		-		106.70		322.57
(v) MAT Credit Entitlement		568.00		392.00		117.14
(vi) Government Authorities		-		-		1.21
(vii) Other Loans		2.14		9.10		45.13
Share in Jointly Controlled Entities		245.11		226.00		220.22

	As on March 31,2012		As on March 31,2011		As on March 31,2010	
Total		**1,859.15**		**3,164.90**		**3,064.20**

Notes:

1 Loans and Advances include Rs. 103.30 Million advanced by the Company to certain individuals against pledge by way of deposit of equity shares of Gharda Chemicals Ltd. The Company has enforced its security and lodged the shares for transfer in its name, however, the transfer application has been rejected by Gharda Chemicals Ltd. and the Company filed an appeal before the Company Law Board (CLB) against the rejection. The investee company had in the meanwhile, moved the Bombay High Court and the Court remanded the matter back to CLB. The CLB has advised that the parties may approach the Bench after final disposal of the suit filed by the investee company and the application made by minority shareholders under section 397/398 before the Hon'ble High Court. The Company has filed an appeal with the Hon'ble High Court against the order of the Company Law Board under section 10 F of the Companies Act, which is pending for final disposal. In the meanwhile, the minority share holder have been restrained from transferring shares to a third party.

2 Interest on the aforesaid loan amounting to Rs. 31.5 Million 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.

ANNEXURE 18 : CONSOLIDATED STATEMENT OF OTHER NON CURRENT ASSETS

Amount INR Million

	As on March 31,2012	As on March 31,2011	As on March 31,2010
Unamortised Preliminary Expenses	0.16	0.20	-
Claims /Expenses Recoverable	19.10	18.60	18.03
Others - Deposit with Banks	13.50	49.00	6.31
Share in Jointly Controlled Entities	4.29	7.20	1.90
Total	**37.05**	**75.00**	**26.24**

Notes:

1 Share in Jointly Controlled Entity includes Fixed deposit of Rs. 2.90 Million, held by bank as security against guarantees issued.

ANNEXURE 19 : CONSOLIDATED STATEMENT OF CURRENT INVESTMENTS

Amount INR Million

Investee Company / Entity	Notes	As on March 31,2012		As on March 31,2011		As on March 31,2010	
1 Investment in Mutual Funds							
(a) **Units of Mutual Fund :**							
Unquoted							
DWS Insta Cash Plus Fund Super Institutional Plan Growth			-		40.00		-
Kotak Liquid (Institutional Premium) - Growth			-		17.50		-
Kotak Floater - LT - Daily Dividend Reinvest			27.23		-		353.30
ICICI Prudential Floating Rate Plan D - Daily Dividend Reinvest			3.03		141.40		-
SBI Premier Liquid Fund Super IP DDR			250.17		-		-
Birla Sun Life Cash Plus-Instl Prem-Daily Dividend			250.12		-		-
J P Morgan India Liquid Fund-Super IP-Daily Dividend			250.11		-		194.86
ICICI Prudential Liquid - Super IP-Daily Dividend			250.11		-		353.28
Religare Liquid Fund - Super IP - Daily Div-Reinvest			250.12		-		-
HDFC Cash Management Fund -Saving Plan-Daily Div			250.18		-		-
JM High Liquidity Super IP - Daily Div - Reinvest			250.18		-		-
SBI Mutual Fund Cash option			7.60		9.00		47.77
Reliance Money Manager Fund - IP - Daily Dividend Reinvest			-		-		193.11
LIC MF Savings Plus Fund - Daily Dividend Reinvest			-		-		353.52
HDFC Cash Mgmt Fund - Treasury Advantage - WP - Daily Dividend Reinvest			-		-		353.28
IDFC Money Manager - Treasury Plan - Plan C - Daily Dividend Reinvest			-		-		252.34
FORTIS Money Plus Fund - IP - Daily Dividend Reinvest			-		-		24.35
2 Other Non Current Investment							
(b) **Optionally Convertible Loan Notes/Promissory Notes/Debentures :**							
Unquoted :							
Boston Analytics Inc. (15%)	(a)	30.00		30.00		30.00	
Less: Provision for Diminution in the Value of Investment		(30.00)		(30.00)		-	
			-		-		30.00
Boston Analytics Inc. (20%)	(a)	67.30		67.30		67.30	
Less: Provision for Diminution in the Value of Investment		(67.30)		(67.30)		(41.65)	
			-		-		25.65
Boston Analytics Inc. (12%)	(b)	46.90		46.90		46.90	
Less: Provision for Diminution in the Value of Investment		(46.90)		(46.90)		-	

Investee Company / Entity	Notes	As on March 31,2012		As on March 31,2011		As on March 31,2010	
			-		-		46.90
Verseon Corporation (13%)	(c)		39.80		-		-
TOTAL			**1,828.65**		**207.90**		**2,228.36**
Aggregate Amount of Quoted Investments			-		-		-
Aggregate Amount of Unquoted Investments			1,828.65		207.90		2,228.36
Aggregate Provision for Diminution in the Value of Investments			144.20		144.20		41.65
Market Value of Quoted Investments			-		-		-

NOTES:

(a) The Optionally Convertible Promissory Notes (15%) of Boston Analytics Inc. in respect of which the Company did not exercise the conversion option and Boston Analytics Inc. promissory notes (20%) where there was a partial conversion option which the Company has not exercised were due for redemption on June 30, 2009 and August 21, 2009, respectively. The said promissory notes have not been redeemed as of the Balance Sheet date and have been fully provided for.

(b) 12% promissory notes were repayable on or before December 31, 2011, along with interest on maturity.

(c) Optionally Convertible Notes issued by Verseon Corporation - were convertible after December 1, 2008 until the due date but not later than September 15, 2012. In previous year, the investment was considered as non current investment and disclosed in Annexure 15.

ANNEXURE 20 : CONSOLIDATED STATEMENT OF INVENTORIES

Amount INR Million

	As on March 31,2012	As on March 31,2011	As on March 31,2010
Raw Material	2,188.30	1,806.20	1,360.73
Packing Material	11.90	11.90	11.80
Work In Progress	568.30	471.20	424.01
Construction Work in Progress	27,384.00	10,154.50	7,250.92
Stock Under Cultivation	83.10	115.30	77.85
Finished Goods (Includes In Transit)	753.20	859.50	443.71
Poultry Stock	2.40	-	170.40
Stock in Trade	270.40	-	142.59
Stores And Spares	140.74	180.20	165.74
Share in Jointly Controlled Entities	510.40	438.10	310.39
Total	**31,912.74**	**14,036.90**	**10,358.14**

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

ANNEXURE 21 : CONSOLIDATED STATEMENT OF TRADE RECEIVABLES

Amount INR Million

	As on March 31,2012	**As on March 31,2011**	**As on March 31,2010**
Secured and Considered Good			
(a) Outstanding for a period exceeding six months from the date they are due for payment	163.85	121.20	53.80
(b) Others	480.90	200.50	204.82
Unsecured and Considered Good			
(a) Outstanding for a period exceeding six months from the date they are due for payment	198.40	433.60	1,003.17
(b) Others	3,388.05	2,111.40	2,058.11
Unsecured and Considered Doubtful			
(a) Outstanding for a period exceeding six months from the date they are due for payment	9.90	10.20	50.01
(b) Allowance for Doubtful Debts	(9.90)	(10.20)	(50.01)
Share in Jointly Controlled Entities	101.74	108.30	120.60
Total	**4,332.94**	**2,975.00**	**3,440.50**

ANNEXURE 22 : CONSOLIDATED STATEMENT OF CASH AND BANK BALANCES

Amount INR Million

	As on March 31,2012	As on March 31,2011	As on March 31,2010
Cash and Cash Equivalents			
Balances with Banks			
(a) Current Accounts	1,197.39	958.40	648.73
(b) Deposit Accounts			
(i) Maturity less than 3 months (refer notes 1, 2 & 3 below)	440.00	100.00	9.96
Cheques, drafts on hand	63.00	154.80	62.58
Cash on Hand	11.91	11.30	13.05
	1,712.30	**1,224.50**	**734.32**
Other Bank Balances			
(a) Deposit Accounts			
(i) Maturity 3 to 12 months (refer note 4 below)	2,546.20	256.50	613.70
Other Bank Balances (refer note 5 below)	290.60	1,058.90	1.82
Share in Jointly Controlled Entities	91.06	146.40	135.74
Total	**4,640.16**	**2,686.30**	**1,485.58**

Notes:

(1) Fixed Deposit of Rs. 9.1 Million held as margin money.

(2) Balances with banks on deposit accounts include Rs. 26.1 Million received from flat buyers and held in trust on their behalf in a corpus fund.

(3) Unutilised IPO Proceeds received by subsidiary Company temporary invested in Fixed Deposit of Rs. 63.4 Million.

(4) Unutilised IPP Proceeds received by subsidiary Company temporarily invested in Fixed Deposit of Rs. 2500 Million.

(5) Current account balance of Rs 2.30 Million is earmarked balance for unpaid dividend.

ANNEXURE 23 : CONSOLIDATED STATEMENT OF SHORT TERM LOANS AND ADVANCES

Amount INR Million

	As on March 31,2012		As on March 31,2011		As on March 31,2010	
Secured						
(a) Short Term Loans and Advances		375.80		231.10		149.80
Unsecured						
(a) Loans And Advances to Related Parties		62.92		81.10		137.99
(b) Loans And Advance						
(i) Loans to Employees		3.50		3.10		11.96
(ii) Other Loans (refer note 1)		805.60		786.00		374.49
(iii) Loan to ESOP Trust						
Considered Good	1,529.46		307.60		64.34	
Considered Doubtful	343.00		94.20		32.91	
Less : Provision for Doubtful Loans	(343.00)		(94.20)		(32.91)	
		1,529.46		307.60		64.34
(iv) Due on Management Projects (refer note 2)		482.10		799.10		677.72
(v) Development Manager Fees Accrued but not due (refer note 3)		44.50		44.50		60.23
(vi) Advances to Suppliers						
Considered Good	437.10		38.20		100.12	
Considered Doubtful	23.54		25.80		27.07	
Less : Provision for Doubtful Advances	(23.54)		(25.80)		(27.07)	
		437.10		38.20		100.12
(vii) Other Advances						
Considered Good	180.00		281.50		266.75	
Considered Doubtful	-		-		7.41	
Less : Provision for Doubtful Advances	-		-		(7.41)	
		180.00		281.50		266.75
(c) Inter Corporate Deposits		112.30		221.80		122.25
(d) Deposits						
(i) Statutory Authorities		90.60		47.70		73.57
(ii) Others		6,011.10		4,833.00		3,314.24
Share in Jointly Controlled Entities		125.48		164.90		38.86
Total		**10,260.46**		**7,839.60**		**5,392.32**

Notes

1 Loans and Advances include a loan of Rs 219.70 Million to an individual secured by pledge of 38,97,454 shares of Godrej Hershey Limited and 6,60,000 shares of Aadhaar Retailng Limited.

2 Due on Management Projects include a sum of Rs. 21.6 Million on account of a project, where the matter is sub-judice with arbitrators.

3 The Group has been entering into Development Agreements with landlords. Development Management Fees amounting to Rs. 44.60 Million accrued as per terms of the Agreement are receivable by the Group based upon progress milestones specified in the respective Agreements and have been disclosed as Development Management Fees accrued but not due.

ANNEXURE 24 : CONSOLIDATED STATEMENT OF OTHER CURRENT ASSETS

Amount INR Million

	As on March 31,2012	As on March 31,2011	As on March 31,2010
Unbilled Revenue	3,233.50	2,553.90	750.24
Other Receivable	261.10	3.60	76.37
Unamortised Expenses			
(a) Current portion of Foreign Currency Monetary Item Translation Difference Account	1,284.20	1,261.80	624.14
(b) Unamortised Premium on Forward Cover Contracts	31.30	11.50	4.30
Bank Deposit with more than 12 months maturity (refer note 1 below)	136.90	17.90	1.50
Total	**4,947.00**	**3,848.70**	**1,456.55**

Note:

1 Fixed Deposit of Rs.1.9 Million is held by bank as security against guarantees issued.

ANNEXURE 25 : CONSOLIDATED STATEMENT OF REVENUE FROM OPERATIONS

Amount INR Million

Particulars	2011-12	2010-11	2009-10
Sales	52,107.81	42,142.90	30,904.46
Licence Fees and Service Charges	221.80	235.60	249.13
Other Operating Revenues			
(a) Export Incentives	47.60	16.70	18.02
(b) Processing Charges	38.60	47.10	53.98
(c) Sale of Scrap	83.90	24.60	18.55
(d) Income From Development Projects	201.70	58.30	223.01
(e) Others	50.40	56.30	89.51
Share in Jointly Controlled Entities	4,130.37	1,588.40	3,023.44
Total Gross Revenue From Operations	**56,882.18**	**44,169.90**	**34,580.10**
Excise Duty	(761.31)	(672.40)	(438.50)
Total	**56,120.87**	**43,497.50**	**34,141.60**

ANNEXURE 26 : CONSOLIDATED STATEMENT OF OTHER INCOME

Amount INR Million

	2011-12	2010-11	2009-10
Interest Income	407.63	345.60	326.73
Profit on Sale of Fixed Assets (net)	-	242.90	1.02
Profit on Sale of Long Term Investments	382.80	898.60	1,398.55
Profit on Sale of Current Investments	15.60	12.10	10.30
Dividend	10.80	87.10	32.60
Miscellaneous Income			
(i) Business Support Service	14.40	38.10	3.03
(ii) Other Miscellaneous Income	128.30	103.20	177.24
Share in Jointly Controlled Entities	19.89	7.30	22.09
Total	**979.42**	**1,734.90**	**1,971.56**

ANNEXURE 27 : CONSOLIDATED STATEMENT OF COST OF MATERIALS CONSUMED

Amount INR Million

		2011-12	**2010-11**	**2009-10**
Raw Materials Consumed				
(a)	Inventory at the Commencement of the Year	1,806.20	1,360.73	1,010.67
(b)	Add : Purchases (net)	25,676.20	21,327.60	16,569.66
		27,482.40	22,688.33	17,580.33
(c)	Less: Inventory at the Close of the Year	(2,188.30)	(1,806.20)	(1,360.73)
		25,294.10	20,882.13	16,219.60
Share in Jointly Controlled Entities		2,792.53	1,022.60	1,757.00
Packing Materials Consumed				
(a)	Inventory at the Commencement of the Year	11.90	11.80	8.45
(b)	Add : Purchases (net)	270.00	230.00	216.64
		281.90	241.80	225.09
(c)	Less: Inventory at the Close of the Year	(11.90)	(11.90)	(11.80)
		270.00	229.90	213.29
Total		**28,356.63**	**22,134.63**	**18,189.89**

ANNEXURE 28 : CONSOLIDATED STATEMENT OF COST OF SALES - PROPERTY DEVELOPMENT

Amount INR Million

		2011-12	2010-11	2009-10
(a)	Inventory at the Commencement of the Year	10,154.50	7,250.92	4,758.64
(b)	Add : Purchases (net)	22,046.20	6,143.60	4,492.55
		32,200.70	13,394.52	9,251.19
(c)	Less: Inventory at the Close of the Year	(27,384.00)	(10,154.50)	(7,250.92)
	Total	**4,816.70**	**3,240.02**	**2,000.27**

ANNEXURE 29 : CONSOLIDATED STATEMENT OF CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Amount INR Crore

	2011-12	**2010-11**	**2009-10**
Inventory at the Commencement of the Year			
(a) Finished Goods	859.50	586.30	439.11
(b) Work In Progress	471.20	424.01	267.63
(c) Stock Under Cultivation	115.30	77.85	51.70
(d) Poultry Stock	-	170.40	205.58
(e) Stock in Trade	-	-	113.59
(f) Share in Jointly Controlled Entities	114.50	181.79	213.76
	1560.50	**1440.35**	**1291.37**
Less: Stock Adjustment for subsidiaries merged	(81.00)	(93.40)	-
Less : Inventory at the Close of the Year			
(a) Finished Goods	(753.20)	(859.50)	(586.30)
(b) Work In Progress	(568.30)	(471.20)	(424.01)
(c) Stock Under Cultivation	(83.10)	(115.30)	(77.85)
(d) Poultry Stock	(2.40)	-	(170.40)
(e) Stock in Trade	(270.40)	-	-
(f) Share in Jointly Controlled Entities	(167.43)	(114.50)	(181.79)
	(1,844.83)	**(1,560.50)**	**(1,440.35)**
Total	**(365.33)**	**(213.55)**	**(148.98)**

ANNEXURE 30 : CONSOLIDATED STATEMENT OF EMPLOYEE BENEFITS EXPENSE

Amount INR Million

	2011-12	2010-11	2009-10
Salaries and Wages	2,005.21	1,787.40	1,568.55
Contribution to Provident and Other Funds	142.19	121.20	127.98
Expense on Employee Stock Option Scheme	46.04	-	-
Staff Welfare Expense	126.54	116.50	98.35
Share in Jointly Controlled Entities	311.48	164.00	299.19
Total	**2,631.46**	**2,189.10**	**2,094.07**

ANNEXURE 31 : CONSOLIDATED STATEMENT OF FINANCE COSTS

Amount INR Million

	2011-12	2010-11	2009-10
Interest Expense	2,246.49	1,429.90	1,555.92
Less: Interest Capitalised to Project	(1,596.00)	(769.30)	(886.18)
Net Interest	650.49	660.60	669.74
Other Borrowing Costs	321.80	148.60	97.27
Share in Jointly Controlled Entities	135.99	70.10	81.75
Total	**1,108.28**	**879.30**	**848.76**

ANNEXURE 32 : CONSOLIDATED STATEMENT OF OTHER EXPENSES

Amount INR Million

	2011-12	2010-11	2009-10
Consumption of Stores and Spares	246.82	173.90	128.95
Power and Fuel	1,305.27	1,024.20	852.27
Processing Charges	604.12	573.20	540.92
Rent	96.60	139.00	118.43
Rates and Taxes	90.01	69.20	70.08
Repairs and Maintenence			
(a) Machinery	132.70	102.70	104.03
(b) Buildings	97.00	89.60	93.03
(c) Other assets	20.86	15.60	11.68
Insurance	20.05	17.50	23.78
Freight	555.82	434.80	360.14
Commission	53.07	46.00	38.84
Discount	694.80	564.70	680.55
Advertisement and Publicity	160.65	110.10	135.18
Selling and Distribution Expenses	396.60	297.00	62.74
Bad Debts Written Off	83.40	53.60	40.45
Provision for Doubtful Debts and Advances	46.50	47.60	(46.26)
Excise Duty	6.00	26.00	19.48
Loss on Foreign Exchange Translation	159.60	9.90	0.52
Loss on Sale of Fixed Assets	13.00	-	14.28
Miscellaneous Expenses	977.35	845.80	612.73
Share In Jointly Controlled Entities	905.25	911.10	826.13
Total	**6,665.47**	**5,551.50**	**4,687.95**

ANNEXURE 33 : CONSOLIDATED STATEMENT OF EXCEPTIONAL ITEMS

Amount INR Million

		Current Year	Previous Year	Previous Year
(i)	Profit on Sale of Long Term Investments	913.00	788.00	1,056.45
(ii)	Write back/Provision for Diminution in Value of Investments	25.30	(104.90)	(102.24)
	Total	**938.30**	**683.10**	**954.21**

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 1 : PRINCIPLES OF CONSOLIDATION

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

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

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

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

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

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

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

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

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

2.2 Use of Estimates

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

2.3 Fixed Assets

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

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

2.4 Intangible Assets

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
Trade Marks	8 - 15 years
Technical Know How	6 - 10 years
Computer Software	4 - 6 years

2.5 Impairment of Assets

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

2.6 Borrowing Costs

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

2.7 **Investments**

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

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

2.8 **Inventories**

Inventories are valued at lower of cost and net realisable value. Cost is computed on weighted average basis and is net of cenvat. Finished goods and work in progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Provision is made for the cost of obsolescence and other anticipated losses, wherever considered necessary

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

2.9 **Provisions and Contingent Liabilities**

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

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

2.10 **Foreign Exchange Transactions**

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

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

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

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

2.11 **Revenue Recognition**

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

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

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

Revenue from construction activity is 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.

2.12 **Research and Development Expenditure**

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

2.13 **Depreciation**

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

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

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

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

2.14 **Employee Benefits**

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

(i) Defined Contribution Plan

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

(ii) Defined Benefit Plan

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

(iii) Other Long-Term Benefits

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

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

2.15 **Incentive Plans**

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

2.16 **Hedging**

The group uses forward exchange contracts to hedge it's 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.

2.17 **Taxes on Income**

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

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

2.18 **Segment Reporting**

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

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 3 : CONSOLIDATED STATEMENT OF CONTINGENT LIABILITIES

Amount INR Million

	2011-12	2010-11	2009-10
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.	289.60	268.60	238.85
(ii) Customs Duty demands relating to lower charge, differential duty, classification, etc.	20.60	16.70	28.61
(iii) Sales Tax demands relating to purchase tax on Branch Transfer / Non availability of C Forms, etc at various levels.	216.30	206.70	55.78
(iv) Octroi demand relating to classification issue on import of Palm Stearine and interest thereon.	140.50	131.20	121.76
(v) Stamp duties claimed on certain properties which are under appeal by the Company	33.10	33.10	33.07
(vi) Income tax demands against which the company has preferred appeals	231.30	190.30	156.10
(vii) Industrial relations matters under appeal	22.80	21.10	21.96
(viii) Others	47.70	47.70	23.81
b) Guarantees :			
(i) Guarantees issued by banks, excluding guarantees issued in respect of matters reported in (a) above	168.70	179.60	73.30
(ii) Guarantees given by the Company in respect of credit / guarantee limits sanctioned by banks to subsidiary and other companies.	623.40	565.00	693.30
c) Other Money for which the Company is Contingently Liable.			
(i) Letter of credit issued by bank on behalf of the company	94.50	68.70	61.77
(ii) Case / Claim filed by Processors for claiming various expense	51.40	51.40	4.17
d) Share in Jointly Controlled Entities	27.30	301.10	182.84
e) Share in Associates	4,805.40	4,537.90	218.36

NOTE 4 : CONSOLIDATED STATEMENT OF COMMITMENTS

Amount INR Million

		2011-12	2010-11	2009-10
1	Estimated amount of contracts remaining to be executed on capital account and not provided for:	1,939.30	106.20	75.51
2	Uncalled liability on partly paid shares/debentures	5.00	5.00	5.00
3	Other Commitments:			
	(a) Long Term Contracts for Purchase of Raw Material	710.80	338.90	584.13
	(b) Finance Lease Commitments	0.10	1.20	6.29
	(c) Operating Lease Commitments	75.10	57.10	72.33
	(d) Major Contracts Commitment Outstanding for Civil, Elevator, External Development, MEP work etc	11,138.30	-	-
4	Share in Jointly Controlled Entities	131.40	12.80	37.88
5	Share in Associates	324.80	15.60	1.00

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 5: EARNINGS PER SHARE

			2011-12	**2010-11**	**2009-10**
1	Calculation of weighted average number of equity shares - Basic				
	(a)	Number of equity shares at the beginning of the year	317,624,892	317,624,892	319,758,602
	(b)	Number of equity shares outstanding at the end of the year	317,624,892	317,624,892	317,624,892
		Weighted average number of equity shares outstanding during the year	317,624,892	317,624,892	318,247,978
2	Calculation of weighted average number of equity shares - Diluted				
	(a)	Number of potential equity shares at the beginning of the year	317,624,892	317,624,892	319,758,602
	(b)	Number of potential equity shares outstanding at the end of the year	318,212,205	317,624,892	317,624,892
		Weighted average number of potential equity shares outstanding during the year	318,208,973	317,624,892	318,247,978
3	Net Profit After Tax (Amt Rs Million)		2,916.10	2,933.90	2,032.47
4	Basic Earnings per share of Re 1 each		9.18	9.24	6.39
5	Diluted Earnings per share of Re 1 each		9.16	9.24	6.39

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 6 : 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		
			2011-12	2010-11	2009-10
1	Godrej Agrovet Ltd.	India	75.32%	75.26%	75.26%
2	Golden Feed Products Ltd.	India	75.32%	75.26%	75.26%
	(100% subsidiary of Godrej Agrovet Ltd.)				
3	Godrej Seeds and Genetics Ltd.	India	75.32%	-	-
	(100% subsidiary of Godrej Agrovet Ltd. with effect from 06-06-11)				
4	Godrej Oil Palm Limited	India	-	67.73%	60.21%
	(Merged with Godrej Agrovet Ltd on 16-03-12 with effect from 01-04-11)				
	(90% subsidiary of Godrej Agrovet Ltd.from 01-07-10)				
	(80% subsidiary of Godrej Agrovet Ltd.from 30-06-10)				
5	Cauvery Palm Oil Limited	India	-	67.73%	67.73%
	(Merged with Godrej Agrovet Ltd on 16-03-12 with effect from 01-04-11)				
	(90% subsidiary of Godrej Agrovet Ltd)				
6	Godrej Gokarna Oil Palm Ltd.	India	-	74.67%	-
	(Merged with Godrej Agrovet Ltd on 16-03-12 with effect from 01-04-11)				
	(99.22% subsidiary of Godrej Agrovet Ltd from 25-11-10)				
	(48.22% joint venture upto 24-11-10)				
7	Natures Basket Ltd	India	100.00%	100.00%	100.00%
8	Godrej Properties Ltd.	India	62.35%	71.62%	70.42%
9	Godrej Realty Pvt. Ltd.	India	31.80%	36.53%	35.91%
	(51% subsidiary of Godrej Properties Ltd.)				
10	Godrej Waterside Properties Pvt. Ltd.	India	31.80%	36.53%	35.91%
	(51%, subsidiary of Godrej Properties Ltd.)				
11	Godrej Developers Pvt. Ltd.	India	31.80%	36.53%	35.91%
	(51% subsidiary of Godrej Properties Ltd.)				
12	Godrej Real Estate Pvt. Ltd.	India	62.35%	71.62%	70.42%
	(100% subsidiary of Godrej Properties Ltd.)				

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding		
			2011-12	2010-11	2009-10
13	Godrej Seaview Properties Pvt. Ltd.	India	31.24%	35.88%	54.74%
	(50.10% subsidiary of Godrej Properties Ltd)				
	(77.73% subsidiary of Godrej Properties Ltd. Up to 03-05-10)				
14	Happy Highrises Ltd.	India	31.80%	36.53%	35.91%
	(51% subsidiary of Godrej Properties Ltd.)				
15	Godrej Estate Developers Pvt. Ltd.	India	31.80%	36.53%	35.91%
	(51% subsidiary of Godrej Properties Ltd.)				
16	Godrej Buildwell Pvt. Ltd.	India	30.55%	34.61%	-
	(49% subsidiary of Godrej Properties Ltd.)				
	(Subsidiary due to control over compostion of Board of Directors)				
	(100% subsidiary of Godrej Properties Ltd. Upto 29-09-10)				
17	Godrej Buildcon Pvt. Ltd.	India	62.35%	71.62%	-
	(100%, subsidiary of Godrej Properties Ltd.)				
18	Godrej Project Development Pvt. Ltd.	India	62.35%	71.62%	-
	(100% subsidiary of Godrej Properties Ltd.)				
19	Godrej Premium Builders Pvt. Ltd.	India	31.80%	71.62%	-
	(51% subsidiary of Godrej Properties Ltd.)				
	(100% subsidiary of Godrej Properties Ltd. during 2010-11)				
20	Godrej Garden City Properties Pvt. Ltd.	India	62.35%	71.62%	-
	(100% subsidiary of Godrej Properties Ltd.)				
21	Godrej Nandi Hills Projects Pvt. Ltd.	India	62.35%	71.62%	-
	(Formerly known as Udhay- GK Realty Pvt.Ltd.)				
	(100% subsidiary of Godrej Properties Ltd.)				
22	Godrej Landmark Redevelopers Pvt. Ltd.	India	31.80%	-	-
	(51% subsidiary of Godrej Properties Ltd with effect from 14-03-12)				
23	Godrej Hygiene Care Pvt Ltd	India	-	-	100.00 %
	(Upto 31-05-2009)				
24	Ensemble Holdings & Finance Ltd.	India	100.00%	100.00 %	100.00 %
25	Godrej International Ltd.	Isle of Man	100.00%	100.00 %	100.00 %

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding		
			2011-12	2010-11	2009-10
26	Godrej International Trading & Investment Pte. Ltd. (with effect from 21-04-11)	Singapore	100.00%	-	-
27	Mosiac Landmarks LLP	India	31.80%	-	-
	(51% LLP of Godrej Properties Ltd.)				
28	Godrej Vikhroli Properties LLP	India	77.41%	-	-
	(60 % LLP of Godrej Properties Ltd and 40% LLP of the Company)				

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 6 : INFORMATION ON SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES:

(b) Interests in Joint Ventures:

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding		
			2011-12	2010-11	2009-10
1	ACI Godrej Agrovet Pvt. Ltd.	Bangladesh	37.66%	37.63%	37.63%
	(joint venture partner of Godrej Agrovet Ltd.)				
2	Godrej Gold Coin Acqafeed Ltd.	India	-	36.88%	36.88%
	(joint venture partner of Godrej Agrovet Ltd.)				
	(merged with Godrej Agrovet on 05-01-11 with effect from 01-04-10)				
3	Godrej IJM Palm Oil Ltd.	India	-	-	36.29%
	(Formerly Godrej Gokarna Oil Palm Ltd.)				
	(joint venture partner of Godrej Agrovet Ltd.)				
4	Godrej Tyson Foods Ltd.	India	36.91%	36.88%	36.88%
	(joint venture partner of Godrej Agrovet Ltd.)				
5	Godrej Hershey Ltd.	India	43.37%	43.37%	43.37%
6	Nutrine Confectionery Ltd.	India	43.37%	43.37%	43.37%
	(100% subsidiary of Godrej Hershey Limited)				
7	Godrej Sara Lee Ltd.	India	-	-	20.00%
	(Shares held by 100% subsidiary Godrej Hygiene Care Pvt Ltd) (Upto 31-05-09)				
8	Godrej Saralee Bangladesh Pvt Ltd.	Bangladesh	-	-	20.00%
	(100% subsidiary of Godrej Sara Lee Ltd.) (Upto 31-05-09)				
9	Godrej Saralee Lanka Pvt Ltd.	Sri Lanka	-	-	20.00%
	(100% subsidiary of Godrej Sara Lee Ltd.) (Upto 31-05-09)				

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

Note 6 : Information on Subsidiaries, Joint Ventures and Associates:

(c) Investment in Associates:

S. No.	Name of the Company	Country of Incorporation	Percentage of Holding		
			2011-12	2010-11	2009-10
1	Swadeshi Detergents Ltd.	India	41.08%	41.08%	41.08%
2	Godrej Consumer Products Ltd.	India	21.15%	21.57%	23.51%
3	Personalitree Academy Ltd.	India	26.00%	26.00%	26.00%
	(associate of Ensemble Holdings & Finance Ltd.)				
4	Creamline Dairy Products Ltd.	India	19.58%	19.57%	19.57%
	(associate of Godrej Agrovet Ltd.)				
5	Al Rahba International Trading LLC	U.A.E.	33.89%	33.87%	33.87%
	(associate of Godrej Agrovet Ltd.)				
6	Polchem Hygiene Laboratories Pvt. Ltd.	India	19.58%	19.57%	19.57%
	(associate of Godrej Agrovet Ltd.)				
7	Godrej Buildcorp LLP	India	21.82%	-	-
	(35% LLP of Godrej Properties Ltd.)				
8	Godrej Property Developers LLP	India	19.95%	-	-
	(32% LLP of Godrej Properties Ltd.)				
9	Compass Connections Ltd.	U.K.	-	-	20.71%
	(Upto 08-03-10)				

Note 7 : Difference In Accounting Policies

The accounting policies of certain subsidiaries, joint ventures and associates especially regarding the method of depreciation, amortization of technical knowhow 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.

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 8 : BREAK UP OF INVESTMENT IN ASSOCIATES IS AS UNDER :

Amount INR Million

Sr. No.	Name of the Company	Cost of Acquisition	Goodwill Included In Cost of Acquisition	Share in Profits / (Loss) of Associates Post Acquisition	Provision for Diminution in the Value of Investments	Carrying Cost of Investments
1	Swadeshi Detergents Ltd.					
	2011-12	19.10	9.10	(1.90)	17.20	-
	2010-11	19.10	9.10	(5.10)	14.00	-
	2009-10	19.10	9.10	(13.02)	6.08	-
2	Godrej Consumer Products Limited					
	2011-12	5,826.20	4,327.40	2,625.90	-	8,452.10
	2010-11	4,949.40	3,580.40	1,517.11	-	6,466.51
	2009-10	5,137.29	3,554.01	751.77	-	5,889.06
3	Personalitree Academy Ltd.					
	2011-12	11.00	4.30	(4.20)	6.80	-
	2010-11	11.00	4.30	(4.20)	6.80	-
	2009-10	11.00	4.30	(4.20)	6.80	-
4	Creamline Dairy Products Ltd.					
	2011-12	103.80	39.80	109.20	-	213.00
	2010-11	103.80	39.80	88.41	-	192.21
	2009-10	103.80	39.80	65.14	-	168.94
5	Al Rahba International Trading LLC					
	2011-12	0.80	(24.60)	(5.10)	(4.30)	-
	2010-11	0.80	(24.60)	(16.70)	(15.90)	-
	2009-10	0.80	(24.60)	(0.80)	-	-
6	Polchem Hygiene Lab Pvt. Ltd.					
	2011-12	16.30	8.90	22.60	-	38.90
	2010-11	16.30	8.90	19.11	-	35.41
	2009-10	16.30	8.90	14.40	-	30.70
	Total 2011-12	**5,977.20**	**4,364.90**	**2,746.50**	**19.70**	**8,704.00**
	Total 2010-11	**5,100.40**	**3,617.90**	**1,598.63**	**4.90**	**6,694.13**
	Total 2009-10	**5,288.29**	**3,591.51**	**813.29**	**12.88**	**6,088.70**

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 9 : EMPLOYEE STOCK BENEFIT PLANS

1 Employee Stock Option Plans

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

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

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

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

ESOP I

	2011-12		2010-11		2009-10	
	No. of Options	Wt. average exercise price Rs. (*)	No. of Options	Wt. average exercise price Rs. (*)	No. of Options	Wt. average exercise price Rs. (*)
Options Outstanding at the Beginning of the Year	5,072,700	325.62	5,580,700	295.44	7,799,950	221.30
Options Exercised During the Year	-	-	-	-	2,100,000	91.84
Options Forfeited / Expired During the Year	494,750	251.24	508,000	318.59	119,250	284.45
Options Outstanding at the Year End	4,577,950	356.34	5,072,700	325.62	5,580,700	295.44

ESOP II

	2011-12		2010-11		2009-10	
	No. of Options	**Wt. average exercise price Rs. (*)**	**No. of Options**	**Wt. average exercise price Rs. (*)**	**No. of Options**	**Wt. average exercise price Rs. (*)**
Options Outstanding at the Beginning of the Year	950,000	225.20	860,000	191.65	-	-
Options Granted During the Year						
30 July, 2011	297,250	355.60	-	-	-	-
06 August, 2010	-	-	65,000	304.37	-	-
25 June, 2010	-	-	50,000	362.67	-	-
10 August, 2009	-	-	-	-	860,000	191.65
Options Exercised During the Year	12,000	230.34	-	-	-	-
Options Forfeited / Expired During the Year	25,000	179.86	25,000	210.80	-	-
Options Outstanding at the Year End	1,210,250	280.61	950,000	225.20	860,000	191.65

GPL ESOP

	2011-12		2010-11		2009-10	
	No. of Options	**Wt. average exercise price Rs. (*)**	**No. of Options**	**Wt. average exercise price Rs. (*)**	**No. of Options**	**Wt. average exercise price Rs. (*)**
Options outstanding at the beginning of the year	372,700	863.92	403,700	785.38	442,700	620.00
Options granted during the year:	-	-	-	-	-	-
Options exercised during the year :	-	-	-	-	-	-
Options forfeited / expired during the year :	55,000	863.92	31,000	812.87	39,000	620.00
Options outstanding at the year end	317,700	863.92	372,700	863.92	403,700	785.38

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

The overall weighted average balance life of options outstanding as on March 31, 2012 is 4.58 years
The weighted average balance life of options outstanding as on 31st March 2012 for ESOP I is 5.04 years and for

ESOP II is 2.68 years.

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

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

Amt INR Million

Particulars	2011-12	2010-11	2009-10
Net Profit (as reported)	2,916.10	2,933.90	2,032.47
Less : Stock based compensation expense determined under fair value based method (Proforma)	64.50	152.10	266.59
Net Profit (Proforma)	**2,851.60**	**2,781.80**	**1,765.88**

	AmtRs	AmtRs	AmtRs
Basic Earnings per share (as reported)	9.18	9.24	6.39
Basic Earnings per share (Proforma)	8.98	8.76	5.55
Diluted Earnings per share (as reported)	9.16	9.24	6.39
Diluted Earnings per share (Proforma)	8.96	8.76	5.55

b) The independent ESOP Trust has purchased equity shares of the Company from the market equivalent to the number of stock options granted from time to time to the eligible employees. These purchases are financed by loans from the respective participating companies. The Company has given a loan which along with interest thereon amounts to Rs 2562.60 Million (previous year Rs 1820.80 Million) (Net of provision Rs.342.90 Million, previous year Rs.83.4 Million) for financing the purchase of equity shares from the market equivalent to the number of option granted to the employees of the Company. As on March 31, 2012, the market value of the equity shares held by the ESOP Trust is lower than the holding cost (cost or market value) of these equity shares by Rs 190.50 Million (previous year Rs 652.40 Million) (Net of provision Rs.342.90 Million, previous year Rs.83.40 Million).

The repayment of the loans granted to the ESOP Trust and the interest payable by the Trust on the said loans is dependent on the exercise of the options by the employees during the exercise period and / or the market price of the underlying equity shares of the unexercised options at the end of the exercise period. The fall in value of the underlying equity shares is on account of market volatility and the loss, if any, can be determined only at the end of the exercise period. In view of the aforesaid, provision for diminution of Rs 190.50 Million (previous year Rs 652.40 Million) is not considered necessary in the financial statements.

2 Employee Stock Grant Scheme of Godrej Industries Limited

a) During the year the Group set up the Employees Stock Grant Scheme 2011 (ESGS) pursuant to the approval by the Shareholders at their Meeting held on January 17, 2011.

b) The ESGS Scheme is effective from April 1, 2011, (the “Effective Date”) and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the shares to be vested under Employee Stock Grant Scheme 2011 have been vested in the Eligible Employees and all restrictions on such Stock Grants awarded under the terms of ESGS Scheme, if any, have lapsed, whichever is earlier.

c) The Scheme applies to the Eligible Employees,who are in whole-time employment of the Company or its Subsidiary Company. The entitlement of each employee would be decided by the Compensation Committee of the Company based on the employee's performance, level, grade, etc.

d) The total number of Stock Grants to be awarded under the ESGS Scheme are restricted to 25,00,000 (Twenty Five Lac) fully paid up equity shares of the Company. Not more than 5,00,000 (Five Lac) fully paid up equity shares or 1% of the issued equity share capital at the time of awarding the Stock Grant, whichever is lower, can be awarded to any one employee in any one year.

e) The Stock Grants shall vest in the Eligible Employees pursuant to the ESGS Scheme in the proportion of 1/3rd at the end of each year from the date on which the Stock Grants are awarded for a period of three consecutive years subject to the condition that the Eligible Employee continues to be in employment of the Company or the Subsidiary company as the case may be.

f) The Eligible Employee shall exercise her / his right to acquire the shares vested in her / him all at one time within 1 month from the date on which the shares vested in her / him or such other period as may be determined by the Compensation Committee.

g) The Exercise Price of the shares has been fixed at Re 1 per share. The intrinsic value, being the difference between market price and exercise price is treated as Employee Compensation Expenses and charged to the Statement of Profit and Loss. The value of the options is treated as a part of employee compensation in the financial statements and is amortised over the vesting period.

h) The Status of the above plan is as under:

	2011-12	2010-11	2009-10
Options Granted	**587,313**	-	-
Options Vested	**-**	-	-
Options Exercised	**-**	-	-
Options Lapsed / Forfeited and re-granted	**-**	-	-
Options Lapsed / Forfeited to be re-granted	**-**	-	-
Total Number of Options Outstanding	**587,313**	**-**	**-**

3 Employee Stock Grant Scheme of Godrej Properties Limited

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

The Status of the above plan is as under:

	2011-12	2010-11	2009-10
Options Granted	43,081	-	-
Options Vested	-	-	-

	2011-12	2010-11	2009-10
Options Exercised	-	-	-
Options Lapsed / Forfeited and re-granted	13,438	-	-
Options Lapsed / Forfeited to be re-granted	-	-	-
Total Number of Options Outstanding	**29,643**	**-**	**-**

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 10 : SEGMENT INFORMATION

Amount INR Million

Information about primary business segments	Chemicals			Animal Feed			Veg Oils			Estate & Property Development			Beverages & Foods			Finance & Investments			Household Insecticides			Others			Total		
	2011-12	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10
(A) Revenue																											
External Sales	**12835.30**	10228.00	7812.40	**17479.30**	12926.00	11417.90	**12319.70**	8564.20	6399.31	**6829.80**	6086.40	4144.30	**1685.90**	1549.50	1621.80	**1143.50**	963.10	1267.50	**0.00**	0.00	195.90	**5745.10**	5703.20	4310.50	**58038.60**	46020.40	37169.61
Intersegment Sales	**0.70**	0.60	0.60	**-**	-	-	**8.90**	7.60	6.79	**2,178.00**	35.50	35.40	**12.40**	10.10	9.30	**1,010.30**	698.50	439.60	**-**	-	-	**23.90**	7.10	101.50	**3,234.20**	759.40	593.19
Total Sales	**12836.00**	10228.60	7813.00	**17479.30**	12926.00	11417.90	**12328.60**	8571.80	6406.10	**9007.80**	6121.90	4179.70	**1698.30**	1559.60	1631.10	**2153.80**	1661.60	1707.10	**0.00**	0.00	195.90	**5769.00**	5710.30	4412.00	**61272.80**	46779.80	37762.80
Less: Intersegment Sales	**(0.70)**	(0.60)	(0.60)	**-**	-	-	**(8.90)**	(7.60)	(6.79)	**(2,178.00)**	(35.50)	(35.40)	**(12.40)**	(10.10)	(9.30)	**(1,010.30)**	(698.50)	(439.60)	**-**	-	-	**(23.90)**	(7.10)	(101.50)	**(3,234.20)**	(759.40)	(593.19)
Total Revenue	**12835.30**	10228.00	7812.40	**17479.30**	12926.00	11417.90	**12319.70**	8564.20	6399.31	**6829.80**	6086.40	4144.30	**1685.90**	1549.50	1621.80	**1143.50**	963.10	1267.50	**0.00**	0.00	195.90	**5745.10**	5703.20	4310.50	**58038.60**	46020.40	37169.61
(B) Results																											
Segment result before interest, exceptional items and tax	**1198.10**	899.90	485.80	**954.90**	512.10	387.90	**536.70**	295.20	118.80	**1567.30**	2515.00	1778.80	**(188.90)**	(139.60)	(143.80)	**1143.50**	858.30	1141.10	**0.00**	0.00	16.50	**537.70**	556.50	446.80	**5749.30**	5497.40	4231.90
Unallocated expenses																									**(1739.42)**	(1391.00)	(1254.89)
Interest Expense (net)																									**(1108.28)**	(879.30)	(848.76)
Profit before tax																									**2901.60**	3227.10	2128.25
Taxes																									**(949.00)**	(731.40)	(446.16)
Profit after taxes																									**1952.60**	2495.70	1682.09
Share of profit in associates																									**1566.00**	1112.20	810.26
Profit before Minority Interest																									**3518.60**	3607.90	2492.35
Share of Minority Interest																									**(602.50)**	(674.00)	(459.88)
Net Profit after Minority Interest																									**2916.10**	2933.90	2032.47
Segment Assets	**8089.30**	5183.10	4484.90	**3485.40**	2613.20	1958.30	**1106.70**	1646.90	1176.20	**47371.50**	22044.20	17339.20	**1042.90**	1016.50	903.50	**17142.70**	15330.30	13534.50	**0.00**	0.00	0.00	**2329.40**	3000.00	2362.10	**80567.90**	50834.20	41758.70
Unallocated Assets																									**3410.96**	1850.25	1997.75
Total Assets																									**83978.86**	52684.45	43756.45
Segment Liabilities	**7577.20**	3303.90	1824.80	**4242.70**	2107.60	2182.10	**418.90**	329.00	344.10	**13089.20**	3162.20	1870.50	**389.30**	308.20	271.10	**64.40**	76.80	179.30	**0.00**	0.00	0.00	**1186.80**	967.10	458.90	**26968.50**	10254.80	7130.80
Unallocated Liabilities																									**33340.15**	23123.95	18969.75
Total Liabilities																									**60308.65**	33378.75	26100.55
Cost incurred during the year to acquire segment assets	**775.60**	88.20	90.20	**602.80**	113.40	120.80	**408.20**	1.40	1.50	**587.80**	607.10	318.50	**89.10**	88.50	42.40	**1.20**	1.90	1.80	**0.00**	0.00	0.00	**478.45**	868.70	252.10	**2943.15**	1769.20	827.30
Cost incurred on unallocated assets																									**110.35**	23.80	113.80
Total Cost incurred during the year to acquire segment assets																									**3053.50**	1793.00	941.10
Segment Depreciation	**198.50**	215.30	208.40	**57.40**	113.40	39.60	**48.10**	7.30	7.30	**57.40**	56.80	36.00	**41.10**	38.00	33.20	**15.20**	15.60	15.60	**0.00**	0.00	2.80	**115.00**	73.40	129.90	**532.70**	519.80	472.80
Unallocated Depreciation																									**30.79**	30.80	28.88
Total Depreciation																									**563.49**	550.60	501.68

Information about Secondary Business Segments

			Amount INR Million
Revenue by Geographical markets	**2011-12**	2010-11	2009-10
India	**40651.80**	33213.70	27691.41
Outside India	**17386.80**	12806.70	9478.20
Total	58038.60	46020.40	37169.61

Information about primary business segments	Chemicals			Animal Feed			Veg Oils			Estate & Property Development			Beverages & Foods			Finance & Investments			Household Insecticides			Others			Total		
	2011-12	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10	**2011-12**	2010-11	2009-10
																									Amount INR Million		
																									2011-12	2010-11	2009-10
Carrying Amount of Segment assets																											
India																									**82955.96**	51976.55	43244.85
Outside India																									**1022.90**	707.90	511.60
Total																									**83978.86**	52684.45	43756.45

Notes:

1. 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.
2. Chemicals segment includes the business of production and sale of Oleochemicals and surfactants such as Fatty Acids, Fatty Alcohols, Refined Glycerin, Alfa Olefin Sulphonates, Sodium Lauryl Sulphate and Sodium Lauryl Ether Sulphate.
3. Animal Feed segment includes the business of production and sale of compound feeds for cattle, poultry, shrimp and fish.
4. Veg oils segment includes the business of Oil Palm Plantation, processing and bulk trading of refined vegetable oils & vanaspati and international vegetable oil trading.
5. Estate & property development segment includes the business of development and sale of real estate and leasing and leave and licensing of properties.
6. Household Insecticides segment includes the business of production and sale of household insecticides.
7. Beverages and Foods segment includes the business of processing, production and sale of fruit pulp, tomato puree, fruit juices, nectars and drinks, other beverages and confectionary products and sale of refined vegetable oils & vanaspati.
8. Finance & Investments includes investments in associates companies and other investments.
9. Others includes Integrated Poultry, Agri Inputs and tissue culture, gourmet foods & fine beverages and energy generation through windmills.
10. The geographical segments consist of Sales in India represent sales to customers located in India and Sales outside India represent sales to customers located outside India.

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 11 : RELATED PARTY INFORMATION

a) Names of Related Parties and Description of Relationship

Parties where control exists

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

Subsidiary Company

Godrej Vikhroli Properties LLP
Godrej Agrovet Ltd.
Golden Feeds Products Ltd.
Godrej Seeds & Genetics Ltd.

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

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

Fellow Subsidiaries:

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

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

Enterprises over which key management personnel exercise significant influence

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

Key Management Personnel

Mr. A.B. Godrej	Chairman
Mr. N.B. Godrej	Managing Director
Ms. T.A. Dubash	Executive Director & President (Marketing)
Mr. M. Eipe	Executive Director & President (Chemicals)
Mr. B.S. Yadav	Managing Director (Godrej Agrovet Ltd.)
Mr. M.S. Korde	Managing Director (Godrej Properties Ltd.)
Mr. P.A. Godrej	Executive Director (Godrej Properties Ltd.)
Mr. K.T. Jithendran	Executive Director (Godrej Properties Ltd.)
Mr. A. Mahendran	Managing Director (Godrej Consumer Products Ltd.)
Mr. M. Lindsay	Managing Director (Godrej Hershey Ltd.)
Mr. K.V.S. Rao	Manager (Godrej Hershey Ltd.)
Mr. M. Khattar	Managing Director (Natures Basket Ltd.)

Relatives of Key Management Personnel

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

Associate / Joint Venture Companies Godrej Consumer Products Ltd. Godrej Hershey Ltd. Swadeshi Detergents Ltd. HDFC Venture Trustee Co. Ltd. HDFC PMS Milestone Real Estate Fund Red Fort India Real Estate Babur India Reality Excellence Fund Madhavi SA Investments LLC Ramesh P. Bhatia Repton Landmarks LLP ASK Property Investment Advisor	Ms. M. Mahendran	Wife of Mr. A. Mahendran

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 11 : RELATED PARTY INFORMATION

b) Transactions with Related Parties

Amount INR Million

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries	Associate/ Joint Venture Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	Total
Sale of Goods								
2011-12	2.76	-	-	131.22	0.65	-	36.63	171.26
2010-11	*2.40*	-	-	*106.08*	-	-	*18.90*	*127.38*
2009-10	*1.99*	-	-	*94.58*	-	-	*1.35*	*97.92*
Advance given								
2011-12	-	-	-	-	-	-	-	-
2010-11	*4.10*	-	-	-	-	-	-	*4.10*
2009-10	*14.01*	-	-	-	-	-	-	*14.01*
Sale of Fixed Assets *								
2011-12	-	-	-	0.02	-	-	-	0.02
2010-11	-	-	-	-	-	-	-	-
2009-10	-	-	-	-	-	-	-	-
Purchase of goods								
2011-12	4.63	-	2.78	85.00	-	-	315.07	407.48
2010-11	*56.00*	-	-	*74.96*	-	-	*221.50*	*352.46*
2009-10	*7.68*	-	-	*68.79*	-	-	*121.87*	*198.34*
Purchase of Fixed Assets								
2011-12	31.22	1,734.20	-	-	-	-	-	1,765.42
2010-11	*5.10*	-	-	-	-	-	-	*5.10*
2009-10	*23.32*	-	-	-	-	-	-	*23.32*
Processing charges received								
2011-12	-	-	-	11.61	-	-	-	11.61
2010-11	-	-	-	*10.00*	-	-	-	*10.00*

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries	Associate/ Joint Venture Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	Total
2009-10	-	-	-	8.98	-	-	-	8.98
Commission / Royalty received								
2011-12	-	-	-	12.12	-	-	-	12.12
2010-11	-	-	-	10.60	-	-	-	10.60
2009-10	-	-	-	10.56	-	-	-	10.56
Licence fees / Service charges / Storage Income								
2011-12	-	-	-	31.78	-	-	-	31.78
2010-11	0.03	-	-	33.30	-	-	-	33.33
2009-10	0.03	-	-	39.73	-	-	-	39.76
Other Income *								
2011-12	-	-	0.09	4.11	-	-	121.32	125.52
2010-11	0.10	-	-	5.70	-	-	58.80	64.60
2009-10	0.01	-	-	1.54	-	-	-	1.55
Recovery of establishment & Other Expenses								
2011-12	41.63	-	0.13	43.79	-	-	1.51	87.06
2010-11	-	-	-	48.60	0.10	0.10	-	48.80
2009-10	-	-	0.21	77.20	0.24	-	0.24	77.89
Rent, Establishment & other exps paid								
2011-12	7,374.59	-	0.86	18.22	0.24	29.67	0.08	7,423.66
2010-11	115.70	-	1.30	19.10	-	22.10	0.10	158.30
2009-10	165.65	-	5.26	26.80	-	19.38	0.05	217.14
Interest received								
2011-12	-	-	-	23.04	1.42	-	-	24.46
2010-11	-	-	-	16.70	-	-	-	16.70
2009-10	-	-	-	0.22	-	-	-	0.22
Interest paid								

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries	Associate/ Joint Venture Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	Total
2011-12	-	-	-	-	0.21	-	-	0.21
2010-11	-	-	*0.80*	*2.20*	-	-	-	*3.00*
2009-10	-	-	*0.80*	*2.77*	-	-	-	*3.57*
Dividend income								
2011-12	-	-	-	250.35	-	-	-	250.35
2010-11	-	-	-	*238.38*	-	-	-	*238.38*
2009-10	-	-	-	*289.55*	-	-	-	*289.55*
Dividend paid								
2011-12	780.15	-	-	-	44.80	55.87	5.52	886.34
2010-11	*708.30*	-	-	-	*27.40*	*62.60*	*5.10*	*803.40*
2009-10	*733.41*	-	-	-	*13.52*	*26.40*	*3.19*	*776.52*
Remuneration								
2011-12	-	-	-	-	322.53	17.60	-	340.13
2010-11	-	-	-	-	*266.00*	*18.70*	-	*284.70*
2009-10	-	-	-	-	*183.08*	*8.70*	-	*191.78*
Purchase of Investments								
2011-12	-	-	-	-	-	-	-	-
2010-11	-	-	-	245.60	-	-	-	245.60
2009-10	-	-	-	-	-	-	-	-
Sale of Investments								
2011-12	-	-	-	-	-	-	-	-
2010-11	-	-	-	*9.00*	-	-	-	*9.00*
2009-10	-	-	-	*2,035.77*	-	-	-	*2,035.77*
Other Deposits given								
2011-12	-	-	-	6.70	-	-	-	6.70
2010-11	-	-	-	-	-	-	-	-
2009-10	-	-	-	-	-	-	-	-
Other Deposits refunded								
2011-12	-	-	-	0.28	-	-	-	0.28

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries	Associate/ Joint Venture Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	Total
2010-11	-	-	-	*1.60*	-	-	-	*1.60*
2009-10	-	-	-	-	-	-	-	-
Inter corporate Deposits -Accepted								
2011-12	-	-	-	-	-	-	-	-
2010-11	-	-	-	*6.70*	-	-	-	*6.70*
2009-10	-	-	-	*40.50*	-	-	-	*40.50*
Inter corporate Deposits Repaid during the year								
2011-12	-	-	-	-	-	-	-	-
2010-11	-	-	*10.00*	-	-	-	-	*10.00*
2009-10	-	-	-	*40.50*	-	-	-	*40.50*
Inter corporate Deposits -Advanced								
2011-12	-	-	-	113.26	-	-	-	113.26
2010-11	-	-	-	*113.30*	-	-	-	*113.30*
2009-10	-	-	-	-	-	-	-	-
Inter corporate Deposits Repayment received during the year								
2011-12	-	-	-	1.12	-	-	-	1.12
2010-11	-	-	-	-	-	-	-	-
2009-10	-	-	-	*1.60*	-	-	-	*1.60*
Issue of equity shares								
2011-12	-	-	-	1.00	-	-	-	1.00
2010-11	-	-	-	-	-	-	-	-
2009-10	*30.30*	-	-	-	-	-	-	*30.30*
Sale of equity shares								
2011-12	-	-	-	383.25	-	-	-	383.25
2010-11	-	-	-	-	-	-	-	-
2009-10	-	-	-	-	-	-	-	-
Debenture application money received								

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries	Associate/ Joint Venture Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	Total
2011-12	-	-	-	94.08	-	-	-	94.08
2010-11	-	-	-	-	-	-	-	-
2009-10	-	-	-	-	-	-	-	-
Loan repaid								
2011-12	-	-	-	-	3.39	-	-	3.39
2010-11	-	-	-	-	-	-	-	-
2009-10	-	-	-	-	-	-	-	-
Deposit accepted								
2011-12	-	-	-	-	1.00	-	-	1.00
2010-11	-	-	-	-	-	-	-	-
2009-10	-	-	-	-	-	-	-	-
Deposit refunded								
2011-12	-	-	-	-	1.50	-	-	1.50
2010-11	-	-	-	-	-	-	-	-
2009-10	-	-	-	-	-	-	-	-
Directors Fees								
2011-12	-	-	-	-	2.32	1.94	-	4.25
2010-11	-	-	-	-	*0.30*	-	-	*0.30*
2009-10	-	-	-	-	*0.22*	-	-	*0.22*
Balance Outstanding as on March 31								
Receivables *								
2011-12	0.21	-	0.00	8.11	-	-	83.62	91.94
2010-11	-	-	-	*29.04*	-	-	*69.80*	*98.84*
2009-10	-	-	*0.31*	*0.47*	-	-	*1.26*	*2.04*
Payables								
2011-12	7,195.35	1,734.20	3.56	110.52	-	-	0.13	9,043.76
2010-11	*6.90*	-	-	*41.90*	*(16.70)*	*(15.70)*	-	*16.40*
2009-10	*21.26*	-	*0.03*	*45.03*	-	-	*3.26*	*69.58*

Nature of Transaction	Holding Company	Subsidiary Company	Fellow Subsidiaries	Associate/ Joint Venture Companies	Key Management Personnel	Relative of Key Management Personnel	Enterprises over which Key Management Personnel exercise significant influence	Total
Debentures Outstanding								
2011-12	-	-	-	215.60	-	-	-	215.60
2010-11	-	-	-	*215.60*	-	-	-	*215.60*
2009-10	-	-	-	*215.60*	-	-	-	*215.60*
Public Deposit Outstanding								
2011-12	-	-	-	-	2.25	-	-	2.25
2010-11	-	-	-	-	-	-	-	-
2009-10	-	-	-	-	-	-	-	-
Guarantees Outstanding								
2011-12	-	-	-	-	-	-	-	-
2010-11	-	-	-	78.10	-	-	-	78.10
2009-10	-	-	-	*143.12*	-	-	-	*143.12*

* Amount less than Rs.0.01 Million

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 11 : RELATED PARTY INFORMATION

c) Transactions with Related Parties

Amount INR Million

	2011-12	2010-11	2009-10
Sale of goods			
- Godrej & Boyce Mfg. Co. Ltd.	*2.76*	2.42	1.99
- Godrej Consumer Products Ltd.	131.04	105.23	92.80
- Godrej Hershey Ltd.	0.18	0.77	1.14
- Ms. T. A. Dubash	0.65	-	-
- Godrej Tyson Foods Ltd.	0.18	0.16	-
- Laboratorio Cuenca S.A.	30.22	17.44	-
- Rapidol Pty Ltd.	6.22	1.26	1.20
- Godrej Sara Lee Ltd.	-	-	0.64
Advance given			
- Godrej & Boyce Mfg. Co. Ltd.	-	4.14	14.01
Sale of Fixed Assets			
- Godrej Consumer Products Ltd. *	0.02	-	-
Purchase of goods			
- Godrej & Boyce Mfg. Co. Ltd.	4.63	56.04	7.68
- Wadala Commodities Ltd	2.78	-	-
- Godrej Consumer Products Ltd.	68.76	61.64	53.81
- Godrej Hershey Ltd.	16.23	13.31	14.93
- Bahar Agrochem & Feeds Pvt. Ltd.	315.07	221.54	121.87
- Godrej Sara Lee Ltd.	-	-	0.06
Purchase of Fixed Assets			
- Godrej & Boyce Mfg. Co. Ltd.	31.22	5.06	23.32
- Godrej Vikhroli Properties LLP	1734.20	-	-
Processing Charges received			
- Godrej Hershey Ltd.	11.61	10.04	8.98
Commission / Royalty received			
- Godrej Hershey Ltd.	12.12	10.64	10.26
- Godrej Consumer Products Ltd.	-	-	0.30
Licence fees / Service charges / Storage income			
- Godrej Consumer Products Ltd.	28.33	30.13	18.23
- Godrej Hershey Ltd.	3.45	3.24	2.84
- Compass BPO Ltd.	-	-	15.48
- Godrej Sara Lee Ltd.	-	-	3.18
Other Income			
- Godrej & Boyce Mfg. Co. Ltd. *	0.00	0.07	-

	2011-12	2010-11	2009-10
- Wadala Commodities Ltd	0.09	-	-
- Godrej Infotech Ltd. *	0.00	-	-
- Godrej Consumer Products Ltd.	3.07	3.52	1.11
- Godrej Hershey Ltd.	1.04	2.19	0.32
- Bahar Agrochem & Feeds Pvt. Ltd.	121.32	58.79	-
- Godrej Sara Lee Ltd.	-	-	0.10
Recovery of Establishment & other expenses			
- Godrej & Boyce Mfg. Co. Ltd.	41.60	-	-
- Wadala Commodities Ltd	0.13	-	-
- Godrej Consumer Products Ltd.	40.31	44.03	71.64
- Godrej Hershey Ltd.	3.48	4.62	5.03
- Godrej Tyson Foods Ltd.	1.51	-	-
- Godrej Sara Lee Ltd.	-	-	0.50
- Compass BPO Ltd.	-	-	0.04
- Godrej Hygiene Products Pvt Ltd.	-	-	0.23
Rent, Establishment & other exps paid			
- Godrej & Boyce Mfg. Co. Ltd.	7374.59	115.70	165.66
- Wadala Commodities Ltd	0.52	0.64	0.58
- Godrej Infotech Ltd.	0.35	0.66	4.68
- Godrej Consumer Products Ltd.	17.79	16.91	26.09
- Godrej Hershey Ltd.	0.43	2.21	0.41
- Mr. A. Mahendran	0.24	-	-
- Ms. P A Godrej	19.40	12.51	12.91
- Ms. R.N. Godrej	7.20	6.80	6.47
- Ms. M. Mahendran	3.08	2.82	-
- Godrej Tyson Foods Ltd.	0.08	-	-
- Godrej Sara Lee Ltd.	-	-	0.29
Interest received			
- Godrej Hershey Ltd.	17.43	16.50	-
- Swadeshi Detergents Ltd.	3.45	0.19	0.22
- HDFC Venture Trustee Co. Ltd.	2.16	-	-
- Mr. A. Mahendran	1.42	-	-
Interest paid			
- Mr. M.S. Korde	0.21	-	-
- HDFC Venture Trustee Co. Ltd.	-	2.16	2.16
- Wadala Commodities Ltd	-	0.80	0.80
- Godrej Consumer Products Ltd.	-	-	0.61
Dividend income			
- Godrej Consumer Products Ltd.	250.35	238.38	289.55
Dividend paid			
- Godrej & Boyce Mfg. Co. Ltd.	780.15	708.31	733.41
- Mr. A. B. Godrej *	-	0.01	-
- Mr. N. B. Godrej	29.03	19.21	6.44
- Ms. T. A. Dubash	12.36	13.37	5.34

	2011-12	2010-11	2009-10
- Mr. A. Mahendran	1.03	0.51	-
- Mr. P. A. Godrej	14.70	15.68	6.55
- Mr. M.S. Korde *	0.05	0.04	-
- Mr. K.T. Jithendran *	0.00	0.01	-
- Ms. N. A. Godrej	12.36	13.37	5.34
- Ms. R.N. Godrej	1.05	0.90	-
- Mst. B.N. Godrej	13.16	11.75	-
- Mst. S.N. Godrej	13.32	11.74	-
- Mst. H.N. Godrej	3.63	3.43	-
- Bahar Agrochem & Feeds Pvt. Ltd.	5.38	4.98	3.11
- Vora Soaps Ltd.	0.14	0.12	-
Remuneration to Key Management Personnel			
- Mr. M. Lindsay	49.95	0.68	-
- Mr. A.B. Godrej	38.91	25.00	13.28
- Mr. M. Eipe	37.56	30.48	17.71
- Mr. M.S. Korde	36.49	24.17	14.95
- Mr. A. Mahendran	32.84	37.18	-
- Mr. N. B. Godrej	30.29	27.17	24.13
- Mr. B.S. Yadav	26.03	20.84	13.05
- Ms. T. A. Dubash	23.60	21.48	19.48
- Mr. K.T. Jithendran	21.56	-	-
- Mr. P. A. Godrej	17.34	24.17	8.47
- Mr. Mohit Khattar	7.39	-	-
- Mr. K.V.S. Rao	0.57	-	-
- Mr. H.K. Press	-	14.47	11.76
- Mr. M. P. Pusalkar	-	12.83	19.98
- Mr. V. F. Banaji	-	11.39	21.14
- Mr. V. Mathur	-	9.74	7.87
- Mr. C.H. Gopal	-	-	0.74
- Mr. D. Sehgal	-	6.41	10.52
Remuneration to Relatives of Key Management Personnel			
- Ms. N. A. Godrej	17.60	18.66	8.71
Purchase of Investments			
- Godrej Hershey Ltd.	-	245.60	-
Sale of Investments			
- India Reality Excellance Fund	-	5.00	-
- HDFC PMS	-	4.00	700.00
- Milestone Real Estate Fund	-	-	861.00
Other Deposits given			
- Godrej Hershey Ltd.	6.70	-	-
Other Deposits Refunded			
- Godrej Consumer Products Ltd.	0.28	1.57	-
Inter Corporate Deposits - Accepted			
- Godrej Consumer Products Ltd.	-	6.66	40.50

	2011-12	2010-11	2009-10
Inter Corporate Deposits - Repaid			
- Wadala Commodities Ltd	-	10.00	-
- Godrej Consumer Products Ltd.	-	-	40.50
Inter Corporate Deposits - Advanced			
- Godrej Hershey Ltd.	113.26	113.26	-
Inter Corporate Deposits - Repayment Received			
- Swadeshi Detergents Ltd.	1.12	-	1.60
Issue of equity shares			
- Ramesh P. Bhatia	0.50	-	-
- Repton Landmarks LLP	0.50	-	-
- Godrej & Boyce Mfg. Co. Ltd.	-	-	30.30
Sale of equity shares			
- Madhavi SA Investments LLP	183.00	-	-
- Ask Property Investment Advisor	200.25	-	-
Debenture Application money received			
- Ask Property Investment Advisor	94.08	-	-
Loan repaid			
- Mr. A. Mahendran	3.39	-	-
Deposit accepted			
- Mr. M.S. Korde	1.00	-	-
Deposit refunded			
- Mr. M.S. Korde	1.50	-	-
Directors fees			
- Mr. A.B. Godrej	0.20	0.30	-
- Mr. N. B. Godrej	2.13	0.08	-
- Ms. T. A. Dubash	0.97	-	-
- Ms. N. A. Godrej	0.97	-	-
Share in Associate Company aquired under a scheme of arrangement			
- Godrej Consumer Products Ltd.	-	-	474.77

* Amount less than Rs.0.01 Million

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 12 : LEASES

(1) Leases Granted by the Group

a) Operating Lease:

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

Amount INR Million

	2011-12	2010-11	2009-10
Gross Carrying Amount of Premises	629.20	628.20	191.35
Accumulated Depreciation	97.60	85.60	87.01
Depreciation for the period	11.90	9.60	5.09

The aggregate future minimum lease payments are as under :

	2011-12	2010-11	2009-10
Lease Income Recognised in the Statement of Profit and Loss	221.80	235.60	315.79
Future Lease Income			
- Within one year	125.90	229.60	348.50
- Later than one year and not later than five years	142.00	189.60	662.29

(2) Lease Taken by the Group

a) Operating Lease:

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

	2011-12	2010-11	2009-10
Lease Payment recognised in the Profit and Loss Account	164.80	138.90	44.04
Future Lease Commitments			
- Within one year	216.00	107.90	39.99
- Later than one year and not later than five years	462.70	260.40	32.34
- Later than five years	79.50	-	-

b) Finance Leases:

The Group has acquired vehicles under Finance Lease. Liability for minimum lease payment is secured by hypothecation of the vehicles acquired under the lease. The minimum lease payments outstanding as on March 31, 2012, in respect of vehicles acquired under lease are as under:

Amount INR Million

	Total minimum lease payments outstanding as on March 31, 2012	**Un-matured Interest**	**Present value of minimum lease payments**
Within one year			
2011-12	0.10	0.00	0.10
2010-11	1.10	0.20	1.00
2009-10	4.85	0.85	4.57
Later than one year and not later than five years			
2011-12	-	-	-
2010-11	0.10	-	0.10
2009-10	1.44	0.21	1.17
Total 2011-12	**0.10**	**0.00**	**0.10**
Total 2010-11	**1.20**	**0.20**	**1.10**
Total 2009-10	**6.29**	**1.06**	**5.74**

ANNEXURE 34 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

NOTE 13 : HEDGING CONTRACTS

The group uses forward exchange contracts to hedge its foreign exchange exposure relating to the underlying transactions and firm commitments in accordance with its forex policy as determined by a Forex Committee. The use of the foreign exchange forward contracts reduces the risk on cost to the company. The group also uses commodity futures contracts to hedge it's 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

	2011-12		**2010-11**		**2009-10**	
	Purchase	**Sale**	**Purchase**	**Sale**	**Purchase**	**Sale**
Futures Contracts Outstanding	-	-	7	-	1	-
Number of units under above contracts in MT.	-	-	1,600	-	1,040	-

b) Forward Exchange Contracts

	2011-12		**2010-11**		**2009-10**	
	Purchase	**Sale**	**Purchase**	**Sale**	**Purchase**	**Sale**
Total Number of Contracts Outstanding	47	6	69	5	31	9
Foreign Currency Value						
- US Dollar (million)	21.98	-	24.24	-	9.47	1.85
- Euro (million)	-	2.44	-	1.77	-	2.00

ii) Un-hedged Foreign Currency Exposures

	2011-12		**2010-11**		**2009-10**	
	Purchase	**Sale**	**Purchase**	**Sale**	**Purchase**	**Sale**
Uncovered Foreign Exchange Exposure as at the year end						
- US Dollar (million)	28.41	17.27	26.38	18.50	13.78	8.42
- Euro (million)	-	-	-	-	0.04	-
- GBP (million)	-	-	-	-	-	0.03

Note 14

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

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

Note 15

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

FINANCIAL STATEMENTS OF GODREJ CONSUMER PRODUCTS

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF GODREJ CONSUMER PRODUCTS LIMITED

ANNEXURE 1: CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Amount INR Million

		As at March 31,2012		As at March 31, 2011
I.	**EQUITY AND LIABILITIES**			
1.	**Shareholder's Funds**			
	(a) Share Capital	340.3		323.6
	(b) Reserves and Surplus	27,811.5		16,928.0
			28,151.8	**17,251.6**
2.	**Minority Interest**		**882.3**	-
3.	**Non Current Liabilities**			
	(a) Long-term Borrowings	15,281.2		13,420.4
	(b) Deferred Tax Liabilities	110.5		86.0
	(c) Other Long-term Liabilities	71.5		91.4
	(d) Long-term Provisions	222.6		175.7
			15,685.8	**13,773.5**
4.	**Current Liabilities**			
	(a) Short-term Borrowings	359.2		1,267.2
	(b) Trade Payables	7,702.3		3,331.3
	(c) Other Current Liabilities	6,980.9		9,173.2
	(d) Short-term Provisions	520.6		174.9
			15,563.0	**13,946.6**
	TOTAL		**60,282.9**	**44,971.7**
II.	**ASSETS**			
1.	**Non-Current Assets**			
	(a) Fixed Assets			
	(i) Tangible Assets	3,945.3		3,548.7
	(ii) Intangible Assets	11,518.5		11,824.0
	(iii) Capital Work-in-Progress	375.8		80.2
	Total Fixed Assets	**15,839.6**		**15,452.9**
	(b) Goodwill on Consolidation	21,454.1		15,404.1
	(c) Deferred Tax Assets (net)	115.6		72.0
	(d) Long-term Loans and Advances	2,463.4		1,648.1
	(e) Other Non-Current Assets	141.6		23.9
			40,014.3	**32,601.0**
2.	**Current Assets**			
	(a) Inventories	7,839.1		4,394.1
	(b) Trade Receivables	4,725.3		3,839.9
	(c) Cash and Bank Balances	6,398.7		2,269.1
	(d) Short-term Loans and Advances	1,181.3		1,745.8
	(e) Other Current Assets	124.2		121.8
			20,268.6	**12,370.7**

	TOTAL		**60,282.9**	**44,971.7**

ANNEXURE 2 : CONSOLIDATED STATEMENT OF PROFITS AND LOSSES

Amount INR Million

		2011-12		2010-11
I	**Revenue from Operations**			
	Revenue from Operations (Gross)	49,866.1		37,758.9
	Less : Excise Duty	(1,204.5)		(822.9)
			48,661.6	36,936.0
II	Other Income		520.0	522.4
III	**Total Revenue (I + II)**		**49,181.6**	**37,458.4**
IV	**Expenses**			
	Cost of Raw Materials including Packing Material Consumed	21,746.7		14,582.8
	Purchases of Stock in Trade	3,561.1		2,941.2
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(2,122.6)		(452.2)
	Employee Benefits Expenses	3,919.1		2,845.1
	Finance Costs	658.4		436.4
	Depreciation and Amortization Expenses	644.4		499.2
	Other Expenses	13,003.3		10,488.1
	Total Expenses		**41,410.4**	**31,340.6**
V	**Profit Before Exceptional Item and Tax (III-IV)**		**7,771.2**	**6,117.8**
VI	Exceptional Items		2,001.7	411.4
VII	**Profit Before Tax (V+VI)**		**9,772.9**	**6,529.2**
VIII	**Tax Expense**			
	(1) Current Tax	2,279.4		1,378.2
	(2) Deferred Tax	(18.9)		3.9
			2,260.5	1,382.1
IX	Profit for the year Before Minority Interest (VII-VIII)		**7,512.4**	**5,147.1**
X	Minority Interest		245.2	-
XI	Profit for the Year (IX-X)		**7,267.2**	**5,147.1**
XII	**Earnings per Equity Share (Face Value Re. 1)**			
	(1) Basic		22.34	16.11
	(2) Diluted		22.34	16.11

ANNEXURE 3: CONSOLIDATED STATEMENT OF CASH FLOWS

Amount INR Million

		2011-12		2010-11
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**			
	Profit Before Tax and Extraordinary Items:		7,771.2	6,117.8
	Adjustments for:			
	Depreciation	644.4		499.2
	Unrealised Foreign Exchange (Gain)/Loss	205.0		52.8
	Bad Debts Written off	11.4		4.7
	Provision for Doubtful Debts/Advances	38.2		9.0
	Write-Off / (Write-in) of Old Balances	(5.9)		5.6
	Other Income Outstanding	119.5		89.6
	Expenses on ESGS	17.9		-
	Interest Expense	658.4		323.3
	(Profit) / Loss on Fixed Assets Sold/Discarded	6.3		(4.3)
	Interest Income	(397.7)		(267.9)
			1,297.3	712.0
	Operating Profit Before Working Capital Changes		**9,068.5**	**6,829.8**
	Effect of exchange difference on translation of assets and liabilities		(225.9)	
	Adjustments for :			
	Inventories	(3,445.0)		(2,524.6)
	Trade Receivables	(936.4)		(3,065.0)
	Loans and Advances	(399.7)		(3,226.8)
	Other Current Assets	(5.6)		(2.5)
	Current Liabilities and Provisions	7,027.8		5,071.7
			2,241.1	(3,747.2)
	Cash Generated from / (used) in Operations		**11,083.7**	**3,082.6**
	Adjustment for:			
	Direct taxes paid		(2,100.4)	(1,419.6)
	Net Cash Flow from Operating Activities Before Exceptional Items		**8,983.3**	**1,663.0**
	Exceptional Items:			
	- Licence Agreement Termination Compensation	2,001.7		403.1
	- Compensation for Assignment of Rights Leasehold Land	-		8.3
			2,001.7	411.4
	Net Cash Flow from Operating Activities After Exceptional Items		**10,985.0**	**2,074.4**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	(Purchase) / Sale of Fixed Assets (net)	(1,565.0)		(13,880.3)
	Cost and Expenses of Amalgamation	-		(61.4)
	(Purchase) / Sale of Investments/Deposits (net)	(1,776.0)		614.3
	Investment Expenses to be Capitalized	-		(23.1)
	Loan to ESOP Trust (net)	170.5		(291.2)
	Investment in Subsidiaries	(5,791.2)		(10,270.6)
	Interest Received	398.2		200.6

		2011-12		2010-11
	Net Cash Flow From Investing Activities		**(8,563.5)**	(23,711.7)
			2,421.6	**(21,637.3)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from Preferential Allotment of Equity Shares(Net)	6,847.1		5,227.9
	Borrowing from Banks (Net)	(1,391.6)		17,604.9
	Issue of Debentures (Net of Expenses)	2,241.8		1,777.4
	Redemption of Debentures/Long Term Debt	(5,592.2)		-
	Repayment of Sales Tax Deferral Loan	(1.5)		-
	Cash Credits (net)	(57.1)		51.2
	Interest Paid	(422.2)		(320.5)
	Dividend Paid	(1,460.7)		(1,637.1)
	Tax on Distributed Profits	(236.2)		(334.9)
	Net Cash Flow from Financing Activities		**(72.6)**	22,368.9
	Net Increase/(Decrease) in Cash And Cash Equivalents:		**2,349.0**	**731.6**
	CASH AND CASH EQUIVALENTS:			
	AS AT THE BEGINNING			
	Cash and Bank Equivalents		2,164.4	3,008.3
	Acquired Pursuant to the Scheme of Amalgamation		-	1,575.5
	AS AT THE ENDING			
	Cash and Bank Equivalents		4,513.4	2,164.4
	Net increase/(decrease) in cash and cash equivalents		**2,349.0**	**731.6**

ANNEXURE 4: CONSOLIDATED STATEMENT OF SHARE CAPITAL

Amount INR Million

	As at March 31, 2012	As at March 31, 2011
Authorised		
410,000,000 Equity Shares *(previous year 410,000,000)* of Re 1 each	410.0	410.0
10,000,000 Preference Shares *(previous year 10,000,000)* of Re 1 each	10.0	10.0
Issued		
340,328,585 Equity Shares *(previous year 323,621,268)* of Re 1 each	340.3	323.6
Subscribed and Fully Paid up		
340,297,461 Equity Shares *(previous year 323,590,144)* of Re 1 each fully paid up	340.3	323.6
TOTAL	**340.3**	**323.6**

NOTES:

a) During the year, the Company issued 16,707,317 equity shares of Re 1 each at a premium of Re 409 per equity share to Baytree Investments (Mauritius) Pte. Ltd. on preferential basis.The issue proceeds aggregating to Rs 6849.90 Million have been utilized to retire debt and for general corporate purpose.

b) 31,124 Right Issue Shares (i.e. difference in Issued capital and Paid up capital) are kept in abeyance due to various suits filed in courts / forums by third parties for which final order is awaited.

c) **Terms / rights attached to equity shares**
The Company has issued only one class of equity shares having a par value of Re 1 each. Each holder of equity shares is entitled to one vote per share.
During the year ended March 31, 2012, the amount of per share dividend recognized as distribution to equity shareholders was Rs 4.75 (previous year: Rs 4.50).

d) The reconciliation of number of equity shares outstanding and the amount of share capital:

	As at March 31,2012		As at March 31, 2011	
	Number	Amount INR Million	Number	Amount INR Million
Shares outstanding at the beginning of the year	323,590,144	323.6	308,190,044	308.2
Add : Shares Issued during the year	16,707,317	16.7	15,400,100	15.4
Shares outstanding at the end of the year	**340,297,461**	**340.3**	**323,590,144**	**323.6**

e) Shareholders holding more than 5% shares in the Company:

	As at March 31,2012		As at March 31, 2011	
Name of the Shareholder	No. of Shares	% held	No. of Shares	% held
Godrej & Boyce Manufacturing Co Ltd	125,231,815	36.8%	127,426,815	39.4%
Godrej Industries Limited	71,989,620	21.2%	69,794,620	21.6%

f) Aggregate no. of Equity shares during the five years preceding the date of Balance Sheet

	No. of Shares
Allotted as fully paid up pursuant to contract without payment being received in cash	51,236,136
Shares Bought Back	1,122,484

g) **Shares Reserved for issue under options**
The Company has 94,966 (previous year nil) numbers of equity shares reserved for issue under Employee Stock Grant Scheme as at March 31, 2012. (as details in Note 13 of Annexure 31)

ANNEXURE 5: CONSOLIDATED STATEMENT OF RESERVE AND SURPLUS

Amount INR Million

		As at March 31, 2012	As at March 31, 2011
1.	**CAPITAL INVESTMENT SUBSIDY RESERVE**		
	Closing Balance	**1.5**	**1.5**
2.	**CAPITAL REDEMPTION RESERVE**		
	Closing Balance	**14.6**	**14.6**
3.	**SECURITIES PREMIUM ACCOUNT**		
	Balance as per last financial statements	8,530.9	3,570.4
	(+) Premium Received on Allotment of QIP	-	5,297.6
	(-) Expenses on QIP	-	(85.2)
	(+) Premium Received on Preferential Allotment	6,833.3	-
	(-) Expenses on Preferential Allotment	(2.9)	-
	(-) Expenses on Issue of Debentures	(8.2)	(21.3)
	(-) Premium on Redemption of Debenture	(272.3)	(230.6)
	Closing Balance	**15,080.8**	**8,530.9**
4.	**DEBENTURE REDEMPTION RESERVE**		
	Balance as per last financial statements	73.8	-
	(+) Transfer from General Reserve	497.5	73.8
	(-) Transfer to General Reserve	(500.0)	-
	Closing Balance	**71.3**	**73.8**
5.	**EMPLOYEE SHARE OPTIONS OUTSTANDING**		
	Gross Employee Compensation for Option granted during the year	35.9	-
	Less : Deferred Employee Compensation Expense	17.9	-
	Closing Balance	**18.0**	**-**
6.	**Foreign Currency Translation Reserve**	(297.5)	(72.1)
		(297.5)	**(72.1)**
7.	**GENERAL RESERVE**		
	Balance as per last financial statements	2,313.5	2,638.1
	(+) Transfer from Surplus	604.4	651.0
	(-) Transfer to Debenture Redemption Reserve	(497.5)	(73.8)
	(+) Transfer from Debenture Redemption Reserve	500.0	-
	(-) Adjustment Pursuant to Scheme of Amalgamation of GHPL	(527.5)	(901.8)
	(-) Adjustment Pursuant to Scheme of Amalgamation of Naturesse Consumer Care Products Limited and Essence Consumer Care Products Limited	(378.3)	-
	Closing Balance	**2,014.6**	**2,313.5**
8.	**SURPLUS**		
	Balance as per last financial statements	6,065.8	2,931.6
	(+) Net Profit for the Year	7,267.2	5,147.1
	(-) Dividends - Interim	(1,566.3)	(1,631.4)
	(-) Tax on Distributed Profit	(254.1)	(334.9)
	(-) Transfer to General Reserve	(604.4)	(651.0)
	(+) Addition on Amalgamation	-	604.4
	Closing Balance	**10,908.2**	**6,065.8**
	Total	**27,811.5**	**16,928.0**

ANNEXURE 6 : CONSOLIDATED STATEMENT OF LONG TERM BORROWINGS

Amount INR Million

		As at March 31, 2012	**As at March 31, 2011**
A.	**Secured**		
	Term Loans		
	from Banks (See Note (a) below)	7,038.0	10,670.4
	Deferred Sales Tax Loan *(See Note (b) below)*	0.8	1.4
		7,038.8	**10,671.8**
B.	**Unsecured**		
	Bonds / Debentures		
	a) 2,250 Unsecured, Redeemable, Zero Coupon, Non-Convertible Debentures of Rs. 10 lac each	2,250.0	-
	b) Premium on Redemption thereon *(See Note (c) below)*	102.4	-
		2,352.4	**-**
	Term loans		
	from Banks	5,882.8	2,748.6
	from Other Parties	7.2	-
		8,242.4	**2,748.6**
	TOTAL	**15,281.2**	**13,420.4**

NOTES:	
a)	Secured Loans represent borrowings from various financial institutions for the acquisition of Megasari Group and Indovest Capital. The loan is secured by pledge of shares of Indovest Capital repayable quarterly at a floating rate of interest ranging from 2% - 3%.
b)	Deferred sales tax loan is interest free and will be paid in balance 28 monthly installments. It is secured by Bank Guarantee in favour of Sales Tax authorities.
c)	During the year, the Company had issued 2,250 zero-coupon, unsecured, redeemable, non-convertible debentures on private placement basis, redeemable at a premium, which will yield 10.75% p.a. at maturity. These debentures are redeemable on November 14, 2014 with a call option on November 14, 2012 with a call premium of 0.25% and November 14, 2013 without any call premium.
d)	The Company does not have any continuing default as on the Balance Sheet date in repayment of loans and interest.

ANNEXURE 7: CONSOLIDATED STATEMENT OF DEFERRED TAX LIABILITIES (NET)

Amount INR Million

		As at March 31, 2012	As at March 31, 2011
1.	**Deferred Tax Liability**		
	a) Depreciation	171.5	127.3
		171.5	**127.3**
2.	**Deferred Tax Assets**		
	a) Tax Disallowances	49.2	24.8
	b) Provision for Doubtful Debts	11.8	16.5
		61.0	**41.3**
	TOTAL	**110.5**	**86.0**

ANNEXURE 8: CONSOLIDATED STATEMENT OF OTHER LONG TERM LIABILITIES

Amount INR Million

	As at March 31,2012	As at March 31, 2011
Security Deposit Received	62.9	76.0
Others	8.6	15.4
TOTAL	**71.5**	**91.4**

ANNEXURE 9 : CONSOLIDATED STATEMENT OF LONG TERM PROVISIONS

Amount INR Million

	As at March 31, 2012	As at March 31, 2011
PROVISION FOR EMPLOYEE BENEFITS		
Leave Encashment	69.0	70.1
Gratuity	153.6	105.6
TOTAL	**222.6**	**175.7**

ANNEXURE 10 : CONSOLIDATED STATEMENT OF SHORT TERM BORROWINGS

Amount INR Million

		As at March 31, 2012	As at March 31, 2011
A.	**Secured**		
	Loans Repayable on Demand		
	Cash Credit from Bank *(Refer Note (a) below)*	40.4	97.5
	Other Loans and Advances	1.4	1.3
		41.8	**98.8**
B.	**Unsecured**		
	Loans Repayable on Demand		
	Short Term Loan from Bank	316.9	886.1
	Other Loans and Advances	0.5	282.3
		317.4	**1,168.4**
	TOTAL	**359.2**	**1,267.2**

NOTES:

a) Cash Credit from Bank is secured by Hypothecation of Inventories and Book debts.

b) The Company does not have any default as on the Balance Sheet date in repayment of any loan and interest.

ANNEXURE 11 : CONSOLIDATED STATEMENT OF TRADE PAYABLES

Amount INR Million

	As at March 31, 2012	As at March 31, 2011
Due to Micro, Small and Medium Enterprises	-	-
Others	7,702.3	3,331.3
TOTAL	**7,702.3**	**3,331.3**

NOTE:

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at the balance sheet date. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

ANNEXURE 12 : CONSOLIDATED STATEMENT OF OTHER CURRENT LIABILITIES

Amount INR Million

		As at March 31,2012	As at March 31, 2011
1.	Current Maturities of Long Term Debt *(Refer Note below)*	3,128.7	5,319.9
2.	Interest Accrued but not Due on Borrowings	260.4	24.2
3.	Security Deposit Received	4.1	1.3
4.	Unpaid Dividends	53.4	48.9
5.	Taxes, Duties and Other Levies Payable	395.1	240.0
6.	Interim Dividend Payable	595.5	485.4
7.	Other Payables	2,543.7	3,053.5
	TOTAL	**6,980.9**	**9,173.2**

NOTE:
Current maturities of Long term Debt in previous year include 2,000 zero-coupon, unsecured, redeemable, non-convertible debentures having a face value of Rs 10 Lac each and borrowings from banks for acqusition of Megasari Group, Nigeria and Argentina Group . During the year, the Company had redeemed the debentures in two tranches in the month of December 2011 and January 2012 and loans in August, November, December and February.

ANNEXURE 13: CONSOLIDATED STATEMENT OF SHORT TERM PROVISIONS

Amount INR Million

		As at March 31, 2012	As at March 31, 2011
1.	**PROVISION FOR EMPLOYEE BENEFITS**		
	Contribution to Provident Fund and Other Funds	9.5	9.7
	Gratuity	57.2	42.2
	Leave Encashment	25.5	34.0
2.	**OTHERS**		
	Provision for Taxes (net of Advance tax)	331.8	10.3
	Provision for Tax on Distributed Profits	96.6	78.7
	TOTAL	**520.6**	**174.9**

ANNEXURE 14 : CONSOLIDATED STATEMENT OF FIXED ASSETS

Amount INR Million

	ASSETS	GROSS BLOCK						DEPRECIATION / AMORTISATION						NET BLOCK	
		Opening	Additions	Disposals	Acquisitions through Business Combinations	Other Adjustments	Closing	Opening	Depreciation for the Year	On Disposals	On Acquisitions through Business Combinations	Other Adjustments	Closing	Current Year	Previous year
A.	**TANGIBLE ASSETS**														
	Freehold Land	237.5	81.7	1.0	-	(54.9)	265.3	-	-	-	-	-	-	265.3	237.5
	Leasehold Land	79.4	-	-	-	(10.9)	68.5	5.3	0.7	-	-	(1.0)	5.0	63.5	74.1
	Leasehold Improvements	109.0	14.6	-	-	(71.6)	52.0	42.6	4.5	-	-	(38.3)	8.8	43.2	66.4
	Buildings	1,362.0	59.0	(18.6)	-	194.6	1,597.0	304.5	29.0	14.3	-	52.5	400.3	1,196.7	1,057.5
	Plant and Equipments	3,835.0	384.4	(72.3)	20.2	113.6	4,280.9	2,068.9	363.4	(4.9)	-	(53.5)	2,373.9	1,907.0	1,766.2
	Furniture, Fixtures and Fittings	401.8	37.0	48.0	0.5	(211.6)	275.7	239.2	22.9	55.2	-	(173.2)	144.1	131.6	162.5
	Office Equipment	116.6	43.7	(84.0)	-	142.1	218.4	64.2	56.8	(38.7)	-	38.1	120.4	98.0	52.4
	Vehicles	205.4	126.5	(12.7)	2.5	20.3	342.0	94.1	16.4	16.0	-	2.9	129.4	212.6	111.3
	Computers	76.0	30.4	(10.1)	1.1	82.6	180.0	66.6	25.3	6.4	-	54.3	152.6	27.4	9.4
	Assets under Finance Lease:														
	Leased Vehicles	13.7	-	(13.7)	-	-	-	2.3	-	(2.3)	-	-	-	-	11.4
	(A)	**6,436.4**	**777.3**	**(162.4)**	**24.3**	**204.20**	**7,279.8**	**2,887.7**	**519.0**	**46.0**	**-**	**(118.2)**	**3,334.5**	**3,945.3**	**3,548.7**
B.	**INTANGIBLE ASSETS**														
	Goodwill	126.0	-	-	-	11.2	137.2	2.2	26.9	-	-	6.9	36.0	101.2	123.7
	Trademarks and Brands	12,422.1	-	-	163.4	197.7	12,783.2	790.0	76.2	-	-	591.4	1,457.6	11,325.6	11,632.1
	Computer Software	160.0	43.0	(1.4)	-	(1.5)	200.1	93.8	22.1	1.2	-	(6.9)	110.2	89.9	66.1
	Technical Knowhow	3.0	-	-	-	-	3.0	0.9	0.3	-	-	-	1.2	1.8	2.1
	(B)	**12,711.1**	**43.0**	**(1.4)**	**163.4**	**207.4**	**13,123.5**	**886.9**	**125.5**	**1.2**	**-**	**591.4**	**1,605.0**	**11,518.5**	**11,824.0**
	(A+B)	**19,147.5**	**820.3**	**(163.8)**	**187.7**	**411.6**	**20,403.3**	**3,774.6**	**644.5**	**47.2**	**-**	**473.2**	**4,939.5**	**15,463.8**	
	Previous Year	4,148.7	2,185.8	(796.7)	-	13,609.	19,147.	1,531.4	499.1	(339.4)	-	2,083.5	3,774.6	-	**15,372.**

	ASSETS	GROSS BLOCK						DEPRECIATION / AMORTISATION						NET BLOCK	
		Opening	Additions	Disposals	Acquisitions through Business Combinations	Other Adjustments	Closing	Opening	Depreciation for the Year	On Disposals	On Acquisitions through Business Combinations	Other Adjustments	Closing	Current Year	Previous year
						7	5								**7**
C.	**CAPITAL WORK-IN-PROGRESS**													375.8	80.2
	TOTAL													**15,839.6**	**15,452.9**

NOTES:

a) Trademarks and Brands amounting to Rs 1.3 Million have been acquired pursuant to the Scheme of Amalgamation of Essence Consumer Care Products Ltd (ECCPL) and Naturesse Consumer Care Products Ltd (NCCPL).

b) Trademarks and Brands acquired pursuant to the Scheme of the Amalgamation of the erstwhile Godrej Household Products Limited (GHPL) with the Company are amortised over a period of 20 years. The major influencing factors behind amortising these brands over a period of 20 years are that Goodknight has been in existence since the last twenty seven years and been growing at a fast pace.

c) In accordance with the Scheme of Amalgamation of the erstwhile Godrej Household Products Limited with the Company which was sanctioned by the High Court of Judicature at Bombay, an amount of Rs 527.5 Million *(Previous year Rs 527.5 Million)* for the year ended on March 31, 2012, equivalent to the amortisation of the Goodknight abd Hit brands is charged to the General Reserve.

ANNEXURE 15: CONSOLIDATED STATEMENT OF DEFERRED TAX ASSETS (NET)

Amount INR Million

		As at March 31,2012	As at March 31, 2011
1.	**Deferred Tax Liability**		
	a) Depreciation	6.4	-
		6.4	**-**
2.	**Deferred Tax Assets**		
	a) Tax Disallowances	122.0	-
	b) Others	-	72.0
		122.0	**72.0**
	TOTAL	**115.6**	**72.0**

ANNEXURE 16: CONSOLIDATED STATEMENT OF LONG TERM LOANS AND ADVANCES

Amount INR Million

	As at March 31, 2012		As at March 31, 2011
Unsecured, Considered Good			
1. Capital Advances		654.1	73.6
2. Security Deposits		214.3	159.4
3. Other Loans and Advances			
a) Amount due from ESOP Trust		874.9	1,041.9
b) Excise and VAT Receivables			
Unsecured, Considered Good	512.1		291.9
Doubtful	82.2		82.2
Less: Provision for Doubtful Receivables	(82.2)		(82.2)
		512.1	291.9
c) Advance Tax (net of Provision for tax)		142.4	-
d) Miscellaneous Loans and Advances *(Refer Note below)*		65.6	81.3
	TOTAL	**2,463.4**	**1,648.1**

NOTE:
Long Term Loans and Advances include Rs 12.9 Million *(previous year Rs 17.1 Million)* due from a Director.

ANNEXURE 17: CONSOLIDATED STATEMENT OF OTHER NON-CURRENT ASSETS

Amount INR Million

	As at March 31, 2012	As at March 31, 2011
1. Foreign Currency Monetary Item Translation Difference Account	112.1	-
2. Others		
Unsecured, Considered Good	29.5	23.9
TOTAL	**141.6**	**23.9**

ANNEXURE 18 : CONSOLIDATED STATEMENT OF INVENTORIES

Amount INR Million

	As at March 31,2012		As at March 31, 2011
(Valued at lower of cost and net realizable value)			
Raw Materials & Packing Materials	3,092.9		1,924.1
Goods-in Transit	148.0		-
		3,240.9	1,924.1
Work-in-Progress		411.7	213.8
Finished Goods		3,706.1	1,813.3
Stock-in-Trade		391.5	359.7
Stores and Spares		88.9	83.2
TOTAL		**7,839.1**	**4,394.1**

ANNEXURE 19: CONSOLIDATED STATEMENT OF TRADE RECEIVABLES

Amount INR Million

	As at March 31, 2012	As at March 31, 2011
Trade Receivables Outstanding for a Period Exceeding Six Months		
Secured, Considered Good	-	-
Unsecured : Considered Good	58.6	81.5
Considered Doubtful	45.2	-
	103.8	81.5
Less: Provision for Doubtful Debts	45.2	67.3
	58.6	**14.2**
Other Trade Receivables		
Secured, Considered Good	31.8	-
Unsecured : Considered Good	4,696.6	3,825.7
Considered Doubtful	-	-
	4,728.4	3,825.7
Less: Provision for Doubtful Debts	61.7	-
	4,666.7	**3,825.7**
TOTAL	**4,725.3**	**3,839.9**

ANNEXURE 20 : CONSOLIDATED STATEMENT OF CASH AND BANK BALANCES

Amount INR Million

	As at March 31, 2012		As at March 31, 2011
1. Cash and Cash Equivalents			
a) Balances with Banks			
On Current Accounts	1,213.7		565.0
For Unpaid Dividend			
Deposits with less than 3 months maturity	2,598.3		1,463.5
		3,812.0	2,028.5
b) Cheques, Drafts on Hand		23.8	57.3
c) Cash on Hand		42.6	78.6
d) Investments in Liquid Mutual Funds		635.0	-
		4,513.4	**2,164.4**
2. Other Bank Balances			
a) Deposits against Bank Guarantees		73.2	55.8
held against Other Commitments			
b) Deposits with more than 3 months but less than 12 months maturity		1,758.7	-
c) For Unpaid Dividend		53.4	48.9
		1,885.3	**104.7**
TOTAL		**6,398.7**	**2,269.1**

ANNEXURE 21 : CONSOLIDATED STATEMENT OF SHORT TERM LOANS AND ADVANCES

Amount INR Million

		As at March 31, 2012		As at March 31, 2011
Others				
a)	Security Deposits		33.2	30.2
b)	Excise and VAT Receivables		576.2	540.7
c)	Miscellaneous Loans and Advances		-	-
	Secured considered good			
	Unsecured, Considered Good *(Refer Note below)*	571.9		1,174.9
	Doubtful	1.7		3.1
	Less: Provision for Doubtful Loans and Advances	(1.7)		(3.1)
			571.9	1,174.9
	TOTAL		**1,181.3**	**1,745.8**

NOTES:

Short Term Loans and Advances include Rs 4.3 Million *(previous year Rs 4.3 Million)* due from a Director.

ANNEXURE 22 : CONSOLIDATED STATEMENT OF OTHER CURRENT ASSETS

Amount INR Million

	As at March 31, 2012	As at March 31, 2011
Accrued Interest	117.8	121.8
Deferred Premium on Forward Contracts	6.4	-
TOTAL	**124.2**	**121.8**

ANNEXURE 23 : CONSOLIDATED STATEMENT OF REVENUE FROM OPERATIONS

Amount INR Million

		2011-12	2010-11
1.	Sale of Products	49,713.9	37,586.0
2.	Other Operating Revenues		
	Miscellaneous Income	152.2	172.9
		49,866.1	**37,758.9**
3.	Less : Excise Duty	(1,204.5)	(822.9)
	TOTAL	**48,661.6**	**36,936.0**

ANNEXURE 24 : CONSOLIDATED STATEMENT OF OTHER INCOME

Amount INR Million

		2011-12	2010-11
1.	Interest Income		
	On Investments	19.7	83.5
	On Advances and Deposits	249.9	9.6
	On Right Issue Proceeds	-	13.9
	On Loan to ESOP Trust	125.3	156.7
	On Income-tax Refund	2.8	4.1
2.	Net Gain on Sale of Investments	61.6	13.3
3.	Other Non-Operating Income		
	Net Gain on Foreign Currency Transactions and Translations	-	52.8
	Profit on Sale of Fixed Assets	-	4.2
	Claim Received	31.2	5.5
	Miscellaneous Non-operating Income	29.5	178.8
	TOTAL	**520.0**	**522.4**

ANNEXURE 25 : CONSOLIDATED STATEMENT OF COST OF RAW MATERIALS INCLUDING PACKING MATERIAL CONSUMED

Amount INR Million

	2011-12	2010-11
Opening Inventory	**1,924.1**	782.2
Add : Purchases (Net)	23,063.5	15,724.7
	24,987.6	16,506.9
Less: Closing Inventory	(3,240.9)	(1,924.1)
Cost of Raw Materials including Packing Material Consumed	**21,746.7**	**14,582.8**

ANNEXURE 26 : CONSOLIDATED STATEMENT OF COST OF CHANGE IN INVENTORIES OF FINISHED GOODS WORK IN PROGRESS AND STOCK-IN-TRADE

Amount INR Million

	2011-12	**2010-11**
Opening Inventory		
Finished Goods	1,813.2	1,360.3
Traded Goods	359.7	96.7
Work-in-Progress	213.8	232.2
	2,386.7	**1,689.2**
Add : Stock taken over on Amalgamation		
Finished Goods	-	22.1
Traded Goods	-	179.3
Work-in-Progress	-	43.9
	-	**245.3**
Less: Closing Inventory		
Finished Goods	3,706.1	1,813.2
Traded Goods	391.5	359.7
Work-in-Progress	411.7	213.8
	4,509.3	**2,386.7**
(Increase) / Decrease in Inventory	**(2,122.6)**	**(452.2)**

ANNEXURE 27: EMPLOYEE BENEFITS EXPENSES

Amount INR Million

		2011-12	2010-11
1.	Salaries and Wages	3,654.4	2,624.9
2.	Contribution to Provident and Other Funds	81.5	86.1
3.	Expense on Employee Stock Grant Scheme (ESGS)	17.8	-
4.	Staff Welfare Expenses	165.4	134.1
	TOTAL	**3,919.1**	**2,845.1**

ANNEXURE 28: FINANCE COST

Amount INR Million

		2011-12	2010-11
1.	Interest Expense	521.3	273.9
2.	Bill Discounting Charges	119.8	-
3.	Other Borrowing costs	17.3	162.5
	TOTAL	**658.4**	**436.4**

ANNEXURE 29 : OTHER EXPENSES

Amount INR Million

	2011-12		2010-11
Consumption of Stores and Spare Parts		163.8	142.0
Power and Fuel		799.6	533.9
Rent		285.9	279.9
Repairs and Maintenance			
Plant and Equipment	45.9		37.6
Buildings	21.4		23.3
Others	188.7		37.5
		256.0	**98.4**
Insurance		59.2	50.2
Rates and Taxes		140.6	242.6
Miscellaneous Expenses		792.6	1,280.6
Processing and Other Manufacturing Charges		700.0	620.3
Excise Duty Provision on Inventory		50.1	8.5
Travelling and Conveyance		432.7	312.2
Legal and Professional Charges		381.2	410.1
Donations		4.4	9.2
Sales Promotion		1,406.8	910.8
Advertising and Publicity		4,498.6	3,528.5
Selling and Distribution Expenses		805.0	741.4
Freight		1,559.6	960.8
Bank Charges		67.5	49.4
Royalty Expense		12.5	99.9
Commission		236.3	187.6
Discount		128.2	17.1
Net Loss on Sale of Fixed Assets		6.3	-
Net Loss on Foreign Currency Transactions and Translations		205.0	-
Bad Debts Written Off		11.4	4.7
TOTAL		**13,003.3**	**10,488.1**

NOTES :

a) Miscellaneous Expenses include the Company's share of various expenses incurred by group companies for sharing of services and use of common facilities.

ANNEXURE 30 : EXCEPTIONAL ITEMS

Amount INR Million

	2011-12	2010-11
License Agreement Termination Compensation	2,001.7	411.4
TOTAL	**2,001.7**	**411.4**

NOTES :

a) Pursuant to the 'Kiwi Manufacturing and Distribution License – Confirmation and Amendment Agreement dated May 28, 2010, entered into between Kiwi European Holdings B.V., Saralee Household & Body Care International B.V. and Godrej Household Products Limited (formerly known as Godrej Sara Lee Limited), and further pursuant to the letters dated February 9, 2011 and March 24, 2011, the 'Kiwi Manufacturing and Distribution License Agreement has been terminated effective April 3, 2011 and termination compensation of Rs 1,751.7 Million has been received which is disclosed as an "Exceptional Item" in the Statement of Profit and Loss.

b) The Brylcreem Manufacturing and Distribution license for the use of Brylcreem Brand in India to the erstwhile Godrej Household Products Ltd and its subsidiary by Sara Lee Corporation USA, subsequently assigned to Unilever, has been terminated with effect from March 31, 2012 and termination compensation of Rs 250.0 Million has been received which is disclosed as an "Exceptional Item" in the Statement of Profit and Loss.

ANNEXURE 31 : NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES

Note 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 applicable Accounting Standards notified under Section 211(3c) of the Companies Act, 1956 and specified in the Companies (Accounting Standard) Rules, pronouncements of the Institute of Chartered Accountants of India and the 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 of acquisition or construction, less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned assets.

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

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

d. Asset Impairment

Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value of the asset exceeds its recoverable amount. Recoverable amount is higher of an asset’s net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss, if any, is recognized in the period in which the impairment takes place.

e. Intangible Assets:

The cost of acquisition of trademarks is amortised equally over the best estimate of its useful life not exceeding a period of ten years, except in the case of Goodknight, HIT, Kinky and Tura brand where the brand is amortised equally over a period of twenty years.

f. Operating Leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

g. Investments

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

h. Inventories

Inventories are valued at lower of cost and estimated net realizable value. Cost is computed on the weighted average basis and is net of CENVAT, Finished goods and work in progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Finished goods valuation also includes excise duty. Provision is made for cost of obsolescence and other anticipated losses, whenever considered necessary.

i. Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

No Provision is recognized for –

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

B. Any present obligation that arises from past events but is not recognized because-

   a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   b) A reliable estimate of the amount of obligation cannot be made.

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

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

j. 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 are accounted on accrual basis and include the estimated value of export incentives receivable under the Duty Entitlement Pass Book Scheme.
- Dividend income is recognised when the right to receive the same is established.
- Interest income is recognised on a time proportion basis.
- Insurance claims and transport and power subsidies from the Government are accounted on cash basis when received.

k. Expenditure

- Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

- Revenue expenditure on research and development is charged to the Statement of Profit and Loss of the year in which it is incurred. Capital expenditure incurred during the year on research and development is shown as addition to fixed assets.

l. Borrowing Costs

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

m. Foreign Currency Transactions

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

ii) Forward exchange contracts, remaining unsettled at the period end, backed by underlying assets or liabilities are also translated at period end exchange rates. Premium or discount on forward foreign exchange contracts is amortised over the period of the contract and recognised as income or expense for the period. Realised gain or losses on cancellation of forward exchange contracts are recognised in the Statement of Profit and Loss of the period in which they are cancelled.

iii) Non Monetary foreign currency items like investments in foreign subsidiaries are carried at cost and expressed in Indian currency at the rate of exchange prevailing at the time of making the original investment.

iv) For the purpose of consolidation of non-integral foreign operations, all assets and liabilities, both monetary and non-monetary are translated at the closing rate. Items of income and expenditure are translated at exchange rates at the date of the relevant transactions. All resulting exchange differences are accumulated in a Foreign Currency Translation Reserve until disposal of the net investment.

v) The Government of India, Ministry of Corporate Affairs has during the year amended the Companies (Accounting Standards) Rules, 2006, in respect of Accounting Standard (AS) 11 relating to "The Effects of Changes in Foreign Exchange Rates", wherein enterprises have been given an option to accumulate exchange differences in a "Foreign Currency Monetary Item Translation Difference Account" subject to the conditions specified in the Notification. Accordingly, the Company has exercised the option to accumulate the foreign currency gain / losses in the "Foreign Currency Monetary Item Translation Difference Account".

n. 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 are recognized in the Statement of Profit and Loss. Gains or losses on the commodity futures contracts are recorded in the Statement of Profit and Loss under Cost of Materials Consumed.

o. Employee Benefits

i) Short-term Employee benefits

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

ii) Post Employment Benefits

a) Defined Contribution Plans

Payments made to a defined contribution plan such as Provident Fund maintained with Regional Provident Fund Office and Superannuation Fund are charged as an expense in the Statement of Profit and Loss as they fall due.

Upto the previous year all provident fund contributions, whether made to the Regional Provident Fund Office or to the Provident Fund Trust administered by the Company were considered as Defined Contribution Plans.

b) Defined Benefit Plans

Gratuity Fund

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

Provident Fund

Provident Fund Contributions other than those made to the Regional Provident Fund Office of the Government which are made to the Trust administered by the Company are considered as Defined Benefit Plans. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, shall be made good by the Company.

c) Other Long Term Employee Benefits

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

p. Incentive Plans

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

Up to March 31, 2009, the EVA awards would 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 Statement of Profit and Loss. The notional bank was held at risk and charged to EVA of future years and was payable at that time, if future performance so warranted. The notional bank balance accumulated till March 31, 2009, as at the beginning of the current year is being paid @ 33% every year on the reducing balance. The entire EVA award for the year has been charged to the Statement of Profit and Loss.

q. Depreciation and Amortisation

i) Leasehold land is amortised equally over the lease period.

ii) Leasehold Improvements are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the assets.

iii) Depreciation is provided, pro rata to the period of use, under the Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956, except:

a) In case of computer hardware which is depreciated over 4 years.

b) SAP licenses acquired pursuant to the Scheme of the Amalgamation of the erstwhile Godrej Household Products Limited (GHPL) with the Company are amortised over a period of 4 years and Trademarks acquired are amortised equally over the best estimate of their useful life not exceeding a period of 10 years, except in the case of Goodknight and Hit brands where the brands are amortised equally over a period of 20 years.

c) Goodwill is amortised over a period of 5 years.

d) Tools, dies and moulds acquired are depreciated over a period of 3½ years.

e) Technical Knowhow is depreciated over a period of 10 years.

f) In accordance with the Court order approving the Scheme of Amalgamation of the erstwhile GHPL with the Company, an amount equivalent to the amortisation of the Goodknight and Hit brands at the end of each financial year is directly debited to the balance in the General Reserve Account.

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

v) Depreciation in the subsidiary companies is provided under the Straight Line Method over the expected useful lives of the respective assets ranging between three years to ten years except in the case of Kinky and Tura brand where the brand is amortised equally over a period of twenty years.

vi) It is estimated that the impact on depreciation of the difference in expected useful lives between the holding company and subsidiaries is not material.

r. 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 subject to consideration of prudence, is recognised on timing differences; being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset / liabilities in respect of on timing differences which originate and reverse during the tax holiday period are not recognized. Deferred tax asset / liabilities in respect of timing differences that originate during the tax holiday period but reverse after the tax holiday period are recognized. Deferred tax assets on unabsorbed tax losses and tax depreciation are recognised only when there is a virtual certainty of their realisation and on other items when there is reasonable certainty of realisation. The tax effect is calculated on the accumulated timing differences at the year end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

s. Segment Reporting

The Company is considered to be a single segment company – engaged in the manufacture of Personal and Household Care products. The Company has identified business segment as its primary segment. Geographic segments of the Company are 'Within India' and 'Outside India'. Segment revenues and assets have been identified to represent segments on the basis of their relationship to the respective segment.

NOTE: 2 PRINCIPLES OF CONSOLIDATION

a) The consolidated financial statements relate to Godrej Consumer Products Limited, the Holding Company, its wholly owned subsidiaries. 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 unrealised profits or losses are fully eliminated.

b) The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as of the Company i.e. up to March 31, 2012.

The financial statements of following subsidiaries have been audited for the year ended March 31, 2012

- Godrej Consumer Products (UK) Limited, U.K.
- Keyline Brands Limited, U.K.
- Inecto Manufacturing Limited, U.K.
- Rapidol (Proprietary) Limited, South Africa.
- Godrej Global Mid East FZE, UAE.
- Godrej Consumer Products Mauritius Limited, Mauritius.
- Godrej Kinky Holdings Limited, Mauritius.
- Kinky Group (Proprietary) Limited, South Africa.
- Godrej Hygiene Products Limited
- Godrej Consumer Products Holding (Mauritius) Ltd, Mauritius.
- Godrej Nigeria Holdings Limited, Mauritius.
- Godrej Household Products (Lanka) Pvt Ltd
- Godrej Household Products (Bangladesh) Pvt Ltd
- Godrej Nigeria Ltd
- PT. Megasari Makmur
- PT. Simba Indosnack Makmur
- PT. Ekamas Sarijaya
- PT. Sarico Indah
- P.T. Indomas Susemi Jaya
- P.T. Intrasari Raya
- Laboratoria Cuenca S.A
- Issue Group Uruguay S.A
- Issue Group Brazil Ltd

- Consell S.A
- Argencos S.A
- Panamar Producciones S.A.
- Godrej Mauritius Africa Holdings Limited
- Godrej Weave Holdings Limited
- Weave Trading Mauritius Private Limited
- DGH Mauritius Private Limited
- Weave Business Holding Mauritius Private Limited
- Weave IP Holdings Mauritius Private Limited
- Subinite (Proprietary) Limited
- Lorna Nigeria Limited
- Weave Mozambique Limitada
- Hair Trading (Offshore) S. A. L

The financial statements of Godrej Netherlands, B.V., Godrej Consumer Products Dutch Cooperatief U.A., Godrej Consumer Products (Netherlands) B.V., Godrej Consumer Holdings (Netherlands) B.V., Godrej Consumer Products Bangladesh Ltd., Godrej Indonesia Netherlands Holding BV, Godrej Argentina Dutch Cooperatief U.A, Godrej Netherlands Argentina Holding B.V, Godrej Netherlands Argentina B.V, and Indovest Capital Ltd., for the year ended March 31, 2012, have not been audited and have been consolidated on the basis of accounts certified by Management.

Accordingly, the consolidated financial statements include the results of the subsidiaries for the year ended March 31, 2012 and their assets and liabilities as on the Balance Sheet date.

In the consolidated financial statements, 'Goodwill' represents the excess of the cost to the Company of its investment in the subsidiaries 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.

NOTE: 3 PARTICULARS OF SUBSIDIARIES

The subsidiary companies / entities considered in the consolidated financial statements are:

Sr. No.	**Name of the Company**	**Country of Incorporation**	**Percentage of Holding**	
			Current Year	***Previous Year***
1.	Godrej Netherlands B.V.	Netherlands	100%	*100%*
2.	Godrej Consumer Products (UK) Limited *(100% subsidiary of Godrej Netherlands B.V.)*	UK	100%	*100%*
3.	Keyline Brands Limited *(100% subsidiary of Godrej Consumer Products (UK) Limited)*	UK	100%	*100%*
4.	Inecto Manufacturing Limited *(100% subsidiary of Keyline Brands Limited)*	UK	100%	*100%*
5.	Rapidol (Proprietary) Limited	South Africa	100%	*100%*

Sr. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			Current Year	***Previous Year***
6.	Godrej Global Mid East FZE	UAE	100%	*100%*
7.	Godrej Consumer Products Mauritius Limited	Mauritius	100%	*100%*
8.	Godrej Kinky Holdings Limited *(100% subsidiary of Godrej Consumer Products Mauritius Limited)*	Mauritius	100%	*100%*
9.	Kinky Group (Proprietary) Limited *(100% subsidiary of Godrej Kinky Holdings Limited)*	South Africa	100%	*100%*
10.	Godrej Nigeria Holdings Limited *(100% subsidiary of Godrej Consumer Products Mauritius Limited)*	Mauritius	100%	*100%*
11.	Godrej Nigeria Limited *(99.99% held by Godrej Nigeria Holdings Limited, 0.01% held by Godrej Consumer Products Mauritius Limited.)*	Nigeria	100%	*100%*
12.	Godrej Argentina Dutch Cooperatief U.A. *(100% subsidiary of Godrej Consumer Products Mauritius Limited)*	Netherlands	100%	*100%*
13.	Godrej Netherlands Argentina Holding B.V. *(100% subsidiary of Godrej Argentina Dutch Cooperatief U.A.)*	Netherlands	100%	100%
14.	Godrej Netherlands Argentina B.V. *(100% subsidiary of Godrej Argentina Dutch Cooperatief U.A.)*	Netherlands	100%	100%
15.	Laboratoria Cuenca S.A. *(90% held by Godrej Netherlands Argentina Holding B.V. and 10% held by Godrej Netherlands Argentina B.V.)*	Argentina	100%	100%
16.	Issue Group Uruguay S.A. *(99% held by Laboratoria Cuenca S. A. and 1% held by Deciral S.A)*	Argentina	100%	100%
17.	Deciral S.A. *(99% held by Laboratoria Cuenca S. A. and 1% held by Issue Group Uruguay S.A)*			
18.	Issue Group Brazil Limited *(100% subsidiary of Laboratoria Cuenca S.A.)*	Argentina	100%	100%
19.	Consell S.A. *(74% held by Laboratoria Cuenca S.A,23.4% held by Godrej Netherland Argentina B.V.and 2.6% held by Godrej Netherland Argentina Holding B.V.)*	Argentina	100%	100%
20.	Argencos S.A. *(64.86% held by Godrej Netherlands Argentina B.V and 35.14% held by Panamar Producciones S.A.)*	Argentina	100%	100%
21.	Panamar Producciones S.A. *(100% subsidiary of Godrej Netherlands Argentina B.V.)*	Argentina	100%	100%
22.	Godrej Hygiene Product Limited	India	100%	*100%*
23.	Godrej Consumer Products Holding (Mauritius) Limited	Mauritius	100%	*100%*
24.	Indovest Capital Limited *(100% subsidiary of Godrej Consumer Products Holding (Mauritius) Limited)*	Malaysia	100%	100%
25.	Godrej Consumer Products Dutch Cooperatief U.A., *(99.99% held by Godrej Consumer Products Holding (Mauritius) Limited, 0.01% held by Godrej Consumer Products Mauritius Limited)*	Netherlands	100%	*100%*
26.	Godrej Indonesia Netherlands Holding B.V.	Netherlands	100%	100%

Sr. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			Current Year	*Previous Year*
	(100% subsidiary of Godrej Consumer Products Dutch Cooperatief U.A.)			
27.	Godrej Consumer Products (Netherlands) B.V. *(100% subsidiary of Godrej Consumer Products Dutch Cooperatief U.A.)*	Netherlands	100%	*100%*
28.	Godrej Consumer Holdings (Netherlands) B.V. *(100% subsidiary of Godrej Consumer Products Dutch Cooperatief U.A.)*	Netherlands	100%	*100%*
29.	PT. Megasari Makmur *(100% subsidiary of Godrej Consumer Holdings (Netherlands) B.V.)*	Indonesia	100%	100%
30.	PT. Simba Indosnack Makmur *(100% subsidiary of Godrej Consumer Holdings (Netherlands) B.V.)*	Indonesia	100%	100%
31.	PT. Ekamas Sarijaya *(100% subsidiary of Godrej Consumer Holdings (Netherlands) B.V.)*	Indonesia	100%	100%
32.	PT. Sarico Indah *(100% subsidiary of Godrej Consumer Holdings (Netherlands) B.V.)*	Indonesia	100%	100%
33.	P.T. Indomas Susemi Jaya *(100% subsidiary of Godrej Consumer Holdings (Netherlands) B.V.)*	Indonesia	100%	100%
34.	P.T. Intrasari Raya *(100% subsidiary of Godrej Consumer Holdings (Netherlands) B.V.*	Indonesia	100%	100%
35.	Godrej Household Products (Lanka) Private Limited	Sri Lanka	100%	100%
36.	Godrej Household Products (Bangladesh) Private Limited	Bangladesh	100%	100%
37.	Godrej Consumer Products Bangladesh Limited	Bangladesh	100%	100%
38.	Godrej Mauritius Africa Holdings Limited	Mauritius	100%	100%
39.	Godrej Weave Holdings Limited *(100% subsidiary of Godrej Mauritius Africa Holdings Limited)*	Mauritius	100%	100%
40.	DGH Mauritius Private Limited *(51% subsidiary of Godrej Weave Holdings Limited)*	Mauritius	51%	--
41.	Weave Trading Mauritius Private Limited *(51% subsidiary of Godrej Weave Holdings Limited)*	Mauritius	51%	--
42.	Weave Business Holding Mauritius Private Limited *(100% subsidiary of DGH Mauritius Limited)*	Mauritius	51%	--
43.	Lorna Nigeria Limited *(100% subsidiary of Weave Business Holding Mauritius Private Limited)*	Nigeria	51%	--
44.	Subinite (Proprietary) Limited *(100% subsidiary of Weave Business Holding Mauritius Private Limited)*	South Africa	51%	--
45.	Weave Mozambique Limitada *(100% subsidiary of Weave Business Holding Mauritius Private Limited)*	Mozambique	51%	--
46.	Weave IP Holdings Mauritius Private Limited (*100% subsidiary of Weave Business Holding Mauritius Private Limited.)*	Mauritius	51%	--
47.	Hair Trading (Offshore) S. A. L.	Lebanon	51%	--

NOTE 4: CONTINGENT LIABILITIES

Amount INR Million

			As at March 31, 2012	As at March 31, 2011
a)	**CLAIMS FOR EXCISE DUTIES, TAXES AND OTHER MATTERS**			
	i)	Excise duty demands aggregating Rs 39.5 Million *(previous year Rs 18.5 Miilion)* against which the Company has preferred appeals (net of tax).	26.7	12.3
	ii)	Customs Duty claims in respect of Classification	38.7	-
	iii)	Excise duty claims in respect of non-payment of education cess for the period January 2005 to March 2008 at the Guwahati Factory amounting to Rs 11.8 Million *(previous year Rs 11.8 Million)* (net of tax).	8.0	7.9
	iv)	Sales tax demands aggregating Rs 280.7 Million *(previous year Rs 208 Million)* against which the Company has preferred appeals (net of tax).	189.6	138.9
	v)	Income-tax matters		
		Demand notices issued by Income-tax Authorities.	78.3	83.7
	vi)	Other matters - Rs 30 Million *(previous year Rs.30 Million)* (net of tax).	20.3	20.0
b)	**GUARANTEES**			
	i)	Guarantees issued by banks [secured by bank deposits under lien with the bank Rs 73.2 Million (previous year Rs 55.8 Million)]	102.1	86.5
	ii)	Guarantees amounting to USD Nil (previous year USD 95 million) given by the Company towards loans provided by HSBC, Hongkong to Godrej Consumer Products Mauritius Ltd.	-	4,302.1
	iii)	Guarantee amounting to USD 297 million (previous year USD 365 million) given by the Company towards loan provided by banks to Godrej Consumer Products Holding (Mauritius) Ltd.	15,111.5	16,416.0
	iv)	Guarantee of AED 1.4 million (previous year AED 1.4 million) given by the Company to guarantee principal amount of credit facilities extended by HSBC Bank Middle East Ltd. to Godrej Global Mideast FZE.	19.4	17.3
	v)	Guarantee given by the Company to guarantee principal amount of credit facilities extended by the Royal Bank of Scotland to Godrej Hygiene Products Limited.	50.0	50.0
	vi)	Guarantee given by the Company to guarantee principal amount of credit facilities extended by Citibank Sri Lanka and Citibank Bangladesh to Godrej Household Products (Lanka) Private Limited and Godrej Household Products (Bangladesh) Private Limited respectively.	75.6	75.6

			As at March 31, 2012	As at March 31, 2011
	vii)	Guarantee amounting to USD 10 Million (*previous year Nil*) given by the Company to HSBC, Hongkong towards swap / derivative facilities provided to Godrej Consumer Products Holding (Mauritius) Ltd.	508.8	-
	viii)	Guarantee amounting to USD 121 Million (*previous year Nil*) given by the Company to DBS Bank, Singapore towards loan provided to Godrej Mauritius Africa Holdings Ltd for acquisition of 51% stake in Darling Group operations at South Africa, Nigeria and Mozambique	6,155.9	-
	ix)	Guarantee given by the Company to HSBC Bangladesh towards credit facilities provided by the Bank to Godrej Household Products (Bangladesh) Pvt. Ltd.	47.6	-
c)	**Claims against the Company not acknowledged as debt:**			
	i)	Claims by various parties on account of unauthorized, illegal and fraudulent acts by an employee.	242.4	242.4
	ii)	Claims pertaining to litigations filed against the erstwhile Godrej Household Products Limited.	2.5	2.5
	ii)	Others	42.8	-

NOTE 5 : COMMITMENTS

Amount INR Million

			As at March 31,2012	As at March 31, 2011
	i)	Estimated amount of contracts remaining to be executed on capital account and not provided for	1,535.5	72.5

NOTE 6: EARNINGS PER SHARE

Amount INR Million

Particulars	2011-12	2010-11
Net Profit After Tax	**7267.2**	**5147.1**
Shares outstanding at the beginning of the year	**323,590,144**	**308,190,044**
Add : Shares Issued during the year	16,707,317	15,400,100
Shares outstanding at the end of the year	**340,297,461**	**323,590,144**
Weighted Average Number of Equity Shares		
For calculating Basic EPS	325,279,135	319,466,122
For calculating Diluted EPS	325,326,563	319,466,122
Earnings Per Share Before and After Extraordinary Items (Face Value Re 1)		
Basic	22.34	16.11
Diluted	22.34	16.11

NOTE 7 : LEASES

Amount INR Million

	2011-12	2010-11
Not later than one year	75.8	43.5
Later than one year and not later than five years	79.8	34.8
Later than five years	8.2	13.9
TOTAL	**163.8**	**92.2**

NOTE 8 : HEDGING CONTRACTS

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

a) Forward Contracts outstanding as at March 31, 2012:

Particulars	2011-12		2010-11	
	Avg Rate	Amt Million	Avg Rate	Amt Million
Forward Contract to Purchase (USD)	50.98	22.78	45.91	6.61
[32 contracts *(previous year 6 contracts)*]				
Forward Contract to Sell (EUR)	-	-	63.36	0.93
[Nil Contracts *(previous year 4 contracts)*]				
Forward Contract to Sell (USD)	-	-	46.61	0.05
[Nil Contracts *(previous year 1 contract)*]				

b) The uncovered foreign exchange exposure as at March 31, 2012:

Amount INR Million

	Currency	2011-12	2010-11
Payable	USD	1,388.7	2,284.6
Payable	SGD	0.1	-
Payable	EUR	23.2	37.7
Payable	GBP	0.1	0.2
Payable	ZAR	-	13.1
Loan and Interest payable	USD	2,409.9	-
Receivables	USD	527.7	162.4
Receivables	EUR	-	117.0
Receivables	ZAR	-	12.8
Cash and cash equivalents	USD	359.1	106.1
Cash and cash equivalents	EUR	2.7	63.7
Bank Borrowings	USD	46.5	(15,597.2)
Redeemable convertible preference shares	USD	-	(181.5)

NOTE 9: INCENTIVE PLAN

The amount carried forward in notional bank after distribution of PLVR for the financial year 2011-12 is Rs 34.9 Million as on March 31, 2012 (previous year Rs 66.7 Million). The said amount is not provided in the books of account and is payable in future, if performance so warrants.

NOTE 10: EMPLOYEE BENEFITS

a) DEFINED CONTRIBUTION PLAN

Provident Fund:

The post-employment benefits of the erstwhile Godrej Household Products Ltd., which was obtained pursuant to the Scheme of Amalgamation, include contributions to the Provident Fund and Superannuation Fund. The contributions to the Provident Fund are made to a Government administered Provident Fund and there are no further obligations beyond making such contribution. The Superannuation Fund constitutes an insured benefit, which is classified as a defined contribution plan as the Company contributes to an Insurance Company and has no further obligation beyond making payment to the insurance company.
Upto the previous year all provident fund contributions, whether made to the Regional Provident Fund Office or to the Provident Fund Trust administered by the Company were considered as Defined Contribution Plans.

b) DEFINED BENEFIT PLAN

Gratuity:

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

The gratuity scheme of the erstwhile Godrej Household Products Ltd., which was obtained pursuant to the Scheme of Amalgamation, is funded through a Unit Linked Gratuity Plus Scheme with Life Insurance Corporation of India ('LIC') and HDFC Standard Life Insurance Company Limited. The liability for the Defined Benefit Plan is provided on the basis of a valuation, using the Projected Unit Credit Method, as at the Balance Sheet date, carried out by an independent actuary.

Provident Fund:

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

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

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

d) Amounts Recognised as Expense:

i) Defined Contribution Plan

Employer's Contribution to Provident Fund amounting to Rs 45.2 Million *(previous year Rs 53.4 Million)* has been included in Annexure 27 under Contribution to Provident and Other Funds.

ii) Defined Benefit Plan

Gratuity cost amounting to Rs 21.4 Million *(previous year Rs 21.5 Million)* has been included in Annexure 27 under Contribution to Provident and Other Funds.

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

Amount INR Million

		2011-12	2010-11
i)	**Change in Present Value of Obligation**		
	Present value of the obligation at the beginning of the year	162.7	93.8
	Obligation on Transfer of Employees pursuant to Scheme of Amalgamation	-	59.9
	Current Service Cost	7.6	13.6
	Interest Cost	8.5	12.7
	Actuarial (Gain) / Loss on Obligation	12.8	2.5
	Benefits Paid	(29.6)	(19.8)
	Present value of the obligation at the end of the year	**162.0**	**162.7**
ii)	**Change in Plan Assets**		
	Fair value of Plan Assets at the beginning of the year	126.7	73.8
	Plan Assets taken over pursuant to Scheme of Amalgamation	-	60.3
	Expected return on Plan Assets	5.1	11.1
	Actuarial Gain / (Loss) on Plan Assets	2.5	(3.7)
	Contributions by the Employer	-	5.0
	Benefits Paid	(29.6)	(19.8)
	Fair value of Plan Assets at the end of the year	**104.7**	**126.7**
iii)	**Amounts Recognised in the Balance Sheet:**		
	Present value of Obligation at the end of the year	162.0	162.7
	Fair value of Plan Assets at the end of the year	104.7	126.7
	Net Obligation at the end of the year	**57.3**	**36.0**
iv)	**Amounts Recognised in the statement of Profit and Loss:**		
	Current Service Cost	7.6	13.6
	Interest Cost on Obligation	8.5	12.7
	Expected return on Plan Assets	(5.1)	(11.1)
	Net Actuarial (Gain) / Loss recognised in the year	10.4	6.3
	Net Cost Included in Personnel Expenses	**21.4**	**21.5**
v)	**Actual Return on Plan Assets**	**7.6**	**7.4**
vi)	**Estimated contribution to be made in next financial year**	**13.3**	**13.6**
vii)	**Major categories of Plan Assets as a % of total Plan Assets**		
	i) Insurer Managed Funds	100%	100%
viii)	**Actuarial Assumptions**		
	i) Discount Rate	8.50% P.A.	8.25% P.A.
	ii) Expected Rate of Return on Plan Assets	8.50% P.A.	8.25% P.A.
	iii) Salary Escalation Rate	5.00% P.A.	5.00% P.A.
	iv) Employee Turnover	1.00% P.A.	1.00% P.A.
	v) Mortality	L.I.C. (1994-96) Ultimate	
	The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
ix)	**Experience Adjustments (Gain) / Loss:**	**On Plan Liabilities**	**On Plan Assets**

		2011-12	2010-11
	Apr 11 - Mar 12	16.3	(2.5)
	Apr 10 - Mar 11	2.7	3.7
	Apr 09 - Mar 10	18.6	(6.8)
	Apr 08 - Mar 09	3.0	0.4
	Apr 07 - Mar 08	8.9	(1.2)

NOTE 11: RELATED PARTY DISCLOSURES

A) Related Parties and their Relationship

a) Enterprise having control over reporting enterprise:

Godrej & Boyce Mfg. Co. Ltd.

b) Enterprises under common control with whom transactions have taken place during the year:

i) Godrej Industries Limited
ii) Godrej Agrovet Limited
iii) Godrej Tyson Foods Ltd
iv) Godrej Infotech Limited
v) Godrej Properties Limited
vi) Godrej Oil Palm Limited
vii) Natures Basket Limited
viii) Godrej Vikhroli Properties LLP

c) Enterprise over which Key Management Personnel exercise significant influence:

i) Godrej Hershey Limited
ii) Godrej Investments Private Limited

d) Key Management Personnel and Relatives:

i)	Mr. Adi Godrej	Chairman
ii)	Mrs. Parmeshwar Godrej	Wife of Mr. Adi Godrej
iii)	Mr. A. Mahendran	Managing Director
iv)	Mrs. Mythili Mahendran	Wife of Mr. A Mahendran
v)	Ms. Tanya Dubhash	Daughter of Mr. Adi Godrej
vi)	Ms. Nisaba Godrej	Daughter of Mr. Adi Godrej
vii)	Mr. Pirojsha Godrej	Son of Mr. Adi Godrej
viii)	Mr. Nadir Godrej	Brother of Mr. Adi Godrej
ix)	Master. Burjis Godrej	Son of Mr. Nadir Godrej
x)	Master. Sohrab Godrej	Son of Mr. Nadir Godrej
xi)	Master. Hormazd Godrej	Son of Mr. Nadir Godrej

B) Transactions with Related Parties

Amount INR Million

		Enterprise Having Control Over Reporting Enterprise	Enterprises Under Common Control	Enterprise Over Which Key Management Personnel Exercise Significant Influence	Relatives of Key Management Personnel	Key Management Personnel	TOTAL
1.	Sale of Goods	**3.5**	**102.0**	**0.4**	**-**	**-**	**105.9**
		3.1	*86.9*	*1.7*	-	-	***91.7***
2.	Sale of Capital Asset	**-**	**0.2**	**-**	**-**	**-**	**0.2**
		-	-	-	-	-	-

		Enterprise Having Control Over Reporting Enterprise	Enterprises Under Common Control	Enterprise Over Which Key Management Personnel Exercise Significant Influence	Relatives of Key Management Personnel	Key Management Personnel	TOTAL
3.	Purchase of Materials and Spares	**5.1**	**227.9**	**-**	**-**	**-**	**233.0**
		71.4	*164.6*	-	-	-	***236.0***
4.	Purchase of Capital Asset	**29.7**	**-**	**-**	**-**	**-**	**29.7**
		-	-	-	-	-	-
5.	Advance Paid	**3.3**	**507.9**	**-**	**-**	**-**	**511.2**
		-	-	-	-	-	-
6.	Establishment and Other Expenses Paid / (Received)	**3.6**	**81.9**	**(3.9)**	**-**	**0.3**	**81.9**
		1.4	*76.3*	*4.2*	-	-	***81.9***
7.	Security Deposit Given	**-**	**-**	**15.0**	**-**	**-**	**15.0**
		-	-	-	-	-	-
8.	Loan Repaid	**-**	**-**	**-**	**-**	**4.3**	**4.3**
		-	-	-	-	*4.3*	***4.3***
9.	Interest Received on Loans	**-**	**-**	**-**	**-**	**1.8**	**1.8**
		-	-	-	-	*2.5*	***2.5***
10.	Dividend Remitted	**570.0**	**317.5**	**-**	**37.0**	**1.3**	**925.8**
		541.6	*303.9*	-	*35.4*	*0.6*	***881.5***
11.	Managerial Remuneration	**-**	**-**	**-**	**-**	**137.3**	**137.3**
		-	-	-	-	*105.7*	***105.7***
12.	Commission on Profits and Sitting Fees	**-**	**-**	**-**	**4.8**	**-**	**4.8**
		-	-	-	*1.1*	*0.3*	***1.4***
13.	Lease Rentals Paid	**-**	**-**	**-**	**28.5**	**-**	**28.5**
		-	-	-	*19.5*	-	***19.5***
Outstanding Balances as at March 31, 2012							
	Receivable	**0.3**	**75.1**	**3.5**	**-**	**17.1**	**96.0**
		8.0	*29.9*	-	-	*21.4*	***59.3***
	Payable	**5.6**	**-**	**1.4**	**-**	**-**	**7.0**
		8.4	*14.0*	*1.0*	-	*0.1*	***23.5***

C) The Significant Related Party Transactions are as under :

Amount INR Million

		2011-12	2010-11
Sale of Goods			
	Godrej & Boyce Mfg. Co. Ltd.	3.5	3.1
	Godrej Industries Ltd.	100.2	85.7
	Godrej Properties Limited	-	-
	Godrej Agrovet Ltd.	1.8	1.2
	Godrej Tyson Foods Ltd	-	-
	Godrej Hershey Ltd.	0.4	1.7
Sale of Asset			
	Godrej Industries Ltd.	0.2	-
Purchase of Materials and Spares			
	Godrej & Boyce Mfg. Co. Ltd.	5.1	71.4
	Godrej Industries Ltd.	200.4	163.7
	Godrej Oil Palm Limited	15.2	0.9
Purchase of Capital Asset			
	Godrej & Boyce Mfg. Co. Ltd.	29.7	-
Advance for Capital Asset			
	Godrej & Boyce Mfg. Co. Ltd.	3.3	-
	Godrej Vikhroli Properties LLP	507.9	-
Establishment and Other Expenses Paid / (Received)			
	Godrej & Boyce Mfg. Co. Ltd.	3.6	1.4
	Godrej Industries Ltd.	80.8	54.9
	Godrej Agrovet Ltd.	5.5	9.1
	Godrej Infotech Ltd.	0.1	0.2
	Godrej Properties Ltd.	(3.9)	12.1
	Natures Basket Ltd.	(0.6)	-
	Godrej Tyson Foods Ltd	-	-
	Godrej Hershey Ltd.	(3.9)	4.2
	Mr. A. Mahendran	0.3	-
Security Deposit Given			
	Godrej Hershey Ltd.	15.0	-
Loan Repaid			
	Mr. A. Mahendran	4.3	4.3
Interest Received on Loans			
	Mr. A. Mahendran	1.8	2.5
Dividend Remitted			
	Godrej & Boyce Mfg. Co. Ltd.	570.0	541.6
	Godrej Industries Ltd.	317.5	303.9
	Mr. Adi Godrej	-	-
	Mr. A. Mahendran	1.3	0.6
	Ms. Parmeshwar Godrej	-	-
	Ms. Tanya Dubhash	6.2	5.9

		2011-12	2010-11
	Ms. Nisaba Godrej	6.2	5.9
	Mr. Pirojsha Godrej	6.2	5.9
	Mr. Nadir Godrej	4.6	4.4
	Mr. Burjis Godrej	4.6	4.6
	Mr. Sohrab Godrej	4.6	4.4
	Mr. Hormazd Godrej	4.6	4.4
Managerial Remuneration			
	Mr. Adi Godrej	49.4	32.0
	Mr. Hoshedar Press	-	18.4
	Mr. Dalip Sehgal	-	7.6
	Mr. A. Mahendran	41.7	47.7
Commission on Profits and Sitting Fees			
	Mr. Nadir Godrej	2.3	1.1
	Ms. Nisaba Godrej	1.2	-
	Ms. Tanya Dubash	1.2	-
	Mr. A. Mahendran	-	0.3
Lease Rentals Paid			
	Ms. Parmeshwar Godrej	24.6	15.9
	Ms. Mythili Mahendran	3.9	3.6

NOTE 12 : SEGMENT INFORMATION

Amount INR Million

	Within India		Outside india		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Sales revenue by geographical markets	28,526.1	22,524.6	21,187.8	15,061.4	49,713.9	37,586.0
Carrying amount of segment assets	41,031.2	23,175.5	19,251.7	21,796.2	60,282.9	44,971.7
Total cost incurred during the year to acquire assets	365.2	517.1	750.7	1,814.2	1,115.9	2,331.3

NOTE 13 : EMPLOYEE STOCK BENEFIT PLANS

I. EMPLOYEE STOCK OPTION / PURCHASE PLAN

a) The shareholders of the Company have approved the setting up of the Godrej Consumer Products Ltd. Employee Stock Option Plan (GCPL ESOP) for the benefit of its eligible employees where by the Company can grant 4,500,000 Stock Options convertible into 4,500,000 equity shares of the nominal value Re 1 each to the eligible employees / Directors of the Company and of the Company's subsidiaries.

b) The ESOP Scheme is administered by an independent ESOP Trust created with IL&FS Trust Company Limited which acquires by subscription / purchase or otherwise, the Company's shares equivalent to the number of Options proposed to be granted by the participating companies, as approved by the Compensation Committee.

c) The ESOPS authorized for issue are as under:

i) 2,000,000 Options in the Extra-ordinary General Meeting on March 14, 2007.

ii) 2,500,000 Options in the Extra-ordinary General Meeting on April 28, 2008.

d) The Options granted shall vest in the eligible employees within such period as may be prescribed by the Compensation Committee, which period shall not be less than one year and may extend up to three years from the date of grant of the Option. Vesting may occur in tranches subject to the terms and conditions of vesting. The Option is exercisable within two years after vesting.

e) All unvested Options shall vest in the employees on the date of retirement or at an earlier date as may be decided by the Compensation Committee, subject to the requirement of minimum vesting period and all vested Options should be exercised by the Option Grantee immediately on retirement, but in no event later than six months from the date of such Options Grantee's retirement.

f) The price at which the Option Grantee would convert Options granted into GCPL Shares (i.e. the exercise price) shall be the market price prevailing on the day prior to the day of grant plus interest at such rate not being less than the bank rate then prevailing compoundable on an annual basis for the period commencing from the date of granting of the Option and ending on the date of intimating exercise of the Option to the Company.

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

h) The Board of Directors in its meeting held on January 22, 2011, had approved an Employee Stock Purchase Plan (GCPL ESPL) which is administered by the GCPL ESOP Trust. Under the plan, the Company provides loans to the GCPL ESOP Trust at an interest rate which is not less than the bank rate, to enable the Trust to acquire up to 1,000,000 shares of the Company from the secondary market. The HR and Compensation Committee had resolved that the surplus shares held by the GCPL ESOP Trust at any point of time for grant of Options under GCPL ESOP be utilized for grant of shares to the employees under the GCPL ESPL within the maximum of 1,000,000 equity shares. Under the plan, entire 1,000,000 shares have been granted and vested till March 31, 2012. These shares have to be compulsorily acquired from the GCPL ESOP Trust within the exercise period of two years. The exercise price shall be the market price on the day prior to the date of grant plus interest at a rate not less than the bank rate till the date of exercise.

i) The status of the above plans are as under:

	2011-12	2010-11
Options / shares Granted	5,167,000	4,647,000
Options Vested	4,244,000	2,810,000
Options Exercised	2,950,075	1,001,500
Options Lapsed / Forfeited & re-granted	762,000	762,000
Options Lapsed / Forfeited to be re-granted	35,000	20,000
Total Number of Options / shares Outstanding	**1,419,925**	**2,883,500**

II. EMPLOYEE STOCK OPTION PLAN OF ERSTWHILE GODREJ HOUSEHOLD PRODUCTS LTD

a) Under the Scheme of Amalgamation, the Company has obtained the 'Godrej Sara Lee Limited Employees Stock Option Plan' set up for eligible employees of the erstwhile Godrej Household Products Limited. The equity shares of Godrej Industries Limited (GIL) are the underlying equity shares for the stock option plan. The ESOP Scheme is administered by an independent ESOP Trust created with IL&FS Trust Company Limited. The independent ESOP Trust has purchased shares of GIL from the market against which the options have been granted. The purchases have been financed by loans from the erstwhile Godrej Household Products Limited, which together with interest amounted to Rs 706.9 Million as at beginning of the year. The Company has given a further loan of Rs 5 Million during the year. The total amount of loans given together with interest thereon as at March 31, 2012 amounts to Rs 774.3 Million. The repayment of the loans granted to the ESOP Trust and interest thereon 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.

b) The status of the above plan is as under:

	2011-12	2010-11
Options / shares Granted	2,129,000	2,129,000
Options Vested	-	-
Options Exercised	-	-
Options Lapsed / Forfeited	6,67,000	2,05,000
Options Lapsed / Forfeited to be re-granted	-	-
Total Number of Options / shares Outstanding	**1,462,000**	**1,924,000**

III. EMPLOYEE STOCK GRANT SCHEME

a) During the year the Company set up the **Employees Stock Grant Scheme 2011** (ESGS) pursuant to the approval by the Shareholders at their Meeting held on March 18, 2011.

b) The ESGS Scheme is effective from April 1, 2011, (the "Effective Date") and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the shares to be vested under Employee Stock Grant Scheme 2011 have been vested in the Eligible Employees and all restrictions on such Stock Grants awarded under the terms of ESGS Scheme, if any, have lapsed, whichever is earlier.

c) The Scheme applies to the Eligible Employees of the Company or its Subsidiary Company. The entitlement of each employee would be decided by the Compensation Committee of the Company based on the employee's performance, level, grade, etc.

d) The total number of Stock Grants to be awarded under the ESGS Scheme are restricted to 25,00,000 (Twenty Five Lac) fully paid up equity shares of the Company. Not more than 5,00,000 (Five Lac) fully paid up equity shares or 1% of the issued equity share capital at the time of awarding the Stock Grant, whichever is lower, can be awarded to any one employee in any one year.

e) The Stock Grants shall vest in the Eligible Employees pursuant to the ESGS Scheme in the proportion of $1/3^{rd}$ at the end of each year from the date on which the Stock Grants are awarded for a period of three consecutive years subject to the condition that the Eligible Employee continues to be in employment of the Company or the Subsidiary company as the case may be.

f) The Eligible Employee shall exercise her / his right to acquire the shares vested in her / him all at one time within 1 month from the date on which the shares vested in her / him or such other period as may be determined by the Compensation Committee;

g) The Exercise Price of the shares has been fixed at Re 1 per share. The intrinsic value, being the difference between market price and exercise price is treated as Employee Compensation Expenses and charged to the Statement of Profit and Loss. The value of the options is treated as a part of employee compensation in the financial statements and is amortised over the vesting period.

h) The Status of the above plan is as under:

	2011-12	2010-11
Options / shares Granted	114,102	-
Options Vested	-	-
Options Exercised	-	-
Options Lapsed / Forfeited	-	-
Options Lapsed / Forfeited to be re-granted	19,136	-
Total Number of Options / shares Outstanding	**94,966**	**-**

Had the fair value method of accounting been used, the employee compensation cost would have been higher by Rs 6.7 Million *(previous year Rs 113.3 Million)*.

NOTE 14 : SCHEME OF AMALGAMATION

a) The Hon'ble High Court of Judicature at Bombay has vide order dated April 26, 2011, sanctioned a Scheme of Amalgamation of the wholly owned subsidiaries of the Company viz. Naturesse Consumer Care Products Limited (NCCPL) and Essence Consumer Care Products Limited (ECCPL), with Godrej Consumer Products Limited (GCPL). The Appointed Date as per the Scheme is December 3, 2010 and the Effective Date is May 18, 2011. Accordingly, the standalone results of the Company for the year ended March 31, 2012, includes the results of the erstwhile ECCPL and NCCPL for the period April 1, 2011, up to May 18, 2011.
b) In accordance with the Scheme of Amalgamation, all the assets and liabilities of ECCPL and NCCPL have been taken over at their respective book values as on December 3, 2010. The difference between book value of assets and liabilities taken over amounting to Rs 376.6 Million, after giving effect to the adjustments proposed in the Scheme, has been debited to General Reserve in accordance with the Scheme of Amalgamation.
c) Since the entire issued, subscribed and paid-up share capitals of NCCPL and ECCPL were held by the Company, upon the Scheme of Amalgamation becoming effective, no shares of the Company have been allotted in lieu or exchange of its holding in NCCPL and ECCPL, and the share capitals of NCCPL and ECCPL stand cancelled.
d) Since the aforesaid Scheme of Amalgamation, which is effective from December 3, 2010, has been given effect to in these accounts, the figures for the current year, to that extent, are not comparable with those of the previous year.

NOTE 15 : GENERAL

a) The Revised Schedule VI has become effective from the current year for the presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. However, it does not impact recognition & measurement principles followed for preparation of financial statements. Figures of the previous years have been regrouped / restated wherever necessary to confirm to current year's presentation.
b) Figures for the previous year have been regrouped / restated wherever necessary to confirm to current year's presentation.

DECLARATION

We hereby declare and certify that all relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Preliminary Offer Document is contrary to the provisions of the Companies Act, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We certify that this Preliminary Offer Document contains all information specified under Schedule XVIII of the SEBI Regulations and such other information as is material and appropriate to enable the investors to make a well informed decision as to investment in the proposed Issue and further certify that all the statements in this Preliminary Offer Document are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Name	Signature
Mr. Adi B. Godrej *Chairman (Non-Executive)*	
Mr. Jamshyd N. Godrej *Non-Executive Director*	
Mr. Nadir B. Godrej *Managing Director*	
Mr. Saleem A. Ahmadullah *Independent Director*	
Mr. Jimmy S. Bilimoria *Independent Director*	
Mr. Amit B. Choudhury *Independent Director*	
Mr. Vijay M. Crishna *Non Executive Director*	
Mr. Kersi K. Dastur *Independent Director*	
Dr. Naushad D. Forbes *Independent Director*	
Mr. Kavas N. Petigara *Independent Director*	
Ms. Tanya Arvind Dubash *Executive Director & Chief Brand Officer*	
Mr. Mathew Eipe *Executive Director & President (Chemicals)*	

Date:
Place: Mumbai

Ravi Venkateswar
Head – Finance and Corporate Services

Registered Office of the Company

Godrej Industries Limited
Pirojshanagar, Eastern Express Highway
Vikhroli East
Mumbai 400 079

Statutory Auditor to the Company

M/s. Kalyaniwalla & Mistry, Chartered Accountants
Kalpataru Heritage, 5th Floor
127, M. G. Road, Fort
Mumbai 400 001

Book Running Lead Manager

Kotak Mahindra Capital Company Limited
1st Floor, Bakhtawar
229 Nariman Point
Mumbai 400 021

Syndicate Member

Kotak Securities Limited
3rd Floor, Nirlon House
Dr. Annie Besant Road
Nr. Passport Office, Worli
Mumbai 400 025

Registrar to the Issue

Computech Sharecap Limited
147, Mahatma Gandhi Road,
Fort, Mumbai 400 001

Public Issue Account Bank

Kotak Mahindra Bank Limited
Transaction Banking Group
5th Floor, Dani Corporate Park
158, C.S.T. Road, Kalina, Santacruz (E)
Mumbai 400 098

Indian Legal Counsel to the Company

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013

Domestic Legal Counsel to the Book Running Lead Manager

Luthra & Luthra Law Offices
Indiabulls Finance Centre
Tower 2, Unit A2, 20th Floor
Elphinstone Road, Senapati Bapat
Marg, Lower Parel
Mumbai – 400 013

International Legal Counsel to the Book Running Lead Manager

Jones Day
3 Church Street
#14-02 Samsung Hub
Singapore 049483