



BREAKING
NEW
FRONTIERS

ANNUAL REPORT
2011-2012

BREAKING NEW FRONTIERS

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

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

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

Contents



Board of Directors	02
Corporate Information	04
Chairman's Statement	06
Financial Highlights	10
Notice & Explanatory Statement	13
Directors' Report	24
Report on Corporate Governance	59
Auditors' Report	73
Standalone Accounts	78
Consolidated Accounts	118
Statement Pursuant to Section 212	164

Board of Directors



1 K.N. Petigara

2 N.D. Forbes

3 S.A. Ahmadullah

4 V.M. Crishna

5 T.A. Dubash

6 A.B. Godrej

7 J.N. Godrej

8 N.B. Godrej

9 M. Eipe

10 A.B. Choudhury

11 J.S. Bilimoria

12 K.K. Dastur



Corporate Information

COMPANY SECRETARY	:	K.R. Rajput
AUDITORS	:	Kalyaniwalla & Mistry, Chartered Accountants
BOARD COMMITTEES		
Audit Committee	:	K.K. Dastur (Chairman) S.A. Ahmadullah K.N. Petigara
Compensation Committee	:	S.A. Ahmadullah (Chairman) A.B. Choudhury K.N. Petigara N.B. Godrej
Shareholders Committee	:	A.B. Godrej (Chairman) T.A. Dubash M. Eipe
Management Committee	:	A.B. Godrej (Chairman) N.B. Godrej T.A. Dubash M. Eipe
REGISTRARS & TRANSFER AGENT	:	Computech Sharecap Ltd. 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai 400 001. Phone: 022 - 2263 5000 to 2263 5002 Fax: 022 - 2263 5001 e-mail: helpdesk@compu-techsharecap.com
REGISTERED OFFICE	:	Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai 400 079. Phone: 022 - 2518 8010, 2518 8020, 2518 8030 Fax: 022 - 2518 8066 website: www.godrejinds.com
FACTORIES	:	Vikhroli Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai 400 079. Phone: 022-2518 8010, 2518 8020, 2518 8030 Fax: 022-2518 8066, 2518 8064
	:	Valia (DTA & EOU) Burjorjinagar, Plot No. 3, Village Kanerao, Taluka - Valia, District Bharuch, Gujarat 393 135. Phone: 02643 - 270756 to 270760 Fax: 02643 - 270018
	:	Wadala L.M. Nadkarni Marg, Near M.P.T. Hospital, Wadala (East), Mumbai 400 037. Phone: 022 - 2415 4816, 2414 8770 Fax: 022 - 2414 6204

BRANCHES :

Delhi	4th Floor, Delite Theatre Building, 4/1, Asaf Ali Road, New Delhi 110 002. Phone: 011 - 2326 1066 Fax: 011 - 2326 1088
Kolkata	Block GN, Sector - V, Salt Lake City, Kolkata 700 091. Phone: 033 - 2357 3555 Fax: 033 - 2357 3945
London	Block B, 2nd floor, 284A, Chase Road, Southgate, London N14 - 6HF., UK Phone: (004420) - 88860145 Fax: (004420) - 88869424

BANKERS :

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



Chairman's Statement

Chairman's Statement



Dear Shareholders,

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

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



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

C – Consumer and Chemicals

Consumer (GCPL)

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

Chemicals

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

R E – Real Estate (GPL)

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

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

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

A – Agri Business (GAVL)

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