



Godrej

PROPERTIES

23rd

ANNUAL REPORT

2007 - 2008

GODREJ PROPERTIES LIMITED

DIRECTORS : Mr. Adi B. Godrej - Chairman
Mr. Jamshyd N. Godrej
Mr. Nadir B. Godrej
Ms. Parmeshwar Adi Godrej
Mr. Amit Choudhury
Mrs. Lalita D. Gupte (Appointed w.e.f. 16.01.2008)
Mr. K. B. Dadiseth (Appointed w.e.f. 16.01.2008)
Mr. Pranay Vakil (Appointed w.e.f. 16.01.2008)
Dr. Pritam Singh (Appointed w.e.f. 16.01.2008)
Ms. Pheroza J. Godrej (Resigned on 16.01.2008)
Mr. R. K. Naoroji (Resigned on 16.01.2008)
Ms. Smita Vijay Crishna (Resigned on 16.01.2008)
Mr. Milind S. Korde - Managing Director

REGISTERED OFFICE : Godrej Bhavan,
4th Floor, 4A Home Street,
Fort, Mumbai 400 001.

AUDITORS : **M/s. KALYANIWALLA & MISTRY**
Chartered Accountants
Kalpataru Heritage,
127, Mahatma Gandhi Road,
Mumbai - 400 001.

BANKERS : **STATE BANK OF INDIA**
Corporate Accounts Group - Central
3rd Floor, State Bank Bhavan,
Corporate Centre, Madame Cama Road,
Nariman Point, Mumbai - 400 021.

**SITE ADDRESS**

Godrej Hill,
Barave Village, Behind Birla College,
Murbad Road, Kalyan (West) - 421 301.
Phone : 95-251-6453438

Godrej Prakriti
Bangasree Cotton Mills,
150 BT Road,
Kolkata - 700 115.

Planet Godrej
30, Keshavrao Khadye Marg,
Sant Gadge Maharaj Chowk,
Mumbai -400 011.
Phone : 022 - 23085010

Godrej Gold County
Chikkabidarakallu Village
Dasanpura Hobli,
Bangalore North.

REGISTERED OFFICE

Godrej Bhavan, 4th Floor,
4A, Home Street, Fort,
Mumbai - 400 001.
Phone : 022 - 6651 0200
Fax : 022 - 2207 2044

Godrej Genesis
IDA - Phase II
Rallis India Ltd. Complex
Adjoining NH-9
Patancheru, Medak District,
Andhra Pradesh - 502 319.

Godrej Genesis
Mumbai-Bangalore Highway,
Next to PRAJ Industries,
Pune - 411 045.

Godrej Genesis,
Simoco Project,
Plot No. 11, Block EP & GP,
Sector - V, Salt Lake City,
Kolkata - 700 091.

Godrej Coliseum,
Sion Kurla Raod,
Eastern Express Highway,
Chunabhatti, Mumbai - 400 022.
Phone : 022 - 24075739

Godrej Woodsman Estate,
Hebbal, Bellary Road,
Bangalore - 560 024.
Phone : 080-66120200

Godrej Waterside IT Park,
Plot No. 5, Block DP,
Sector - V, Salt Lake City,
Kolkata - 700 091.

BANKERS

State Bank of India,
Corporate Accounts Group-Central,
3rd floor, State Bank Bhavan,
Corporate Centre, Madame Cama Road,
Nariman Point,
Mumbai - 400 021.

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BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2008**TO THE SHAREHOLDERS**

Your Directors have pleasure in submitting their Report alongwith the Audited Accounts for the year ended March 31, 2008.

1. OPERATING RESULTS:

Your Company's performance during the year as compared to the previous period is summarized below:

	2007-2008 (Rs. in lacs)	2006-2007 (Rs. in lacs)
Profit before Taxation	11531.84	4609.76
Provision for Taxation	(3928.00)	(517.42)
Provision for Fringe Benefit Tax	(12.45)	(7.67)
Provision for deferred tax	(2.59)	14.71
Provision for MAT credit entitlement	-	45.84
Profit after taxation	7588.80	4145.22
Add: Surplus brought forward	1914.91	1263.41
Less: Utilized for issue of Bonus Shares during the year	(1864.63)	-
Prior year tax adjustments	(1344.17)	(0.52)
AMOUNT AVAILABLE FOR APPROPRIATION	<u>6294.91</u>	<u>5408.11</u>
Appropriations:		
Your Directors recommend appropriations as under:		
Interim Dividend	-	2700.00
Proposed Dividend	2461.24	-
Dividend Distribution Tax	418.28	378.67
Transfer to General Reserve	760.00	414.53
Surplus carried forward	2655.39	1914.91
TOTAL APPROPRIATIONS	<u>6294.91</u>	<u>5408.11</u>

2. DIVIDEND :

Your Directors recommend for approval of the members at the ensuing Annual General Meeting payment of dividend of 100% (Rs.10/- per share) for the year ended 31st March, 2008. For the Right and Bonus Issue made during the year, the dividend will be payable on pro-rata basis to the shareholders from the date of allotment.

3. REVIEW OF OPERATIONS:

Your company has had a good financial year, posting total income of Rs.22,749.99 lacs during the year ended March 31, 2008.

The highlights of the year have been that we have entered into new cities like Chandigarh, Mangalore, Kochi and Chennai and signed up for large township development projects in Ahmedabad. During the year, your Company has also, signed an agreement to sell part of Phase -II in Godrej Woodsman Estate Project, at Bangalore on a built-to-suit basis for a total consideration of Rs.8,155 lacs. The total income of Rs.22,749.99 lacs, includes an amount of Rs.6,442.45 lacs, being the Company's share of revenue from the said transaction.

4. FUTURE PROSPECTS AND OUTLOOK OF THE COMPANY:

Your company has a well diversified portfolio spread across established Tier-I cities and emerging Tier - II & III locations. Infrastructure improvements, increasing urbanization, expansion of organized retail, continued shortage of affordable and quality housing and demand from IT/ ITES and other commercial establishments like Banking and Insurance is expected to drive growth in the Industry. Large scale township development, mix of commercial and residential projects, along with continued focus on Joint Development with land owners for sourcing land provides the Company a de-risked pipeline of projects for development.



5. CHANGE IN CAPITAL :

Authorised Capital

During the year the Company has increased its Authorised Capital from Rs.1,000 lacs to Rs. 10,000 lacs.

Bonus Issue

During the year your Company had issued Bonus Shares to the equity shareholders of the Company, whose names appeared on the Register of Members of the Company on November 19, 2007 (Record date) by allotting 5,15,56,360 equity shares of Rs. 10/- each credited as fully paid in the proportion of 8 new equity shares for every 1 equity share held by them on the said record date.

Rights Issue

During the year the Company had made a Rights Issue of 29,61,575 Equity Shares of Rs.10/- each at a premium of Rs.610/- per share in the ratio of 1 equity share for every 19.58 (approx) equity shares held by equity shareholders on the record date. The Company received only one application along with the Subscription money from Godrej Industries Limited. Based on this, your Company has allotted 24,19,354 equity shares of Rs.10/- each fully paid at a premium of Rs.610/- per share to Godrej Industries Ltd. The unsubscribed portion of the Issued capital that is 5,42,221 was cancelled by the Board of Directors of the Company.

6. SUBSIDIARY COMPANIES :

During the year your company has taken over a new Company – Happy Highrises Ltd. The project at B.T. Road, Kolkata will be developed exclusively by this new Company.

During the year, Godrej Waterside Properties Private Limited issued 1,42,10,000 10% Secured Redeemable Optionally Convertible Debentures of Rs.10/- each to HDFC Venture Trustee Company Limited and 1,47,90,000 10% Secured Redeemable Optionally Convertible Debentures of Rs.10/- each to your Company.

Godrej Developers Pvt. Ltd., subsidiary of the Company, also issued 10,000 10% Non-Convertible Cumulative Redeemable Preference Shares of Rs.10/- each at par to the Company.

The audited Balance Sheet as at 31st March, 2008 and Profit & Loss account ended on that date together with the Reports of Directors and Auditors thereon of our Subsidiary Companies namely Girikandra Holiday Homes & Resorts Limited, Godrej Realty Private Limited, Godrej Waterside Properties Private Limited, Godrej Real Estate Private Limited, Godrej Developers Private Limited, Godrej Sea View Properties Private Limited and Happy Highrises Ltd. alongwith Statement as required under Section 212 of the Companies Act, 1956, is included in the Annual Report.

7. DIRECTORS :

During the financial year Ms. Pheroza Jamshyd Godrej, Mr. Rishad K. Naoroji and Ms. Smita Vijay Crishna resigned as Directors of the Company with effect from January 16, 2008. The Board desires to place on record its appreciation of the valuable services rendered by them during their tenure as Directors of the Company.

The Board of Directors at its meeting held on January 16, 2008 has appointed Mrs. Lalita D. Gupte, Mr. K. B. Dadiseth, Mr. Pranay Vakil and Dr. Pritam Singh as Additional Directors of the Company. They will hold office up to the date of the ensuing Annual General Meeting.

In accordance with the provision of the Articles of Association of the Company and the provisions of the Companies Act, 1956, Mr. Adi B. Godrej, Mr. J. N. Godrej and Mr. Amit Choudhury, retire by rotation and being eligible, offer themselves for re-appointment.

The Board of Directors in their meeting held on January 16, 2008 recommended to the shareholders, commission amounting to Rs.5 lacs excluding out of pocket and travelling expenses, to be paid to each of the Non-Executive Directors of the Company, for the approval of the Shareholders.

8. APPOINTMENT OF AUDITORS:

The statutory auditors M/s. Kalyaniwalla & Mistry, Chartered Accountants will retire at the ensuing Annual General Meeting and are eligible for re-appointment. You are requested to consider their re-appointment.

9. COMMITTEES OF DIRECTORS

The Board of Directors in their meeting held on January 16, 2008 re-constituted the following committees comprising of the following Directors for

- a) Audit Committee
 - 1) Mr. K.B. Dadiseth - Chairman
 - 2) Mrs. Lalita D. Gupte
 - 3) Mr. Pranay Vakil
 - 4) Dr. Pritam Singh
 - 5) Mr. Amit Choudhury
- b) Remuneration Committee
 - 1) Mrs. Lalita D. Gupte - Chairperson
 - 2) Mr. K.B. Dadiseth
 - 3) Mr. Pranay Vakil
 - 4) Dr. Pritam Singh
 - 5) Mr. Amit Choudhury

The terms of reference of the Audit as well as the Remuneration Committee are as per Clause 49 of Listing Agreement and the provisions of the Companies Act, 1956.

The Board of Directors also constituted Investors' Grievance Cum Share Transfer Committee in the said meeting comprising of the following Directors for redressal of shareholders' and investors' complaints and for approval of transfer and transmission of shares

1. Mr. Adi B. Godrej – Chairman
2. Mr. Milind Korde

The Company Secretary is the secretary for all the aforesaid committees.

10. EMPLOYEE STOCK OPTION SCHEME :

The shareholders, vide a Special Resolution passed at the extra-ordinary meeting held on December 24, 2007, had approved Godrej Properties Limited Employee Stock Option Plan (GPL ESOP) for grant of such number of Options convertible into 4,42,700 equity shares of the nominal value of Re.10/- each, to eligible employees/directors of the Company and of the Company's subsidiaries. The GPL ESOP will be administered by a trust set up for this purpose viz. Godrej Properties Limited Employee Stock Option Plan Trust (GPL ESOP Trust).

Pursuant to the resolution passed by the Remuneration Committee on December 24, 2007, the trust has purchased 4,42,700 equity shares of the Company from Godrej Industries Limited by using the Loan funds given by the Company. The Remuneration Committee vide its meeting held on December 24, 2007, has granted 4,42,700 Options convertible into 4,42,700 equity shares of Rs.10/- each to the eligible employees with effect from December 28, 2007. The options will vest in the concerned employees at the end of three years from the date of granting of the options.

11. FIXED DEPOSITS:

The Company has accepted Fixed Deposits to the extent of Rs.35,00,000/- during the year.

12. CHANGE IN THE ARTICLES OF ASSOCIATION :

Your Company has pursuant to a resolution passed in the Extra-ordinary General Meeting held on April 15, 2008, adopted a new set of articles in substitution for and to the exclusion of all the existing Articles of the Company.

13. ADDITIONAL INFORMATION :

- (a) In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are required to be set out in the annexure to the Director's Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors Report and Accounts are being sent to the all the shareholders of the Company excluding the statement of particulars of the employee under Section 217 (2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the annexure may write to the Company Secretary at the Registered Office of the Company.
- (b) Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is provided hereunder:

(i) Conservation of Energy :

Expenses on account of Energy are negligible.

(ii) Technology Absorption:

It is an on going process.

(iii) Foreign Exchange Earnings & Outgo :

During 2006-07, expenditure in foreign currencies amounted to Rs. 2,06,42,240/- on account of travelling and other expenses incurred for business promotion.

The Company has not earned any Foreign Exchange during the year.

14. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2008 and of the profit of the Company for that year;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

15. ACKNOWLEDGEMENT:

Your Directors wish to place on record, sincere thanks to the Union Government, State Government and also to all the Government agencies, banks, financial institutions, customers, shareholders, employees, fixed deposit holders, vendors and other related organizations who through their continued support and co-operation, have helped, as partners, in your Company's progress.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

A. B. GODREJ
CHAIRMAN

Mumbai, Dated : April 30, 2008

REPORT OF THE AUDITORS**TO THE MEMBERS OF GODREJ PROPERTIES LIMITED**

1. We have audited the attached Balance Sheet of **GODREJ PROPERTIES LIMITED**, as at 31st March 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.

The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(f) of Schedule 19-Notes to Accounts, in respect of projects under long term contracts undertaken and/or financed by the Company, we have relied upon the management's estimates of the percentage of completion, costs to completion and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profits/losses have been accounted, interest income accrued and realizability of the construction work in progress and project advances determined.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the directors as on 31st March, 2008, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
PARTNER
Membership No. 35646

Mumbai, Dated : April 30, 2008



ANNEXURE TO THE AUDITORS REPORT

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

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a program for physical verification of fixed assets at periodical intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
- 2) (a) The Management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956
- (b) Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.
- (c) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956
- (d) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
- 6) In our opinion and according to the information and explanations given to us, the Company has complied with directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956, and the rules framed there under.
- 7) In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and nature of its business.
- 8) The maintenance of cost records has not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- 9) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March 2008 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty or cess on account of any dispute.
- 10) The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.

- 11) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to banks. The Company does not have dues to financial institutions or debenture holders.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
- 14) In our opinion and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.
- 15) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and other financial institutions.
- 16) In our opinion and according to the information and explanations given to us, the Company has utilized the term loan for the purpose it was taken.
- 17) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investment.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) The Company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
PARTNER
Membership No. 35646

Mumbai, Dated : April 30, 2008