



GODREJ GLENELG, MUMBAI



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VISION

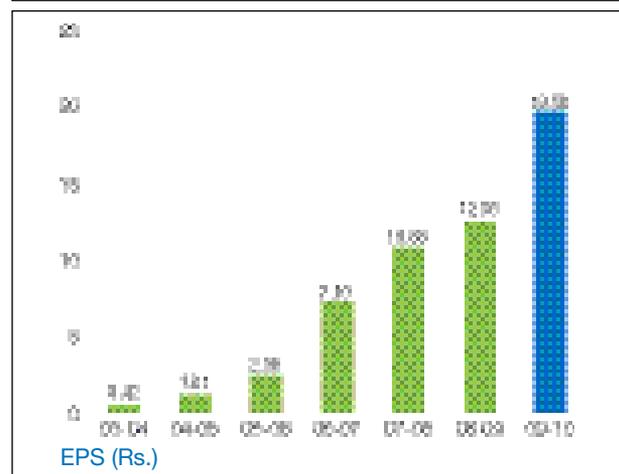
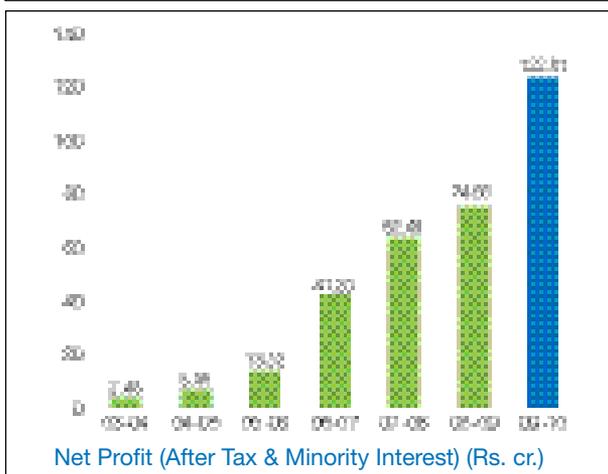
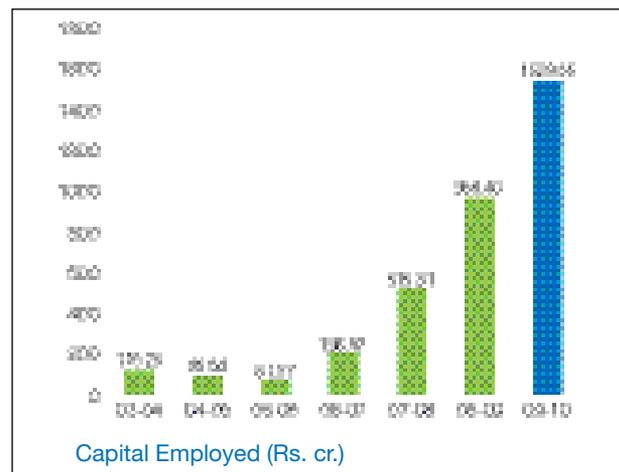
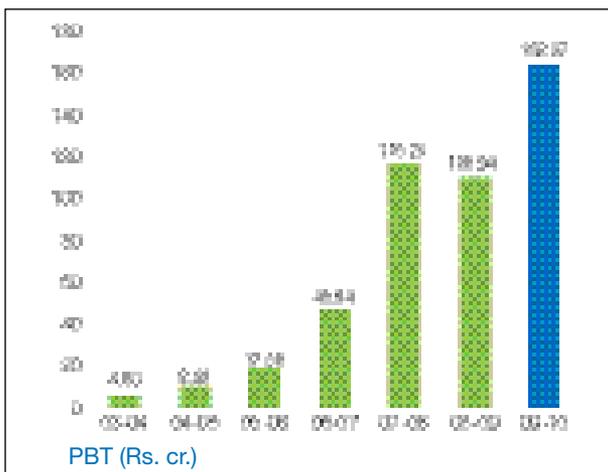
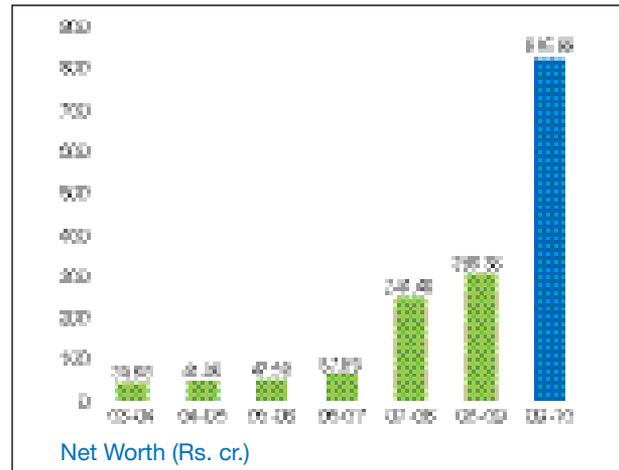
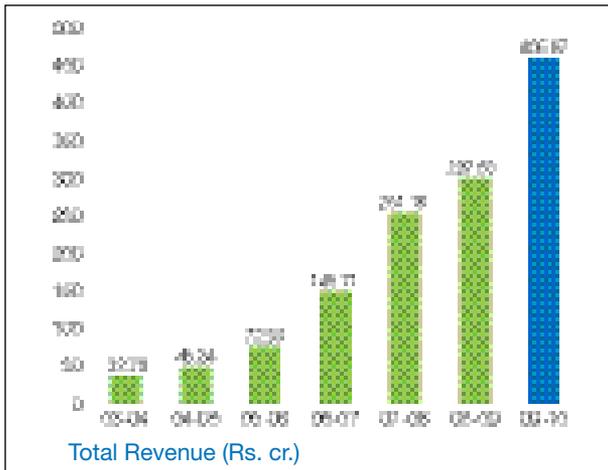
PLANET GODREJ, MUMBAI



We aspire to be among the nation's top 3 real estate companies, while continuing to be the most trusted name in the industry. We shall deliver superior value to all stakeholders through extraordinary and imaginative spaces created out of deep customer focus and insight.



PERFORMANCE HIGHLIGHTS



THE YEAR THAT WAS

STRONG GROWTH

- FY 2009-2010 consolidated total income increased by 53.2% to Rs. 4,560.7 million compared to Rs. 2,976.3 million in FY 2008-2009.
- Consolidated profit before depreciation, interest and tax (PBDIT) for FY 2009-2010 increased by 42% to Rs. 2,312.1 million compared to Rs. 1,627.9 million in FY 2008-2009.
- Net profit increased by 64.4% to Rs. 1,228.1 million in FY 2009-2010 compared to Rs. 746.8 million in FY 2008-2009.
- Approximately 1.9 million square feet of area was booked during the year.
- 3.9 million square feet delivered as compared to 3.6 million square feet handed over from inception to FY 09.

RECOGNITIONS

- Planet Godrej, your Company's residential project in Mahalaxmi, Mumbai received the "Best Residential Project in Western India" award from CNBC Awaaz CRISIL CREDAI Real Estate Awards 2009.
- Your Company ranked # 1 in the Real Estate & Construction category in the Great Places to Work survey 2009.
- Your Company was awarded the "Best Business Practices" award by Accommodation Times.
- Your Company was ranked amongst Top 10 construction & real estate companies by Construction World for the fourth consecutive year.

IMPRESSIVE PROJECT MOMENTUM

- Your Company signed an MoU with Godrej Industries Limited and Godrej & Boyce Mfg. Company Ltd. for development of 36.5 acres of land located in Vikhroli, Mumbai.
- Your Company launched the first phase of its township project, Godrej Garden City in Ahmedabad and sold 100% of the first phase or approximately 1.3 million square feet within days of launch.
- Your Company launched its residential project, Godrej Prakriti, in Kolkata and booked approximately 0.2 million square feet since launch in Q3 FY 2009-2010.
- Your Company's projects Godrej Waterside, Kolkata Phase I, Godrej Coliseum, Mumbai Phase III and Godrej Woodsman Estate, Bengaluru Phase I have been completely sold and delivered in FY 2009-2010.

SUCCESSFUL CAPITAL RAISING

- Your Company successfully executed its Initial Public Offer (IPO) raising Rs. 468.85 crores in January 2010.
- Milestone Real Estate Fund bought a stake in the SPV developing Godrej Prakriti, our residential mixed-use project in Kolkata.
- HDFC PMS bought stake in two SPVs developing our projects in Chennai and Chandigarh.



COMPANY INFORMATION

- DIRECTORS :**
1. Mr. Adi B. Godrej - Chairman
 2. Mr. Jamshyd N. Godrej
 3. Mr. Nadir B. Godrej
 4. Ms. Parmeshwar A. Godrej
 5. Mr. Milind S. Korde - Managing Director
 6. Mr. Pirojsha A. Godrej - Executive Director
 7. Mr. K.T. Jithendran - Executive Director (Appointed w.e.f. 17.05.2010)
 8. Mr. Amit B. Choudhury
 9. Mr. K. B. Dadiseth
 10. Mrs. Lalita D. Gupte
 11. Mr. Pranay Vakil
 12. Dr. Pritam Singh
 13. Mr. S. Narayan
 14. Mr. Amitava Mukherjee - (Appointed w.e.f. 17.05.2010)

REGISTERED : Godrej Bhavan,
OFFICE 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 IDBI BANK LTD.
Corporate Accounts Group Mittal Court
3rd Floor, Neville House, A Wing, 2nd Floor
J.N. Heredia Marg, Ballard Estate Nariman Point
Mumbai 400 001. Mumbai 400 021.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to write to you after what has been an eventful and successful year for Godrej Properties. Your Company became a publicly listed entity in January 2010 through the first IPO by an Indian real estate company in over two years. The year has been one of strong growth as the real estate sector recovered from the downturn of 2008-09.

Our joint venture business model whereby we partner with landowners to develop their land rather than purchasing

the land on an outright basis has been a key differentiator that has led to superior growth while mitigating capital requirements and risk. One key factor that allows us to be successful in adding joint venture developments is the 'Godrej' brand. 470 million customers across India use one or another Godrej product every day. Having been in business since 1897, the Godrej Group is well known for its emphasis on corporate governance and professional and ethical business practices. The trust in the brand allows landowners to confidently partner with Godrej Properties for the development of their most valuable asset.



Your Company had a strong financial performance for the year with both total income and net income showing very strong growth. The total volume of completed developments delivered by GPL in 2009-10 exceeded the entire amount delivered from the Company's inception until 2008-09, which demonstrates the Company's emphasis on execution. Your Company has also successfully launched new projects in Ahmedabad, Kolkata, and Chandigarh that have received favorable responses. Our project in Ahmedabad, Godrej Garden City, has in particular received an overwhelming response. In addition to the good delivery and launch volumes recorded during the year, your Company has also successfully concluded three private equity deals. Private equity at the individual project level remains an ongoing part of our business strategy as these transactions allow us to bring forward the recognition of income and cash flow while also affording us the advantage of lower tax rates.

I am pleased to note that the strong performance of your company was recognized through several awards the company received this year including placing #1 in the real estate and construction industry in the annual study of the 'Best Companies to Work For' by The Economic Times.

Creating sustainable developments that benefit the residents living in them as well as the world as a whole has been another key priority during a time when climate change and resource scarcity have become key global

issues. I am pleased to report that your Company has made several notable advances in this area including entering into a partnership with the Clinton Climate Initiative with the goal of creating a climate positive development at Godrej Garden City in Ahmedabad.

The year 2009-10 has been a good one for the Indian economy. GDP growth has recovered from the lows of 2008-09 and the Indian economy demonstrated its resilience by being one of the first to emerge from the global financial concerns of the previous year. With the continued strong performance of the Indian economy, the real estate industry is likely to perform very well in the coming years and at Godrej Properties, we expect to see substantial momentum in terms of launches, deliveries, and new business development.

I would like to thank all the many employees who have contributed to Godrej Properties' successful performance in 2009-10. I would also like to thank our business partners, vendors, and other business associates. Finally, I would like to thank all our new shareholders for their encouragement and support.

Best wishes,

Adi B. Godrej

Chairman, The Godrej Group

MANAGING DIRECTOR'S STATEMENT

Dear Shareholders,

The past financial year has been a busy and exciting time at Godrej Properties. The real estate sector has rebounded strongly from the difficulties of FY 09 and we believe the coming years will be very good for real estate in India. GPL, through its growing national portfolio of developments, will be a key beneficiary of the growth in the Indian real estate sector. We were very enthused by the success of our IPO in January 2010 and we will look to build on the strong

momentum we've gained since the IPO. Several new projects were launched and a significant amount of project delivery was witnessed during the year.

One of the key areas of focus for your Company is ensuring we are able to successfully execute our ambitious and growing project portfolio. We have put in place several measures to ensure that our project delivery timelines are the best in the industry. I'm very happy that the measures we've put in place are showing results and that during FY 10



we were able to deliver 3.9 million square feet as compared to 3.6 million square feet delivered in the cumulative prior history of the Company.

Project quality has been another key area of focus for your Company. In order to ensure that all customer expectations are being met, we've created a dedicated customer centricity cell within the Company. We were pleased that one of our key projects, Planet Godrej, was recognized as the 'Best Residential Project in Western India' at the CNBC Awaaz CRISIL CREDAI Real Estate Awards 09. It has also previously received awards from Zee Business and Accommodation Times. Going forward, your Company will continue to emphasize quality and innovation in all its projects.

Looking to the year ahead, from a new business perspective, we are focused on strengthening our presence in the Mumbai market, both through new joint venture developments as well as through redevelopment, an area where we believe there is significant opportunity for an established and trusted company like Godrej Properties. We

are also keen to both enter the NCR market and to expand our presence in Bengaluru with additional residential joint venture projects. Our first township project in Ahmedabad, Godrej Garden City, has seen great enthusiasm from customers and we were able to sell the entire first phase of the development within days of its launch. We will continue to selectively launch such residential township projects in high-potential areas.

I'd like to take this opportunity to thank the entire management team at Godrej Properties; their enthusiasm and energy has been a key ingredient in the Company's success. I'd like to also thank our joint venture partners and other business associates for all their support. Finally, a big thank you to all our new shareholders for reposing their faith in Godrej Properties.

Yours sincerely,

Milind S. Korde

Managing Director, Godrej Properties

GODREJ GARDEN CITY, AHMEDABAD



MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC OVERVIEW:

The Indian economy rebounded strongly in FY 2010 from the global slowdown in the previous year. The Reserve Bank of India (RBI) has listed the real GDP growth rate at 7.5% for FY 2010. India's economy was amongst the most resilient during the downturn in FY 2009 and has emerged as the second fastest growing major economy behind China in FY 2010. GDP is projected to grow by 8.0% for FY 2011.

Over the years, the importance of the agriculture sector as a part of the overall Indian economy has declined. The service sector, which includes the IT/ITES, BFSI and telecom, has emerged as a major driver of growth; in 2009, services contributed 60% to India's GDP. Real estate industry growth has been a direct result of the rise of service sector businesses. Industrial growth also grew substantially in FY 2010. The index of industrial production (IIP) grew by 10.1% during April–February of FY 2010 compared to 3.0% during the same period in FY 2009*.

Elevated inflation has been a cause of concern for the Government of India in recent months. The factors responsible for inflationary concerns have been the expansionary policies taken by the RBI during the downturn and the increase in demand during the strong recovery in 2H09. A poor monsoon in 2009 also contributed by creating a shortage of food pushing inflation as measured by the consumer price index (CPI) to its peak of 16.2% in January 2010.

Though the RBI has raised the policy rates during the current quarter, the benchmark interest rate has been stable in the range of 11-12%** over the last six months. The home loan rate did not see any major movement during FY 2010, and credit flows to all sectors including real estate improved considerably.

The global economy in FY 2010 appeared significantly stronger than in the previous financial year. Global markets recovered from their lows and liquidity returned to more normal levels. While the recent crisis in Greece and concerns about other European economies have created a little uncertainty, generally the global economy is expected to continue to improve in FY 2011. Barring any major difficulties in the global economic environment, India is likely to remain one of the world's best performing economies.





REAL ESTATE SECTOR OVERVIEW:

The cyclical downturn of FY 2009 fueled by the global financial crisis lasted 15 months, the shortest in the recent history of the Indian property sector. Residential property prices have risen by 10% over the last three months and average prices in major centers such as Mumbai, Gurgaon, Bengaluru and Kolkata are back to pre-crisis levels. Prices in locations such as Noida, Greater Noida, Chennai and Hyderabad are still 20-35% below their 2008 peaks*. Residential real estate supply in the past 12 months has been skewed towards affordable housing and suburban projects compared to mid-income and city center projects, which formed a larger part of the total supply in 2008. The increase in prices has primarily been driven by a recovery in absorption levels, declining inventory levels and improving liquidity for developers. The build-up of demand from customers adopting a wait-and-watch attitude during the previous year's downturn also contributed to the robust recovery.

Commercial real estate in India witnessed a turbulent time in 2009. The majority of the impact of the slowdown was in the first half of the year, when several projects were withdrawn or delayed due to the liquidity crisis and weak demand from the corporate sector. Even though macroeconomic fundamentals started showing positive signs in mid 2009, the recovery in the commercial real estate space has been slower than the recovery in the residential real estate segment.

In 2009, commercial real estate witnessed a considerably lower net absorption of 19.6 million sq ft against 33.1 million sq ft in 2008. With lower rents in IT and non-IT spaces, opportunistic demand was led by domestic occupiers, who expanded their real estate portfolios in various Indian cities. Sectors like telecom, pharmaceuticals, healthcare and manufacturing leased large spaces in various cities. A larger share of transactions happened in operational vacant stock rather than in under construction projects in 2009, contrary to the trend observed during 2007 & 2008*.

In FY 2011 we expect the real estate sector to do well. Residential real estate is already seeing strong demand across the country and this is likely to continue in FY 2011. The performance of the commercial real estate sector is expected to be differentiated by geography, but Tier 1 markets such as Mumbai, NCR, and Bengaluru will lead the recovery.

Opportunities:

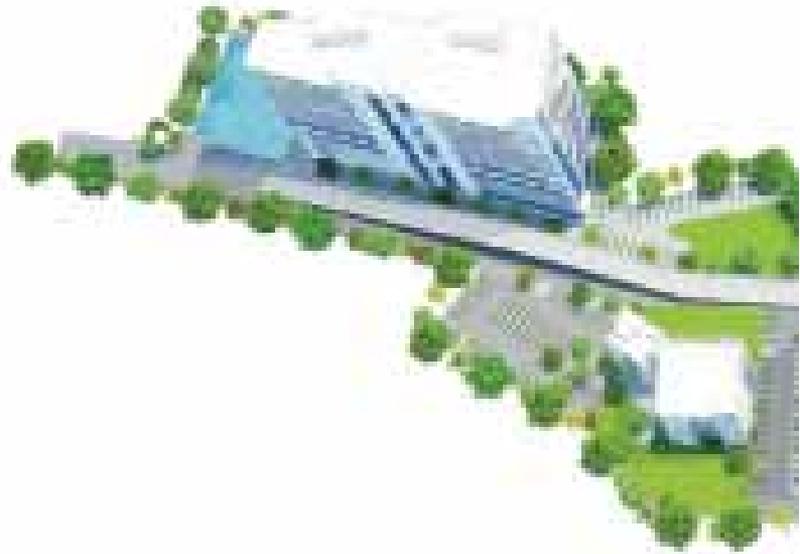
1. Improved sentiment - In 2009 -10, residential projects across cities saw several new affordable housing projects being launched by developers to attract mid-income buyers. Demand for houses mounted as the global economy improved bringing back financial confidence to home buyers who had put their purchasing plans on hold due to the fall in affordability levels and job-related uncertainties. Going forward, these factors will continue to aid improvement in absorption levels.
2. Tier I cities as leaders of growth - In a study by CRISIL, 63 out of 88 micro-markets studied either witnessed stability or an increase in residential capital values. Among the top 10 micro-markets that saw maximum increase in capital values, eight are in Mumbai, while two are in NCR. The Tier 1 markets of Mumbai, NCR, and Bengaluru are the areas where your Company will focus its new business development efforts.
3. Low inventory - Residential inventory levels at 7-14 months of sales in March 2010 are now at a 3-year low and have nearly halved from peak levels of 18-30 months in Q2 2009***. New launches have been slow as developers have been waiting to exhaust the existing inventory before kick-starting a new launch cycle. However, the recent pickup in volumes, consequent improvement in working capital and low inventory levels are expected to accelerate new launches.
4. Absorption in office space - Net absorption of office space is projected to grow at a CAGR of 29% during 2009-2012, increasing from 19.6 million sq ft registered in 2009 to 42.2 million sq ft in 2012. While Mumbai and NCR are expected to absorb about 20-22% of the projected demand during 2010-2012, Bengaluru and Chennai are expected to absorb about 14-15% of the projected demand during the same period. Despite a projected growth of 10% for the IT/ITES & BPO sectors in India in 2010, the translation of expansion strategies into demand for real estate space is expected to be visible only by the end of 2010. During 2011-2012, with better growth projections of the IT/ITES sector, demand for office space in these micro-markets is likely to increase.

5. FDI - With the RBI ruling out restructuring of real estate loans for real estate developers and banks becoming increasingly risk averse, developers are likely to raise finances through alternate channels. The share of the real estate sector in total FDI investment increased from 10.2% in FY 2009 to 13% by the end of H1 09. Going forward, the real estate sector will open up to REITs and REMFs. Such measures will offer cheaper capital, increase the capital raising options available to developers and improve transparency.

Threats:

1. Interest Rates - As economic fundamentals improved over the past year, residential demand increased aided by low interest rates and the stimulus schemes launched by the RBI. By the end of the financial year, teaser home loan rates were withdrawn by a number of banks. A 1% rise in mortgage rates requires incomes to rise by 7% to maintain affordability. Going forward, interest rates are likely to play a key role in driving decisions of home buyers.
2. Office supply - 163 million sq ft of office space is expected to become operational in the next 3 years. By the end of this year, Mumbai is expected to overtake Bengaluru and lead office supply in the country. About 85-90% of the near term supply of 68 million sq ft expected to become operational this year is under advanced stages of construction. Tier 1 cities are expected to lead growth in office demand as India attracts more investment from the global community*.
3. Regulatory policies – The real estate sector had a mixed reaction to the Union Budget unveiled in the month of February 2010. The budget did not address some of the key demands of the real estate industry, including granting industry status for township projects, changes in tax deductions on housing loans, relaxation of external commercial borrowings (ECB) norms to fund projects, etc. The non-extension of the Software Technology Parks of India (STPI) scheme could have an impact with respect to the demand for space at IT Parks vs. IT SEZs.

Data sources – Jones Lang LaSalle, **RBI, ***Credit Suisse*



GODREJ PROPERTIES LIMITED:

Godrej Properties Limited (GPL) is the real estate development arm of the Godrej Group, which was started in 1897 and is today one of India's most successful conglomerates. GPL brings the Godrej Group philosophy of innovation and excellence to the real estate industry while aspiring to continue to be the most trusted name in the industry. Your Company has completed several landmark projects and is currently developing 82 million square feet through projects in ten cities across India. Throughout its operations, GPL aims to deliver superior value to all stakeholders through extraordinary and imaginative spaces created out of deep customer focus and insight.

Your Company has received several recognitions of its processes and performance which include receiving the 'Best Business Practices' award for the year 2009 and 'Corporate Governance of the Year, 2008' award from Accommodation Times. GPL was also ranked #1 in the construction and real estate industry in 'India's Best Companies To Work For, 2009' survey, conducted by 'The Economic Times' and 'Great Place To Work Institute'.



KEY PROJECT UPDATES:

Name	Location	Project type	Est. Saleable Area (mn sq ft)*	Current status
Godrej Prakriti	Kolkata	Mixed use	1.67	Construction in progress
Godrej Genesis	Hyderabad	IT park	9.60	Pre development planning
Godrej Eternia	Chandigarh	Commercial & retail	0.16	Construction in progress
Godrej Garden City	Ahmedabad	Township	27.38	Phase 1 - Construction in progress
Godrej Avalon	Mangalore	Mixed use	0.61	Pre development planning
Godrej Palm Grove	Chennai	Residential	1.15	Pre development planning
Kochi Project	Kochi	Residential	1.76	Pre development planning
Godrej Genesis	Pune	Commercial	0.15	Pre development planning
Godrej Genesis	Kolkata	Commercial	0.47	Construction in progress
Godrej Waterside	Kolkata	Commercial	0.67	Phase 1 - completed
Tumkur Road - II	Bengaluru	Residential	0.85	Pre development planning
Woodsman Estate II	Bengaluru	Residential	0.40	Pre development planning
Woodsman Estate Annexe	Bengaluru	Residential	0.06	Pre development planning
Godrej Riverside	Kalyan	Residential	0.28	Structure completed
Vikhroli Project – I	Mumbai	Mixed use	1.67	Pre development planning
Godrej Gold County	Bengaluru	Residential	0.15	Pre development planning
Pune Township	Pune	Township	1.18	Pre development planning
Kalyan Township	Mumbai	Residential	0.10	Pre development planning

*Refers to GPL's share.

Strengths:

1. Joint Venture Business Model: Godrej Properties' core strength lies in its joint venture business model, under which the Company enters into development agreements with land owners to acquire development rights for their land in exchange for a pre-determined portion of revenues, profits or developable area generated from the project. This model is highly capital efficient and allows your Company to rapidly grow the business without tying up large amounts of capital in land purchases. For any given amount of capital, the joint venture model allows GPL to do many more projects than it could if it had to buy the land. This leads to greater profitability at the company level and significantly reduces the exposure to risk in any one project. The merits of the model were proved during the downturn in FY 2009 where Godrej Properties was one of the only real estate companies to report stable profits.
2. Godrej Brand: One key factor that allows GPL to be successful in adding joint venture developments is the 'Godrej' brand. 470 million Indians use a Godrej product everyday. The Godrej Group lays great emphasis on



corporate governance and professional business practices. The trust in the brand allows landowners to confidently partner with Godrej Properties for the development of their most valuable asset.

3. Strong project portfolio: Godrej Properties currently has projects in ten major cities across India with a total of 82 million square feet of developable area under various stages of planning or construction. GPL is focused on delivering quality projects on a timely basis. This is achieved by focusing on the Company's core activities like new business development, project conceptualization, marketing & sales, and after sales support while putting in place strategic partnerships for non-core activities such as construction and design. For instance, for construction GPL has an MOU with L&T whereby they will be the contractors for all GPL projects across the country, allowing the Company to gain economies of scale and better pricing and quality.
4. National presence: A number of companies have been unsuccessful in their attempts at becoming national real estate developers. GPL, with projects in ten cities in all parts of the country, is among a select few developers to emerge successful nationally. The key factors that have allowed GPL to be successful in this strategy is the strong Godrej brand name, which is well

known across the country, the joint venture business model, which allows us to tap our local partners' expertise, and our outsourced business model, which allows us to rapidly scale our execution capabilities in new regions.

5. Outsourced model: The outsourced model, whereby all our design and construction work is outsourced with only lean in-house supervisory teams, allows your Company to scale up or down relatively easily. By strategically outsourcing design and construction to our partners GPL gets access to best-in-class talent. GPL has an MOU in place with L&T for construction, a dedicated team of architects at P.G. Patki architects at its disposal and is working with world-class architects like Pelli Clarke Pelli architects for the master plan and design of the Vikhroli project and Skidmore, Owings & Merrill for the master plan of our Ahmedabad project.
6. Godrej Group lands: Having access to land parcels owned by Godrej group companies gives GPL an advantage in its ability to expand. Currently GPL is developing a 36.5 acre site at Vikhroli, Mumbai and has MOU's for development in place for sites in Bengaluru, Hyderabad and Mohali amounting to a total of 185 acres.



Opportunities:

1. New business development: While your Company already has a very significant portfolio of ongoing developments, we remain focused on adding new developments to our current portfolio. Our key areas of focus for new business development are Mumbai, where we would like to strengthen our presence through joint venture and redevelopment projects; NCR, where we would like to make an entry through joint venture residential projects; and Bengaluru where we would like to strengthen our already strong presence with additional residential joint ventures. We are confident that the strength of the Godrej brand name and the strong capabilities your Company has developed in executing joint venture agreements will enable it to continue to create value through new business development.
2. Mid-income residential segment: While Mumbai commercial and mixed-use projects, and nationwide mixed-use and township projects remain areas of focus, perhaps the biggest opportunity for your Company is in building on our strong mid-income residential development portfolio across the country. This is the segment of the market where demand is most robust and where the volumes required are the greatest. Furthermore, it is the segment of the market in which the Godrej brand is most powerful. As developers are able to finance residential real estate development through customer advances, this is also the segment of the market in which rapid growth without capital constraints is most achievable. Recent launches serve as a testament to the strength of the Company in this segment. Godrej Garden City was launched in Ahmedabad in March 2010; Phase I of approximately 1.3 million square feet was completely booked within days of its launch. Our recently launched project in Kolkata, Godrej Prakriti, has also received a strong response. Similarly, your Company has seen great demand for its many previous offerings in this space in Mumbai, Pune, and Bengaluru. This financial year we intend to launch mid-income housing developments in Chennai, Mangalore, Kochi, and Mumbai. Our Ahmedabad and Kolkata projects will also continue to progress with new phases being launched in this financial year.

Challenges:

1. Execution: Your Company, at present, has 82 mn. sq. ft. of estimated developable area under various stages of planning or construction. Going forward, the developable area under construction is likely to

increase. The very significant amount of area that your Company will need to develop each year could pose challenges to completing projects within the stipulated time period and to the quality levels expected of the Godrej brand. To address these challenges GPL has put in place the following mechanisms.

- Resource optimization - continued development of projects through joint development agreements with land owners.
 - Critical Chain Project Management (CCPM) – Your Company has worked extensively with Goldratt Consultants, a global project management consultant, to develop its project management capabilities into an area of strength. One of the features introduced as a result of this engagement is Concerto, a critical chain process management software that allows for effective control and monitoring of projects by the core management team. It allows multi-site communications and provides critical chain scheduling features, reporting formats and portfolio management features. It is a very useful tool to help ensure that project timelines are maintained.
 - Selective outsourcing - Your Company has strategic tie-ups in place with L&T for construction and PG Patki for architecture and design. This ensures seamless execution of outsourced activities while adhering to best practices and ensuring quality and economies of scale.
2. Competition in Tier 1 cities – The real estate sector is growing very rapidly and there are a number of emerging developers with strength in a particular region. Tier 1 cities in particular are seeing strong competition for attractive land parcels. Adding new projects in Tier 1 cities is a central part of your Company's strategy. GPL remains focused on adding new value-creating developments in Tier 1 cities and believes that the Godrej brand name is a strong differentiator that will allow it to continue to be the preferred joint venture development partner for landowners. Your Company has seen historical success in joint venture developments in Tier 1 cities like Mumbai and Bengaluru and will endeavor to continue this successful track record.

Threats, risks, and concerns:

1. Industry cyclicality: GPL firmly believes that the Indian economy in general and the real estate sector in

particular are set to thrive over the next few decades. However, the cyclical nature of real estate development poses a threat to developers and any developer that does not put in place adequate risk mitigation measures could be very adversely affected by a cyclical downturn. Macroeconomic factors beyond the control of an individual company such as the global economic climate, interest rates, government policy, and demand-supply conditions will have a bearing on future performance of the sector. Significantly, growth in demand for housing is driven by the availability of finance at low rates of interest. Increases in interest rates can limit our customers' purchasing power and therefore lower demand. Your Company understands the risks inherent in the real estate industry and has put in place several measures that we feel reduce our exposure to industry cyclicality. Firstly, the joint venture model is significantly de-risked as compared to purchasing land as at any given time the amount of capital GPL has deployed in land is much lower than it would be if it were purchasing the land on an outright basis. Secondly, before entering into any new project, your Company does extensive market research and scenario planning to ensure that even if a downturn occurs, it is able to maintain profitability, albeit with lower margins.

2. Statutory approvals: For all real estate developments a large number of statutory approvals are required to begin a project. Several projects are in the preliminary stages of planning and any delay to these approvals could create delays to project completion schedules. To mitigate this risk GPL ensures it prepares meticulously all documentation required for statutory approvals.

COMPANY HIGHLIGHTS:

1. GPL delivered 3.9 million square feet in FY 2010. This compares to a total of 3.6 million square feet delivered from the Company's inception in 1991 until FY 2009.
2. Fiscal year 2010 also witnessed considerable momentum in sales. GPL launched its first state of the art township – Godrej Garden City in Ahmedabad in March 2010. The project received an overwhelming response and within days of its launch, a first phase of 1.3 million square feet was completely booked. It is expected that subsequent launches will receive similar traction turning the project into a huge success.
3. Other projects also fared well with significant booking being done in several recently launched projects. For

instance, Godrej Prakriti, a residential development in Kolkata, has seen bookings of 0.2 million square feet since its launch in Q3 FY 2010.

4. During the period under review three private equity deals worth Rs.156 crore were executed. Two of the deals were with HDFC PMS for the Chennai and Chandigarh projects and the third deal was with Milestone Real Estate Fund for our residential project in Kolkata. Divesting stakes in certain projects through private equity is an ongoing part of our business strategy to monetize assets at an appropriate stage and utilize the proceeds to fund existing and new projects.
5. Your Company made significant strides towards its goal of being a leading practitioner of sustainable development in India. During FY 2010 GPL entered into a partnership with the Clinton Climate Initiative, where our project in Ahmedabad was selected as one of two in India and sixteen from around the world, to join CCI in the goal of creating a Climate Positive development. GPL has also decided that all its new projects will seek Leadership in Energy & Environmental Design (LEED) certification. We believe that these measures are extremely important to ensure that we are creating developments that are comfortable places to live in and ones that have a positive impact on the community and world we live in. We also believe that these measures will help ensure that your Company continues to attract the highest quality customers as tenants and residents in its developments.

FINANCIAL PERFORMANCE FOR THE YEAR:

Consolidated total income for the year stood at Rs. 456 crore. This is 53% higher than total income of Rs. 298 crore in FY 2009. This significant increase is primarily driven by projects in Ahmedabad, Kolkata and Mumbai as well as by the private equity deals that were concluded during the year.

EBITDA amounted to Rs. 231 crore, a growth of 42% over the Rs. 163 crore reported last year.

Net profit grew by 64.45% to Rs. 123 crore from Rs. 75 crore last year.

Staying focused on capital efficiency, your Company entered into private equity deals worth Rs. 156 crore. The proceeds from these deals were taxed at a lower rate and therefore assisted in increasing profitability.



The operating profit for the year stood at Rs. 231 crore and the operating margins were 50.7%. The tax rate for the period was less than the maximum marginal rate due to the

private equity deals attracting a lower tax rate of 22.66%. Profit after tax registered a significant growth of 60% and was Rs. 122.8 crore in FY 2010.

Profit & Loss Statement for fourth quarter and year ended 31st March, 2010

INR Million

Particulars	FY 2010	FY 2009	% change	Q4 FY 2010	Q4 FY 2009	% change
Sales & operating income	3,134.3	2,555.2	22.7	1,709.6	799.5	113.8
Other Income	1,426.4	421.1	238.7	726.0	215.2	237.4
Total Income	4,560.8	2,976.3	53.2	2,435.5	1014.7	140.0
EBIDTA	2,312.1	1,627.9	42.0	889.6	405.6	119.3
Profit before tax	1,623.7	1,089.4	49.1	748.0	259.1	188.7
Profit after tax	1,239.8	756.1	64.0	584.8	185.9	214.6
- Minority Interest	11.6	9.3	24.5	9.8	5.1	94.7
Net Profit	1,228.1	746.8	64.5	575.0	180.8	217.9

HUMAN RESOURCES

Your Company firmly believes that a motivated and empowered employee is the key to competitive advantage. The total number of persons employed in your Company as on March 31, 2010 was 197.

Your Company's employee value proposition is based on a strong focus on employee development, an exciting work culture, performance and empowerment. Processes such as performance improvement, talent management and competency management are platforms for individual development. Technology is leveraged to ensure availability of information to employees at all times and also serves as the medium for ongoing communication.

Godrej Properties Limited was ranked #1 among Construction and Real Estate Companies in the 'India's Best Companies to Work For' study 2009 conducted by Great Places To Work Institute and Economic Times.

Your Company believes that the skills and diversity of our employees give us the flexibility to adapt to the future needs of our business.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has a proper and adequate system of Internal Controls, to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposal and that transactions are authorized, recorded and reported correctly.

Your Company's Corporate Audit and Assurance Department which is ISO 9001 certified, issues well documented operating procedures and authorities with adequate built-in controls at the beginning of any activity

and any time there is any major change. The internal control is supplemented by an extensive programme of internal, external audits and periodic review by the management. The system is designed to adequately ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets.

During the year the Corporate Audit & Assurance Department carried out various reviews and provided assurance on compliances to laid down policies, process and internal controls.

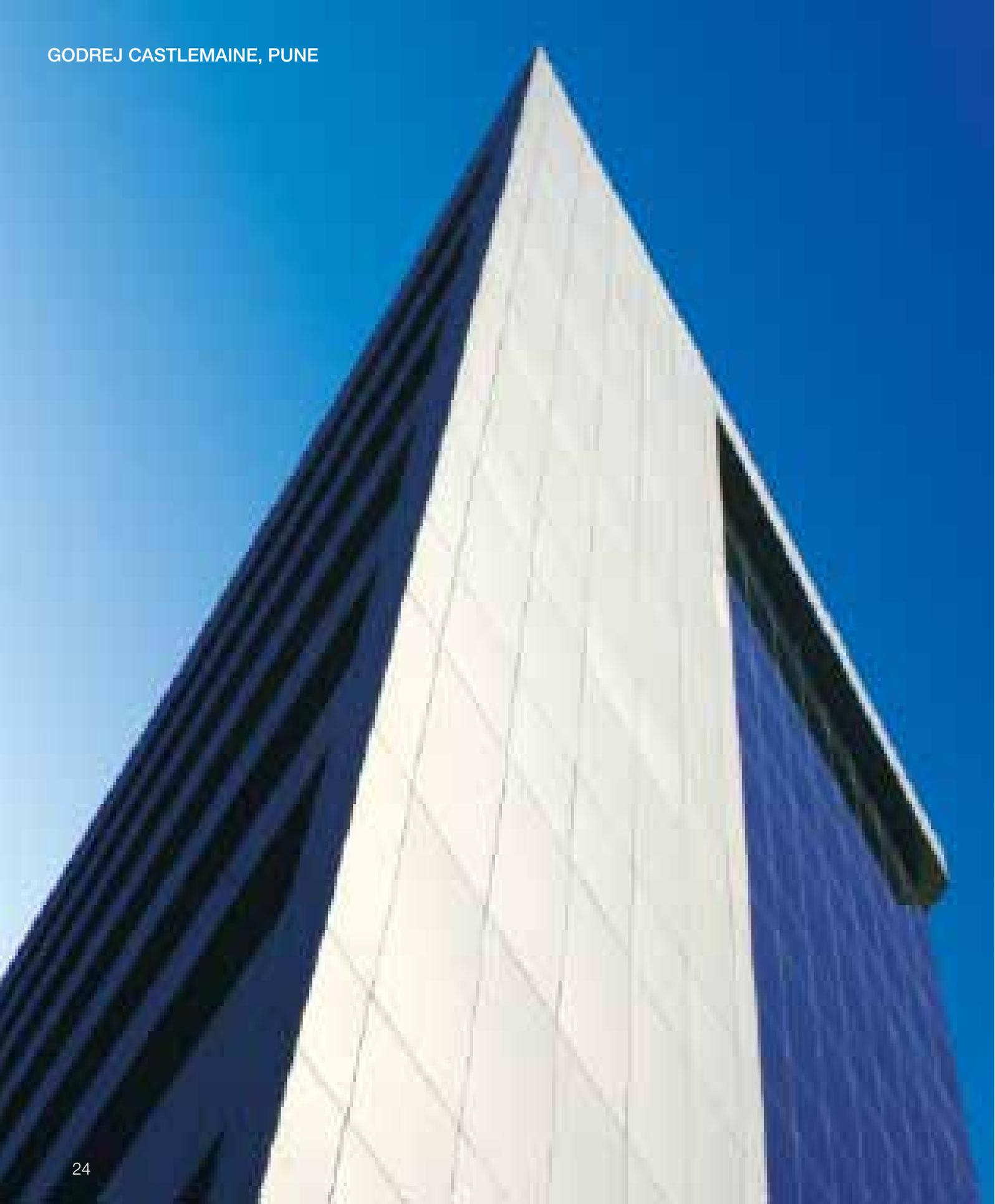
INFORMATION SECURITY

Your Company accords great importance to the security of its information assets. To ensure that this gets desired focus and attention, a Chief Information Security Officer, who is attached to the Corporate Audit and Assurance Department, is entrusted with the task of ensuring that your Company has the requisite security posture.

Your Company has put in place, all the procedures and practices that are in line with the ISO Security Standards.

CAUTIONARY STATEMENT

Some of the statements in this Management Discussion and Analysis Report may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Such statements reflect the Company's current views with respect to the future events and are subject to risk and uncertainties. Important developments that could affect the Company's operations include changes in industry structure, significant changes in political and economic environment in India and overseas, tax laws, litigation and labour relations.



BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their 25th Annual Report along with the Audited Accounts for the year ended March 31, 2010.

1. OPERATING RESULTS:

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

	2009 – 2010 (Rs. in Lacs)	2008-2009 (Rs. in Lacs)
Profit before Taxation	15,874.60	10,603.42
Provision for Taxation	(3,669.83)	(3,124.00)
Provision for Fringe Benefit Tax	-	(16.50)
Provision for deferred tax	(20.65)	10.61
Profit after taxation	12,184.12	7,473.53
Add: Surplus brought forward	7,510.69	2,655.39
Prior year tax adjustments	(21.37)	(101.01)
AMOUNT AVAILABLE FOR APPROPRIATION	19,673.44	10,027.91
Appropriations:		
Your Directors recommend appropriations as under:		
Proposed Dividend	2,794.00	1,510.51
Dividend Distribution Tax	464.05	256.71
Transfer to General Reserve	1,220.00	750.00
Surplus carried forward	15,195.39	7,510.69
TOTAL APPROPRIATIONS	19,673.44	10,027.91

2. INITIAL PUBLIC OFFER:

During the year 2009-2010 your Company has entered the capital market with the Initial Public Offer (IPO) of 9,429,750 equity shares of Rs.10/- each, through 100% Book Building Process wherein 7,732,405 equity shares were allotted to the Shareholders at a premium of Rs.480/- per share and 1,697,345 equity shares were allotted to certain Anchor Investors at a premium of Rs.520/- per share.

Your Company's shares were listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited on January 5, 2010.

Your Directors take this opportunity to thank all the investor for their overwhelming response and the confidence reposed by them.

3. DIVIDEND:

Your Directors recommend for approval of the members at the ensuing Annual General Meeting payment of dividend of 40% (Rs. 4.00 per share) for the year ended March 31, 2010.

4. REVIEW OF OPERATIONS:

Your Company posted a total income of Rs. 35,701.18 lacs during the year ended March 31, 2010.

During the year, the Company successfully completed several projects, most notably the 1st Phase of Godrej Waterside – commercial project in Kolkata, Godrej Woodsman Estate – a residential project in Bengaluru and Godrej Coliseum in Mumbai. At the end of 2009-10, the completed developed area for the Company stands at 7.55 mn sq.ft. compared to 3.63 mn sq.ft in 2008-09.

The highlight of the year has been successful launch of mid-income residential projects in Ahmedabad and Kolkata. The Company commenced operations in Chandigarh, Chennai and Mangalore.

Your Company signed MOU for development of project at Pune, where due diligence is currently underway. Your Company also signed an MOU with Godrej Industries Limited and Godrej and Boyce Mfg. Company Limited for undertaking the development of a 36.5 acres project at Vikhroli, Mumbai.

HDFC PMS, a real estate private equity fund, invested 49% each in subsidiaries, Godrej Estate Developers Private Limited and Godrej Sea View Properties Private Limited, for development of a commercial project, Godrej Eterna in Chandigarh and a residential project, Godrej Palm Grove in Chennai respectively. In Godrej Sea View Properties Private Limited, 22.27% of the equity share capital out of 49% was transferred before March 31, 2010. Also, Milestone Real Estate Fund invested 49% in Happy Highrises Limited, a subsidiary for development of Godrej Prakriti, a mix-use project in Kolkata.

Continuing with the commitment towards customer delight, your Company had set up a dedicated team for Customer Centricity initiatives led by Chief Customer Officer.

5. FUTURE PROSPECTS AND OUTLOOK OF THE COMPANY:

Your Company has a well diversified portfolio spread across established Tier-I and emerging Tier-II and III locations. The strategy of partnering with leading firms like L&T for construction services and P.G. Patki for architectural services is likely to be a key driver in scaling up the projects across regions. The strategy of Joint Venture for sourcing land continues to help in minimizing capital requirement during the initial stages of project development.

6. FIXED DEPOSITS:

Your Company has accepted Fixed Deposits for 12, 24 and 36 Months tenure. During the year ended March 31, 2010 deposits aggregating to Rs. 7,489.43 lacs have been mobilized.

7. DEPOSITORY SYSTEM:

Your Company's equity shares are available for dematerialization through National Securities Depository Limited and Central Depository Services (India) Limited. 16.09% of the equity shares of your Company were held in demat form as on March 31, 2010.

8. CORPORATE GOVERNANCE:

As required by the existing Clause 49 of the Listing Agreements with the Stock Exchanges, a detailed report on Corporate Governance together with Management Discussion and Analysis Report are included in the Annual Report. The Auditors have certified the Company's compliance of the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement and the same is annexed to the Report on Corporate Governance.

9. AWARDS & RECOGNITIONS:

Your Directors take pleasure in informing you that the Company was acknowledged with the following Awards during the year:-

- "Best Business Practices Award by Accommodation Times."
- "CNBC AWAAZ CRISIL CREDAI Real Estate Awards 09" for the best residential project in the western India for Planet Godrej.
- Ranked 1st in the Construction and Real Estate Category in India's Best Companies to Work for 2009 awarded by The Great Place to Work® Institute, India, in partnership with The Economic Times.
- Ranked one of India's Top 10 Builders by the Construction World Architect and Builder Awards, 2009.

10. MODIFICATION OF EMPLOYEES STOCK OPTION SCHEME:

The Shareholders had vide special resolution passed by the Postal Ballot on March 10, 2010 approved the amendments to the Employees Stock Option Plan (ESOP) of the Company *inter alia* to increase the limit of shares from 442,700 upto 1,500,000, which may be purchased by GPL ESOP Trust for granting options to the employees.

The disclosure relating to ESOP is given in Annexure A.





11. SUBSIDIARY COMPANIES:

A. Subsidiaries Accounts

The audited Balance Sheet as at March 31, 2010 and Profit and Loss account ended on that date together with the Reports of Directors and Auditors thereon of our Subsidiaries along with Statement as required under Section 212 of the Companies Act, 1956, forms part of the Annual Report .

B. Transfer of Stake

The Company has diluted its stake in the following Subsidiaries:-

1. Happy Highrises Limited by transferring 49% of equity share capital to IL&FS Trust Company Ltd. A/C Milestone Real Estate Fund for a consideration of Rs.8,610 lacs.
2. Godrej Estate Developers Private Limited ("GEDPL") by transferring 49% of the equity share capital to HDFC PMS (under HDFC Asset Management Company Limited Portfolio Management Services Real Estate Portfolio-I, through its Portfolio Manager HDFC Asset Management Company Limited), for a consideration of Rs. 4,500 lacs.
3. Godrej Sea View Properties Private Limited (GSVPPL) by transferring 49% (22.27% before March 31, 2010) of the equity share capital to HDFC PMS (under HDFC Asset Management Company Limited Portfolio Management Services Real Estate Portfolio-I, through its Portfolio Manager HDFC Asset Management Company Limited), for a consideration of Rs.5,500 Lakhs in two tranches.

Now the Company holds 51% of the paid up capital of the above mentioned subsidiaries.

C. Material Non-Listed Indian Subsidiary

Pursuant to Clause 49 of the Listing Agreement, if the turnover or net worth (i.e. paid-up capital and free reserves) of any unlisted Indian Subsidiary Company exceeds 20% of the consolidated turnover or net worth respectively, of the Listed Holding Company and its subsidiaries in the immediately preceding Accounting year; that subsidiary is termed as Material Non-Listed Indian Subsidiary. Accordingly, Godrej Waterside Properties Private Limited (GWPPPL) has become the Material Non Listed Indian subsidiary of Godrej Properties Limited. As per Clause 49 of the Listing Agreement the Company has appointed Mr. Amit B. Choudhury, Independent Director on the Board of GWPPPL.

12. OBJECTS OF THE INITIAL PUBLIC OFFERING

Certain deviations/amendments to the objects of the initial public offering as disclosed on page 43 of the Prospectus of the Company dated December 16, 2009 (the "Prospectus") have taken place details of which are set forth below:

1. Schedule of deployment

The Schedule of deployment of net proceeds as disclosed on page 43 of the Prospectus has undergone change due to the following reasons:

a) Acquisition of land development rights for our Forthcoming Projects

In relation to the property located at Ahmedabad, the Company was required to utilise an amount of Rs. 132.00 crores in fiscal year 2010. The Company has already utilised an amount of Rs. 25.00 crores in fiscal year 2010 out of the sum of Rs. 132.00 crores. The Company had entered into an agreement to grant development rights dated April 15, 2008 for the said project and thereafter the Company has entered into development agreements for part of the area. It is proposed to enter into a development agreement for the remaining area by March 2011. Accordingly, the Company shall utilise the balance amount of Rs. 107.00 crores in fiscal year 2011 as compared to utilizing this amount in fiscal year 2010 as stated in the Prospectus.

In relation to the property located at Kalyan, the Company was required to pay an amount of Rs. 20.00 crores in fiscal year 2010. However, due to the aggregation of the entire 160 acres of land at Kalyan not being completed till date, the Company shall pay the amount of Rs. 20.00 crores in fiscal year 2011 when the aggregation of land is completed.

In relation to the property located at Pune, the Company was required to pay an amount of Rs. 51.00 crores in fiscal year 2010. However, the owners of the property at Pune did not receive a certificate of conversion of land to non-agricultural use in fiscal year 2010. Accordingly, the Company shall pay the amount of Rs. 51.00 crores in fiscal year 2011, subject to such approvals / certificates.

b) Construction of our Forthcoming project

In relation to construction of the project located at Chandigarh, the Company was required to utilise an amount of Rs. 75.00 crores from the Net Proceeds. An amount of Rs. 20.00 crores was proposed to be utilised in fiscal year 2010, Rs. 40.00 crores was to be utilised in fiscal year 2011 and Rs. 15.00 crores was to be utilised in fiscal year 2012. However, there has been delay in implementation of the

project at Chandigarh as construction was delayed due to certain approvals not being received in a timely manner and now the activities have been accelerated to complete the project on time. Accordingly, the Company now proposes to utilise an amount of Rs. 60.00 crores in fiscal year 2011 and Rs. 15.00 crores in fiscal year 2012 towards construction of the project.

Further the Company has now assigned the development rights of this project to its subsidiary, Godrej Estate Developers Private Limited (“GEDPL”) and has transferred 49% of the equity share capital of GEDPL to HDFC PMS

(under HDFC Asset Management Company Limited Portfolio Management Services Real Estate Portfolio-I, through its Portfolio Manager HDFC Asset Management Company Limited), for a consideration of Rs. 45.00 crores. It is now proposed to invest a sum of Rs. 60.00 crores in fiscal year 2011 and Rs. 15.00 crores in fiscal year 2012 in this project through the subsidiary, GEDPL.

In light of the abovementioned changes to the Objects of the Issue it is proposed to amend the utilisation of the Net Proceeds of the IPO as under:

(Rs. in Crores)

S. No.	Expenditure Items	Total Estimated Cost	Amount deployed till November 15, 2009	Balance Payable as on November 15, 2009	Proposed to be funded by internal accruals	Amount upto which will be financed from Net Proceeds	Estimated schedule of deployment of Net Proceeds for		
							FY 2010	FY 2011	FY 2012
1.	Acquisition of land development rights for our Forthcoming Projects	444.82	152.50	292.32	Nil	203.00	25.00*	178.00**	-
2.	Construction of our Forthcoming project	100.84	22.82	78.02	Nil	75.00	-#	60.00#3	15.00
3.	Repayment of loans	172.00	Nil	172.00	Nil	150.17	150.17	-	-
Total		717.66	175.32	542.34	Nil	428.17	175.17	238.00	15.00

*The Prospectus stated that an amount of Rs. 203.00 crores was proposed to be utilised in fiscal year 2010. Now amended to state that Rs. 25.00 crores was utilised in fiscal year 2010.

**The Prospectus stated that no amount was proposed to be utilised in fiscal year 2011. Now amended to state that Rs. 178.00 crores is proposed to be utilised in fiscal year 2011.

The Prospectus stated that an amount of Rs. 20.00 crores was proposed to be utilised in fiscal year 2010. Now amended to state that no amount was utilised in fiscal year 2010.

#3 The Prospectus stated that an amount of Rs. 40.00 crores was proposed to be utilised in fiscal year 2011. Now amended to state that the amount of Rs. 60.00 crores is proposed to be utilised in fiscal year 2011.

13. DIRECTORS:

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 1956, Mr. Adi B. Godrej, Mr. Jamshyd N. Godrej, Mr. Pranay D. Vakil and Dr. Pritam Singh, retire by rotation and being eligible, offer themselves for re-appointment.

The Board of Directors in their meeting held on May 17, 2010, has appointed Mr. K. T. Jithendran and Mr. Amitava Mukherjee as Additional Directors of the Company. They will hold office up to the ensuing Annual General Meeting of the Company. Mr. K. T. Jithendran, was appointed as an Executive Director subject to the approval of the shareholders and Mr. Amitava Mukherjee was appointed as an Independent Director.

14. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

15. COMMITTEES OF DIRECTORS:

a) Audit Committee:

The Audit Committee which was constituted pursuant to the provisions of Section 292A of the Companies Act, 1956 and the Listing Agreement has reviewed the Accounts for the year ended March 31, 2010. The members of the Audit Committee are Mr. Keki B. Dadiseth - Chairman, Mrs. Lalita D. Gupte,

Mr. Amit B. Choudhury, Mr. Pranay D. Vakil, Dr. Pritam Singh and Mr. S. Narayan, all Independent Directors. The Scope of the Audit Committee has been revised at the meeting of the Board of Directors held on October 24, 2009 to include review and monitoring of the issue proceeds of the public or rights issue.

b) Investor Grievance cum Share Transfer Committee:

The Board of Directors in their meeting held on October 24, 2009 re-constituted the Investor Grievance Cum Share Transfer Committee by appointing Mr. Amit B. Choudhury as a member of the Committee.

c) Management Committee:

The Board of Directors in their meeting held on January 22, 2010 has formed the Management Committee for administrative convenience and for handling day to day affairs of the Company. The Committee comprises of Mr. Adi B. Godrej, Chairman, Mr. Milind S. Korde, Managing Director and Mr. Pirojsha A. Godrej, Executive Director.

16. ADDITIONAL INFORMATION:

- (a) In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 and the rules framed there under, 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 all the members of the Company excluding the statement of particulars of the employee under Section 217 (2A) of the Companies Act, 1956. Any member 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 2009-10, expenditure in foreign currencies amounted to Rs. 667.52 lacs/- (Previous Year Rs. 482.52 lacs) on account of travelling and expenses incurred for business promotion.

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

17. GROUP FOR INTERSE TRANSFER OF SHARES:

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

18. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, Your Directors based on the representation received from the Operation Management, and after due enquiry confirms:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2010 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.

19. ACKNOWLEDGEMENT:

Your Directors wish to place on record, sincere thanks to the Government, Government agencies, Banks, Financial Institutions, Joint Venture Partners, Customers, Shareholders, 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

Adi B. Godrej
Chairman

Mumbai,
June 4, 2010

ANNEXURE A

DISCLOSURE RELATING TO EMPLOYEES STOCK OPTION PLAN

Particulars	Details
Options granted	442,700
Exercise price of options	Rs. 620 per share plus interest at a compounding rate of 10 % per annum or at such other rate as may be defined by the Remuneration Committee and intimated to the option grantees. In addition to it, such other amount as intimated by the Remuneration Committee from time to time viz. amount of stamp duty and trusteeship fees will be recoverable from the employees.
Total options vested	Nil
Options exercised	Nil
Total number of Equity Shares that would arise as a result of full exercise of options already granted	442,700
Options forfeited/ lapsed/ cancelled	39,000
Variations in terms of options	Nil
Money realised by exercise of options	Nil
Options outstanding (in force)	403,700
Vesting schedule	Options shall vest in the eligible employees under the ESOP within such period as may be prescribed by the Remuneration Committee, which period shall not be less than one year and may extend upto three years from the date of grant of options. The Remuneration Committee of the Company at its meeting held on December 24, 2007 has decided that the above mentioned options would be vested in the employees on December 27, 2010. Further there is a change in the vesting schedule for the grants made on or after March 10, 2010, the said vesting schedule is provided herein after.
Person wise details of options granted to	
i) Directors and key management employees	Please see Note 1 below
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil
iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	There is no fresh issue of shares on exercise of option therefore the same is not applicable.

Particulars	Details
Difference between employee compensation cost using the intrinsic value method and the employee compensation cost that shall have been recognised if the Company has used fair value of options and impact of this difference on profits and EPS of the Company	Nil
Weighted average exercise prices and weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price is Rs. 620 per share plus interest
Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	N.A.
Lock-in	Three years from the date of grant i.e., December 28, 2007
Impact on profits of the last three years and on the EPS of the last three years if the issuer had followed the accounting policies specified in Clause 13 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of options granted in the last three years	Nil

Details regarding options granted to our Directors and our Key Management Personnel are set forth below:

Name	Position	Number of options granted under ESOP
Mr. Milind S. Korde	Managing Director	60,000
Mr. K. T. Jithendran	Executive Director	30,000
Mr. Nishikant Shimpi	Executive Vice-President (Bengaluru region)	20,000
Mr. K. P. Sudheer	Vice-President (Mumbai region)	20,000
Mr. Nitin Wagle	Vice-President (Operations)	10,000
Mr. Shodhan A. Kembhavi	Vice-President (Legal) and Company Secretary	10,000
Mr. Rajendra Khetawat	Vice-President (Finance and Accounts)	10,000
Mr. Santosh Tamhane	Vice-President (Projects)	10,000
Ms. Krishnakoli S. Kumar	Vice-President (Marketing and Sales)	10,000
Ms. Aylona D'Souza	Vice-President (Human Resources and Administration)	7,000

Amendments to the Employee Stock Option Scheme:

The Shareholders had vide special resolution passed by Postal Ballot on March 10, 2010 approved the following amendments to the Godrej Properties Limited Employees Stock Option Plan (GPL ESOP). The following amendments would be effective for the grants made on or after March 10, 2010.

1. Grant additional options to the extent of 50% to the employees who have been granted options in December 2007.
2. Grant options to new employees and additional options to the old employees on account of promotions.
3. Allot options in 3 tranches for new employees (who have joined after December 2007) first on the date of

joining, second on completion of one year and third on completion of two years.

4. Curtail the vesting period proportionately for employees who have joined or who have been promoted between December 2007 to December 2009, and for additional allotments to existing employees.
5. Change the definition of exercise price from:

“The Market Price plus Interest at such a rate not being less than the Bank Rate then prevailing compoundable on an annual basis for the period commencing from the date of Granting of the Option and ending on the date of intimating Exercise of the Option to the Company’

to

“Grant price plus interest at such rate as may be decided from time to time compoundable on an annual basis, for the period commencing from the date of granting of the

options and ending on the date of intimating exercise of the option to the Company plus all other expenses as may be incurred by the Company to give effect to the GPL ESOP” where “Grant Price” means higher of market price or average cost of shares purchased by the Trust for that specific grant, including any unallotted shares lying with the Trust if utilized for that specific grant, plus interest on the loan taken to purchase the said shares at such rate as may be decided from time to time and compoundable on annual basis till the date of grant.”

6. The GPL ESOP Trust shall purchase not more than 430,000 equity shares at any one point of time.
7. The maximum equity shares that can be purchased by GPL ESOP Trust for grant of options under the scheme will be 1,500,000 equity shares including 442,700 equity shares already purchased by the trust.

ANNEXURE B

“Group” for interse transfer of shares under Clause 3(1) (e) of the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

1. Godrej Industries Limited
2. Godrej & Boyce Manufacturing Co. Ltd.
3. Ensemble Holdings & Finance Ltd.
4. Godrej Investments Private Ltd.
5. Godrej Efacec Automation & Robotics Ltd.
6. Veromatic International BV
7. Water Wonder Benelux BV
8. Wadala Commodities Ltd.
9. Swadeshi Detergents Ltd.
10. Natures's Basket Ltd.
11. Godrej Hershey Limited
12. Godrej Consumer Products Ltd.
13. Godrej Agrovet Ltd.
14. Golden Feed Products Ltd.
15. Godrej Oil Palm Ltd.
16. Cauvery Palm Oil Limited
17. Godrej Infotech Ltd.
18. Geometric Ltd.
19. Mercury Mfg. Co. Ltd.
20. Godrej (Malaysia) Sdn. Bhd.
21. Godrej (Singapore) Pte. Ltd.
22. Godrej International Ltd.
23. Veromatic Services BV
24. Boston Analytics Inc., USA
25. CBay Systems Limited, USA
26. HyCa Technologies Pvt. Ltd.
27. Bahar Agrochem & Feeds Pvt. Ltd.
28. Vora Soaps Limited
29. Godrej Sara Lee Limited
30. Godrej Consumer Products (UK) Ltd.
31. Keyline Brands Limited
32. Rapidol (Pty) Ltd.
33. Godrej Global Mid East FZE
34. Godrej Consumer Products Mauritius Limited
35. Godrej Kinky Holding Limited
36. Kinky Group Pty. Ltd
37. Godrej Hygiene Products Limited.
38. Cartini India Ltd.
39. Godrej Holdings Pvt. Ltd.
40. Godrej (Vietnam) Co. Ltd.
41. ABG Venture LLP
42. NBG Enterprise LLP
43. JNG Enterprise LLP
44. SVC Enterprise LLP
45. RKN Enterprise LLP
46. Godrej & Boyce Enterprise LLP
47. Mr. Adi B. Godrej
48. Mr. Jamshyd N. Godrej
49. Mr. Nadir B. Godrej
50. Mr. Pirojsha A. Godrej
51. Mr. Rishad K. Naorji
52. Ms. Freyan V. Crishna
53. Mr. Navroze J. Godrej
54. Ms. Nyrika V. Crishna
55. Ms. Raika J. Godrej
56. Ms. Tanya Arvind Dubash
57. Ms. Nisaba A. Godrej
58. Master Burjis Nadir Godrej
59. Mst. Hormuzd Nadir Godrej
60. Mrs. Rati Nadir Godrej
61. Mr. Sohrab Nadir Godrej
62. Ms. Parmeshwar A. Godrej
63. Mrs. Smita V. Crishna
64. Mrs. Pheroza Godrej
65. Mr. V. M. Crishna

REPORT ON CORPORATE GOVERNANCE

Your Company believes that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence.

In order to promote good governance the Company has followed the best practices, processes and policies based on conscience, openness, fairness, professionalism and accountability.

The Corporate Governance framework of your Company is based on an effective Independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The operations of the Company are managed under the directions of the Board within the framework set by the Companies Act, 1956, the Listing Agreement with the stock exchanges and the Articles of Association of the Company.

The Director's present below the Companies policies and practices on Corporate Governance.

1. THE GOVERNANCE STRUCTURE

Board Of Directors

a) Board Structure

As of March 31, 2010, the Board of Directors of the Company consisted of twelve Directors, which includes

one Managing Director and one Executive Director. The remaining ten were Non-Executive Directors, with six of them being Independent Directors.

With effect from May 17, 2010, the Board of Directors has been reconstituted with the induction of two more directors, one of whom is an Executive Director and the other is a Non-Executive and Independent Director.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956, except (1) Mr. Adi B. Godrej and Mr. Nadir B. Godrej, who are brothers (2) Mr. Pirojsha A. Godrej who is the son of Mr. Adi B. Godrej and Ms. Parmeshwar A. Godrej. The details of the Board are given in Table 1:

b) Board meetings held and Directors' attendance record

The Board meets at least once in a quarter to consider among other businesses, quarterly performance of the Company and financial results. To enable the Board to discharge its responsibilities effectively and take informed decisions, necessary information is made available to the Board. During the year 2009-2010 six Board meetings were held on May 11, 2009, July 27, 2009, October 24, 2009, November 27, 2009, December 23, 2009 and January 22, 2010. The details are given in Table 1:

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

Name of Director	Category	Board meetings held during the year	Board meetings attended during the year	Whether attended last AGM	Directorships held in public companies incorporated in India as at year-end*	Number of Chairmanship/ membership in Board Committees as at the year-end	
						Chairmanship	Membership
Mr. Adi B. Godrej	Chairman – Non-Executive	6	5	Yes	11(3)	4	5
Mr. Jamshyd N. Godrej	Non-Executive	6	3	Yes	9(5)	1	4
Mr. Nadir B. Godrej	Non Executive	6	4	Yes	14(6)	1	3
Ms. Parmeshwar A. Godrej	Non-Executive	6	3	Yes	1(1)	-	-

Name of Director	Category	Board meetings held during the year	Board meetings attended during the year	Whether attended last AGM	Directorships held in public companies incorporated in India as at year-end*	Number of Chairmanship/ membership in Board Committees as at the year-end	
						Chairmanship	Membership
Mr. Miliind S. Korde	Managing Director	6	6	Yes	3(1)	-	1
Mr. Pirojsha A. Godrej	Executive Director	6	6	Yes	1(1)	-	-
Mr. Amit B. Choudhury	Independent Director	6	6	Yes	6(3)	1	4
Mr. Keki. B. Dadiseth	Independent Director	6	4	Yes	7(5)	3	6
Mrs. Lalita D. Gupte	Independent Director	6	5	Yes	6(4)	1	3
Mr. Pranay D. Vakil	Independent Director	6	5	Yes	1(1)	-	1
Dr. Pritam Singh	Independent Director	6	4	Yes	4(3)	-	4
Mr. S. Narayan	Independent Director	6	2	No	8(6)	-	4

Notes:

- (i) *Alternate directorships and directorships in private companies, foreign companies and associations are excluded.
- (ii) Mr. K.T. Jithendran, Executive Director and Mr. Amitava Mukherjee, Independent Director were appointed on May 17, 2010.
- (iii) Figures in () denote listed companies.
- (iv) Board Meetings held during the year represents the no. of meetings held during the tenure of that director.

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

c) Information supplied to the Board

Among others, this includes:

- Annual operating plans and budgets, capital budgets, and any updates thereon,
- Quarterly results of the Company,
- Minutes of meetings of Audit Committee and other committees,
- Information on recruitment and remuneration of senior officers just below the Board level,
- Materially important show cause, demand, prosecution and penalty notices,
- Fatal or serious accidents or dangerous occurrences,
- Any materially significant effluent or pollution problems,
- Any materially relevant default in financial obligations to and by the Company,
- Any issue which involves possible public or product liability claims of a substantial nature,

- Details of any joint venture or collaboration agreement,
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property,
- Significant labour problems and their proposed solutions,
- Significant development in the human resources,
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business,
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement,
- Non-compliance of any regulatory, statutory nature or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.

The Board of the Company is presented with all information under the above heads, whenever

applicable. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings.

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

Except for drawing remuneration, none of the Directors have any other materially significant related party transactions, pecuniary or business relationship with the Company. The Company enters into transactions in the ordinary course of business with the companies in which directors hold Directorship. Attention of Members is drawn to the disclosures of transactions with related parties set out in Notes to Accounts – Schedule 19, Note No.18, forming part of the Annual Report.

e) Remuneration of Directors: sitting fees, salary, perquisites and commissions and Number of Shares held by Directors

The Company pays its Non-Executive Directors sitting fees of Rs.20,000 for every meeting of its Board, and Rs.5,000 for attending every meeting of the Audit Committee and Remuneration Committee of the Board.

The Non-Executive Directors are also entitled to a commission of Rs. 5,00,000 per annum and out of pocket expenses (including travel expenses).

The details of remuneration package of Directors and their relationships with each other are given in Table 2. The number of shares held and dividend paid are given in Table 3.

Table 2: Remuneration paid or payable to Directors for the year ended March 31, 2010

(Amount in Rs.)

Name of Director	Relationship with Directors	Sitting fees	Commission	Salary	Perquisites	Provident Fund	Others	Total
Mr. Adi B. Godrej	Brother of Mr. Nadir B. Godrej Father of Mr. Pirojsha A. Godrej & Spouse of Ms. Parmeshwar A. Godrej	100,000	500,000	Nil	Nil	Nil	Nil	600,000
Mr. Jamshyd N. Godrej	-	60,000	500,000	Nil	Nil	Nil	Nil	560,000
Mr. Nadir B. Godrej	Brother of Mr. Adi B. Godrej	80,000	500,000	Nil	Nil	Nil	Nil	580,000
Ms. Parmeshwar A. Godrej	W/o Mr. Adi B. Godrej and mother of Mr. Pirojsha A. Godrej	60,000	500,000	Nil	Nil	Nil	Nil	560,000
Mr. Amit B. Chodhury	-	155,000	500,000	Nil	Nil	Nil	Nil	655,000
Mr. Keki. B. Dadiseth	-	105,000	500,000	Nil	Nil	Nil	Nil	605,000
Mrs. Lalita D. Gupte	-	135,000	500,000	Nil	Nil	Nil	Nil	635,000
Mr. Pranay D. Vakil	-	135,000	500,000	Nil	Nil	Nil	Nil	635,000

Name of Director	Relationship with Directors	Sitting fees	Commission	Salary	Perquisites	Provident Fund	Others	Total
Dr. Pritam Singh	-	115,000	500,000	Nil	Nil	Nil	Nil	615,000
Mr. S. Narayan	-	60,000	218,750	Nil	Nil	Nil	Nil	278,750
Mr. Milind S. Korde	-	-	-	12,403,496	150,428	688,608	10,803,042*	24,045,574
Mr. Pirojsha A. Godrej	Son of Mr. Adi B. Godrej & Ms. Parmeshwar A. Godrej	-	-	6,439,200	1,324,527	360,000	1,580,430*	9,704,157

Notes:

*It includes a provision made for Performance Linked Variable Remuneration (PLVR) of Rs. 9,449,570 for Mr. Milind S. Korde and Rs. 1,580,430 for Mr. Pirojsha A. Godrej for the year ended March 31, 2010.

The service contracts of the Managing & Executive Director are for a period of three years with a notice period of three months.

Table 3: Number of shares held by Directors, options granted and dividend paid

Name of Director	Shares held as on March 31, 2010	Dividend paid during the year (Rupees)	Number of options granted
Mr. Adi B. Godrej	-	-	-
Mr. Nadir B. Godrej	1,730,250	4,325,625	-
Mr. Jamshyd N. Godrej	-	-	-
Ms. Parmeshwar A. Godrej	-	-	-
Mr. Amit B. Choudhury	1,500	3,750	-
Mr. Keki B. Dadiseth	-	-	-
Mrs. Lalita D. Gupte	7,000	17,500	-
Mr. Pranay D. Vakil	8,000	20,000	-
Dr. Pritam Singh	1,000	2,500	-
Mr. S. Narayan	-	-	-
Mr. Milind S. Korde	10,000	25,000	60,000
Mr. Pirojsha A. Godrej	576,747	1,441,867.50	-

COMMITTEES OF THE BOARD

2. AUDIT COMMITTEE

The Company's audit committee comprises of Independent Directors. They are Mr. Keki B. Dadiseth (Chairman), Mrs. Lalita D. Gupte, Mr. Amit B. Choudhury, Mr. Pranay D. Vakil, Dr. Pritam Singh and Mr. S. Narayan. All the members of the committee are eminent professionals and draw upon

their experience and expertise across a wide spectrum of functional areas such as finance and corporate strategy. Minutes of each of the audit committee meetings are placed before the Board meetings. Mr. Shodhan A. Kembhavi Vice-President (Legal) & Company Secretary acts as a Secretary to the audit committee. The audit committee met four times during the year i.e. on May 11, 2009, July 27, 2009, October 24, 2009 and January 22, 2010. Table 4 gives the attendance record.

Table 4: Attendance record of audit committee members

Name of Director	No. of meetings held	Meetings attended
Mr. Keki B. Dadiseth	4	3
Mrs. Lalita D. Gupte	4	4
Mr. Pranay D. Vakil	4	4
Dr. Pritam Singh	4	4
Mr. S. Narayan	4	2
Mr. Amit B. Choudhury	4	4

Note:

Committee Meetings held during the year represents the no. of meetings held during the tenure of that director.

The Audit Committee of the Company performs the following functions:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956,
 - b) Changes, if any, in accounting policies and practices and reasons for the same,
 - c) Major accounting entries involving estimates based on the exercise of judgement by management,
 - d) Significant adjustments made in the financial statements arising out of audit findings,
 - e) Compliance with listing and other legal requirements relating to financial statements,
 - f) Disclosure of any related party transactions, and
 - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 8. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue/ rights issue/ preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board of Directors to take up steps in this matter.
 9. Discussion with internal auditors any significant findings and follow up there on.
 10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
 14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Review of information by Audit Committee
- a) Management discussion and analysis of financial condition and results of operations;
 - b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - d) Internal audit reports relating to internal control weaknesses; and
 - e) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

3. REMUNERATION COMMITTEE

Setting up of a Remuneration Committee constitutes a non-mandatory provision of Clause 49. The Remuneration Committee was reconstituted by a meeting of the Board of Directors held on January 10, 2009. This Committee looks in all matters pertaining to remuneration of the Managing Director, the Executive Director and administration of the Company's Employee Stock Option Plan.

The Remuneration Committee consists of the Independent Directors. They are: Mrs. Lalita D.Gupte (Chairperson), Mr. Keki B. Dadiseth, Mr. Amit B. Choudhury, Mr. Pranay D. Vakil, Dr. Pritam Singh and Mr. S. Narayan. During the year ended March 31, 2010, the committee met on May 11, 2009, October 24, 2009, and January 22, 2010. The attendance details are given in Table 5.

Table 5: Attendance record of Remuneration Committee members

Name of Director	No. of meetings held	Meetings attended
Mrs. Lalita D. Gupte	3	3
Mr. Keki B. Dadiseth	3	2
Mr. Pranay D. Vakil	3	3
Dr. Pritam Singh	3	3
Mr. S. Narayan	3	2
Mr. Amit B. Choudhury	3	3

Mr. Shodhan A. Kembhavi, Vice-President (Legal) & Company Secretary acts as the Secretary to the Committee.

The Company has adopted Economic Value Added (EVA) as a tool for driving performance, and has linked improvements in EVA to performance linked variable remuneration (PLVR) of Managing Director, Executive Directors and Officers of the Company.

4. INVESTORS' GRIEVANCE CUM SHARE TRANSFER COMMITTEE

The Investors' Grievance cum Share Transfer Committee was re-constituted by a meeting of the Board of Directors held on October 24, 2009. The members of the Investors' Grievance cum Share Transfer Committee are:

1. Mr. Adi B. Godrej, Non-Executive Chairman;
2. Mr. Milind S. Korde, Managing Director; and
3. Mr. Amit B. Choudhury, Independent Director.

Mr. Shodhan A. Kembhavi, Vice President (Legal) & Company Secretary, is the Secretary of the Investors'

Grievance cum Share Transfer Committee.

This Committee is responsible for redressal of shareholders' and investors' complaints relating to transfer of shares, issue of duplicate/consolidated share certificates, allotment and listing of shares, review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet and non-receipt of dividends declared etc. It is also responsible for reviewing the process and mechanism of redressal of investor complaints and suggesting measures of improving the existing system of redressal of investor grievances. This Committee is also responsible for approval of transfer of shares including power to delegate the same to the Registrar and Transfer Agents.

Name and designation of Compliance Officer:

Mr. Shodhan A. Kembhavi

Vice President (Legal) & Company Secretary.

Number of complaints regarding shares for the year ended March 31, 2010

Complaints outstanding as on April 1, 2009	0
Complaints received during the year ended March 31, 2010	32
Complaints resolved during the year ended March 31, 2010	32
Complaints outstanding as on March 31, 2010	0

There are no pending share transfers as on March 31, 2010.

5. MANAGEMENT

i) Management discussion and analysis

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

ii) Disclosures by management to the Board

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

6. DISCLOSURES

i) Materially significant related party transaction that may have potential conflict of interest of Company at large.

During the year 2009-10, there were no materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Attention of Members is drawn to the disclosures of transactions with related parties set out in Notes to Accounts – Schedule 19, Note No.18, forming part of the Annual Report.

ii) Whistle Blower Policy

With a view to establish a mechanism for protecting the employees reporting unethical behavior, fraud, violation of Company's Code of Conduct, the Board of Directors has adopted at its meeting held on May 17, 2010, a Whistle Blower Policy.

iii) Details of compliance with mandatory requirement

Particulars	Clause of Listing Agreement	Compliance Status Yes / No
I. Board of Directors	49 I	Yes
(A) Composition of Board	49 (IA)	Yes
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes
(C) Other provisions as to Board and Committees	49 (IC)	Yes
(D) Code of Conduct	49 (ID)	Yes
II. Audit Committee	49 (II)	
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes
(B) Meeting of Audit Committee	49 (IIB)	Yes
(C) Powers of Audit Committee	49 (IIC)	Yes
(D) Role of Audit Committee	49 (IID)	Yes
(E) Review of Information by Audit Committee	49 (IIE)	Yes
III. Subsidiary Companies	49 (III)	Yes
IV. Disclosures	49 (IV)	
(A) Basis of related party transactions	49 (IV A)	Yes
(B) Board disclosures	49 (IV B)	Yes
(C) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV C) 49 (IV D)	Yes
(D) Remuneration of Directors	49 (IV E)	Yes
(E) Management	49 (IV F)	Yes
(F) Shareholders	49 (IV G)	Yes
V. CEO/CFO Certification	49 (V)	Yes
VI. Report on Corporate Governance	49 (VI)	Yes
VII. Compliance	49 (VII)	Yes

iv) Details of Non-compliance

There has not been any non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets.

v) Declaration by Managing Director

The declaration by the Managing Director stating that all the Board Members and senior management personnel have affirmed their compliance with the Code of Conduct for the year ended March 31, 2010, is annexed to the Corporate Governance Report.

7. GENERAL BODY MEETINGS

i) Details of last three AGMs

Year	Venue	Date	Time
2006-07	Godrej Bhavan, 4 th Floor, 4A, Home Street, Fort, Mumbai - 400 001	July 26, 2007	11.30 a.m.
2007-08	Godrej Bhavan, 6 th Floor, 4A, Home Street, Fort, Mumbai - 400 001	June 18, 2008	5.00 p.m.
2008-09	Godrej Bhavan, 4 th Floor, 4A, Home Street, Fort, Mumbai – 400 001	July 27, 2009	12.30 p.m.

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

Date of AGM	Number of Special Resolution passed	Details of Special Resolution Passed
July 26, 2007	0	N.A.
June 18, 2008	1	Payment of remuneration by way of commission not exceeding Rs. 500,000 p.a. and out of pocket expenses (including travel expenses) to each of the Non-Executive Directors of the Company.
July 27, 2009	5	<p>1) Re-appointment of Mr. Milind S. Korde as Managing Director of the Company with effect from April 1, 2009 for a period of 3 years</p> <p>2) To make loan(s) and/or give guarantee(s)/provide any security(ies) in connection with loan(s) made to and/or acquire by way of subscription, purchase or otherwise the securities of Godrej Waterside Properties Private Limited to a limit not exceeding Rs. 250 crores (Two Hundred Fifty crores Only), u/s 372A of the Companies Act, 1956</p> <p>3) To make loan(s) and/or give guarantee (s)/provide any security(ies) in connection with loan (s) made to and/or acquire by way of subscription, purchase or otherwise the securities of Godrej Developers Private Limited to a limit not exceeding Rs. 250 Crores (Two Hundred Fifty Crores Only), u/s 372A of the Companies Act, 1956</p> <p>4) To make loan(s) and/or give guarantee(s)/provide any security (ies) in connection with loan (s) made to and/or acquire by way of subscription, purchase or otherwise the securities of Godrej Realty Private Limited to a limit not exceeding Rs. 50 crores (Fifty Crores only) u/s 372A of the Companies Act, 1956</p> <p>5) To give Corporate Guarantee to Mjunction Services Ltd. Kolkata for an amount not more than Rs.3.5 crores in the event of failure on the part of Godrej Waterside Properties Private Limited to deliver the possession of the office space on the third floor of Tower – I in Godrej Waterside IT Park, situated at Kolkata completed in all respects by July 31, 2009 Rs. 3.5 crores (Rs. Three crores Fifty lacs only).</p>

iii) Postal Ballot

During the year, pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001, one postal ballot was conducted for amending the terms of Employee Stock Option Plan. The Notice of postal ballot was mailed to all shareholders along with postage prepaid envelopes. Mr. S. Anand S.S. Rao, Company Secretary in Practice, had been appointed as scrutinizer for the postal ballots, who submitted his report to the Chairman, Mr. Adi B. Godrej. The details of the postal ballot is provided herein below :-

Sr. No.	Date of announcement of results	Nature of resolution	Item	Total no. of votes polled	No. of votes in favour %	No. of votes against %	No. of invalid votes %
1.	March 10, 2010	Special	Amendments in the terms of Employee Stock Option Plan.	946	99.99	0.01	0.00

iv) Procedure adopted for Postal Ballot

- i) The Board at its meeting or through circular resolution approves the items to be passed through postal ballot and authorizes Managing Director and the Company Secretary to be responsible for the entire process of postal ballot.
- ii) A professional such as a Chartered Accountant/ Company Secretary, who is not in employment of the Company, is appointed as the Scrutinizer for the poll process.
- iii) Notice of postal ballot along with the ballot papers are sent to the shareholders along with a self-addressed envelope addressed to the Scrutinizer.
- iv) An advertisement is published in a National news paper about the dispatch of ballot papers and notice of postal ballot.
- v) The duly completed postal ballot papers are received by the Scrutinizer.
- vi) Scrutinizer gives his report to the Chairman.
- vii) The Chairman announces the results of the postal ballot.
- viii) Results are intimated to the Stock Exchange and are put up on the Company's Website.

8. SHAREHOLDERS AND MEANS OF COMMUNICAITON

a) Disclosures regarding appointment or re-appointment of Directors

According to the Articles of Association of the Company, at every Annual General Meeting of the Company one-third of the Directors are liable to retire by rotation. Mr. Pranay D. Vakil, Dr. Pritam Singh, Mr. Adi B. Godrej and Mr. Jamshyd N. Godrej shall retire at this Annual General Meeting of the Company and being eligible, offer themselves for re-election.

The Board of Directors in their meeting held on May 17, 2010, has appointed Mr. K. T. Jithendran

and Mr. Amitava Mukherjee as Additional Directors of the Company. They will hold office up to the ensuing Annual General Meeting of the Company. Mr. K. T. Jithendran, was appointed as an Executive Director subject to the approval of the shareholders and Mr. Amitava Mukherjee was appointed as an Independent Director.

Information about the Directors who are being appointed/re-appointed is given as an annexure to the Notice of the Annual General Meeting.

b) Communication to shareholders

All vital information relating to the Company and its performance, including quarterly results, official press releases are posted on the web-site of the Company. The Company's web-site address is www.godrejproperties.com. The quarterly and annual results of the Company's performance are published in leading English dailies like Economic Times and Maharashtra Times. The Company has also posted information relating to its financial results and shareholdings pattern on Corporate Filing and Dissemination System at www.corpfiling.co.in as per Clause 52 of Listing Agreement.

c) Investor grievances

As mentioned before, the Company has constituted an Investors' Grievance cum Share Transfer Committee to look into and redress Shareholders and Investor complaints. Mr. Shodhan A. Kembhavi, Vice-President (Legal) & Company Secretary is the Compliance Officer.

d) Share transfer

The Company has outsourced its share transfer function to M/s. Karvy Computer Share Private Ltd., which is registered with the SEBI having Registration no. INR000000221.

e) Details of non-compliance

There has been no instance of the Company not complying with any matter related to capital markets.

DECLARATION BY MANAGING DIRECTOR

I, Milind S. Korde, Managing Director of Godrej Properties Limited (GPL), hereby confirm pursuant to clause 49(1)(D) of the listing agreement that:

The Board of Directors of Godrej Properties Limited has laid down a code of conduct for all Board members and senior management of the Company. The said code of conduct has also been posted on the Company's website viz. www.godrejproperties.com. All the Board members and senior management personnel have affirmed their compliance with the said code of conduct for the year ended March 31, 2010.

Milind S. Korde
Managing Director

Mumbai
May 10, 2010

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
GODREJ PROPERTIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Godrej Properties Limited (the Company) for the period ended 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the record maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on Behalf of,

Kalyaniwalla and Mistry
Chartered Accountants

Ermin K. Irani
Partner
Membership No: 35646

Place: Mumbai
Dated: June 15, 2010

GENERAL SHAREHOLDERS' INFORMATION

i) Annual General Meeting

Date: July 17, 2010

Time: 3.30 p.m

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

ii) Financial Calendar

Financial Year: - April 1 to March 31

For the year ended March 31, 2010, results were announced on:-

- January 22, 2010 : Third Quarter*
- May 17, 2010 : Annual

*The Company got listed on January 5, 2010.

iii) Date of Book Closure

A dividend of Rs. 4 per share of Rs. 10/- each has been recommended by the Board of Directors of the Company. For Payment of dividend, the book closure is from July 12, 2010 to July 17, 2010 (both days inclusive)

iv) Dividend Payment Date

Before August 16, 2010 (if dividend payment is approved at the Annual General Meeting)

v) Listing information

The Company's shares are listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited.

Name of Stock Exchange	Stock code
The Bombay Stock Exchange Limited	533150
The National Stock Exchange of India Limited	GODREJPROP

The ISIN No. of the Company on both NSDL & CDSL is INE484J01019

vi) Stock Data

Table 1 and 2 respectively gives the monthly high and low prices and volumes of equity shares of the Company at BSE and NSE for the year ended March 31, 2010.

Table 1: Monthly High & Low prices and volumes of equity shares of Godrej Properties Limited at BSE for the year ended March 31, 2010

Month	High (Rs.)	Low (Rs.)	Volumes traded (No. of Shares)
Jan*	586.7	446.9	7807553
Feb	499	450	171056
March	539	472	757026

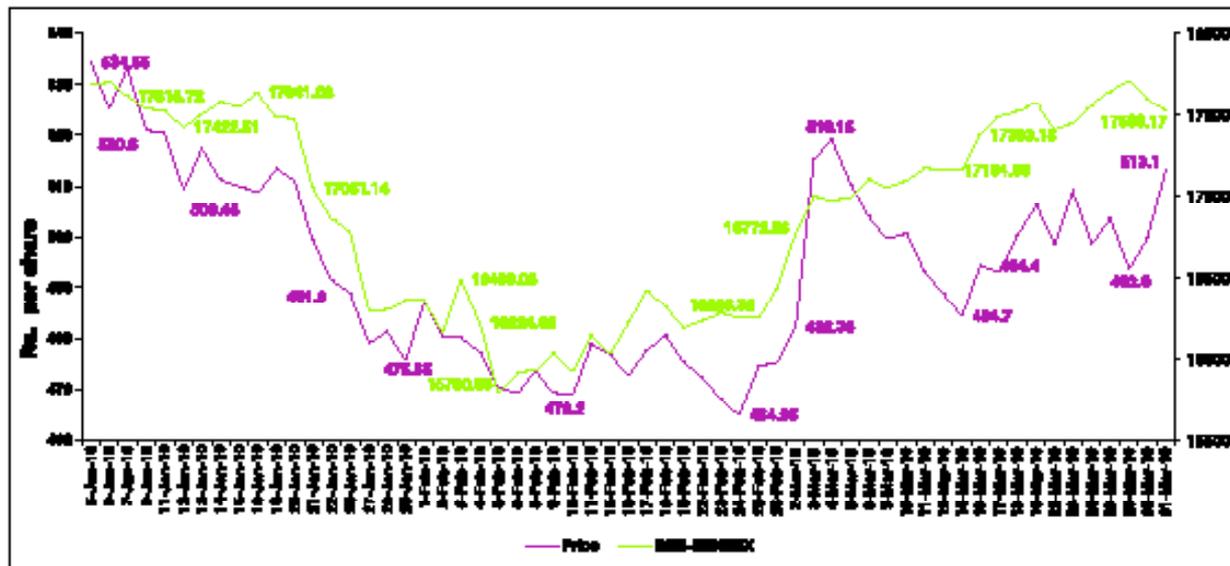
Table 2: Monthly High & Low prices and volumes of equity shares of Godrej Properties Limited at NSE for the year ended March 31, 2010.

Month	High (Rs.)	Low (Rs.)	Volumes traded (No. of Shares)
Jan*	586.8	450.35	12497384
Feb	495	444	282590
March	538.9	472.7	1320369

Note: *The Company got listed on January 5, 2010.

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

The Company's share performance compared to BSE Sensex



vii) Distribution of shareholding as on March 31, 2010

Distribution Schedule As On 31/03/2010

Sr. No.	Category	No. of Shareholders	% of Cases	Amount	% Amount
1	upto 1 - 5000	18105	97.80	10352760.00	1.48
2	5001 - 10000	190	1.03	1508090.00	0.22
3	10001 - 20000	88	0.48	1290610.00	0.18
4	20001 - 30000	26	0.14	669620.00	0.10
5	30001 - 40000	11	0.06	396870.00	0.06
6	40001 - 50000	9	0.05	432470.00	0.06
7	50001 - 100000	16	0.09	1206210.00	0.17
8	100001 & ABOVE	68	0.37	682643460.00	97.73
Total		18513	100.00	698500090.00	100.00

viii) Shareholding pattern as on March 31, 2010

Share Holding Pattern as on 31/03/2010

Sr. No.	Description	No. of Shareholders	Shares	% Equity
1	Promoters	13	58527614	83.79
2	Mutual Funds	14	2138981	3.06
3	Banks/Financial Institutions	3	320778	0.46
4	FIs	19	4036702	5.78
5	Private Bodies Corporate	409	2731249	3.91
6	Indian Public	17580	1568395	2.25
7	NRIs/OCBs	383	69122	0.10
8	Others	92	457168	0.65
Total		18513	69850009	100.00

ix) Shares held in physical and dematerialized form

Category	Number of Shareholders	Shareholders %	Number of Shares Held	Shareholding %
Physical	176	0.95	58612307	83.91
Electronic	18337	99.05	11237702	16.09
Total	18513	100	69850009	100

x) Outstanding GDRs/ ADRs/ Warrants/ Convertible instruments and their impact on equity

The Company does not have any outstanding GDRs/ ADRs/ Warrants/ Convertible instruments.

xi) Share Transfer

Share transfer and related operations for Godrej Properties Limited are conducted by M/s Karvy Computershare Private Limited. Share transfer is normally effected within the maximum period of 30 days from the date of receipt, if all the required documentation is submitted.

xii) Investor correspondence should be addressed to

Karvy Computershare Private Limited

(Unit : Godrej Properties Limited)

Plot No. 17-24, Vithalrao Nagar,

Madhapur, Hyderabad - 500081

Tel.: 040 – 4465 5000

Fax No. 040 - 23420814

E-mail ID: einward.ris@karvy.com

Toll Free No.: 18003454001

Contact Person – Mr. K. S. Reddy

xiii) Compliance Officer:

Mr. Shodhan A. Kembhavi

Vice President (Legal) & Company Secretary

Godrej Bhavan, 4th Floor, 4A,

Home Street,

Fort, Mumbai – 400 001

xiv) Details of Demat Suspense Account:

Sr. No.	Particulars	No. of cases	No. of Shares
1.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year#;	77	5135
2.	Number of shareholders who approached issuer for transfer of shares from suspense account during the year;	71	4953
3.	Number of shareholders to whom shares were transferred from suspense account during the year;	71	4953
4.	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year*.	6	182

Note:

- 1) # There were no shares lying in the suspense account at the beginning of the year 2009. The shares of the Company got listed on January 5, 2010 and allotment pursuant to the IPO was made on December 23, 2009, the above mentioned figures were as of December 23, 2009.
- 2) * The voting rights on the shares shall be frozen till the rightful owner shall claim such shares.

FINANCIALS

AUDITORS' REPORT

TO THE MEMBERS OF GODREJ PROPERTIES LIMITED

1. We have audited the attached Balance Sheet of GODREJ PROPERTIES LIMITED, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) 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.
5. a) Without qualifying our opinion, we draw attention to the fact that as referred to in Note 9a of Schedule 19-Notes to Accounts, regarding a loan of Rs.3751.19 lakh to the GPL ESOP Trust for purchase of the Company's shares from Godrej Industries Ltd. equivalent to options granted under an Employee Stock Option Plan. As at 31st March, 2010, the market value of the shares held by the GPL ESOP Trust is lower than the cost of acquisition of the shares by Rs.1177.50 lakh. The repayment of the loans granted to the GPL ESOP Trust is dependant on the exercise of the options by the employees and the market price of the underlying equity shares of the unexercised options at the end of the exercise period. In the opinion of the management, the fall in value of the underlying equity shares is on account of current market volatility and the loss, if any, can be determined only at the end of the exercise period, in view of which provision for the diminution is not considered necessary in the financial statements.

- b) Without qualifying our opinion, we draw attention to the fact that as referred to in Note 9b of Schedule 19-Notes to Accounts, regarding a loan of Rs.709.74 lakh to GIL ESOP Trust for purchase of the Holding Company's shares from the market equivalent to options granted under an Employee Stock Option Plan. As at 31st March, 2010, the market value of the shares held by the GIL ESOP Trust is lower than the cost of acquisition of the shares by Rs.290.16 lakh. The repayment of the loans granted to the GIL ESOP Trust is dependant on the exercise of the options by the employees and the market price of the underlying equity shares of the unexercised options at the end of the exercise period. In the opinion of the management, the fall in value of the underlying equity shares is on account of current market volatility and the loss, if any, can be determined only at the end of the exercise period, in view of which provision for the diminution is not considered necessary in the financial statements.
6. 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, 2010;
 - 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.
7. On the basis of the written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
Kalyaniwalla & Mistry
Chartered Accountants
Firm Registration No. 104607W

Ermin K. Irani
Partner
Membership No. 35646

Place: Mumbai
Dated: May 17, 2010

ANNEXURE TO THE AUDITORS REPORT

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

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets.
(c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
- 2) (a) The Management has conducted physical verification of inventory at reasonable intervals.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956
(b) Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.
(c) The Company has taken an unsecured loan of Rs. 650 lacs from two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 550 lacs and year-end balance of loan taken from such party is Rs. Nil.
(d) The rate of interest and the other terms and conditions of the unsecured loan taken is not prima facie prejudicial to the interest of the Company.
- 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, in respect of the deposit accepted from the public.
- 7) The Company has an internal audit system which in our opinion is commensurate with the size of the Company and nature of its business.
- 8) In our opinion and according to the information and explanation given to us the Central Government has not prescribed maintenance of cost records 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, 2010 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues outstanding of Income Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty or Cess on account of any dispute other than the following:

ANNEXURE TO THE AUDITORS REPORT

Sr. No.	Name of the Statute	Amount	Forum where dispute is pending
1	Income Tax Act, 1961	3,369,812/-	Commissioner of Income Tax (Appeals)

- 10) The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.
- 11) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to banks. The Company does not have dues to financial institutions or outstanding debentures.
- 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 has maintained proper records of the transactions and contracts in respect of investments purchased and sold during the year and timely entries have been made therein .The investments made by the Company are held in its own name.
- 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) According to the information and explanations given to us and based on the documents and records examined by us, on an overall basis, the term loan has been applied for the purpose for which the loan were obtained
- 17) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investment.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) The Company did not issue any debentures during the year.
- 20) We have verified the end use of money raised by public issue as disclosed in Note 2 of Schedule 19. Pending utilization of the funds raised through public issue, a sum of Rs. 25,559.01 lakh has been temporarily invested in Mutual Funds and Bank Deposits.
- 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

Firm Registration No. 104607W

Ermin K. Irani

Partner

Membership No. 35646

Place: Mumbai

Dated: May 17, 2010

We have verified the end use of money raised by public issue from the draft prospectus filed with SEBI, the offer document and as disclosed in the notes to the financial statements

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	698,500,090	604,202,590
Reserves & Surplus	2	7,455,718,586	2,377,875,458
LOAN FUNDS			
Secured Loans	3	1,284,680,753	2,566,929,456
Unsecured Loans	4	3,264,337,035	1,903,589,895
		12,703,236,464	7,452,597,399
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	165,480,100	75,040,934
Less: Depreciation		60,419,981	37,313,275
Net Block		105,060,119	37,727,659
Capital Work-In-Progress / Advances		-	32,536,657
		105,060,119	70,264,316
INVESTMENTS	6	2,477,723,964	557,189,373
DEFERRED TAX ASSET		2,794,500	4,859,000
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	1,435,939,077	525,039,067
Sundry Debtors	8	1,377,092,002	1,140,203,131
Cash & Bank Balances	9	723,493,415	147,337,283
Loans & Advances	10	8,214,075,359	5,886,785,733
		11,750,599,853	7,699,365,214
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	11	1,268,608,022	682,915,473
Provisions	12	364,333,950	196,165,031
		1,632,941,972	879,080,504
NET CURRENT ASSETS			
		10,117,657,881	6,820,284,710
		12,703,236,464	7,452,597,399
NOTES TO ACCOUNTS & ACCOUNTING POLICIES			
	19		

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

As per our Report of even date.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Mumbai, Dated : May 17, 2010

ADI B. GODREJ

Chairman

Signatures to the Balance Sheet and Schedules 1 to 12 and 19

MILIND S. KORDE

Managing Director

SHODHAN A. KEMHAVI

Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
INCOME			
Sales		1,123,900,693	1,259,401,567
Operating Income	13	1,019,813,958	685,207,029
Other Income	14	1,426,460,639	421,112,992
TOTAL INCOME		3,570,175,290	2,365,721,588
EXPENDITURE			
Cost of sales	15	1,038,528,297	644,528,613
Employee Remuneration & Benefits	16	106,851,547	37,508,060
Administration Expenses	17	141,490,427	99,708,180
Interest & Finance Charges	18	671,317,930	512,956,238
Depreciation		24,528,123	10,677,865
		1,982,716,324	1,305,378,956
Profit for the year		1,587,458,966	1,060,342,632
Provision for Taxation			
for Current Tax		(366,983,000)	(312,400,000)
for Fringe Benefit Tax		-	(1,650,000)
for Deferred Tax		(2,064,500)	1,061,000
Profit After Tax		1,218,411,466	747,353,632
Less : Prior years tax adjustments		(2,137,248)	(10,101,372)
Surplus brought forward		751,069,518	265,538,964
Amount Available for Appropriation		1,967,343,736	1,002,791,224
Less :			
Proposed Dividend		279,400,036	151,050,648
Dividend Distribution Tax		46,404,854	25,671,058
Transfer to General Reserve		122,000,000	75,000,000
Surplus carried forward to Balance Sheet		1,519,538,846	751,069,518
Earnings per share Basic/ Diluted in Rs. (Refer Note 10)		19.31	12.20
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	19		

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

As per our Report of even date.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Mumbai, Dated : May 17, 2010

ADI B. GODREJ

Chairman

Signatures to the Profit and Loss Account and Schedules 13 to 19

MILIND S. KORDE

Managing Director

SHODHAN A. KEMHAVI

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Profit for the Year before Taxation	1,587,458,966	1,060,342,632
Adjustment for:		
Depreciation	24,528,123	10,677,865
Interest Paid	671,317,930	512,956,238
(Profit)/Loss on sale of Fixed Asset (Net)	(5,932)	17,548
Provision for Diminution in value of Investment Written Back	(201)	-
Investment Written Off	616	-
Interest Income	(708,002,676)	(484,413,285)
Dividend Received	(24,417,754)	(7,469)
Profit on Sale of Long Term & Current Investment	(1,398,590,265)	(419,903,138)
Operating Profit before working capital changes	152,288,807	679,670,391
Adjustment for:		
Change in Inventory	(910,900,009)	(409,486,615)
Change in Sundry Debtors	(236,888,871)	(400,673,167)
Change in Loans & Advances	(2,319,465,704)	(941,598,612)
Change in Current Liabilities/Provisions	588,980,038	(394,976,650)
	(2,725,985,739)	(1,467,064,653)
Taxes Paid (Net)	(357,305,497)	(422,073,561)
Net Cash Flow	(3,083,291,236)	(1,889,138,213)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(60,894,380)	(52,537,298)
Sale of Fixed Assets	1,576,383	499,693
Purchase of Investments	(2,978,561,060)	(500,000)
Sale of Investments	2,456,616,320	420,162,818
Interest Received	700,178,755	450,878,689
Dividend Received	24,417,754	7,469
Net Cash Flow from Investing Activities	143,333,772	818,511,371

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Share Capital (Net of Issue Expenses)	4,285,654,795	-
Change in Cash Credit	(682,248,703)	981,174,047
(Repayment)/Proceeds from Term Loan	(600,000,000)	600,000,000
Proceeds from Unsecured Borrowings	631,804,140	372,843,185
(Repayment)/Proceeds from Inter Company Deposit	(20,000,000)	20,000,000
(Repayment)/Acceptance of Fixed Deposits	748,943,000	(19,098,000)
Interest Paid	(671,317,930)	(512,956,239)
Payment of Dividend	(151,050,648)	(246,124,143)
Tax on Distributed Profits	(25,671,058)	(41,828,800)
Net Cash Flow from Financing Activities	3,516,113,596	1,154,010,050
Net Increase in Cash & Cash Equivalent	576,156,132	83,383,208
Cash & Cash Equivalent - Opening Balance	147,337,283	63,954,075
Cash & Cash Equivalent - Closing Balance	723,493,415	147,337,283

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/restated wherever necessary to conform to this year's classification.

As per our Report of even date.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Mumbai, Dated : May 17, 2010

ADI B. GODREJ

Chairman

MILIND S. KORDE

Managing Director

SHODHAN A. KEMBHAVI

Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
100,000,000 Equity Shares of Rs. 10/- each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
ISSUED, SUBSCRIBED & PAID UP		
69,850,009 Equity Shares of Rs. 10/- each fully paid up. (Of the above 48,495,209 (previous year 48,495,209) shares are held by Godrej Industries Ltd, the Holding Company) Of the above 54,239,845 (previous year 54,239,845) shares issued as Bonus shares by capitalising Share Premium, General Reserve & Profit & Loss Account	698,500,090	604,202,590
	698,500,090	604,202,590
SCHEDULE 2 : RESERVES & SURPLUS		
Share Premium As per last Balance Sheet	1,475,805,940	1,475,805,940
Add : Received during the year	4,594,173,800	-
Less : Utilised for Initial Public Issue Expenses	406,800,000	-
	5,663,179,740	1,475,805,940
General Reserve - As per last Balance Sheet	151,000,000	76,000,000
Add : Transfer from Profit & Loss Account	122,000,000	75,000,000
	273,000,000	151,000,000
Profit and Loss Account	1,519,538,846	751,069,518
	7,455,718,586	2,377,875,458
SCHEDULE 3 : SECURED LOANS		
1) Cash Credit / Working Capital Demand Loan (Secured by equitable mortgage of immovable property of the Company's Project at Juhu, Mumbai)	1,284,680,753	1,966,929,456
2) Short Term Loan from Banks (Secured by way of equitable mortgage of its interest, in the immovable property of the project undertaken by the Company at Chandigarh)	-	600,000,000
	1,284,680,753	2,566,929,456
Of the above, Repayable within a year (Other than cash credit accounts)	-	600,000,000
SCHEDULE 4 : UNSECURED LOANS		
Fixed Deposits	748,943,000	-
Banks	2,515,394,035	1,883,589,895
Companies	-	20,000,000
	3,264,337,035	1,903,589,895
Of the above, Repayable within a year (other than cash credit accounts)	2,440,193,000	1,903,589,895

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 5 : FIXED ASSETS

Rupees

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2009	Additions	Deductions	As at 31st March, 2010	As at 1st April, 2009	For the Year	Deductions	As at 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
Tangible Assets										
Building	-	17,031,600	-	17,031,600	-	-	-	-	17,031,600	-
Leasehold Improvement	12,844,708	15,981,411	-	28,826,119	8,667,024	6,809,838	-	15,476,862	13,349,257	4,177,684
Office Equipment	10,799,115	7,158,788	461,606	17,496,297	3,369,810	1,754,256	88,171	5,035,895	12,460,402	7,429,305
Site Equipments	2,072,120	-	-	2,072,120	1,593,219	66,615	-	1,659,834	412,286	478,901
Furniture & Fixtures	13,237,691	3,816,383	217,574	16,836,500	6,375,541	1,693,702	132,554	7,936,689	8,899,811	6,862,150
Computer	20,871,953	3,486,202	424,622	23,933,533	12,672,051	4,036,212	125,607	16,582,656	7,350,877	8,199,902
Motor Vehicle	6,654,645	6,526,978	1,888,069	11,293,554	2,421,065	2,117,664	1,075,088	3,463,641	7,829,913	4,233,580
Intangible Assets										
Licenses & Software	8,560,702	39,429,675	-	47,990,377	2,214,568	8,049,836	-	10,264,404	37,725,973	6,346,134
Total	75,040,934	93,431,037	2,991,871	165,480,100	37,313,278	24,528,123	1,421,420	60,419,981	105,060,119	37,727,657
Previous Year	54,138,926	22,141,833	1,239,825	75,040,934	27,357,996	10,677,865	722,584	37,313,278	37,727,657	-
Capital Work-in-progress									-	32,536,657
								TOTAL	105,060,119	70,264,314

SCHEDULE 6 : INVESTMENTS

At Cost

Long Term

Quoted Investments

100 Equity Shares of Rs.10/- each of

Alacrity Housing Limited

100 Equity Shares of Rs.10/- each of

Alsa Construction & Housing Limited

(Written off during the year)

100 Equity Shares of Rs.10/- each of

Ansal Buildwell Limited

100 Equity Shares of Rs.10/- each of

Ansal Housing & Construction Limited

600 Equity Shares of Rs.5/- each of

Ansal Properties & Infrastructure Limited

100 Equity Shares of Rs.10/- each of

Lok Housing & Construction Limited

100 Equity Shares of Rs.10/- each of

Global Infrastructure & Technologies Limited

(Formerly Known as Mantri Housing & Construction Limited)

100 Equity Shares of Rs.10/- each of

Premier Energy & Infrastructure Limited

(Formerly Known as Premier Hsg & Industrial Ent Limited)

100 Equity Shares of Rs.10/- each of

D.S. Kulkarni Developers

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
	742	742
	-	616
	1,066	1,066
	1,366	1,366
	3,081	3,081
	1,241	1,241
	1,641	1,641
	1,516	1,516
	891	891

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 6 : INVESTMENTS (Contd.)		
13,000 Equity Shares of Rs.2/- each of Unitech Limited	6,366	6,366
72 Equity Shares of Rs.10/- each of The Great Eastern Shipping Company Limited	2,485	2,485
18 Equity Shares of Rs.10/- each of The Great Offshore Limited	621	621
1,000 Equity Shares of Re.1/- each of Radhe Developers Limited (900 Shares are received on Split of Face Value Per Share from Rs. 10/- to Rs. 1/-)	266	266
23,700 Equity Shares of Rs.10/- each of United Textiles Limited	2,370	2,370
	23,652	24,268
Less : Provision for Diminution in Value	7,564	7,765
	16,088	16,503
Unquoted Investments		
1,000 Equity Shares of Rs.10/- each of Saraswat Co-operative Bank Limited	10,000	10,000
25,000 Equity Shares of Rs.10/- each of Amitabh Bachchan Corporation Limited	2,500	2,500
Investments In Subsidiary Companies		
510,000 Equity Shares of Rs.10/- each of Godrej Realty Pvt. Ltd.	5,100,000	5,100,000
1% Secured Redeemable Optionally Convertible Debentures Godrej Realty Pvt. Ltd.	76,500,000	76,500,000
510,000 Equity Shares of Rs.10/- each of Godrej Waterside Properties Pvt. Ltd.	5,100,000	5,100,000
1% Secured Redeemable Optionally Convertible Debentures of Godrej Waterside Properties Pvt. Ltd.	147,900,000	147,900,000
388,636 (Previous Year 50,000 Equity Shares of Rs. 10 Each) Equity Shares of Re.1/- each of Godrej Sea View Properties Pvt. Ltd.	388,636	500,000
50,000 Equity Shares of Rs.10/- each of Godrej Real Estate Pvt. Ltd.	500,000	500,000
34,032 Equity Shares of Rs.10/- each of Godrej Developers Pvt. Ltd.	340,320	340,320
103,592 (Previous Year 203,120) Equity Shares of Rs. 10/- each of Happy Highrises Limited	163,568,489	320,720,050

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 6 : INVESTMENTS (Contd.)		
25,500 (Previous Year 50,000) Equity Shares of Rs.10/- each of Godrej Estate Developers Pvt. Ltd.	255,000	500,000
Total Long Term Investments	399,681,033	557,189,373
Current Investments		
(In Debt Mutual Funds) - Refer Note 2		
35,050,618.61 Units Kotak Floater - LT - Daily Dividend Reinvest	353,303,226	-
19,468,215.87 Units JPMorgan India Treasury Fund - Super IP - Daily Dividend Reinvest (Purchased 35,285,408.57 Units and Sold 15,817,192.70 Units)	194,855,426	-
192,892.196 Units Reliance Money Manager Fund - IP - Dly Dividend Reinvest (Purchased 352,702.278 Units and Sold 159,810.082 Units)	193,111,414	-
3,341,176.86 Units ICICI Prudential Flexible Income Plan - Premium - Daily Dividend Reinvest	353,279,335	-
35,351,542.24 Units LIC MF Savings Plus Fund - Dly Dividend Reinvest	353,515,422	-
35,217,481.74 Units HDFC Cash Mgmt Fund - Treasury Advantage - WP - Dly Div Reinvest	353,284,168	-
25,230,374.17 Units IDFC Money Manager - Treasury Plan - Plan C - Dly Dividend Reinvest	252,341,587	-
2,434,480.63 Units FORTIS Money Plus Fund - IP - Daily Dividend Reinvest	24,352,353	-
Total Current Investments	2,078,042,931	-
Total Investments	2,477,723,964	557,189,373
1. Cost of Quoted Investments	23,652	24,268
2. Market Value of Quoted Investments	1,142,410	611,739
SCHEDULE 7 : INVENTORIES		
Stock in trade (Refer Note 4)	4,816,919	3,628,193
Construction Work in progress	1,431,122,158	521,410,874
	1,435,939,077	525,039,067
SCHEDULE 8 : SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)		
Due over Six months	822,054,523	834,666,553
Others	555,037,479	305,536,578
(Includes unbilled revenue of Rs. 348,931,645/- Previous Year Rs. 13,349,711/-)	1,377,092,002	1,140,203,131

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 9 : CASH & BANK BALANCES		
Cash & Cheques-in-Hand	6,381,985	66,444,003
Balance with Scheduled Banks - on Current Accounts	178,010,937	42,959,442
- on Fixed Deposit Accounts	539,100,493	37,933,838
(Refer Note 2 & 5)	723,493,415	147,337,283
SCHEDULE 10 : LOANS & ADVANCES (UNSECURED, CONSIDERED GOOD)		
Advances recoverable in cash or in kind or for value to be received (Refer Note 6(a), 6(b))	4,178,949,152	2,501,432,277
Loan to GIL ESOP Trust	70,974,033	89,091,768
Loan to GPL ESOP Trust	375,119,478	282,842,884
Due on Management Projects (Refer Note 6(c))	677,718,723	870,480,333
Development Manager Fees Accrued but not due (Refer Note 7 (b))	60,230,839	60,230,839
Interest Accrued	75,236,194	67,412,273
Deposits	2,775,846,940	2,015,295,359
	8,214,075,359	5,886,785,733
SCHEDULE 11 : CURRENT LIABILITIES		
Sundry Creditors (Refer Note 11)	485,786,105	103,978,759
Investor Education and Protection Fund	-	-
Advances received against sale of flats	220,256,051	5,707,812
Deposits	250,590	250,590
Unclaimed Fixed Deposits	183,000	761,000
Other liabilities	433,284,414	529,652,976
Due to Management Projects	128,847,862	42,564,336
	1,268,608,022	682,915,473
SCHEDULE 12 : PROVISIONS		
For Taxation (Net of Advance Tax & Tax deducted at source of Rs. 1,351,335,693/-, Previous Year Rs. 994,065,196/-)	18,907,926	7,093,175
Proposed Dividend	279,400,036	151,050,648
Tax on Dividend	46,404,854	25,671,058
Gratuity	7,625,984	6,450,060
Leave Encashment	11,995,150	5,900,090
	364,333,950	196,165,031

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE 13 : OPERATING INCOME (GROSS)		
Income From Development Projects	227,228,811	188,348,882
Compensation Received from Project	70,000,000	3,900,000
Project Management fees	3,888	31,676
Other Income from Customers	14,552,183	8,486,786
Lease Rent	14,400	14,400
Licence Fees	12,000	12,000
Interest Income		
- Customers	2,250	82,879
- Projects and landlords	659,090,950	425,219,562
- Others	48,909,476	59,110,844
	1,019,813,958	685,207,029
Tax Deducted at source	61,459,829	94,282,458
SCHEDULE 14 : OTHER INCOME		
Dividends	24,417,754	7,469
Profit on sale of Fixed Assets (Net)	5,932	-
Profit on sale of Long Term Investments	1,398,581,955	419,903,138
Miscellaneous Income	3,454,998	1,202,385
	1,426,460,639	421,112,992
SCHEDULE 15 : COST OF SALES		
Own Projects		
Opening Stock:	525,039,070	115,552,452
Add : Expenditure/ Transfers from Advances during the period		
Stock-In-Trade Acquired during the year	317,741,314	-
Development Rights	115,882,000	100,000,000
Construction, Material & Labour	974,292,348	474,430,413
Architect Fees	75,974,660	52,628,095
Advertisement Expenses	41,859,043	7,481,511
Overheads	377,376,685	270,052,154
Interest	305,833,636	149,423,052
	2,208,959,686	1,054,015,225
Less : Project transferred to Subsidiary Company	(259,531,382)	-
Less : Closing Stock	(1,435,939,077)	(525,039,070)
	1,038,528,297	644,528,613
SCHEDULE 16 : EMPLOYEE REMUNERATION & BENEFITS		
Salaries, Bonus, Gratuity & Allowances	98,665,676	30,994,798
Contribution to Provident & other funds	8,185,871	6,489,379
Other Employee Benefits	-	23,883
	106,851,547	37,508,060

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE 17 : ADMINISTRATION EXPENSES		
Cost of Project Management	187,177	1,321,416
Consultancy Charges	7,094,890	7,861,766
Service Charges	135,478	98,139
Loss on sale of Fixed Assets (Net)	-	17,548
Power & Fuel	4,445,260	3,516,734
Rent	28,094,016	10,971,849
Insurance	234,543	263,030
Rates & Taxes	119,371	21,284
Repairs & Maintenance	19,472,695	235,645
Other Operating Expenses	81,706,582	75,400,769
Diminution in value of investments written off	415	-
	141,490,427	99,708,180
SCHEDULE 18 : INTEREST AND FINANCE CHARGES		
Interest Paid		
- Banks	526,978,921	406,638,640
- Inter Corporate Deposits	8,234,384	1,566,422
- Projects and landlords	76,841,766	64,905,596
- Others	32,952,168	2,142,981
Total Interest Paid	645,007,239	475,253,639
Add : Brokerage & other Financial charges	26,310,691	37,702,599
Total Interest/ Finance Charges Paid	671,317,930	512,956,238

SCHEDULE 19 : NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

1) Accounting Policies:

a) General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c) Depreciation/Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

Assets acquired on lease are depreciated over the period of the lease.

Leasehold improvements are amortized over a period of lease or five years whichever is less.

Intangible Assets are amortized over a period of six years.

d) Investments

Investments are classified into long term and current investments.

Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

e) Inventories

Inventories are valued as under:

Completed Flats - At lower of Cost or Market value

Construction Work-in-Progress - At cost

Construction Work-in-Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

f) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

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

Revenue on bulk deals on sale of its properties is recognized on execution of documents.

Income from operation of commercial complexes is recognized over the tenure of the lease/service agreement.

Interest income is accounted on an accrual basis at contracted rates.

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

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

g) Development Manager Fees

The Company has been entering into Development & Project Management agreements with landlords. Accounting for income from such projects is done on accrual basis on percentage of completion or as per the terms of the agreement.

h) Employee Benefits**a) Short-term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognized at actual amounts due in the period in which the employee renders the related service.

b) Post-employment benefits:**(i) Defined Contribution Plans:**

Payments made to defined contribution plans such as Provident Fund are charged as an expense as they fall due.

(ii) Defined Benefit Plans:

The cost of providing benefits i.e. gratuity is determined using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses are recognized immediately in the Profit & Loss Account.

The fair value of the plan assets is reduced from the gross obligation under the defined benefit plan, to recognize the obligation on net basis.

Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

(iii) Other long-term employee benefits:

Other long-term employee benefits viz., leave encashment is recognized as an expense in the profit and loss account as and when they accrue. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the profit and loss account.

i) Borrowing Cost

Interest and finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress / Due on Management Project, as a part of the cost of the projects at weighted average of the borrowing cost / rates as per Agreements respectively.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

j) Earnings Per Share

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

k) Provision For Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

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

l) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains / losses are recognised in the Profit and Loss Account.

m) Allocation of Expenses

Corporate Employee Remuneration and Administration expenses are allocated to various projects on a reasonable basis as estimated by the management.

n) Provisions and Contingent Liabilities

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

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

2) The Initial Public Offer (IPO) proceeds have been utilized as per objects of the issue as stated in the prospectus as under:

Particulars	(Rs. in Lacs)
Amount Received from IPO	46,884.71
<u>Utilization of Funds upto March 31, 2010</u>	
Funding to part finance the acquisition of land developments rights and construction costs	2,500.00
Repayment of Loans	15,017.00
Issue Expenses	3,808.70
Balance unutilised Amount temporarily invested in Mutual Funds	20,559.01
Fixed Deposit / Bank Balance	5,000.00
TOTAL	46,884.71

As on 31st March 2010, unutilized funds have been temporarily invested in mutual funds schemes and fixed deposit / balance with banks as mentioned in the prospectus of the company.

3) Contingent Liabilities:

Matters	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
a) Uncalled amount of Rs. 80/- & Rs. 30/- on 70 & 75 partly paid shares respectively of Tahir Properties Limited	7,850/-	7,850/-
b) Claims against the company not acknowledged as debts represents cases filed by parties in the Consumer forum and High Court and disputed by the Company as advised by our advocates. In the opinion of the management the claims are not sustainable	798,647/-	6,523,647/-
c) Claims against the Company under the Labour Laws for disputed cases	1,989,240/-	2,989,240/-
d) Guarantees given by Bank, counter guaranteed by the Company	30,500,000/-	20,100,000/-
e) Claims against the Company under Bombay Stamp Act, 1958	14,850,000/-	14,850,000/-
f) Other Claims against the Company not acknowledged as debts	9,925,000/-	NIL
g) Claims against the Company under Income Tax Act, Appeal preferred to Commissioner of Income Tax (Appeals)	3,369,812/-	101,798,275/-

Capital Commitment outstanding for the year ended March 31, 2010 (Net of Advance) is amounting to Rs. NIL (Previous Year Rs. 6,227,909/-)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

4) Inventories

Stock - in - Trade includes shares in the following Companies - at cost or market value (whichever is lower):

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Tahir Properties Limited		
a) 70 Equity shares of Rs. 100/- each, Rs. 20/- paid up	1,400	1,400
b) 75 Redeemable Preference Class A shares of Rs.100/- each, Rs.70/- paid	5,250	5,250

5) Cash & Bank Balances:

Balances with scheduled banks on deposit accounts include Rs.34,422,705/- (Previous year Rs. 34,014,876/-) received from flat buyers and held in trust on their behalf in a corpus fund.

6) Loans and Advances:

a) Amounts due from companies under the same management:

Particulars	Maximum Debit Balance during the year	Balance as on March 31, 2010	Balance as on March 31, 2009
Godrej Industries Ltd.	3,249,136	3,249,136	1,649,136

b) Loan & Advance to Subsidiary Companies:

Particulars	Maximum Debit Balance during the year	Balance as on March 31, 2010	Balance as on March 31, 2009
Godrej Realty Private Limited	16,032,697	16,032,697	15,344,207
Godrej Waterside Properties Private Limited	768,962,487	556,396,071	203,194,595
Godrej Sea View Properties Private Limited	141,219,295	141,085,481	22,379
Godrej Real Estate Private Limited	983,867,205	983,867,205	845,998,414
Godrej Developers Private Limited	768,328,450	501,260,304	392,825,438
Happy Highrises Limited	1,227,097,105	1,227,097,105	885,915,640
Godrej Estate Developers Private Limited	590,977,587	590,596,924	18,000

c) Due on Management Projects include a sum of Rs. 21,564,700/- (Previous Year Rs. 21,479,389/-) on account of a project, where the matter is sub-judice with arbitrators.

7) Inventories, Current Assets, Loans and Advances:

a) Construction Work in Progress and Due on Management projects represents materials at site and unbilled cost on the projects based on projections and estimates by the Company of the expected revenues and costs to completion. In the opinion of the management, the net realizable value of the construction work in progress will not be lower than the costs so included.

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

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

8) Leases

- a) The Company's significant leasing arrangements are in respect of operating leases for Residential premises. Lease income from operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises given under operating leases are as under:

Particulars	Current Year Rs.	Previous Year Rs.
Future minimum lease receipts under non-cancelable operating leases		
Not later than 1 year	26,400	26,400
Later than 1 year and not later than 5 years	105,600	105,600

- b) The Company's significant leasing arrangements are in respect of operating leases for Commercial/Residential premises. Lease expenditure for operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises taken on operating leases are as under:

Particulars	Current Year Rs.	Previous Year Rs.
Future minimum lease payments under non-cancelable operating leases		
Not later than 1 year	28,603,511	23,191,357
Later than 1 year and not later than 5 years	33,332,065	30,558,198
Later than 5 years	6,047,901	7,061,962

9) Employee Stock Option Plan :

- a) During the financial year ended 31st March, 2008, the Company instituted an employee Stock Option Plan (GPL ESOP) approved by the Board of Directors, shareholders and the Remuneration Committee, which provided allotment of 442,700 options convertible into 442,700 Equity Shares of Rs. 10/- each to eligible employees of Godrej Properties Limited and its Subsidiary Companies (the Participating Companies) with effect from 28th December, 2007.

The Scheme is administered by an Independent ESOP Trust which has purchased shares from Godrej Industries Limited (The holding Company), equivalent to the number of options granted to the eligible employees of the Participating Companies.

Particulars	No. of Options		Weighted Average Exercise Price
	Current Year	Previous Year	
Options Outstanding at the beginning of the year	412,700	442,700	620.00 (plus interest)
Options granted	-	-	-
Options exercised	-	-	-
Less : Forfeited / Expired / Lapsed / Idle / Available for re-issue	9,000	30,000	-
Options Outstanding at the year end	403,700	412,700	620.00 (plus interest)

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

The employee share based payment plans have been accounted based on the intrinsic value method and no compensation expense has been recognized since, the price of the underlying equity shares on the grant date is same /less than exercise price of the option, the intrinsic value of option, therefore being determined as nil.

The Company has provided loan of Rs. 375,119,478/- (Previous Year Rs. 282,842,884/-) to GPL ESOP, which is administered by an independent ESOP Trust which has purchased shares of GPL from Godrej Industries Limited equivalent to the number of stock options granted from time to time to eligible employees. The repayment of the loans granted by the Company to ESOP Trust is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period. 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

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

of the exercise period. In view of the aforesaid, provision for diminution of Rs. 117,750,174/- (Previous Year N.A. as equity shares were not listed) is not considered necessary in the financial statements.

- b) The Company has provided loan of Rs. 70,974,033/- (Previous Year Rs. 89,091,768/-) to Godrej Industries Limited Employee Stock Option Scheme (GIL ESOP), which is administered by an independent ESOP Trust which purchases shares of GIL from the market equivalent to the number of stock options granted from time to time to eligible employees. The repayment of the loans granted by the Company to ESOP trust is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period. 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. 29,016,289/- (Previous Year Rs. 63,591,019/-) is not considered necessary in the financial statements.

10) Earnings Per Share

Particulars	Current Year	Previous Year
Profit after tax and prior years tax adjustments as per Profit & Loss Account	Rs. 1,216,274,218	Rs. 737,252,260
Weighted average No. of equity shares outstanding	62,977,917	60,420,259
Basic earnings per share	Rs. 19.31	Rs. 12.20
Nominal value of shares	Rs.10 /-	Rs. 10 /-

11) Dues to Micro, Small and Medium Industries

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act 2006". There is no amount overdue as on 31st March, 2010 to Micro, Small & Medium Enterprises on account of principal amount together with interest and also during the previous year.

- 12) The amount of exchange difference included in the Profit and Loss Account, under the related heads of expenses is Rs. (25,624/-). (Previous Year Rs. 13,971,672/-).

13) Expenditure in Foreign Currency

Particulars	Current Year Rs.	Previous Year Rs.
Travelling Expenses	1,788,397	1,663,605
Other Expenditure	64,963,887	46,588,039
Total	66,752,284	48,251,644

14) Deferred Tax

The tax effect of significant temporary differences that resulted in deferred tax assets are:

Particulars	Current Year Rs.	Previous Year Rs.
Depreciation on Fixed Assets	(3,523,000)	661,000
Others	6,317,500	4,198,000
Deferred Tax Asset	2,794,500	4,859,000

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

15) Computation of Net Profit under Section 349 of the Companies Act, 1956

Particulars	Current Year Rs.	Previous Year Rs.
Profit before Tax as per Profit and Loss Account	1,587,458,966	1,060,342,632
Add :-		
Managerial Remuneration	39,754,731	29,267,596
Depreciation	24,528,123	10,677,865
Loss on sale of Fixed Asset	-	17,548
Less :-		
Depreciation	24,528,123	10,677,865
Profit on sale of Fixed Asset	5,932	-
Net Profit for the purpose of Directors Remuneration	1,627,207,765	1,089,627,776
(a) 11% (Previous Year 11%) of Net Profit as computed above	178,992,854	119,859,055

Managerial Remuneration:-

	Particulars	Current Year Rs.	Previous Year Rs.
A	Salaries	20,196,168	15,609,280
B	Contribution to Provident Fund	1,048,608	823,552
C	Estimated Monetary Value of Perquisites	1,474,955	1,123,358
D	Performance Linked Variable Remuneration	11,030,000	6,139,346
E	Director Sitting Fees to Non-Executive Director	1,005,000	772,060
F	Commission to Non-Executive Director	5,000,000	4,800,000
	Total	39,754,731	29,267,596

Notes:

In case of the Managing Director and Executive Director, Performance Linked Variable Remuneration of Rs. 11,030,000/- (Previous Year Rs. 6,139,346/-) is on the basis of provision made in the accounts.

16) Amounts paid to Auditors:

Particulars	Current Year Rs.	Previous Year Rs.
Audit Fees	1,963,340	2,525,870
Audit under other Statutes	1,036,820	904,460
Certification under other Statutes	1,384,265	3,418,553
Other Certifications	118,703	108,995
Consultancy Charges	4,412	495,788
Reimbursement of Expenses	8,553	2,121

17) Segment Information: As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

18) Related Party Disclosures:

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

(i) Relationships:

Shareholders (Holding Company)

Godrej Industries Limited (GIL) holds 69.43% (Previous Year 80.26%) shares in the Company. GIL is the subsidiary of Godrej & Boyce Mfg. Co. Limited, the Ultimate Holding Company.

(ii) Subsidiaries :

Godrej Realty Private Limited (51%)

Godrej Waterside Properties Private Limited (51%)

Godrej Real Estate Private Limited (100%)

Godrej Developers Private Limited (51%)

Godrej Sea View Properties Private Limited (77.73%) (100% upto 30th March, 2010)

Happy Highrises Limited (51%) (100% upto 13th September, 2009)

Godrej Estate Developers Private Limited (51%) (100% upto 19th March, 2010)

(iii) Other Related Parties in Godrej Group, where common control exists :

Vora Soaps Limited

Bahar Agrochem & Feeds Private Limited

Ensemble Holdings & Finance Limited

Godrej Appliances Limited

Godrej Agrovet Limited

Godrej Consumer Products Limited

Godrej Saralee Limited

Godrej SCA Hygiene Limited

Godrej Hershey Limited

Godrej Infotech Limited

Lawkim Limited

Natures Basket Limited

(iv) Key Management Personnel :

Mr. Milind Surendra Korde

Mr. Pirojsha A. Godrej

(v) Individuals exercising Significant Influence :

Mr. A. B. Godrej

Mr. N. B. Godrej

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

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

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

Sr. No.	Description	Godrej & Boyce Mfg. Co. Ltd. (i)	Godrej Industries Ltd. (ii)	Subsidiaries (iii)	Other Related Parties In Godrej Group (iv)
1.	Investment in equity/preference share capital	-	-	-	-
		-	-	<i>500,000</i>	-
2.	Sale of Investments (Preference Shares)	-	-	-	-
		-	-	<i>214,944,318</i>	-
3.	Purchase of fixed assets	16,358,085	-	-	-
		<i>2,977,879</i>	<i>555,627</i>	-	-
4.	Advances given	-	-	2,042,546,970	-
		<i>8,822,568</i>	-	<i>1,697,797,318</i>	-
5.	Advance received against sale of flats	-	86,284,840	-	-
		-	<i>135,484,520</i>	-	-
6.	Loans & Advances repaid	-	-	1,092,756,863	-
		-	-	<i>1,876,301,328</i>	-
7.	Deposit given	-	1,600,000	-	-
		-	<i>625,000</i>	-	-
8.	Deposit repaid	-	-	-	-
		-	<i>350,000</i>	-	-
9.	Inter-Corporate Deposit taken	-	55,000,000	-	10,000,000
		-	-	-	<i>350,000,000</i>
10.	Inter-Corporate Deposit repaid	-	55,000,000	-	10,000,000
		-	-	-	<i>350,000,000</i>
11.	Interest (Paid)/Received on Inter-Corporate Deposit	-	(3,571,233)	-	(39,041)
		-	-	-	<i>(964,383)</i>
12.	Construction & other expenses incurred on behalf of other companies	-	2,286,799	735,552,192	228,393
		-	<i>1,108,550</i>	<i>406,168,736</i>	-
13.	Expenses charged by other companies (net)	94,505,898	26,706,213	9,604,511	10,864
		<i>107,880,517</i>	<i>5,323,036</i>	<i>7,178,648</i>	<i>353,686</i>
14.	Dividend paid	1,725,000	121,238,023	-	4,919,625
		-	<i>196,185,842</i>	-	<i>8,112,751</i>
15.	Outstanding receivables, net of (payables)	(14,470,248)	(7,838,443)	4,016,335,787	-
		<i>(9,005,774)</i>	<i>24,136</i>	<i>2,347,580,672</i>	-
16.	Deposits receivable	-	3,225,000	-	-
		-	<i>1,625,000</i>	-	-

Figures in italics are for previous year.

(ii) Details relating to persons referred to in items 1 (iv) & (v) above

Sr. No.	Key Management Personnel	Current Year Rs.	Previous Year Rs.
1.	Remuneration	33,749,741	23,695,536
2.	Reimbursement of Travel Expenses	240,000	217,200
3.	Dividend Paid	1,466,868	2,477,724
4.	Individuals exercising significant Influence : Dividend paid – Mr. N.B. Godrej	4,325,625	7,133,210

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

3. Significant Related Party Transactions

Nature of Transactions	Subsidiaries & Other Related Parties in the Godrej Group	Amount Rs.
Investment in equity share capital	Godrej Estate Developers Pvt. Ltd.	- 500,000
Sale of Investments (Preference Shares)	Godrej Developers Private Limited	- 214,944,318
Purchase of fixed assets	Godrej & Boyce Mfg. Co. Limited Godrej Industries Limited	16,358,085 2,977,879 - 555,627
Advances given	Godrej Waterside Properties Private Limited Godrej Developers Private Limited Godrej Estate Developers Private Limited	763,850,000 1,186,033,000 501,687,500 333,644,318 329,645,356 -
Advances repaid	Godrej Waterside Properties Private Limited Godrej Developers Private Limited	500,752,038 1,674,651,328 453,900,000 88,250,000
Advance received against sale of flats	Godrej Industries Limited	86,284,840 135,484,520
Inter-Corporate Deposits taken during the year	Godrej Agrovet Ltd. Godrej Industries Limited Natures basket Limited	- 350,000,000 55,000,000 - 10,000,000 -
Inter-Corporate Deposits repaid during the year	Godrej Agrovet Ltd. Godrej Industries Limited Natures basket Limited	- 350,000,000 55,000,000 - 10,000,000 -
Deposit given	Godrej Industries Limited	1,600,000 625,000
Deposit repaid	Godrej Industries Limited	- 350,000
Construction & other expenses incurred on behalf of other companies	Happy Highrises Ltd. Godrej Waterside Properties Private Ltd. Godrej Real Estate Private Limited Godrej Developers Private Limited Godrej Estate Developers Pvt. Ltd.	181,214,018 114,240,742 77,778,258 136,308,667 118,101,621 108,151,756 61,571,202 47,353,570 264,496,384 18,000

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

Nature of Transactions	Subsidiaries & Other Related Parties in the Godrej Group	Amount Rs.
Expenses charged by other companies (net)	Godrej & Boyce Mfg. Co. Limited	94,505,898
	Godrej Industries Limited	107,880,517
		26,706,213
		5,323,036
Interest (Paid)/Received on Inter-Corporate Deposits given	Godrej Industries Limited	(3,571,233)
	Godrej Agrovvet Ltd.	-
		(964,384)
Outstanding receivables, net of (payables)	Godrej Real Estate Private Limited	983,867,205
		845,998,414
	Happy Highrises Limited	1,227,097,105
	Godrej Developers Private Limited	885,915,639
	Godrej Waterside Properties Private Ltd.	501,260,304
	Godrej Estate Developers Private Limited	397,087,438
		556,396,071
	203,194,595	
	590,596,924	
	18,000	
Dividend paid	Godrej Industries Limited	121,238,023
		196,185,842
Deposit receivable	Godrej Industries Limited	3,225,000
		1,625,000

19) Employee Benefits

(i) Defined Contribution Plans:

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

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Employers' Contribution to Provident Fund	8,144,688	6,444,909
Employers' Contribution to ESIC	41,183	44,470

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(ii) Defined Benefit Plans:**a. Contribution to Gratuity Fund**

Gratuity is payable to all eligible employees on death or on separation/termination in terms of the provisions of the Payment of Gratuity Act or as per the Company's policy whichever is beneficial to the employees.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Change in present value of obligation		
Present value of obligation as at beginning of the year	6,450,060	4,211,619
Interest Cost	499,880	336,929
Service Cost	1,231,678	727,433
Benefits Paid	(1,224,663)	(392,197)
Effect of Liability Transfer in	238,552	841,500
Actuarial (gain)/loss on obligation	430,477	724,776
Present value of obligation, as at end of the year	7,625,984	6,450,060
Amount recognized in the Balance Sheet		
Present value of obligation, as at end of the year	(430,477)	(724,776)
Fair value of plan assets as at end of the year	-	-
Net obligation as at end of the year	(430,477)	(724,776)
Net gratuity cost for the year ended		
Current Service Cost	1,231,678	727,433
Interest Cost	499,880	336,929
Expected return on plan assets	-	-
Net Actuarial (gain)/loss to be recognized	430,477	724,776
Net gratuity cost	2,162,035	1,789,138
Assumptions used in accounting for the gratuity plan		
	(In %)	(In %)
Discount Rate	7.75	7.75
Salary escalation rate	4.75	4.75

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

20) Information in respect of Joint Ventures

Jointly Controlled Operations	-	Development of the following Residential/Commercial Projects:
Coliseum, Mumbai	-	Profit sharing
Woodsman Estate, Bengaluru	-	Revenue Sharing
Gold County, Bengaluru	-	Profit Sharing
Planet Godrej, Mumbai	-	Profit Sharing
Glenelg, Mumbai	-	Profit Sharing
Edenwoods, Mumbai	-	Revenue / Profit Sharing
Shivajinagar, Pune	-	Profit Sharing
Bhugaon, Pune		
Avalon Project	-	Area Sharing/Revenue Sharing
Sanjay Khan, Bengaluru	-	Revenue Sharing
Grenville Park, Mumbai	-	Profit Sharing
Godrej Garden City, Ahmedabad	-	Area Sharing
K. Syama Raju, Bengaluru	-	Area Sharing
Vikhroli	-	Profit Sharing
Kochi	-	Revenue Sharing
Umbarde, Kalyan	-	Revenue Sharing

- 21)** Previous year's figures have been regrouped/rearranged wherever necessary to confirm to current year's classification.
- 22)** Additional information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

23) Statement Pursuant to Part IV of Schedule VI of the Companies Act, 1956

Balance Sheet Abstract for the Year Ended March 31, 2010 And Company's General Business Profile

a) Registration Details

Registration No.	U74120MH1985PLC035308
State Code	11
Balance Sheet Date	March 31, 2010

b) Capital raised during the year
(Amount in Rs. Thousands)

Public Issue (Including Premium)	4,688,471
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

c) Position of mobilisation and deployment of funds
(Amount in Rs. Thousands)

Total Liabilities	14,336,178
Total Assets	14,336,178

Sources of Funds

Paid-up Capital	698,500
Reserves & Surplus	7,455,719
Secured Loans	1,284,681
Unsecured Loans	3,264,337

Application of Funds

Net Fixed Assets	105,060
Investments	2,477,724
Net Current Assets	10,117,658
Misc. Expenditure	Nil
Deferred Tax Asset	2,795
Accumulated Losses	Nil

d) Performance of Company (Amount in Rs. thousands)

Turnover	3,570,175
Total Expenditure (Net of other income)	1,982,716
Profit before tax	1,587,459
Profit after tax	1,218,411
Earning per Share in Rs. (on an annualized basis)	19.31
Dividend rate %	40%

e) Generic Name of three principal products/services of Company

N.A

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

1.	Name of the Subsidiary Company	Godrej Developers Private Limited	Godrej Estate Developers Private Limited	Godrej Real Estate Private Limited	Godrej Realty Private Limited	Godrej Sea View Properties Private Limited	Godrej Waterside Properties Private Limited	Happy Highrises Limited
2.	The Company's interest in the subsidiaries as on March 31, 2010							
a.	Number of Equity Shares	34,032	25,500	50,000	510,000	388,636	510,000	103,592
	Total Number of Shares	66,730	50,000	50,000	1,000,000	500,000	1,000,000	203,120
b.	Face Value (Rs.)	10	10	10	10	1	10	10
c.	Extent of Holding	51.00%	51.00%	100.00%	51.00%	77.73%	51.00%	51.00%
3.	Net aggregate profit/(loss) of the subsidiary company so far it concerns the members of the Company							
A.	For the financial year ended on March 31, 2010							
i.	Not dealt with in the books of accounts of the Company	(35,678)	(29,397)	(388,913)	2,824,096	(25,239)	2,005,492	10,659,915
ii.	Dealt with in the books of accounts of the Company	-	-	-	-	-	-	-
B.	For the subsidiary company's previous financial years since it became a subsidiary							
i.	Not dealt with in the books of accounts of the Company	(56,438)	(45,095)	(75,917)	343,981	(145,288)	5,412,437	(13,606)
ii.	Dealt with in the books of accounts of the Company	-	-	-	-	-	-	-

Adi B. Godrej

Chairman

Milind S. Korde

Managing Director

Shodhan A. Kembhavi

Company Secretary

Place: Mumbai

Dated: May 17, 2010

AUDITORS' REPORT

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

1. We have examined the attached Consolidated Balance Sheet of Godrej Properties Limited, its subsidiaries as at 31st March 2010 and also the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 – "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Godrej Properties Limited and its subsidiaries included in the consolidated financial statements.
4. Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(g) 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.
- 5)
 - (a) Without qualifying our opinion, we draw attention to the fact that as referred to in Note 11(a) of Schedule 19-Notes to Accounts, regarding a loan of Rs.3751.39 lac to the GPL ESOP Trust for purchase of the Company's shares from Godrej Industries Ltd. equivalent to options granted under an Employee Stock Option Plan. As at 31st March, 2010, the market value of the shares held by the GPL ESOP Trust is lower than the cost of acquisition of the shares by Rs.1177.50 lac. The repayment of the loans granted to the GPL ESOP Trust is dependant on the exercise of the options by the employees and the market price of the underlying equity shares of the unexercised options at the end of the exercise period. In the opinion of the management, the fall in value of the underlying equity shares is on account of current market volatility and the loss, if any, can be determined only at the end of the exercise period, in view of which provision for the diminution is not considered necessary in the financial statements.
 - (b) Without qualifying our opinion, we draw attention to the fact that as referred to in Note 11(b) of Schedule 19-Notes to Accounts, regarding a loan of Rs.709.74 lac to GIL ESOP Trust for purchase of the Holding Company's shares from the market equivalent to options granted under an Employee Stock Option Plan. As at 31st March, 2010, the market value of the shares held by the GIL ESOP Trust is lower than the cost of acquisition of the shares by Rs.290.16 lac. The repayment of the loans granted to the GIL ESOP Trust is dependant on the exercise of the options by the employees and the market price of the underlying equity shares of the unexercised options at the end of the exercise period. In the opinion of the management, the fall in value of the underlying equity shares is on account of current market volatility and the loss, if any, can be determined only at the end of the exercise period, in view of which provision for the diminution is not considered necessary in the financial statements.

6. In our opinion and to the best of our information and according to the explanations given to us and on consideration of separate audit report on the individual audited financial statements of Godrej Properties Limited and its subsidiaries, the consolidated financial statements read with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Godrej Properties Limited and its subsidiaries as at 31st March, 2010; and
 - ii) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations Godrej Properties Limited and its subsidiaries for the year ended on that date.
 - iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Godrej Properties Limited and its subsidiaries for the year ended on that date.

For and on behalf of

Kalyaniwalla & Mistry

Chartered Accountants

Firm Registration No. 104607W

Ermin K. Irani

Partner

Membership No. 35646

Place: Mumbai

Dated: May 17,2010

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	698,500,090	604,202,590
Reserves & Surplus	2	7,474,196,215	2,384,503,458
LOAN FUNDS			
Secured Loans	3	3,831,480,753	4,659,829,456
Unsecured Loans	4	3,264,337,035	1,903,589,895
MINORITY INTEREST			
		29,717,580	16,757,670
		15,298,231,673	9,568,883,069
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	339,593,249	398,384,929
Less: Depreciation		63,471,061	38,906,400
Net Block		276,122,188	359,478,529
Capital Work-In-Progress/Advances		2,182,485	32,536,657
		278,304,673	392,015,186
INVESTMENTS			
	6	2,078,071,519	29,003
DEFERRED TAX ASSET			
		2,731,500	4,862,000
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	7,250,917,681	4,758,641,955
Sundry Debtors	8	1,797,962,433	1,385,520,431
Cash & Bank Balances	9	955,001,697	268,744,210
Loans & Advances	10	4,924,290,282	3,962,402,184
		14,928,172,093	10,375,308,779
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	11	1,619,086,006	1,005,411,935
Provisions	12	369,994,403	197,967,810
		1,989,080,409	1,203,379,744
NET CURRENT ASSETS			
		12,939,091,684	9,171,929,036
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Preliminary Expenditure		32,297	47,844
		15,298,231,673	9,568,883,069
NOTES TO ACCOUNTS & ACCOUNTING POLICIES			
	19		

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

As per our Report of even date.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Mumbai, Dated : May 17, 2010

ADI B. GODREJ

Chairman

Signatures to the Balance Sheet and Schedules 1 to 12 and 19

MILIND S. KORDE

Managing Director

SHODHAN A. KEMBHAVI

Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	FOR THE YEAR ENDED 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
INCOME			
Sales		2,115,165,474	1,851,850,867
Operating Income	13	1,019,152,415	703,337,996
Other Income	14	1,426,431,978	421,112,992
TOTAL INCOME		4,560,749,867	2,976,301,856
EXPENDITURE			
Cost of sales	15	2,000,271,050	1,211,067,547
Employee Remuneration & Benefits	16	106,851,547	37,508,060
Administration Expenses	17	141,490,428	99,852,192
Interest & Finance Charges	18	662,448,569	527,029,126
Depreciation		25,986,079	11,483,410
Preliminary Expenses written off		8,092	7,246
		2,937,055,765	1,886,947,582
Profit for the period		1,623,694,102	1,089,354,274
Provision for Taxation			
for Current Tax		(379,683,000)	(322,538,000)
for MAT Credit Entitlement		4,000	-
for Fringe Benefit Tax		-	(1,650,000)
for Deferred Tax		(2,130,500)	1,080,000
Profit After Tax before Minority Interest		1,241,884,602	766,246,274
Prior years tax adjustments		(2,138,267)	(10,101,372)
Profit before Minority Interest		1,239,746,335	756,144,902
Share of Minority Interest		(11,622,488)	(9,336,262)
Profit After Minority Interest		1,228,123,847	746,808,640
Surplus brought forward		757,697,518	262,610,585
Amount Available for Appropriation		1,985,821,365	1,009,419,224
Less :			
Proposed Dividend		279,400,036	151,050,648
Dividend Distribution tax		46,404,854	25,671,058
Transfer to General Reserve		122,000,000	75,000,000
Surplus carried forward to Balance Sheet		1,538,016,475	757,697,518
Earnings per share Basic/Diluted in Rs. (Refer Note 12)		19.50	12.36
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	19		

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

As per our Report of even date.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Mumbai, Dated : May 17, 2010

ADI B. GODREJ

Chairman

Signatures to the Profit and Loss Account and Schedules 13 to 19

MILIND S. KORDE

Managing Director

SHODHAN A. KEMHAVI

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Profit For the Year before Taxation	1,623,694,102	1,089,354,274
Adjustment for:		
Depreciation	25,986,079	11,483,410
Interest Paid	662,448,569	527,029,126
(Profit) /Loss on sale of Fixed Asset (Net)	(5,932)	40,999
Profit on sale of Long Term & Current Investment	(1,398,561,604)	(419,903,138)
Preliminary Expenses Written Off	8,092	7,246
Provision for Diminution in value of Investment written back	(201)	-
Investment Written Back	616	
Interest Income	(707,341,133)	(502,544,253)
Dividend Received	(24,417,754)	(7,469)
Operating Profit before working capital changes	181,810,834	705,460,196
Adjustment for:		
Change in Inventory	(2,492,275,726)	(1,910,722,607)
Change in Sundry Debtors	(412,442,002)	(645,990,467)
Change in Loans & Advances	(949,822,930)	(1,086,353,073)
Change in Current Liabilities / Provisions	615,021,159	(350,104,450)
	(3,057,708,665)	(3,287,710,401)
Taxes Paid (Net)	(366,144,841)	(429,298,927)
Net Cash Flow from Operating activities	(3,423,853,506)	(3,717,009,328)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(70,037,728)	(53,671,137)
Sale of Fixed Assets	1,576,383	22,629,539
Purchase of Investments	(2,978,561,060)	-
Sale of Investment	2,456,616,320	420,062,818
Interest Received	695,275,966	480,062,202
Dividend Received	24,417,754	7,469
Preliminary Expenses	-	(17,200)
Net Cash Flow from Investing Activities	129,287,635	869,073,690

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Share Capital (net of Issue Expenses)	4,285,654,795	-
Proceeds from Issue of Equity Shares to Minority Stakeholders	-	167,300
Change in Cash Credit	(682,248,703)	981,174,047
(Repayment)/ Proceeds from Term Loan	(146,100,000)	2,477,300,000
Proceeds from Unsecured Borrowings	631,804,140	372,843,185
(Repayment)/ Proceeds from Inter Company Deposit	(20,000,000)	20,000,000
(Repayment)/ Acceptance of Fixed Deposits	748,943,000	(19,098,000)
Interest Paid	(660,508,168)	(514,054,995)
Payment of Dividend	(151,050,648)	(246,124,143)
Tax on Distributed Profits	(25,671,058)	(41,828,800)
Net Cash Flow from Financing Activities	3,980,823,358	3,030,378,594
Net Increase in Cash & Cash Equivalent	686,257,487	182,442,955
Cash & Cash Equivalent -Opening Balance	268,744,210	86,301,255
Cash & Cash Equivalent -Closing Balance	955,001,697	268,744,210

Notes :

1. The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
2. Figures for the previous year have been regrouped/restated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ADI B. GODREJ
Chairman

MILIND S. KORDE
Managing Director

ERMIN K. IRANI
Partner

SHODHAN A. KEMBHAVI
Company Secretary

Mumbai, Dated : May 17, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
100,000,000 Equity Shares of Rs. 10/- each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
ISSUED, SUBSCRIBED & PAID UP		
69,850,009 Equity Shares of Rs. 10/- each fully paid up. (Of the above 48,495,209 (Previous year 48,495,209) shares are held by Godrej Industries Ltd., the Holding Company) Of the above 54,239,845 (Previous year 54,239,845) shares issued as Bonus shares by capitalising Share Premium, General Reserve & Profit & Loss Account	698,500,090	604,202,590
	698,500,090	604,202,590
SCHEDULE 2 : RESERVES & SURPLUS		
Share Premium as per last Balance Sheet	1,475,805,940	1,475,805,940
Add : Received During the Year	4,594,173,800	-
Less : Utilised for Initial Public Issue Expenses	406,800,000	-
	5,663,179,740	1,475,805,940
General Reserve - As per last Balance Sheet	151,000,000	76,000,000
Add : Transfer from Profit & Loss Account	122,000,000	75,000,000
	273,000,000	151,000,000
Profit and Loss Account	1,538,016,475	757,697,518
	7,474,196,215	2,384,503,458
SCHEDULE 3 : SECURED LOANS		
1) 1% Secured Redeemable Optionally Convertible Debenture (Refer Note 5)	215,600,000	215,600,000
2) Cash Credit/Working Capital Demand Loan (Secured by equitable mortgage of immovable property of the Company's Project at Juhu, Mumbai)	1,284,680,753	1,966,929,456
3) Short Term Loan from Banks (Secured by way of equitable mortgage of its interest, in the immovable property of the project undertaken by the Company at Chandigarh)	-	600,000,000
4) Term Loan from State Bank of India (Secured by charge of development rights of Company's project Godrej Waterside IT Park at Kolkata)	1,877,300,000	1,877,300,000
5) Term Loan from State Bank of India (Secured against Company's share of undivided interest in the project Godrej Genesis at Kolkata)	453,900,000	-
	3,831,480,753	4,659,829,456
Of the above , Repayable within a year (Other than cash credit accounts)	1,877,300,000	600,000,000

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 4 : UNSECURED LOANS

Fixed Deposits
Banks
Companies

Of the above,
Repayable within a year (other than cash credit accounts)

As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
748,943,000	-
2,515,394,035	1,883,589,895
-	20,000,000
3,264,337,035	1,903,589,895
2,440,193,000	1,903,589,895

SCHEDULE 5 : FIXED ASSETS

Rupees

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2009	Additions	Deductions	As at March 31, 2010	Upto April 1, 2009	For the Year	Deductions	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Tangible Assets										
Land (Refer Note 5)	578,555	-	-	578,555	-	-	-	-	578,555	578,555
Building	-	17,031,600	-	17,031,600	-	-	-	-	17,031,600	-
Leasehold Improvements	12,844,708	15,981,411	-	28,826,119	8,667,024	6,809,838	-	15,476,862	13,349,257	4,177,683
Office Equipment	11,238,248	8,805,593	461,606	19,582,235	3,478,512	1,929,459	88,171	5,319,800	14,262,435	7,759,737
Site Equipments	2,072,120	-	-	2,072,120	1,593,219	66,615	-	1,659,834	412,286	478,902
Furniture & Fixtures	14,186,610	6,851,449	217,574	20,820,486	6,670,262	2,232,207	132,554	8,769,915	12,050,571	7,516,350
Computer	22,651,698	5,055,429	424,622	27,282,505	13,498,281	4,651,450	125,607	18,024,124	9,258,381	9,153,419
Motor Vehicle	7,491,137	7,236,743	1,888,069	12,839,810	2,784,536	2,246,674	1,075,088	3,956,122	8,883,688	4,706,603
Intangible Assets										
Goodwill	318,761,150	-	156,191,708	162,569,442	-	-	-	-	162,569,442	318,761,150
Licenses & Software	8,560,702	39,429,675	-	47,990,377	2,214,568	8,049,836	-	10,264,404	37,725,973	6,346,134
Total	398,384,928	100,391,900	159,183,579	339,593,249	38,906,402	25,986,079	1,421,420	63,471,061	276,122,188	359,478,534
Previous Year	398,529,364	23,275,672	23,420,108	398,384,928	28,196,868	11,483,410	773,883	38,906,394	359,478,534	
Capital Work-In-Progress									2,182,485	32,536,657
								Total	278,304,673	392,015,191

SCHEDULE 6 : INVESTMENTS

At Cost

Long Term

Quoted Investments

100 Equity Shares of Rs.10/- each of
Alacrity Housing Limited
100 Equity Shares of Rs.10/- each of
Alsa Construction & Housing Limited
(Written off during the year)
100 Equity Shares of Rs.10/- each of
Ansal Buildwell Limited
100 Equity Shares of Rs.10/- each of
Ansal Housing & Construction Limited
600 Equity Shares of Rs.5/- each of
Ansal Properties & Infrastructure Limited

As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
742	742
-	616
1,066	1,066
1,366	1,366
3,081	3,081

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 6 : INVESTMENTS (Contd.)		
100 Equity Shares of Rs.10/- each of Lok Housing & Construction Limited	1,241	1,241
100 Equity Shares of Rs.10/- each of Global Infrastructure & Technologies Limited (Formerly known as Mantri Housing & Construction Limited)	1,641	1,641
100 Equity Shares of Rs.10/- each of Premier Energy & Infrastructure Limited (Formerly known as Premier Hsg. & Industrial Ent. Limited)	1,516	1,516
100 Equity Shares of Rs.10/- each of D.S. Kulkarni Developers	891	891
13,000 Equity Shares of Rs.2/- each of Unitech Limited	6,366	6,366
72 Equity Shares of Rs.10/- each of The Great Eastern Shipping Company Limited	2,485	2,485
18 Equity Shares of Rs. 10/- each of The Great Offshore Limited	621	621
1,000 Equity Shares of Re.1/- each of Radhe Developers Limited (900 Shares are received on Split of Face Value Per Share from Rs.10/- to Rs.1/-)	266	266
23,700 Equity Shares of Rs.10/- each of United Textiles Limited	2,370	2,370
	23,652	24,268
Less : Provision for Diminution in Value	7,564	7,765
	16,088	16,503
Unquoted Investments		
1,000 Equity Shares of Rs.10/- each of Saraswat Co-operative Bank Limited	10,000	10,000
25,000 Equity Shares of Rs.10/- each of Amitabh Bachchan Corporation Limited	2,500	2,500
Total Long Term Investments	28,588	29,003
Current Investments (In Debt Mutual Funds) - Refer Note 3		
35,050,618.61 Units Kotak Floater - LT - Daily Dividend Reinvest	353,303,226	-
19,468,215.87 Units JPMorgan India Treasury Fund - Super IP - Daily Dividend Reinvest (Purchased 35,285,408.57 Units and Sold 15,817,192.70 Units)	194,855,426	-
192,892.196 Units Reliance Money Manager Fund - IP - Dly Dividend Reinvest (Purchased 352,702.278 Units and Sold 159,810.082 Units)	193,111,414	-
3,341,176.86 Units ICICI Prudential Flexible Income Plan - Premium - Daily Dividend Reinvest	353,279,335	-

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 6 : INVESTMENTS (Contd.)		
35,351,542.24 Units		
LIC MF Savings Plus Fund - Dly Dividend Reinvest	353,515,422	-
35,217,481.74 Units		
HDFC Cash Mgmt Fund - Treasury Advantage - WP - Dly Div Reinvest	353,284,168	-
25,230,374.17 Units		
IDFC Money Manager - Treasury Plan - Plan C - Dly Dividend Reinvest	252,341,587	-
24,344,80.63 Units		
FORTIS Money Plus Fund - IP - Daily Dividend Reinvest	24,352,353	-
Total Current Investments	2,078,042,931	-
Total Investments	2,078,071,519	29,003
1. Cost of Quoted Investments	23,652	24,268
2. Market Value of Quoted Investments	1,142,410	611,779
SCHEDULE 7 : INVENTORIES		
Stock in trade (Refer Note 6)	4,816,919	3,628,193
Construction Work-in-progress	7,246,100,762	4,755,013,762
	7,250,917,681	4,758,641,955
SCHEDULE 8 : SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)		
Due over six months	822,054,523	834,666,553
Others	975,907,910	550,853,878
(Includes unbilled revenue of Rs. 750,236,392/-, Previous Year Rs. 219,747,911/-)	1,797,962,433	1,385,520,431
SCHEDULE 9 : CASH & BANK BALANCES		
Cash & Cheques-in-Hand	6,582,902	66,525,208
Balance with Scheduled Banks - on Current Accounts	336,568,302	62,780,677
- on Fixed Deposit Accounts	611,850,493	139,438,325
(Refer Notes 3 & 7)	955,001,697	268,744,210
SCHEDULE 10 : LOANS & ADVANCES (UNSECURED, CONSIDERED GOOD)		
Advances recoverable in cash or in kind		
or for value to be received (Refer Note 8 (a))	240,741,966	179,134,595
Secured (secured against bank/Corporate Guarantee)	113,274,742	182,218,588
Others	228,469,089	243,258,513
Loan to GIL ESOP Trust	70,974,033	89,091,768
Loan to GPL ESOP Trust	375,119,478	282,842,884
Due on Management Projects (Refer Note 8 (b))	677,718,723	870,480,333
Development Manager Fees Accrued but not due (Refer Note 9 (b))	60,230,839	60,230,839
Interest Accrued	51,914,472	39,849,305
Deposits	3,105,846,940	2,015,295,359
	4,924,290,282	3,962,402,184

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 11 : CURRENT LIABILITIES		
Sundry Creditors (Refer Note 13)	728,562,001	305,057,766
Investor Education and Protection Fund	-	-
Advances received against sale of flats	226,137,392	5,707,811
Deposits	250,590	250,590
Unclaimed Fixed Deposits	183,000	761,000
Other liabilities	500,512,847	618,418,517
Due to Management Projects	128,847,862	42,564,336
Interest accrued but not due on Loans	34,592,314	32,651,913
	1,619,086,006	1,005,411,935
SCHEDULE 12 : PROVISIONS		
For Taxation (Net of Advance Tax & Tax Deducted at Source of Rs.1,368,513,240/-, Previous Year Rs.1,002,681,027/-)	24,568,379	8,895,954
Proposed Dividend	279,400,036	151,050,648
Tax on Dividend	46,404,854	25,671,058
Gratuity	7,625,984	6,450,060
Leave Encashment	11,995,150	5,900,090
	369,994,403	197,967,810
	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE 13 : OPERATING INCOME (GROSS)		
Income from Development Projects	227,228,811	188,348,882
Compensation Received from Project	70,000,000	3,900,000
Project Management fees	3,888	31,676
Other Income from Customers	14,552,183	8,486,786
Lease Rent	14,400	14,400
Licence Fees	12,000	12,000
Interest Income		
- Customers	2,250	82,879
- Projects and landlords	659,090,950	421,960,451
- Others	48,247,933	80,500,923
	1,019,152,415	703,337,996
Tax deducted at source	62,793,951	101,508,381

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE 14 : OTHER INCOME		
Dividends	24,417,754	7,469
Profit on sale of Fixed Assets (Net)	5,932	-
Profit on sale of Long Term Investments	1,398,553,294	419,903,138
Miscellaneous Income	3,454,998	1,202,385
	1,426,431,978	421,112,992
SCHEDULE 15 : COST OF SALES		
Own Projects		
Opening Stock	4,758,641,957	2,841,210,925
Add : Expenditure/ Transfers from Advances during the period		
Stock-In-Trade Acquired during the year	345,145,279	-
Development Rights	115,882,000	100,000,000
Construction, Material & Labour	2,281,304,270	1,883,676,381
Architect Fees	95,776,062	96,065,107
Advertisement Expenses	78,986,060	23,740,040
Overheads	742,590,704	555,804,374
Interest	832,862,399	486,706,822
	4,492,546,774	3,145,992,724
Less : Transferred to Interest & Finance Charges	-	17,494,151
Less : Closing Stock	7,250,917,681	4,758,641,957
	2,000,271,050	1,211,067,541
SCHEDULE 16 : EMPLOYEE REMUNERATION & BENEFITS		
Salaries, Bonus, Gratuity & Allowances	98,665,676	30,994,798
Contribution to Provident & other funds	8,185,871	6,489,379
Other Employee Benefits	-	23,883
	106,851,547	37,508,060

	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE 17 : ADMINISTRATION EXPENSES		
Cost of Project Management	187,177	1,321,416
Consultancy Charges	7,094,890	7,861,766
Service Charges	135,478	98,139
Loss on sale of Fixed Assets (Net)	-	40,999
Power & Fuel	4,445,260	3,516,734
Rent	28,094,016	10,971,849
Insurance	234,543	263,030
Rates & Taxes	119,371	21,284
Repairs & Maintenance	19,472,696	235,645
Other Operating Expenses	81,706,582	75,521,330
Diminution in value of investments written off	415	-
	141,490,428	99,852,192
SCHEDULE 18 : INTEREST AND FINANCE CHARGES		
Interest Paid		
- Banks	526,978,921	406,638,640
- Inter-Corporate Deposits	8,234,384	1,566,422
- Projects and landlords	67,237,255	60,293,090
- Others	33,687,318	20,828,375
Total Interest Paid	636,137,878	489,326,527
Add : Brokerage & other Financial charges	26,310,691	37,702,599
Total Interest/Finance Charges Paid	662,448,569	527,029,126

SCHEDULE 19 : NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

1) Accounting Policies:

a) Principle of Consolidation

The Consolidated Financial Statements of the Group have been prepared in accordance with Accounting Standard (AS 21) "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India ('ICAI').

The Consolidated Financial Statements include the financial statements of the Company and all its subsidiaries, which are more than 50 percent owned or controlled and whose financial statements are drawn upto the same reporting date of the Company i.e. 31st March, 2010.

The Consolidated Financial Statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealized profits in full.

In the Consolidated Financial Statements, 'Goodwill' represents the excess of the cost to the Company of its investments in the subsidiaries over its share of equity, at the respective dates on which investments are made. Alternatively, where the share of equity as on the date of investments is in excess of cost of investments it is recognized as 'Capital Reserve' in the Consolidated Financial Statements. 'Minority Interest' represents the amount of equity attributable to minority shareholders at the date on which investment in a subsidiary is made and its share of movements in the equity since that date. Any excess consideration received from minority shareholders of subsidiaries over the amount of equity attributable to the minority on the date of investment is reflected under Reserves and Surplus.

b) General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

c) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

d) Depreciation / Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

Assets acquired on lease are depreciated over the period of the lease.

Leasehold improvements are amortized over a period of lease or five years which ever is less.

Intangible Assets are amortized over a period of six years.

e) Investments

Investments are classified into long term and current investments.

Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

f) Inventories

Inventories are valued as under:

Completed Flats	- At lower of Cost or Market value
Construction Work- in-Progress	- At cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

g) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

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

Revenue on bulk deals on sale of its properties is recognized on execution of documents.

Income from operation of commercial complexes is recognized over the tenure of the lease/service agreement.

Interest income is accounted on an accrual basis at contracted rates.

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

h) Development Manager Fees

The company has been entering into Development & Project Management agreements with landlords. Accounting for income from such projects is done on accrual basis on percentage of completion or as per the terms of the agreement.

i) Employee Benefits

a) Short-term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognised at actual amounts due in the period in which the employee renders the related service.

b) Post-employment benefits:

(i) Defined Contribution Plans:

Payments made to defined contribution plans such as Provident Fund are charged as an expense as they fall due.

(ii) Defined Benefit Plans:

The cost of providing benefits i.e. gratuity is determined using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses are recognised immediately in the Profit & Loss Account.

The fair value of the plan assets is reduced from the gross obligation under the defined benefit plan, to recognize the obligation on net basis.

Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested.

(iii) Other long-term employee benefits:

Other long-term employee benefits viz., leave encashment is recognised as an expense in the profit and loss account as and when they accrue. The Company determines the liability using the Projected Unit Credit Method, with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect such benefits are charged to the profit and loss account.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

j) Borrowing Cost

Interest and finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects, are transferred to Construction Work in Progress / Due on Management Project, as a part of the cost of the projects at weighted average of the borrowing cost / rates as per Agreements respectively.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

k) Earnings Per Share

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

l) Provision For Taxation

Tax expense comprises both current and deferred.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

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

m) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract.

n) Allocation of Expenses

Corporate Employee Remuneration and Administration expenses are allocated to various projects on a reasonable basis as estimated by the management.

o) Provisions and Contingent Liabilities

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

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

2) Information on subsidiaries:

The subsidiary companies considered in the consolidated financial statements are (collectively referred as "the Group"):

Sr. No.	Name of the Company	Country of Incorporation	Percentage of Holding	
			Current Year	Previous Year
1.	Godrej Realty Private Limited	India	51%	51%
2.	Godrej Waterside Properties Private Limited	India	51%	51%
3.	Godrej Real Estate Private Limited	India	100%	100%
4.	Godrej Developers Private Limited	India	51%	51%
5.	Godrej Sea View Properties Private Limited (100% upto 30 th March, 2010)	India	77.73%	100%
6.	Happy Highrises Limited (100% upto 13 th September, 2009)	India	51%	100%
7.	Godrej Estate Developers Private Limited (100% upto 19 th March, 2010)	India	51%	100%

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

3) The Initial Public Offer (IPO) proceeds have been utilised as per objects of the issue as stated in the prospectus as under:

Particulars	(Rs. in Lacs)
Amount Received from IPO	46,884.71
<u>Utilization of Funds upto March 31, 2010</u>	
Funding to part finance the acquisition of land developments rights and construction costs	2,500.00
Repayment of Loans	15,017.00
Issue Expenses	3,808.70
Balance unutilized amount temporarily invested in Mutual Funds	20,559.01
Fixed Deposit / Bank Balance	5,000.00
TOTAL	46,884.71

As on March 31, 2010, unutilized funds have been temporarily invested in mutual funds schemes and fixed deposit / balance with banks as mentioned in the prospectus of the company.

4) **Contingent Liabilities:**

Matters	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)
a) Uncalled amount of Rs. 80/- & Rs. 30/- on 70 & 75 partly paid shares respectively of Tahir Properties Limited	7,850/-	7,850/-
b) Claims against the Company not acknowledged as debts represents cases filed by parties in the Consumer forum and High Court and disputed by the Company as advised by our advocates. In the opinion of the management the claims are not sustainable.	798,647/-	6,523,647/-
c) Claims against the Company under the Labour Laws for disputed cases	1,989,240/-	2,989,240/-
d) Guarantees given by Bank, counter guaranteed by the Company	38,600,000/-	20,100,000/-
e) Claims against the Company under Bombay Stamp Act, 1958	14,850,000/-	14,850,000/-
f) Other Claims against the Company not acknowledged as debts	9,925,000/-	NIL
g) Claims against the Company under Income Tax Act, Appeal preferred to Commissioner of Income Tax (Appeals)	3,369,812/-	101,798,275/-

Capital Commitment outstanding for the year ended March 31, 2010 (Net of Advance) is amounting to Rs. 2,322,203/- (Previous Year Rs. 6,227,909/-)

5) **Outstanding Debentures to HDFC Venture Trustee Company Limited:**

Sr. No.	Particulars	Issuer	Deemed Date of Allotment	Units	Amount (Rs.)
1.	1% secured redeemable optionally convertible debentures	Godrej Realty Private limited	16th March 2006	5,635,000	56,350,000
			12th March 2007	1,715,000	17,150,000
	Total			7,350,000	73,500,000
2.	1% secured redeemable optionally convertible debentures	Godrej Waterside Properties Private limited	4th July 2007	14,210,000	142,100,000

The subsidiary companies ("the Issuer company") had issued debentures to HDFC Venture Trustee Company Limited, which 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 of the Group disclosed under the head "Fixed Assets".

Further the Issuer companies has created a Debenture Redemption Reserve as required under section 117 (C) of the Companies Act, 1956 to the extent of Profit available for distribution.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

6) Inventories:

Stock - in - Trade includes shares in the following Companies - at cost or market value (whichever is lower):

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Tahir Properties Limited		
a) 70 Equity shares of Rs. 100/- each, Rs. 20/- paid up	1,400	1,400
b) 75 Redeemable Preference Class A shares of Rs.100/- each, Rs.70/- paid	5,250	5,250

7) Cash & Bank Balances:

Balances with scheduled banks on deposit accounts include Rs. 34,422,705/- (Previous year Rs. 34,014,876/-) received from flat buyers and held in trust on their behalf in a corpus fund.

8) Loans and Advances:

a) Amounts due from companies under the same management:

Particulars	Maximum Debit Balance during the year	Balance as on March 31, 2010	Balance as on March 31, 2009
Godrej Industries Ltd.	3,249,136	3,249,136	1,649,136

b) Due on Management Projects include a sum of Rs 21,564,700/- (Previous Year Rs. 21,479,389/-) on account of a project, where the matter is sub-judice with arbitrators.

9) Inventories, Current Assets, Loans and Advances:

a) Construction Work in Progress and Due on Management projects represents materials at site and unbilled cost on the projects based on projections and estimates by the Group of the expected revenues and costs to completion. In the opinion of the management, the net realizable value of the construction work in progress will not be lower than the costs so included.

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

10) Leases:

a) The Group's significant leasing arrangements are in respect of operating leases for Residential premises. Lease income from operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises given under operating leases are as under:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Future minimum lease receipts under non-cancelable operating leases		
Not later than 1 year	26,400	26,400
Later than 1 year and not later than 5 years	105,600	105,600

b) The Group's significant leasing arrangements are in respect of operating leases for Commercial/Residential premises. Lease expenditure for operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises taken on operating leases are as under:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Future minimum lease payments under non-cancelable operating leases		
Not later than 1 year	32,647,419	24,575,677
Later than 1 year and not later than 5 years	46,959,849	35,857,315
Later than 5 years	8,078,107	7,061,962

11) Employee Stock Option Plan:

- a) During the financial year ended 31st March, 2008, the Company instituted an employee Stock Option Plan (GPL ESOP) approved by the Board of Directors, shareholders and the Remuneration Committee, which provided allotment of 442,700 options convertible into 442,700 Equity Shares of Rs. 10/- each to eligible employees of Godrej Properties Limited and its Subsidiary Companies (the Participating Companies) with effect from 28th December, 2007.

The Scheme is administered by an Independent ESOP Trust which has purchased shares from Godrej Industries Limited (The holding Company), equivalent to the number of options granted to the eligible employees of the Participating Companies.

Particulars	No. of Options		Wt. Average Exercise Price
	Current Year	Previous Year	
Options Outstanding at the beginning of the year	412,700	442,700	620.00 (plus interest)
Options granted	-	-	-
Options exercised	-	-	-
Less : Forfeited / Expired / Lapsed / Idle / Available for re-issue	9,000	39,000	-
Options Outstanding at the year end	403,700	412,700	620.00 (plus interest)

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

The employee share based payment plans have been accounted based on the intrinsic value method and no compensation expense has been recognized since, the price of the underlying equity shares on the grant date is same /less than exercise price of the option, the intrinsic value of option, therefore being determined as nil.

The Company has provided loan of Rs. 375,119,478/- (Previous Year Rs. 282,842,884/-) to GPL ESOP, which is administered by an independent ESOP Trust which has purchased shares of GPL from Godrej Industries Limited equivalent to the number of stock options granted from time to time to eligible employees. The repayment of the loans granted by the Company to ESOP Trust is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period. 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. 117,750,174/- (Previous Year N.A. as equity shares were not listed) is not considered necessary in the financial statements.

- b) The Company has provided loan of Rs. 70,974,033/- (Previous Year Rs. 89,091,768/-) to Godrej Industries Limited Employee Stock Option Scheme (GIL ESOP), which is administered by an independent ESOP Trust which purchases shares of GIL from the market equivalent to the number of stock options granted from time to time to eligible employees. The repayment of the loans granted by the Company to ESOP trust is dependent on the exercise of the options by the employees and the market price of the underlying shares of the unexercised options at the end of the exercise period. 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. 29,016,289/- (Previous Year Rs. 63,591,019/-) is not considered necessary in the financial statements.

12) Earnings Per Share:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Profit after tax (Including prior years tax adjustments, Prior Period Income and excluding Minority Interest as per Profit & Loss Account)(Rs.)	1,228,123,847	746,808,640
Weighted average No. of equity shares outstanding	62,977,917	60,420,259
Basic earnings per share (in Rs.)	19.50	12.36
Nominal value of shares	Rs.10 /-	Rs. 10 /-

13) Dues to Micro, Small and Medium Industries:

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act 2006". There is no amount overdue as on 31st March, 2010 to Micro, Small & Medium Enterprises on account of principal amount together with interest and also during the previous year.

14) The amount of exchange difference included in the Profit and Loss Account, under the related heads of expenses is Rs. (25,624/-). (Previous Year- 13,971,672/-)

15) Deferred Tax:

The tax effect of significant temporary differences that resulted in deferred tax assets are:

Particulars	Current Year Rs.	Previous Year (Rs.)
Depreciation on Fixed Assets	(3,586,000)	664,000
Others	6,317,500	4,198,000
Deferred Tax Asset	2,731,500	4,862,000

16) Segment Information :

As the Group has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

17) Related Party Disclosures:

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

Relationships:

(i) Shareholders (Holding Company)

Godrej Industries Limited (GIL) holds 69.43% (Previous year 80.26%) shares in the Company. GIL is the subsidiary of Godrej & Boyce Mfg. Co. Limited, the Ultimate Holding Company.

(ii) Other Related Parties in Godrej Group, where common control exists :

- a. Vora Soaps Limited
- b. Bahar Agrochem & Feeds Private Limited
- c. Ensemble Holdings & Finance Limited
- d. Godrej Appliances Limited
- e. Godrej Agrovvet Limited
- f. Godrej Consumer Products Limited
- g. Godrej Saralee Limited
- h. Godrej SCA Hygiene Limited
- i. Godrej Hershey Limited
- j. Lawkim Limited
- k. Godrej Infotech Limited
- l. Natures Basket Limited

(iii) Key Management Personnel :

- a. Mr. Milind Surendra Korde
- b. Mr. Pirojsha A. Godrej

(iv) Individuals exercising Significant Influence :

- a. Mr. A. B. Godrej
- b. Mr. N.B. Godrej.

(v) Joint Ventures and Associates

- a. HDFC Venture Trustee Company Limited
- b. HDFC PMS
- c. Milestone Real Estate Fund
- d. Red Fort India Real Estate, Babur

2. The following transactions were carried out with the related parties in the ordinary course of business.**(i) Details relating to parties referred to in items 1 (i), (ii) and (iii) above**

Sr. No.	Description	Godrej & Boyce Mfg Co Ltd (i)	Godrej Industries Ltd (ii)	Joint - Ventures and Associates (iii)	Other Related Parties In Godrej Group (iv)
1	Issue of equity share capital	-	-	-	-
		-	-	<i>215,011,618</i>	-
2	Sale of equity share	-	-	1,561,000,000	-
		-	-	<i>205,218,500</i>	-
3.	Purchase of fixed assets	17,926,314	-	-	-
		<i>2,977,879</i>	<i>555,627</i>	-	-
4.	Advances given	14,013,093	-	-	-
		<i>14,263,439</i>	-	-	-
5.	Advance received against sale of flats	-	86,284,840	-	-
		-	<i>135,484,520</i>	-	-
6.	Deposits given	-	1,600,000	-	-
		-	<i>625,000</i>	-	-
7.	Deposit repaid	-	-	-	-
		-	<i>350,000</i>	-	-
8.	Inter-Corporate Deposit taken	-	55,000,000	-	10,000,000
		-	-	-	<i>350,000,000</i>
9.	Inter-Corporate Deposit repaid	-	55,000,000	-	10,000,000
		-	-	-	<i>350,000,000</i>
10.	Interest received / (paid) on Inter-Corporate Deposit	-	(3,571,233)	-	(39,041)
		-	-	-	<i>(964,383)</i>
11.	Construction & other expenses incurred on behalf of other companies	-	2,286,799	-	228,393
		-	<i>1,108,550</i>	-	-
12.	Expenses charged by other companies (net)	130,825,848	26,706,213	-	10,864
		<i>129,337,735</i>	<i>5,323,036</i>	-	<i>353,686</i>
13.	Dividend Paid	1,725,000	121,238,023	-	4,919,625
		-	<i>196,185,842</i>	-	<i>8,112,751</i>
14.	Debentures Interest	-	-	2,156,000	-
		-	-	<i>16,775,452</i>	-
15.	Debentures Outstanding	-	-	215,600,000	-
		-	-	<i>215,600,000</i>	-
16.	Outstanding receivables, net of (payables)	(18,766,336)	(7,838,443)	(34,592,314)	-
		<i>(9,006,477)</i>	<i>24,136</i>	<i>(32,651,915)</i>	-
17.	Deposits Receivable	-	3,225,000	-	-
		-	<i>1,625,000</i>	-	-

Figures in italics are for previous year

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(ii) Details relating to persons referred to in items 1 (iv) & (v) above

Key Management Personnel		Current Year (Rs.)	Previous Year (Rs.)
1.	Remuneration	33,749,731	23,695,536
2.	Reimbursement of travel expenses	240,000	217,200
3.	Dividend paid	1,466,868	2,477,724
4.	Individuals exercising significant Influence		
	Dividend paid - Mr. N.B. Godrej	4,325,625	7,133,210

3. Significant Related Party Transactions

Nature of Transactions	Other Related Parties in the Godrej Group	Amount
Issue of equity share capital	Red Fort India Real Estate Babur	- 215,011,618
Sale of equity share	HDFC PMS	700,000,000 -
	Milestone Real Estate Fund	861,000,000 -
	Red Fort India Real Estate Babur	- 205,218,500
Purchase of fixed assets	Godrej & Boyce Mfg Co. Limited	17,926,314 2,977,879
	Godrej Industries Limited	- 555,627
Advances given	Godrej & Boyce Mfg Co. Limited	14,013,093 14,263,439
Advance received against sale of flats	Godrej Industries Limited	86,284,840 135,484,520
Inter-Corporate Deposits taken during the year	Godrej Agrovet Ltd.	- 350,000,000
	Godrej Industries Limited	55,000,000 -
	Natures Basket Limited	10,000,000 -
Inter-Corporate Deposits repaid during the year	Godrej Agrovet Ltd.	- 350,000,000
	Godrej Industries Limited	55,000,000 -
	Natures Basket Limited	10,000,000 -
Expenses charged by other companies. (net)	Godrej & Boyce Mfg. Co. Limited	130,825,848 129,337,735
	Godrej Industries Limited	26,706,213 5,323,036
Expenses charged to other companies. (net)	Godrej Industries Limited	2,286,799 1,108,550
Deposit Given	Godrej Industries Limited	1,600,000 625,000
Deposit Repaid	Godrej Industries Limited	- 350,000

Nature of Transactions	Other Related Parties in the Godrej Group	Amount
Interest Income /(expense) on Inter-Corporate Deposits given	Godrej Agrovat Limited Godrej Industries Limited	- <i>(964,383)</i> <i>(3,571,233)</i> -
Dividend Paid	Godrej Industries Limited	121,238,023 <i>196,185,842</i>
Debentures Outstanding	HDFC Venture Trustee Company Limited	215,600,000 <i>215,600,000</i>
Debentures Interest	HDFC Venture Trustee Company Limited	2,156,000 <i>16,775,452</i>
Outstanding receivables, net of (payables)	HDFC Venture Trustee Company Limited Godrej Industries Limited Godrej & Boyce Mfg. Co. Limited	<i>(34,592,314)</i> <i>(32,651,915)</i> <i>(7,838,443)</i> 24,136 <i>(18,766,336)</i> <i>(9,005,774)</i>
Deposit Receivable	Godrej Industries Limited	3,225,000 <i>1,625,000</i>

Figures in italics are for previous year

18) Employee Benefits:

a. Defined Contribution Plans:

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

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Employers' Contribution to Provident Fund	8,144,688	6,444,909
Employers' Contribution to ESIC	41,183	44,470

b. Defined Benefit Plans:

(i) Contribution to Gratuity Fund

Gratuity is payable to all eligible employees on death or on separation/termination in terms of the provisions of the Payment of Gratuity Act or as per the Group's policy whichever is beneficial to the employees.

The following table sets out the funded status of the gratuity plan and the amounts recognised in the Group's financial statements as at March 31, 2010:

Particulars	Current year (Rs.)	Previous Year (Rs.)
Change in present value of obligation		
Present value of obligation as at beginning of the year	6,450,060	4,211,619
Interest Cost	499,880	336,929
Service Cost	1,231,678	727,433
Benefits Paid	(1,224,663)	(392,197)
Effect of Liability Transfer in	238,552	841,500
Actuarial (gain)/loss on obligation	430,477	724,776
Present value of obligation, as at end of the year	7,625,984	6,450,060

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

Particulars	Current year (Rs.)	Previous Year (Rs.)
Amount recognized in the Balance Sheet		
Present value of obligation, as at end of the year	(430,477)	(724,776)
Fair value of plan assets as at end of the year	-	-
Net obligation as at end of the year	(430,477)	(724,776)
Net gratuity cost for the year ended		
Current Service Cost	1,231,678	727,433
Interest Cost	499,880	336,929
Expected return on plan assets	-	-
Net Actuarial (gain)/loss to be recognized	430,477	724,776
Net gratuity cost	2,162,035	1,789,138
Assumptions used in accounting for the gratuity plan		
	(In %)	(In %)
Discount Rate	7.75	7.75
Salary escalation rate	4.75	4.75

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

19) Information in respect of Joint Ventures:

Jointly Controlled Operations - Development of the following Residential / Commercial Projects:

Coliseum, Mumbai	- Profit Sharing
Woodsman Estate, Bengaluru	- Revenue Sharing
Gold County, Bengaluru	- Profit Sharing
Planet Godrej, Mumbai	- Profit Sharing
Glenelg, Mumbai	- Profit Sharing
Edenwoods, Mumbai	- Revenue / Profit Sharing
Shivajinagar, Pune	- Profit Sharing
Bhugaon, Pune	
Avalon Project	- Area Sharing/ Revenue Sharing
Sanjay Khan, Bengaluru	- Revenue Sharing
Grenville Park, Mumbai	- Profit Sharing
Godrej Garden City, Ahmedabad	- Area Sharing
K. Syama Raju, Bengaluru	- Area Sharing
Kochi	- Revenue Sharing
Umbarde, Kalyan	- Revenue Sharing
Vikhroli	- Profit Sharing
Waterside IT Park	- Area Sharing
Godrej Genesis, Kolkata	- Area Sharing
Godrej Eternia, Chandigarh	- Revenue Sharing
Godrej Palmgrove, Chennai	- Revenue Sharing

20) Previous year figures have been regrouped/rearranged wherever necessary to confirm to current year's classification.

21) Statement Pursuant to Part IV of Schedule VI of the Companies Act, 1956**Balance Sheet Abstract for the Year Ended March 31, 2010 and Company's General Business Profile****a) Registration Details**

Registration No.	U74120MH1985PLC035308
State Code	11
Balance Sheet Date	March 31, 2010

b) Capital raised during the year**(Amount in Rs. Thousands)**

Public Issue (Including Premium)	4,688,471
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

c) Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities	17,287,312
Total Assets	17,287,312

Sources of Funds

Paid-up Capital	698,500
Reserves & Surplus	7,474,196
Secured Loans	3,831,481
Unsecured Loans	3,264,337
Minority Interest	29,718

Application of Funds

Net Fixed Assets	278,305
Investments	2,078,072
Net Current Assets	12,939,092
Misc. Expenditure	32
Deferred Tax Asset	2,731
Accumulated Losses	NIL

d) Performance of Company (Amount in Rs. thousands)

Turnover	4,560,750
Total Expenditure (Net of other income)	2,937,056
Profit/(loss) before tax	1,623,694
Profit/(loss) after tax	1,241,885
Earning per Share in Rs. (on an annualized basis)	19.50
Dividend rate %	40%

e) Generic Name of three principal products/services of Company

N.A

GODREJ PROPERTIES LIMITED
ACCOUNTS OF
SUBSIDIARY COMPANIES
2009-2010

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report together with the Audited Accounts for the year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the year ended March 31, 2010 reveal that there is a deficit at the end of the year.

2. REVIEW OF OPERATIONS:

During the year the Company has completed piling work for Phase - I. Structural work up to 12th level have also been completed for Phase-I. Contracting for MEP service & Elevators are in process. Shifting of existing Simoco office to the new building has been initiated.

3. DIVIDEND:

As there are no profits, Directors regret their inability to recommend any dividend for the year under consideration.

4. DIRECTORS:

In accordance with the provisions of the Articles of Association, Mr. Milind S. Korde and Mr. K. T. Jithendran, retire by rotation and being eligible, offers themselves for re-appointment.

Mr. G.B. Singh resigned as Director from the Board of Directors with effect from March 15, 2010. The Board wishes to place on record its appreciation for the valuable guidance extended by him during his association with the Company.

During the year Mr.Y. Kalyan Chakrabarti has been appointed as an Additional Director on March 15, 2010, who will hold office till the conclusion of the ensuing Annual General Meeting of the Company. It is proposed to appoint him as a Director liable to retire by rotation in this Annual General Meeting.

5. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

Company at the end of the financial year ended March 31, 2010 and of the loss of the Company for that year;

- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

7. ADDITIONAL INFORMATION:

(a) Since the Company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.

(b) Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is provided hereunder:

- (i) Conservation of Energy:
Expenses on account of Energy are negligible.
- (ii) Technology Absorption:
It is an on going process.
- (iii) Foreign Exchange Earning & Outgo:
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

8. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MILIND S. KORDE
Chairman

Place: Mumbai

Dated: May 05, 2010

REPORT OF THE AUDITORS TO THE MEMBERS OF GODREJ DEVELOPERS PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **GODREJ DEVELOPERS PRIVATE LIMITED**, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
- c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(e) of Schedule 11-Notes to Accounts, in respect of projects under long term contracts undertaken and/or financed by the Company, we

have relied upon the management's estimates of the percentage of completion, costs to completion and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profits/losses have been accounted, interest income accrued and realizability of the construction work in progress and project advances determined.

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

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
- iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No. 104607W

ERMIN K. IRANI
Partner
Membership No. 35646
Place: Mumbai
Dated: May 05, 2010

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.
- (c) There is no disposal of fixed assets during the year.
- 2) (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.
- (c) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956
- (d) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- 7) The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
- 8) In our opinion and according to the information and explanations given to us, The Central Government has not been prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- 9) (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undisputed statutory dues

including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March 2010 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.
- 10) The Company's accumulated losses at the end of the financial year are less than fifty percent of its networth. Further, the company has not incurred any cash losses in the current and immediately preceding financial years.
- 11) According to the information and explanations given to us and based on documents and records produced to us, the Company has not defaulted in repayment of dues to bank and financial institutions. The Company does not have any outstanding debentures.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/ societies.
- 14) In our opinion and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.
- 15) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) According to the information and explanations given to us and based on the documents and records examined by us, on an overall basis, the term loan has been applied for the purpose for which the loan was obtained.
- 17) According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short term basis for long term investments.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No. 104607W

ERMIN K. IRANI
Partner
Membership No. 35646
Place : Mumbai
Dated : May 05, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	667,300	667,300
Reserves & Surplus	2	-	-
Loan Funds	3	453,900,000	-
Deferred Tax Liability		13,000	-
		<u>454,580,300</u>	<u>667,300</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	173,585	139,464
Less : Depreciation		<u>98,521</u>	<u>43,406</u>
Net Block		<u>75,064</u>	<u>96,058</u>
Investments			
Current Assets, Loans & Advances			
Inventory	5	808,334,259	313,882,169
Cash & Bank Balances	6	5,585,346	102,229
Loans & Advances	7	197,458,358	100,272,825
		<u>1,011,377,963</u>	<u>414,257,223</u>
Less : Current Liabilities & Provisions			
Current Liabilities	8	557,026,757	413,771,896
		<u>557,026,757</u>	<u>413,771,896</u>
Net Current Assets		454,351,206	485,327
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenditure		11,052	12,894
Profit & Loss Account		<u>142,978</u>	<u>73,021</u>
		<u>454,580,300</u>	<u>667,300</u>
Notes To Accounts & Accounting Policies	11		

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

Signatures to the Balance Sheet and Schedules 1 to 8 and 11

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

Mumbai, Dated: May 05, 2010

MILIND S. KORDE **K T JITHENDRAN**
Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
INCOME			
EXPENDITURE			
Cost of Sales	9	-	-
Interest & Finance Charges	10	-	-
Depreciation		55,115	43,406
Preliminary Expenses written off		1,842	1,842
Deficit for the year		<u>(56,957)</u>	<u>(45,248)</u>
Provision for Deferred Tax		<u>(13,000)</u>	-
Deficit After Tax		<u>(69,957)</u>	<u>(45,248)</u>
Deficit Brought Forward		<u>(73,021)</u>	<u>(27,773)</u>
Deficit Carried Forward to Balance Sheet		<u>(142,978)</u>	<u>(73,021)</u>
Earning per share Basic/Diluted in Rs. (Refer Note 6)		(1.05)	(0.72)
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	11		

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

Signatures to Profit & Loss Account and Schedules 9 to 11

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

Mumbai, Dated: May 05, 2010

MILIND S. KORDE **K T JITHENDRAN**
Directors

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 1: SHARE CAPITAL		
Authorised		
90,000 Equity shares of Rs. 10/- each	900,000	900,000
10,000 10% Non Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each	100,000	100,000
	<u>1,000,000</u>	<u>1,000,000</u>
Issued, Subscribed & Paid Up		
66,730 Equity shares of Rs. 10/- each, fully paid-up (Out of which 34,032 Equity Shares are held by Godrej Properties Limited, the Holding company and its nominee)	667,300	667,300
	<u>667,300</u>	<u>667,300</u>
SCHEDULE 2: RESERVE & SURPLUS		
Share Premium as per last Balance Sheet	-	-
Received During the Year	-	214,844,318
Less : Utilised for Redemption of Preference Shares during the year	-	(214,844,318)
	<u>-</u>	<u>-</u>
SCHEDULE 3: SECURED LOANS		
Term Loan from State Bank of India (Secured against Company's share of undivided interest in the project Godrej Genesis at Kolkata)	453,900,000	-
	<u>453,900,000</u>	<u>-</u>

SCHEDULE 4 : FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April 2009 Rs.	Additions Rs.	Deductions Rs.	As at 31st March 2010 Rs.	As at 1st April 2009 Rs.	For the Year Rs.	As at 31st March 2010 Rs.	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
Office Equipment	-	5,063	-	5,063	-	546	546	4,517	-
Computer	139,464	29,058	-	168,522	43,406	54,569	97,975	70,547	96,058
Total	139,464	34,121	-	173,585	43,406	55,115	98,521	75,064	96,058
Previous Year	-	139,464	-	139,464	-	43,406	43,406	96,058	-

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 5: INVENTORY		
Construction work-in-progress	808,334,259	313,882,169
	<u>808,334,259</u>	<u>313,882,169</u>
SCHEDULE 6: CASH & BANK BALANCE		
Cash & Cheques in hand	54,119	10,622
Balances with Scheduled Bank - on Current Accounts	5,531,227	91,607
	<u>5,585,346</u>	<u>102,229</u>
SCHEDULE 7: LOANS & ADVANCES		
(Unsecured & considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received		
- Secured (Secured against Bank / Corporate Guarantee)	97,062,129	-
- Others	100,396,229	100,272,825
	<u>197,458,358</u>	<u>100,272,825</u>
SCHEDULE 8: CURRENT LIABILITIES		
Sundry Creditors (Refer Note 4)	42,034,294	13,435,028
Investors Education & Protection Fund	-	-
Other Liabilities	514,992,463	400,336,868
	<u>557,026,757</u>	<u>413,771,896</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE 9: COST OF SALES		
Opening Stock:	313,882,169	141,768,467
Add : Expenditure/Transfers from Advances/Taken over during the year		
Construction, Material & Labour	379,990,860	42,400,487
Architect Fees	6,563,741	10,112,400
Overheads	39,387,620	108,714,649
Interest	68,509,869	10,886,166
	<u>808,334,259</u>	<u>313,882,169</u>
Less : Closing Stock:	<u>808,334,259</u>	<u>313,882,169</u>
Cost of Sales	<u>-</u>	<u>-</u>

SCHEDULE 10: INTEREST AND FINANCIAL CHARGES

Interest Paid - Banks	16,651,505	38
- Others	51,858,364	10,886,128
Total Interest Paid	<u>68,509,869</u>	<u>10,886,166</u>
Less: Transferred to Cost of Sales	<u>68,509,869</u>	<u>10,886,166</u>
NET INTEREST	<u>-</u>	<u>-</u>

SCHEDULE 11 : NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

1) Accounting Policies

a) General

The accounts are prepared under the Historical Cost Convention, using the accrual method of accounting, the accounting standard issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-acquisition expenses and interest in case of construction.

Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c) Depreciation / Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

d) Inventories

Inventories are valued as under:

- a) Completed Flats - At lower of Cost or Market value
- b) Construction Work-in-Progress - At Cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

e) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

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

Interest income is accounted on an accrual basis at contracted rates.

f) Borrowing Cost

Interest and Finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects, are transferred to Construction Work-in-Progress as a part of the cost of the projects at weighted average of the borrowing cost.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

g) Earnings Per Share

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

h) Provision For Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

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

i) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date

of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains / losses are recognised in the Profit and Loss Account.

j) Provisions and Contingent Liabilities

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

Contingent liabilities are disclosed in respect of possible obligations that arise from the past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. There is no contingent liability as on the balance sheet date.

k) Miscellaneous Expenditure

Miscellaneous expenditure is amortized over a period of 10 years.

- 2) 10,000 10% Non Convertible Cumulative Redeemable Preference shares of Rs.10/- each issued on 24th March 2008 are redeemed on 31st March 2009 @ premium of Rs. 21,484.43 Per Share as per the provision of Companies Act ,1956.

3) Preference dividend

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Arrears of Cumulative Preference Dividend	10,163	10,163

4) Micro, Small and Medium Enterprises Development Act, 2006

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act 2006". There is no amount overdue as on 31st March, 2010 to Micro, Small & Medium Enterprises on account of principle amount together with interest and also during the previous year.

5) Deferred Tax

The Tax effect of significant temporary differences that resulted in the deferred tax liabilities are :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Liabilities		
- Depreciation on Fixed Assets	13,000	-
Deferred Tax Liabilities	13,000	-

6) Earnings Per Share

Particulars	Current Year	Previous Year
Loss for the year as per Profit & Loss Account(Rs.)	(69,957)	(45,248)
Weighted average no. of equity shares outstanding	66,730	62,513
Basic Earnings Per Share (Rs.)	(1.05)	(0.72)
Nominal value of shares (Rs.)	10/-	10/-

7) Amounts paid to Auditors

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	159,935	159,935
Certification	33,092	11,236
Consultancy Charges	40,388	-
Total	233,415	171,171

8) Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

9) Related Party Disclosure

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

- 1. Relationships:
Shareholders: Godrej Properties Limited (GPL) holds 51% of the Share Capital of the Company. Red Fort India Real Estate Babur (RFIREB) holds 49% of the Share Capital of the Company.
- 2. The following transactions were carried out with the related party in the ordinary course of the business:

Amount in Rs.

Sr. No	Particulars	GPL	RFIREB
1	Issue of Equity/Preference Shares	-	-
		-	215,011,618
2	Redemption of Preference Shares	-	-
		214,944,318	-
3	Expenses Charged by other companies	61,571,202	-
		47,353,570	-
4	Expenses Charged to other companies	-	-
		2,566,142	-
5	Advances received	501,687,500	-
		333,644,318	-
6	Advances paid	453,900,000	-
		88,250,000	-
7	Outstanding payables	501,260,304	-
		397,087,438	-

Figures in italics are for previous year

10) Previous year figures have been regrouped / rearranged where ever necessary to confirm to current year's classification.

11) Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

12) **Additional information as required under Part IV of the Schedule VI to the Companies Act, 1956**
Balance Sheet abstract for the Year ended 31st March, 2010 And Company's General Business Profile

1. Registration Details

Registration No. : U45200MH2007PTC168783
State Code : 11
Balance Sheet Date : 31st March, 2010

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

Public Issue : Nil
Rights Issue : Nil
Bonus Issue : Nil
Private Placement - Capital : Nil
- Premium : Nil

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

Total Liabilities : 1,011,607
Total Assets : 1,011,607

Sources of Funds

Paid-up capital : 667
Reserves & Surplus : -
Secured Loans : 453,900
Unsecured Loans : -
Deferred Tax Liability : 13

Application of Funds

Net Fixed Assets : 75
Investments : -
Net Current Assets : 454,351
Misc. Expenditure : 11
Accumulated Losses : 143

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

Turnover : -
Total Expenditure : (57)
Profit / (Loss) before Tax : (57)
Profit / (Loss) after Tax : (70)
Earning per Share in Rs. : (1.05)
Dividend Rate % : -

5. Generic Names of three principal

products / services of Company : N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Loss For the period	(56,957)	(45,248)
Adjustment for:		
Depreciation	55,115	43,406
Interest Paid	68,509,869	10,886,166
Preliminary Expenses	<u>1,842</u>	<u>1,842</u>
Operating Profit before working capital changes	68,509,869	10,886,166
Adjustment for:		
Change in Inventory	(494,452,090)	(172,113,702)
Change in Loans & Advances	(97,185,533)	155,185
Change in Current Liabilities/Provisions	<u>86,481,320</u>	<u>161,040,793</u>
Net Cash Flow from Operating activities	(436,646,434)	(31,558)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	<u>(34,121)</u>	<u>(139,464)</u>
	(34,121)	(139,464)
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Share Capital including Share Premium Amount	-	215,011,618
Increase in Secured Loan	453,900,000	-
Redemption of Preference Shares	-	(214,944,318)
Interest Paid	<u>(11,736,328)</u>	<u>(38)</u>
Net Cash Flow from Financing Activities	442,163,672	67,262
Net Increase/ (Decrease) in Cash & Cash Equivalent	5,483,117	(103,760)
Cash & Cash Equivalent -Opening Balance	102,229	205,989
Cash & Cash Equivalent -Closing Balance	<u>5,585,346</u>	<u>102,229</u>

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/ restated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

MILIND S. KORDE **K. T. JITHENDRAN**
Directors

Mumbai, Dated: May 05, 2010

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report together with the Audited Accounts for the period ended 31st March, 2010.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the period ended March 31, 2010 reveal that there is a deficit at the end of the period.

2. REVIEW OF OPERATIONS:

The Company has executed an assignment agreement with Godrej Properties Limited for undertaking development of their project called 'Godrej Eternia' at Chandigarh. Further HDFC PMS (under HDFC Asset Management Company Limited Portfolio Management Services Real Estate Portfolio-I, through its Portfolio Manager HDFC Asset Management Company Limited) has purchased 49% equity shares in the Company. Post transfer of shares to HDFC PMS, Godrej Properties Limited now holds 51% stake in the Company.

The Company is developing a commercial cum retail project and has commenced construction on site.

3. DIVIDEND:

As there are no profits, the Directors regret that no dividend can be recommended.

4. DIRECTORS:

During the year Mr. Vipul Roongta was appointed as a nominee Director of HDFC Asset Management Company Limited w.e.f. March 20, 2010.

Mr. K. T. Jithendran retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

5. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2010 and of the loss of the Company for that year;

- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

7. ADDITIONAL INFORMATION:

(a) Since the Company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.

(b) Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is provided hereunder:

(i) Conservation of Energy:

Expenses on account of Energy are negligible.

(ii) Technology Absorption:

It is an on going process.

(iii) Foreign Exchange Earning & Outgo:

The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

8. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates and authorities for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MILIND S. KORDE K.T. JITHENDRAN

Directors

Place: Mumbai

Dated: May 14, 2010

REPORT OF THE AUDITORS

TO THE MEMBERS OF GODREJ ESTATE DEVELOPERS PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **GODREJ ESTATE DEVELOPERS PRIVATE LIMITED**, as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
- c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(e) of Schedule 11-Notes to Accounts, in respect of projects under long term contracts undertaken and/or financed by the Company, we have relied upon the management's

estimates of the percentage of completion, costs to completion and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profits/losses have been accounted, interest income accrued and realizability of the construction work-in-progress and project advances determined.

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

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
- ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and,
- iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the directors as on March 31, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No. : 104607W

ERMIN K. IRANI
Partner
Membership No. 35646

Place: Mumbai
Dated: May 14, 2010

**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.
- (c) There is no disposal of fixed assets during the year.
- 2) (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.
- (c) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (d) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- 7) The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
- 8) In our opinion and according to the information and explanations given to us, The Central Government has not been prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- 9) (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.
- 10) The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth. In Current year the Company has not incurred cash losses, however, it has incurred cash losses in the immediately preceding financial year.
- 11) According to the information and explanations given to us and based on documents and records produced to us, the Company has not defaulted in repayment of dues to bank. The Company does not have any outstanding debentures or dues to financial institutions.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/ societies.
- 14) In our opinion and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.
- 15) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) Based on our examination and according to the information and explanations given to us, there were no term loans during the year.
- 17) According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short term basis for long term investments.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No. : 104607W
ERMIN K. IRANI
Partner
Membership No. 35646
Place: Mumbai
Dated: May 14, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	500,000	500,000
LOAN FUNDS			
DEFERRED TAX LIABILITY			
		49,000	—
		<u>549,000</u>	<u>500,000</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	2	1,425,010	—
Less : Depreciation		17,008	—
Net Block		<u>1,408,002</u>	—
INVESTMENTS			
CURRENT ASSETS, LOANS & ADVANCES			
Inventory	3	265,201,213	—
Cash & Bank Balances	4	45,817,082	500,000
Loans & Advances	5	279,637,849	—
		<u>590,656,144</u>	<u>500,000</u>
Less : Current Liabilities & Provisions			
Current Liabilities	6	591,603,880	60,575
		<u>591,603,880</u>	<u>60,575</u>
NET CURRENT ASSETS		(947,736)	439,425
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenditure		13,760	15,480
PROFIT AND LOSS ACCOUNT			
		74,974	45,095
		<u>549,000</u>	<u>500,000</u>
Notes to Accounts & Accounting Policies	10		

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

As per our Report of even date.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

Firm Registration No. : 104607W

ERMIN K. IRANI

Partner

Mumbai, May 14, 2010

Signatures to the Balance Sheet and Schedules 1 to 6 and 10

MILIND S. KORDE K.T. JITHENDRAN

Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the year ended 31.03.2010 Rupees	For the Period 11.07.2008 to 31.03.2009 Rupees
INCOME			
Interest Income		37,849	—
(Tax deducted at Source Rs.2,090/- [Previous Year Nil])		—	—
EXPENDITURE			
Cost of Sales	7	—	—
Administration Expenses	8	—	43,375
Interest & Finance Charges	9	—	—
Depreciation		17,008	—
Preliminary Expenses written off		1,720	1,720
Profit / (Deficit) for the Year		<u>19,121</u>	<u>(45,095)</u>
Provision for Taxation			
For Current Tax		(3,000)	—
For MAT Credit Entitlement		3,000	—
For Deferred Tax		(49,000)	—
Profit/ (Loss) After Tax		<u>(29,879)</u>	<u>(45,095)</u>
Deficit Brought Forward		(45,095)	—
		<u>(74,974)</u>	<u>(45,095)</u>
Earning per share Basic in Rs. (Refer Note 3)		(0.60)	(0.90)
Notes to Accounts & Accounting Policies	10		

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

As per our Report of even date.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

Firm Registration No. : 104607W

ERMIN K. IRANI

Partner

Mumbai, May 14, 2010

Signatures to the Profit & Loss Account and Schedules 7 to 10

MILIND S. KORDE K.T. JITHENDRAN

Directors

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
50,000 Equity shares of Rs. 10/- each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
ISSUED, SUBSCRIBED & PAID UP		
50,000 Equity shares of Rs. 10/- each, fully paid-up (Of the above 25,500 (Previous year 50,000) shares are held by Godrej Properties Limited, the Holding Company and its nominee)	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

SCHEDULE 2

FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block	
	As at April 1, 2009	Additions	Deductions	As at March 31, 2010	As at April 1, 2009	For the Year	As at March 31, 2010	As at March 31, 2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Office Equipment	—	358,017	—	358,017	—	1,774	1,774	356,243
Furniture & Fixtures	—	58,213	—	58,213	—	376	376	57,837
Computer	—	299,015	—	299,015	—	8,313	8,313	290,702
Motor Vehicle	—	709,765	—	709,765	—	6,545	6,545	703,220
TOTAL	—	1,425,010	—	1,425,010	—	17,008	17,008	1,408,002
Previous Year	—	—	—	—	—	—	—	—

SCHEDULE 3

INVENTORY

Construction Work-in-Progress	265,201,213	—
	<u>265,201,213</u>	<u>—</u>

SCHEDULE 4

CASH & BANK BALANCE

Cash & Cheques-in-Hand	31,038	—
Balance with Scheduled Bank		
- On Current Account	386,044	500,000
- On Fixed Deposit Accounts	45,400,000	—
	<u>45,817,082</u>	<u>500,000</u>

SCHEDULE 5

LOANS & ADVANCES

(Unsecured & considered good unless otherwise stated)

Advances recoverable in cash or kind or for value to be received	29,600,000	—
Interest accrued	35,759	—
Advance Tax and Tax Deducted at Source (Net of Provision for Tax and MAT Credit Entitlement of Rs. 3,000/-)	2,090	—
Deposits	250,000,000	—
	<u>279,637,849</u>	<u>—</u>

SCHEDULE 6

CURRENT LIABILITIES

Sundry Creditors (Refer Note 2)	514,348	13,300
Investor Education and Protection Fund	—	—
Other Liabilities	591,089,532	47,275
	<u>591,603,880</u>	<u>60,575</u>

SCHEDULE 7

COST OF SALES

Opening Stock	—	—
Add : Stock-In-Trade Acquired during the year	259,531,383	—
Advertisement Expenses	505,541	—
Overheads	1,938,669	—
Interest	3,225,620	—
	<u>265,201,213</u>	<u>—</u>
Less : Closing Stock	265,201,213	—
Cost of Sales	<u>—</u>	<u>—</u>

SCHEDULE 8

ADMINISTRATION EXPENSES

Audit fees	—	27,575
Other Operating Expenses	—	15,800
	<u>—</u>	<u>43,375</u>

SCHEDULE 9

INTEREST AND FINANCE CHARGES (NET)

INTEREST PAID

Interest Paid - Others	3,225,620	—
------------------------	-----------	---

TOTAL INTEREST PAID

	3,225,620	—
--	-----------	---

Less: Transferred to Cost of Sales

	3,225,620	—
--	-----------	---

NET INTEREST

	<u>—</u>	<u>—</u>
--	----------	----------

SCHEDULE 10

NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

1) Accounting Policies

a. General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b. Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units/assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c. Depreciation/Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

d. Inventories

Inventories are valued as under :

- a) Completed Flats - At lower of Cost or Market value
- b) Construction Work-in-Progress - At Cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

e. Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

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

f. Borrowing Cost

Interest and Finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress as a part of the cost of the projects at weighted average of the borrowing cost.

g. Provision for taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

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

h. Earning Per Share

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

SCHEDULES FORMING PART OF THE ACCOUNTS

i. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortized over the period of the contract. Exchange gains/losses are recognised in the Profit and Loss Account.

j. Provisions And Contingent Liabilities

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

Contingent liabilities are disclosed in respect of possible obligations that arise from the past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. There is no contingent liability as on the balance sheet date.

k. Miscellaneous Expenditure

Miscellaneous expenditure is amortized over a period of 10 years.

2) Due to Micro, Small and Medium Enterprises

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act, 2006." There is no amount overdue as on March 31, 2010 to Micro, Small & Medium Enterprises on account of principal amount together with interest and also during the previous year.

3) Earnings per share

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Loss for the Year as per Profit & Loss Account (Rs.)	(29,879)	(45,095)
Weighted average no. of equity shares outstanding	50,000	50,000
Basic/Diluted earnings per share (Rs.)	(0.60)	(0.90)
Nominal value of shares (Rs.)	10/-	10/-

4) Deferred Tax

The Tax effect of significant temporary differences that resulted in the deferred tax liabilities are:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Liabilities		
- Depreciation on Fixed Assets	(49,000)	—
Deferred Tax Liabilities	(49,000)	—

5) Amounts paid to Auditors:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	159,935	27,575
Total	159,935	27,575

6) Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

7) Related Party Disclosure

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

1. Relationships:

- Shareholders (the Godrej Group Shareholding) in the Company Godrej Properties Limited (GPL) holds 51% in the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding company.
- Investing party in respect of which the reporting enterprise is an associate. - HDFC PMS.

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

Sr. No	Particulars	Current Year (Rs.) GPL	Previous Year (Rs.) GPL
1	Issue of Equity Share Capital	—	500,000
2	Expenses charged by other companies	264,496,384	18,000
3	Advances received	329,645,356	—
4	Advances repaid	4,825	—
5	Repayment of Expenses Charged	4,660,439	—
6	Purchase of Fixed Assets	1,425,010	—
7	Outstanding payables	590,596,924	18,000

8) Previous year figures have been regrouped/rearranged where ever necessary to confirm to current year's classification.

9) Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract for the Year ended March 31, 2010 and Company's General Business Profile

1. Registration Details

Registration No.	U70102MH2008PTC184595
State Code	11
Balance Sheet Date	March 31, 2010

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

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement - Capital	Nil
- Premium	Nil

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

Total Liabilities	592,153
Total Assets	592,153

Sources of Funds

Paid-up Capital	500
Reserves & Surplus	—
Secured Loans	—
Unsecured Loans	—
Deferred Tax Liability	49

Application of Funds

Net Fixed Assets	1,408
Investments	—
Net Current Assets	(948)
Misc. Expenditure	14
Accumulated Losses	75

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

Turnover	—
Total Expenditure	19
Profit/(Loss) before Tax	19
Profit/(Loss) after Tax	(30)
Earning per Share in Rs.	(0.60)
Dividend Rate %	—

5. Generic Names of three principal products/services of Company

N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Profit/(Loss) for the Year	19,121	(45,095)
Adjustment for:		
Depreciation	17,008	—
Interest Paid	3,225,620	—
Preliminary Expenses	1,720	1,720
Interest Received	(37,849)	—
Operating Profit/(Loss) before working capital changes	3,225,620	(43,375)
Adjustment for:		
Change in Inventory	(265,201,213)	—
Change in Loans & Advances	(279,600,000)	—
Changes in Current Liabilities & Provisions	588,317,685	60,575
Preliminary Expenses Incurred	—	(17,200)
Net Cash Flow from Operating Activities	46,742,092	—
Taxes Paid (Net)	2,090	—
Net Cash Flow from Operating Activities	46,740,002	—
Cash Flow from Financing Activities		
Purchase of Fixed Assets	(1,425,010)	—
Issue of Share Capital	—	500,000
Interest Received	2,090	—
Net Cash Flow from Financing Activities	(1,422,920)	500,000
Net Increase/(Decrease) in Cash & Cash Equivalent	45,317,082	500,000
Cash & Cash Equivalent - Opening Balance	500,000	—
Cash & Cash Equivalent - Closing Balance	45,817,082	500,000

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/ restated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No. : 104607W
ERMIN K. IRANI
Partner
Mumbai, Dated : May 14, 2010

MILIND S. KORDE K.T. JITHENDRAN
Directors

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report together with the Audited Accounts for the year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS :

The accounting results for the period ended March 31, 2010 reveal that there is a deficit at the end of the period.

2. REVIEW OF OPERATIONS :

During the year the Company has made an application to the authorities for conversion of land use from IT to mixed use and is awaiting approval.

3. DIVIDEND :

As there are no profits, the Directors regret that no dividend can be recommended.

4. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Milind S. Korde, retires by rotation and being eligible, offers himself for re-appointment.

5. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Director's confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2010 and of the loss of the Company for that year;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting

records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors have prepared the annual accounts on a going concern basis.

7. ADDITIONAL INFORMATION:

- (a) Since the Company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.
- (b) Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is provided hereunder:
 - (i) Conservation of Energy :
Expenses on account of Energy are negligible.
 - (ii) Technology Absorption :
It is an on going process.
 - (iii) Foreign Exchange Earning & Outgo :
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

8. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
MILIND S. KORDE K.T. JITHENDRAN
Directors

Place: Mumbai
 Dated : May 14, 2010

REPORT OF THE AUDITORS TO THE MEMBERS OF GODREJ REAL ESTATE PRIVATE LIMITED

- 1. We have audited the attached Balance Sheet of **GODREJ REAL ESTATE PRIVATE LIMITED**, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(e) of Schedule 9-Notes to Accounts, in respect of projects under long term contracts undertaken and/or financed by the Company, we have relied upon the management's estimates of the percentage of completion, costs to completion

and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profits/losses have been accounted, interest income accrued and realizability of the construction work in progress and project advances determined.

- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
- 5. On the basis of the written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
 Firm Registration No. 104607W

ERMIN K. IRANI
Partner
 Membership No. 35646
 Place: Mumbai
 Dated: May 14, 2010

Annexure to the Auditors' Report

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

- 1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company.
- (c) There is no disposal of fixed assets during the year.
- 2. (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.
- (c) The Company has not taken any loan, 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 others terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- 4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- 5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
- 6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- 7. In our opinion and according to the information and explanations given to us, the internal audit system is commensurate with the size of the Company and nature of its business.
- 8. The maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of the activities carried on by the Company.

- 9. (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.
- 10. The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred any Cash losses during the current and immediately preceding financial year.
- 11. According to the information and explanations given to us and based on documents and records produced to us, the Company has not defaulted in repayment of dues to debenture holders. There are no dues to banks and financial institutions.
- 12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
- 14. The Company does not deal in shares, securities, debentures and other investments.
- 15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16. Based on our examination and according to the information and explanations given to us, there were no term loans taken during the year.
- 17. According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investments.
- 18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19. The company did not issue any debentures during the year.
- 20. The Company has not raised any money through a public issue during the year.
- 21. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
 Firm Registration No. 104607W

ERMIN K. IRANI
Partner
 Membership No. 35646
 Place: Mumbai
 Dated: May 14, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	500,000	500,000
LOAN FUNDS		-	-
		<u>500,000</u>	<u>500,000</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	2	2,272,694	99,990
Less : Depreciation		446,373	46,302
Net Block		<u>1,826,321</u>	<u>53,688</u>
INVESTMENTS			
		-	-
DEFERRED TAX ASSETS			
		13,000	-
CURRENT ASSETS, LOANS & ADVANCES			
Inventory	3	985,846,618	857,517,086
Cash & Bank Balances	4	68,345	218,014
Loans and advances	5	7,303,998	8,830,043
		<u>993,218,961</u>	<u>866,565,143</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	6	995,034,164	866,207,642
		<u>995,034,164</u>	<u>866,207,642</u>
NET CURRENT ASSETS			
		(1,815,203)	357,501
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Preliminary Expenditure		11,052	12,894
PROFIT & LOSS ACCOUNT			
		464,830	75,917
		<u>500,000</u>	<u>500,000</u>
NOTES TO ACCOUNTS & ACCOUNTING POLICIES			
	9		

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

As per our Report of even date.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Signatures to the Balance Sheet and Schedules 1 to 6 and 9

MILIND S. KORDE K.T. JITHENDRAN

Directors

Mumbai, Dated : May 14, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the Year Ended 31.03.2010 Rupees	For the Year Ended 31.03.2009 Rupees
INCOME			
		-	-
EXPENDITURE			
Cost of sales	7	-	-
Interest & Finance Charges	8	-	-
Depreciation		400,071	32,518
Preliminary Expenses written off		1,842	1,842
Deficit for the Year		<u>(401,913)</u>	<u>(34,360)</u>
Provision for Deferred Tax		13,000	-
(Loss) / Profit for the Year		<u>(388,913)</u>	<u>(34,360)</u>
Deficit Brought Forward		(75,917)	(41,557)
Deficit Carried Forward to Balance Sheet		<u>(464,830)</u>	<u>(75,917)</u>
Earning per share Basic/Diluted in Rs. (Refer Note 4)		(7.78)	(0.69)
NOTES TO ACCOUNTS & ACCOUNTING POLICIES			
	9		

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

As per our Report of even date.

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Signatures to the Profit & Loss Account and Schedules 7 to 9

MILIND S. KORDE K.T. JITHENDRAN

Directors

Mumbai, Dated : May 14, 2010

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
50,000 Equity shares of Rs. 10/- each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
ISSUED, SUBSCRIBED & PAID UP		
50,000 Equity shares of Rs. 10/- each, fully paid up (All the above Shares are held by Godrej Properties Limited, the Holding company and its nominee)	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

SCHEDULE 2: FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block		
	As at 1st April 2009	Additions	Deductions	As at 31st March 2010	Upto 1st April 2009	For the Year	Upto 31st March 2010	As at 31st March 2010	As at 31st March 2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Office Equipment	7,990	565,017	-	573,007	1,509	67,233	68,742	504,265	6,481
Furniture & Fixtures	-	1,455,099	-	1,455,099	-	263,159	263,159	1,191,940	-
Computer	92,000	152,588	-	244,588	44,793	69,679	114,472	130,116	47,207
TOTAL	99,990	2,172,704	-	2,272,694	46,302	400,071	446,373	1,826,321	53,688
Previous Year	99,990	-	-	99,990	13,784	32,518	46,302	53,688	-

SCHEDULE 3
INVENTORY

Construction Work in Progress

985,846,618 857,517,086

985,846,618 857,517,086

SCHEDULE 4
CASH & BANK BALANCE

Cash & Cheques In hand

5,224 131

Balances with Scheduled Bank - On Current Accounts

63,121 217,883

68,345 218,014

SCHEDULE 5
LOANS & ADVANCES

(Unsecured Considered good unless otherwise stated)

Advances recoverable in cash or kind or for value to be received

7,303,998 8,830,043

7,303,998 8,830,043

SCHEDULE 6
CURRENT LIABILITIES

Sundry Creditors (Refer Note No 3)

1,410,886 557,318

Investor Education & Protection Fund

- -

Other Liabilities

993,623,278 865,650,324

995,034,164 866,207,642

SCHEDULES FORMING PART OF THE ACCOUNTS

	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE 7		
COST OF SALES		
Opening Stock	857,517,086	728,176,550
Add : Expenditure/Transfers from Advances/Taken over during the year		
Construction	2,060,605	6,321,935
Architect Fees	3,441,360	-
Advertisement Expenses	138,096	-
Overheads	32,111,180	41,396,718
Interest	90,578,291	81,621,882
	985,846,618	857,517,086
Less : Closing Stock:	985,846,618	857,517,086
Cost of Sales	-	-

SCHEDULE 8
INTEREST AND FINANCIAL CHARGES

Interest Paid		
Other Loans	90,578,291	81,621,882
Total Interest Paid	90,578,291	81,621,882
Add: Brokerage & other Financial Charges	-	-
Total Interest/Finance Charges Paid	90,578,291	81,621,882
Less: Transferred to Cost of Sales	90,578,291	81,621,882
NET INTEREST	-	-

SCHEDULE 9

Notes to Accounts and Accounting Policies

1) Accounting Policies

a) General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c) Depreciation / Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

d) Inventories

Inventories are valued as under :

Completed Flats	- At lower of Cost or Market value
Construction Work-in-Progress	- At Cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

e) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

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

f) Borrowing Cost

Interest and Finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress as a part of the cost of the projects at weighted average of the borrowing cost.

g) Earnings Per Share

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

h) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward

exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains / losses are recognised in the Profit and Loss Account.

i) Provision for taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

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

j) Provisions And Contingent Liabilities

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

Contingent liabilities are disclosed in respect of possible obligations that arise from the past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. There is no contingent liability as on the balance sheet date.

k) Miscellaneous Expenditure

Miscellaneous expenditure is amortized over a period of 10 years.

2) Leases

The Company's significant leasing arrangements are in respect of operating leases for commercial premises. Lease expenditure from operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises taken under operating leases are as under:

Particulars	Current Year	Previous Year
	Rs.	Rs.
Future minimum lease Payment under non-cancelable operating leases		
Not later than 1 year	1,384,320	1,384,320
Later than 1 year and not later than 5 years	3,918,395	5,299,117

3) Micro, Small and Medium Enterprises Development Act, 2006:

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act 2006". There is no amount overdue as on 31st March, 2010 to Micro, Small & Medium Enterprises on account of principal amount together with interest and also during the previous year.

4) Earnings per share

Particulars	Current Year	Previous Year
Profit / (Loss) as per Profit & Loss Account (Rs.)	(388,913)	(34,360)
Weighted average no. of equity shares outstanding	50,000	50,000
Basic / Diluted earnings per share (Rs.)	(7.78)	(0.69)
Nominal value of shares (Rs.)	10 /-	10 /-

5) Deferred Tax

The Tax effect of significant temporary differences that resulted in the deferred tax assets are:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Assets		
- Depreciation on Fixed Assets	13,000	-
Deferred Tax Assets	13,000	-

6) Amounts paid to Auditors

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	159,935	159,935
Consultancy Charges	40,388	33,708
Total	200,323	193,643

7) Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

8) AS 18 – Related Party Disclosure

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

1. Relationships:

Shareholders: Godrej Properties Limited (GPL) holds 100% of the Share Capital of the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding company.

SCHEDULES FORMING PART OF THE ACCOUNTS

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

Sr. No	Particulars	GPL	G&B
1.	Expenses charged by other companies	118,101,621 <i>108,151,756</i>	-
2.	Purchase of Fixed Assets	-	14,86,527
3.	Advances received	29,625,000 <i>34,450,000</i>	-
4.	Advances repaid	800,000 <i>10,00,000</i>	-
5.	Outstanding payables	983,867,205 <i>845,998,414</i>	-

Figures in italics are for previous year

- 9) Previous year figures have been rearranged / regrouped wherever necessary to confirm to current year's classification.
10) Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.
11) Additional Information as required under Part IV of the Schedule VI to the Companies Act, 1956

Balance Sheet Abstract for the Year ended 31st March, 2010 and Company's General Business Profile

1 Registration Details		
Registration No. :	U45200MH2007PTC168818	
State Code :	11	
Balance Sheet Date :	31st March, 2010	
2 Capital raised during the year (Amount in Rs. thousands)		
Public Issue :	Nil	
Rights Issue :	Nil	
Bonus Issue :	Nil	
Private Placement - Capital :	Nil	
- Premium :	Nil	
3 Position of mobilisation and deployment of funds (Amount in Rs. thousands)		
Total Liabilities :	995,534	
Total Assets :	995,534	
Sources of Funds		
Paid-up capital :	500	
Reserves & Surplus :	-	
Secured Loans :	-	
Unsecured Loans :	-	
Application of Funds		
Net Fixed Assets :	1,826	
Investments :	-	
Deferred Tax Assets :	13	
Net Current Assets :	(1,815)	
Misc. Expenditure :	11	
Accumulated Losses :	465	
4 Performance of Company (Amount in Rs. thousands)		
Turnover :	-	
Total Expenditure :	(402)	
Profit/(Loss) before Tax :	(402)	
Profit/(Loss) after Tax :	(389)	
Earning per Share in Rs. :	(7.78)	
Dividend Rate % :	-	
5 Generic Names of three principal products/services of Company		N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Loss for the Year	(401,913)	(34,360)
Adjustment for:		
Depreciation	400,071	32,518
Interest Paid	90,578,291	81,621,882
Preliminary expenses	1,842	1,842
Operating Loss before working capital changes	90,578,291	81,621,882
Adjustment for:		
Change in Inventory	(128,329,532)	(129,340,535)
Change in Loans & Advances	1,526,045	(7,152,543)
Change in Current Liabilities / Provisions	38,248,231	54,960,253
Net Cash Flow from Operating activities	2,023,035	89,057
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2,172,704)	-
Net Cash Flow from Investing Activities	(2,172,704)	-
Cash Flow from Financing Activities		
Net Increase/ (Decrease) in Cash & Cash Equivalent	(149,669)	89,057
Cash & Cash Equivalent -Opening Balance	218,014	128,957
Cash & Cash Equivalent -Closing Balance	68,345	218,014

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/ restated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner

MILIND S. KORDE **K.T. JITHENDRAN**
Directors

Mumbai, Dated : May 14, 2010

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report along with the **Audited** Accounts for the year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the period ended March 31, 2010 reveal that there is surplus at the end of the period. During the year the Company has created Debenture Redemption Reserve as required under Section 117(C) of the Companies Act, 1956.

2. REVIEW OF OPERATIONS:

The Company has conceptualized and finalized the design for the First Phase of the Project and is awaiting further approvals for the same.

3. DIVIDEND :

There is no Dividend declared for the year ended March 31, 2010.

4. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Naresh Nadkarni, retires by rotation and being eligible, offers himself for re-appointment.

5. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

6. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Director's confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2010 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.

7. ADDITIONAL INFORMATION:

- (a) Since the Company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.
- (b) Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is provided hereunder:
 - (i) **Conservation of Energy:**
Expenses on account of Energy are negligible.
 - (ii) **Technology Absorption:**
It is an on going process.
 - (iii) **Foreign Exchange Earning & Outgo:**
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

8. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MILIND S. KORDE NARESH NADKARNI
Directors

Place : Mumbai
Dated : May 14, 2010

REPORT OF THE AUDITORS TO THE MEMBERS OF GODREJ REALTY PRIVATE LIMITED

- 1. We have audited the attached Balance Sheet of GODREJ REALTY PRIVATE LIMITED, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(e) of Schedule 12-Notes to Accounts, in respect of projects under long term contracts undertaken and/or financed by the Company, we have relied upon the management's estimates of the percentage of completion, costs

- to completion and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profits/losses have been accounted, interest income accrued and realizability of the construction work in progress and project advances determined.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - 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, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA AND MISTRY
Chartered Accountants
Firm Registration No. 104607W

ERMIN K. IRANI
Partner
Membership No. 35646
Place : Mumbai
Dated : May 14, 2010

ANNEXURE TO THE AUDITORS' REPORT

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

- 1) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company.
- (c) There is no disposal of fixed assets during the year.
- 2) (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Consequently, the question of commenting on the rates of interest, terms and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and interest and reasonable steps for recovery of the same does not arise.
- (c) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (d) Consequently, the question of commenting on the rates of interest and others terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- 7) The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
- 8) In our opinion and according to the information and explanations given to us, The Central Government has not been prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- 9) (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident

- Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.
- 10) The Company 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 documents and records produced to us, the Company has not defaulted in repayment of dues to banks and debenture holders. There are no dues to financial institutions.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
- 14) In our opinion and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) In our opinion and according to the information and explanations given to us, the Company has utilized the term loan for the purpose it was taken.
- 17) According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investments.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA AND MISTRY
Chartered Accountants
Firm Registration No. 104607W

ERMIN K. IRANI
Partner
Membership No. 35646
Place: Mumbai
Date: May 14, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	10,000,000	10,000,000
Reserves & Surplus	2	6,211,915	674,472
Loan Funds			
Secured Loans	3	150,000,000	150,000,000
Deferred Tax Liability		1,000	1,000
		<u>166,212,915</u>	<u>160,675,472</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	247,525	247,525
Less : Depreciation		22,421	20,468
Net Block		<u>225,104</u>	<u>227,057</u>
Investments			
Current Assets, Loans & Advances			
Inventory	5	90,702,935	84,163,008
Cash & Bank Balances	6	105,396,053	101,915,567
Loans & Advances	7	3,925,054	9,490,264
		<u>200,024,042</u>	<u>195,568,839</u>
Less : Current Liabilities & Provisions			
Current Liabilities	8	34,036,231	35,120,424
		<u>34,036,231</u>	<u>35,120,424</u>
Net Current Assets		<u>165,987,811</u>	<u>160,448,415</u>
		<u>166,212,915</u>	<u>160,675,472</u>
Notes To Accounts & Accounting Policies	12		

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

Signatures to Balance sheet and Schedules 1 to 8 and 12

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Mumbai, Dated: May 14, 2010

MILIND S. KORDE NARESH NADKARNI
Directors

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the Year ended 31.03.2010 Rupees	For the Year ended 31.03.2009 Rupees
INCOME			
Interest Income		9,654,565	28,785,599
(Tax deducted at Source Rs. 970,762/- [Previous Year Rs. 6,507,756/-])			
EXPENDITURE			
Cost of Sales	9	-	-
Administration Expenses	10	-	23,451
Interest & Finance Charges	11	1,500,150	24,727,520
Depreciation		1,953	7,917
		<u>8,152,462</u>	<u>4,026,711</u>
Profit/ (Loss) for the Year			
Provision for Taxation			
For Current Tax		(2,614,000)	(1,248,000)
For Deferred Tax		-	(4,000)
		<u>5,538,462</u>	<u>2,774,711</u>
Profit/ (Loss) After Tax			
Prior Year Tax Adjustment		(1,019)	-
Deficit Brought Forward		-	(2,100,239)
Amount available for appropriation		5,537,443	674,472
Transfer to Debenture Redemption Reserve		5,537,443	674,472
		<u>-</u>	<u>-</u>
Earning per share Basic in Rs. (Refer Note 5)		5.54	2.77
Earning per share Diluted in Rs. (Refer Note 5)		0.41	0.65
Notes to Accounts & Accounting Policies	12		

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

Signatures to Profit and Loss Account and Schedules 9 to 12

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Mumbai, Dated: May 14, 2010

MILIND S. KORDE NARESH NADKARNI
Directors

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
1,000,000 Equity shares of Rs.10/- each	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
Issued & Subscribed & Paid Up		
1,000,000 Equity Shares of Rs.10/- each, fully paid-up (Out of the above 510,000 equity shares are held by Godrej Properties Limited, the Holding Company and its nominee)	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>
SCHEDULE 2 : RESERVES & SURPLUS		
DEBENTURE REDEMPTION RESERVE		
Balance as per last Balance Sheet	674,472	-
Transferred from Profit & Loss Account	5,537,443	674,472
Balance at the end of the year	<u>6,211,915</u>	<u>674,472</u>
SCHEDULE 3 : SECURED LOANS		
1% Secured Redeemable Optionally Convertible Debentures (Refer Note 2)	150,000,000	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>

SCHEDULE 4 : FIXED ASSET

Particulars	Gross Block			Depreciation				Net Block		
	As at 1st April 2009	Additions	Deductions	As at 31st March 2010	Upto 1st April 2009	For the Year	Deductions	Upto 31st March 2010	As at 31st March 2010	As at 31st March 2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Refer Note 2)	222,175	-	-	222,175	-	-	-	-	222,175	222,175
Computers	25,350	-	-	25,350	20,468	1,953	-	22,421	2,929	4,882
Total	247,525	-	-	247,525	20,468	1,953	-	22,421	225,104	227,057
Previous Year	347,608	-	100,083	247,525	63,850	7,917	51,299	20,468	227,057	

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 5 : INVENTORY		
Construction Work in Progress	90,702,935	84,163,008
	<u>90,702,935</u>	<u>84,163,008</u>
SCHEDULE 6 : CASH & BANK BALANCE		
Cash in Hand	667	667
Balance with Scheduled Bank - on Current Account	105,395,386	410,413
- on Fixed Deposit Account	-	101,504,487
	<u>105,396,053</u>	<u>101,915,567</u>
SCHEDULE 7 : LOANS & ADVANCES		
(Unsecured & considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received		
Others	412	3,922,385
Advance Tax and Tax Deducted at Source	3,924,642	5,567,879
(Net of provision for Tax of Rs. 3,862,000/- previous year Rs. 1,582,610/-)		
	<u>3,925,054</u>	<u>9,490,264</u>
SCHEDULE 8 : CURRENT LIABILITIES		
Sundry Creditors (Refer Note 3)	888,634	809,480
Investor Education & Protection Fund	-	-
Other Liabilities	369,923	2,883,271
Interest Accrued but not due	32,777,674	31,427,673
	<u>34,036,231</u>	<u>35,120,424</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE 9 : COST OF SALES		
Opening Stock:	84,163,009	88,563,479
Add : Expenditure/ Transfers from Advances during the period		
Construction Material & Labour	150,724	7,809,660
Architect Fees	5,027,474	-
Overheads	1,361,728	756,159
Interest	-	4,527,861
	90,702,935	101,657,159
Less : Transferred to Interest & Finance Charges	-	17,494,151
Less : Closing Stock:	90,702,935	84,163,008
Cost of Sales	-	-

SCHEDULE 10 : ADMINISTRATION EXPENSES

Loss on sale of Fixed Assets	-	23,451
	-	23,451

SCHEDULE 11 : INTEREST AND FINANCE CHARGES (NET)

Interest Paid		
Others	1,500,000	11,761,030
Total Interest paid	1,500,000	11,761,030
Add : Trfd from Cost of Sales	-	17,494,151
Add : Brokerage & Other Financial Charges	150	200
GROSS INTEREST	1,500,150	29,255,381
Less : Transferred to Cost of Sales	-	4,527,861
NET INTEREST	1,500,150	24,727,520

SCHEDULE 12 : NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

1) Accounting Policies

a) General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction. Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c) Depreciation / Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

d) Inventories

Inventories are valued as under :

- a) Completed Flats - At lower of Cost or Market value
- b) Construction Work-in-Progress - At cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

e) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company. Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion. Such estimates have been relied upon by the auditors.

Interest income is accounted on an accrual basis at contracted rates.

f) Borrowing Cost

Interest and finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress / Due on Management Project, as a part of the cost of the projects at weighted average of the borrowing cost / rates as per Agreements respectively. Other borrowing costs are recognized as an expense in the period in which they are incurred.

g) Earnings Per Share

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

h) Provision for Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent

that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and loss enacted on substantially enacted on the balance sheet date.

i) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains / losses are recognised in the Profit and Loss Account.

j) Provisions and Contingent Liabilities

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from the past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. As on the balance sheet date there is no contingent liability.

2) Secured Loans

The 1% secured optionally convertible debentures are redeemable at the end of the 7 years from the deed date of allotment and are secured to the extent of specific immovable assets of the Company disclosed under the head "Fixed Assets".

The Company has created a Debenture Redemption Reserve as required under Section 117 (C) of the Companies Act, 1956 to the extent of Profit available for distribution.

3) Micro, Small and Medium Enterprises Development Act, 2006:

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act 2006." There is no amount overdue as on 31st March, 2010 to Micro, Small & Medium Enterprises on account of principal amount together with interest and also during the previous year.

4) Deferred Tax

The Tax effect of significant temporary differences that resulted in deferred tax liabilities are :

Particulars	Current Year(Rs.)	Previous Year (Rs.)
Liabilities		
-Depreciation on Fixed Assets	(1,000)	(1,000)
Deferred Tax Liabilities	(1,000)	(1,000)

5) Earnings per share

Particulars	Current Year(Rs.)	Previous Year (Rs.)
Profit for the year as per Profit & Loss Account	5,537,443	2,774,711
Weighted average no. of Equity Shares outstanding	1,000,000	1,000,000
Weighted average no. of Potential Equity Shares outstanding	16,000,000	16,000,000
Basic Earnings Per Share (Rs.)	5.54	2.77
Diluted Earnings Per Share (Rs.)	0.41	0.65
Nominal value of shares	10	10

6) Amounts paid to Auditors:

Particulars	Current Year(Rs.)	Previous Year (Rs.)
Audit Fees	159,935	159,935
Audit & Other Statutes	55,150	55,150
Certification	-	1,124
Consultancy charges	67,293	33,708
Total	282,378	249,917

7) Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

8) AS 18 – Related Party Disclosure

1. Relationships:

(i) Shareholders (the Godrej Group Shareholding) in the Company-Godrej Properties Limited (GPL) holds 51% in the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding company.

(ii) Investing party in respect of which the reporting enterprise is an associate. –HDFC Venture Trustee Company Limited

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

Sr. No		G&B	GPL	HDFC Venture Trustee Company Limited
1	Expenses Charged to other Companies	-	9,604,511	-
		-	<i>4,612,506</i>	-
2	Expenses Charged by other Companies	-	150	-
		-	<i>94,852</i>	-
3	Debenture Interest	-	765,000	735,000
		-	<i>5,952,329</i>	<i>5,718,904</i>
4	Loans / Advances taken	-	105,400,000	-
		-	<i>112,400,000</i>	-
5	Advances repaid	-	105,400,000	-
		-	<i>112,400,000</i>	-
6	Outstanding receivables, net of (payables)	(703)	(16,032,697)	(16,744,977)
		<i>(703)</i>	<i>(15,344,207)</i>	<i>(16,083,477)</i>
7	Debentures Outstanding	-	76,500,000	73,500,000
		-	<i>76,500,000</i>	<i>73,500,000</i>

(Figures in italics are for previous year)

9) Previous year figures have been rearranged / regrouped wherever necessary to confirm to current year's classification.

10) Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract for the year ended 31st March, 2010 and Company's General Business Profile

1	Registration Details	
	Registration No.	U70100MH2005PTC154268
	State Code	11
	Balance Sheet Date	31st March, 2010
2	Capital raised during the year (Amount in Rs. thousands)	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement - Capital	Nil
	- Premium	Nil
3	Position of mobilisation and deployment of funds (Amount in Rs. thousands)	
	Total Liabilities	200,249
	Total Assets	200,249
	Sources of Funds	
	Paid-up capital	10,000
	Reserves & Surplus	6,212
	Secured Loans	150,000
	Unsecured Loans	-
	Deferred Tax Liability	1
	Application of Funds	
	Net Fixed Assets	225
	Investments	-
	Net Current Assets	165,988
	Misc. Expenditure	-
	Accumulated Losses	-
4	Performance of Company (Amount in Rs. thousands)	
	Total Expenditure	1,502
	Profit / (Loss) before Tax	8,152
	Profit / (Loss) after Tax	5,537
	Earning per Share (Basic) in Rs.	5.54
	Earning per Share (Diluted) in Rs.	0.41
	Dividend Rate %	-
5	Generic Names of three principal products / services of Company	N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

Particulars	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Profit / (Loss) for the Year	8,152,462	4,026,711
Adjustment for:		
Depreciation	1,953	7,917
Interest Paid	1,500,000	29,255,181
(Profit) / Loss on sale of Fixed Asset (Net)	-	23,451
Interest Income	(9,654,565)	(28,785,599)
Operating Profit / (Loss) before working capital changes	(150)	4,527,661
Adjustment for:		
Change in Inventory	(6,539,927)	4,400,471
Change in Loans & Advances	3,921,973	84,061,521
Change in Current Liabilities / Provisions	(2,584,192)	(32,401,802)
	(5,202,296)	60,587,851
Taxes Paid (Net)	(971,783)	(6,507,199)
Net Cash Flow from Operating activities	(6,174,079)	54,080,652
Cash Flow from Investing Activities		
Sale of Fixed Assets	-	25,333
Interest Received	9,654,565	28,785,599
Net Cash Flow from Investing Activities	9,654,565	28,810,932
Cash Flow from Financing Activities		
	-	-
Net Increase/ (Decrease) in Cash & Cash Equivalent	3,480,486	82,891,584
Cash & Cash Equivalent -Opening Balance	101,915,567	19,023,983
Cash & Cash Equivalent -Closing Balance	105,396,053	101,915,567

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/restated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI
Partner
Mumbai, Dated: May 14, 2010

MILIND S. KORDE NARESH NADKARNI
Directors

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report together with the Audited Accounts for the year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the period ended March 31, 2010 reveal that there is a deficit at the end of the period.

2. REVIEW OF OPERATIONS:

The Company has executed an assignment agreement with Godrej Properties Limited for undertaking development of their project called 'Godrej Palm Grove' at Chennai. Further HDFC PMS (under HDFC Asset Management Company Limited Portfolio Management Services Real Estate Portfolio-I, through its Portfolio Manager HDFC Asset Management Company Limited) has purchased a 49% equity in the Company. Post transfer of shares to HDFC PMS, Godrej Properties Limited now holds 51% stake in the Company.

The Company is developing a residential project and has conceptualized and finalized the design for the First Phase of the Project.

3. DIVIDEND:

As there are no profits, the Directors regret that no dividend can be recommended.

4. SUBDIVISION OF SHARES:

During the year your Company has sub-divided the equity share capital from Rs.10/- each to Re.1/- each, consequently the total number of equity shares of the Company has increased from 50,000 to 5,00,000.

5. DIRECTORS:

During the year Mr. Vipul Roongta was appointed as a nominee Director of HDFC Asset Management Company Limited w.e.f March 31, 2010.

In accordance with the provisions of the Articles of Association, Mr. Milind S. Korde retires by rotation and being eligible, offers himself for re-appointment.

6. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

7. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Director's confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;

- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2010 and of the loss of the Company for that year;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

8. ADDITIONAL INFORMATION:

- a. Since the Company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.
- b. Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is provided hereunder:
 - i. Conservation of Energy :
Expenses on account of Energy are negligible.
 - ii. Technology Absorption :
It is an on going process.
 - iii. Foreign Exchange Earning & Outgo :
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

9. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MILIND S. KORDE **K.T. JITHENDRAN**
Directors

Place: Mumbai
Dated: May 14, 2010

REPORT OF THE AUDITORS

TO THE MEMBERS OF GODREJ SEA VIEW PROPERTIES PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **GODREJ SEA VIEW PROPERTIES PRIVATE LIMITED**, as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(e) of Schedule 11-Notes to Accounts, in respect of projects under long term contracts undertaken and/or financed by the Company, we have relied upon the management's estimates of the percentage of completion, costs to

completion and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the basis of which profits/losses have been accounted, interest income accrued and realizability of the construction work-in-progress and project advances determined.

- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and,
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Registration No.: 104607W
ERMIN K. IRANI
Partner
Membership No. 35646
Place : Mumbai
Date : May 14, 2010

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.
- (c) There is no disposal of fixed assets during the year.
- 2) (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Consequently, the question of commenting on the rates of interest, terms and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and interest and reasonable steps for recovery of the same does not arise.
- (c) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (d) Consequently, the question of commenting on the rates of interest and others terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- 7) The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
- 8) In our opinion and according to the information and explanations given to us, The Central Government has not been prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- 9) (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues

incurred during the year. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March, 2010 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.
- 10) The Company's accumulated losses at the end of the financial year less than fifty percent of its networth. In Current year the Company has not incurred cash losses, however, it has incurred cash losses in the immediately preceding financial year
- 11) According to the information and explanations given to us and based on documents and records produced to us, the Company has not defaulted in repayment of dues to bank. The Company does not have any outstanding debentures or dues to financial institutions.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/ societies.
- 14) In our opinion and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.
- 15) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) Based on our examination and according to the information and explanations given to us, there were no term loans during the year.
- 17) According to the information and explanations given to us and an overall examination of the Balance Sheet and cash flows of the Company, we report that the Company has not utilized funds raised on short term basis for long term investments.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) The Company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Registration No.: 104607W
ERMIN K. IRANI
Partner
Membership No. 35646
Place : Mumbai
Date : May 14, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	500,000	500,000
LOAN FUNDS			
DEFERRED TAX LIABILITY		31,000	—
		<u>531,000</u>	<u>500,000</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	2	587,902	—
Less : Depreciation		7,967	—
Net Block		579,935	—
Capital Work-In-Progress / Advances		2,182,485	—
		<u>2,762,420</u>	—
INVESTMENTS			
CURRENT ASSETS, LOANS & ADVANCES			
Inventory	3	36,331,024	—
Cash & Bank Balances	4	19,926,791	392,781
Loans & Advances	5	82,945,430	—
		<u>139,203,245</u>	<u>392,781</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	6	141,616,260	50,963
Provisions	7	—	—
		<u>141,616,260</u>	<u>50,963</u>
NET CURRENT ASSETS		(2,413,015)	341,818
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
Preliminary Expenditure		11,052	12,894
PROFIT AND LOSS ACCOUNT			
		170,543	145,288
		<u>531,000</u>	<u>500,000</u>
Notes To Accounts & Accounting Policies	11		

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

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner

Mumbai, Dated: May 14, 2010

Signatures to the Balance Sheet and Schedules 1 to 7 and 11

MILIND S. KORDE **K.T. JITHENDRAN**
Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
INCOME			
Interest Income		15,554	—
EXPENDITURE			
Cost of Sales	8	—	—
Administration Expenses	9	—	77,186
Interest & Finance Charges	10	—	—
Depreciation		7,967	—
Preliminary Expenses written off		1,842	1,842
Profit / (Defecit) for the Year		<u>5,745</u>	<u>(79,028)</u>
Provision for Taxation		—	—
For Current Tax		(1,000)	—
For MAT Credit Entitlement		1,000	—
For Deferred Tax		(31,000)	—
Deficit After Tax		<u>(25,255)</u>	<u>(79,028)</u>
Deficit Brought Forward		(145,288)	(66,260)
Deficit carried to the Balance sheet		<u>(170,543)</u>	<u>(145,288)</u>
Earning per share - Basic in Rs. (Refer Note 4)		(0.05)	(0.16)
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	11		

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

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner

Mumbai, Dated: May 14, 2010

Signatures to Profit & Loss Account and Schedules 8 to 11

MILIND S. KORDE **K.T. JITHENDRAN**
Directors

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
500,000 Equity shares of Re. 1/- each (Previous Year 50,000 Equity shares of Rs. 10/- each)	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Issued, Subscribed and Paid-up		
500,000 Equity shares of Re. 1/- each, fully paid-up (Of the above 388,636 (Previous year 50,000 Equity shares of Rs. 10/- each) Shares are held by Godrej Properties Limited, the Holding company and its nominee)	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

SCHEDULE 2 : FIXED ASSETS

Particulars	Gross Block				Depreciation			Net Block	
	As at 1st April, 2009 Rs.	Additions Rs.	Deductions Rs.	As at 31st March, 2010 Rs.	Upto 1st April, 2009 Rs.	For the Year Rs.	Upto 31st March, 2010 Rs.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
Office Equipment	—	135,000	—	135,000	—	848	848	134,152	—
Furniture & Fixtures	—	152,061	—	152,061	—	528	528	151,533	—
Computer	—	300,841	—	300,841	—	6,591	6,591	294,250	—
TOTAL	—	587,902	—	587,902	—	7,967	7,967	579,935	—
Previous Year	—	—	—	—	—	—	—	—	—
Capital Work-in-Progress	—	—	—	—	—	—	—	2,182,485	—
						TOTAL		2,762,420	

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 3		
INVENTORY		
Construction Work-in-Progress	36,331,024	—
	<u>36,331,024</u>	<u>—</u>
SCHEDULE 4		
CASH & BANK BALANCE		
Cash & Cheques-in-Hand	1,960	—
Balance with Scheduled Bank - on Current Account	674,831	392,781
- on Fixed Deposit Accounts	19,250,000	—
	<u>19,926,791</u>	<u>392,781</u>
SCHEDULE 5		
LOANS & ADVANCES		
(Unsecured & considered good unless otherwise stated)		
Advances recoverable in cash or kind or for value to be received	2,929,876	—
Interest accrued	15,554	—
Deposits	80,000,000	—
	<u>82,945,430</u>	<u>—</u>
SCHEDULE 6		
CURRENT LIABILITIES		
Sundry Creditors (Refer Note 2)	1,009	23,388
Investor Education and Protection fund	—	—
Other Liabilities	141,615,251	27,575
	<u>141,616,260</u>	<u>50,963</u>
SCHEDULE 7		
PROVISIONS		
Provision for Income Tax (Net of MAT Credit entitlement of Rs. 1,000/-)	—	—
	<u>—</u>	<u>—</u>
	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
SCHEDULE 8		
COST OF SALES		
Opening Stock	—	—
Add : Stock-In-Trade Acquired during the year	27,403,964	—
Construction, Material & Labour	10,000	—
Over heads	8,677,327	—
Interest	239,733	—
	<u>36,331,024</u>	<u>—</u>
Less : Closing Stock	36,331,024	—
Cost of Sales	<u>—</u>	<u>—</u>
SCHEDULE 9		
ADMINISTRATION EXPENSES		
Audit fees	—	27,575
Other Expenses	—	49,611
	<u>—</u>	<u>77,186</u>
SCHEDULE 10		
INTEREST AND FINANCE CHARGES (NET)		
INTEREST PAID		
Interest Paid - Others	239,733	—
TOTAL INTEREST PAID	239,733	—
Less: Transferred to Cost of Sales	239,733	—
NET INTEREST	—	—
SCHEDULE 11		
NOTES TO ACCOUNTS AND ACCOUNTING POLICIES		

1) Accounting Policies

a. General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b. Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c. Depreciation / Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

d. Inventories

Inventories are valued as under :

Completed Flats - At lower of Cost or Market value
Construction Work-in-Progress - At Cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

e. Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

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

f. Borrowing Cost

Interest and Finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress as a part of the cost of the projects at weighted average of the borrowing cost.

g. Earnings Per Share

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

h. Provision for Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

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

i. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains / losses are recognised in the Profit and Loss Account.

j. Provisions And Contingent Liabilities

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

Contingent liabilities are disclosed in respect of possible obligations that arise from the past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. There is no contingent liability as on the balance sheet date.

k. Miscellaneous Expenditure

Miscellaneous expenditure is amortized over a period of 10 years.

2) Contingent Liabilities

Capital Commitment outstanding for the year ended 2009-10 (Net of Advance) is amounting to Rs. 2,322,203/- (Previous Year Rs. NIL).

3) Due to Micro, Small and Medium Enterprises

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act 2006". There is no amount overdue as on 31st March, 2010 to Micro, Small & Medium Enterprises on account of principal amount with interest and also during the previous year.

4) Earnings per Share

Particulars	Current Year	Previous Year
Loss for the Year as per Profit & Loss Account (Rs.)	(25,255)	(79,028)
Weighted average no. of equity shares outstanding	500,000	500,000
Basic / Diluted earnings per share (Rs.)	(0.05)	(0.16)*
Nominal value of shares (Rs.)	1/-	10/-

* Earnings per share of previous year has been recomputed based on the no of shares outstanding after split of shares during the year

5) **Deferred Tax**

The Tax effect of significant temporary differences that resulted in the deferred tax liabilities are :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Liabilities		
- Depreciation on Fixed Assets	31,000	-
Deferred Tax Liabilities	31,000	-

6) **Lease**

The Company's significant leasing arrangements are in respect of operating leases for Commercial premises. Lease expenditure for operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises taken under operating leases are as under :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Future minimum lease payments under non-cancelable operating leases		
- Not later than 1 year	2,241,396	NIL
- Later than 1 year and not later than 5 years	9,709,390	NIL
- Later than 5 years	2,030,206	NIL

7) **Amounts paid to Auditors:**

	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	159,935	27,575
Consultancy Charges	40,388	33,708
Total	200,323	61,283

8) **Segment Information**

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

9) **Related Party Disclosure**

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

1. Relationships:

- Shareholders: (the Godrej Group Shareholding) in the Company Godrej Properties Limited (GPL) holds 77.73% in the Company. GPL is the subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding company
- Investing party in respect of which the reporting enterprise is an associate. - HDFC PMS.

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

Sr. No.	Particulars	GPL	G&B
1	Reimbursement of Expenses	29,170,686	-
		1,149	-
2.	Advance Received/(Given)	109,839,114	(304,284)
		-	-
3.	Purchase of Fixed Assets	2,454,873	-
		-	-
4.	Outstanding payables/(Receivable)	141,085,481	(304,284)
		22,379	-

Figures in italics are for previous year.

10) Previous year figures have been regrouped / rearranged wherever necessary to confirm to current year's classification.

11) Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

12. **Additional information as required under Part IV of the Schedule VI to the Companies Act, 1956**

Balance Sheet Abstract for the period ended 31st March, 2010 and Company's General Business Profile.

1. Registration Details		
Registration No.	:	U45200MH2007PTC168730
State Code	:	11
Balance Sheet Date	:	31st March, 2010
2. Capital raised during the year (Amount in Rs. thousands)		
Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement - Capital	:	Nil
- Premium	:	Nil
3. Position of mobilisation and deployment of funds (Amount in Rs. thousands)		
Total Liabilities	:	142,147
Total Assets	:	142,147
Sources of Funds		
Paid-up capital	:	500
Reserves and Surplus	:	—
Secured Loans	:	—
Unsecured Loans	:	—
Deferred Tax Liability	:	31
Application of Funds		
Net Fixed Assets	:	2,762
Investments	:	—
Net Current Assets	:	(2,413)
Miscellaneous Expenditure	:	11
Accumulated Losses	:	171
4. Performance of Company (Amount in Rs. thousands)		
Turnover	:	—
Total Expenditure	:	10
Profit/(Loss) before Tax	:	6
Profit/(Loss) after Tax	:	(25)
Earning per Share in Rs.	:	(0.05)
Dividend Rate %	:	—
5. Generic Names of three principal products/services of Company	:	N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Profit/(Loss) for the Year	5,745	(79,028)
Adjustment for:		
Depreciation	7,967	-
Interest Paid	239,733	-
Preliminary Expenses	1,842	1,842
Interest Received	(15,554)	-
Operating Profit before working capital changes	239,733	(77,186)
Adjustment for:		
Change in Inventory	(36,331,024)	-
Change in Loans & Advances	(82,929,876)	-
Changes in Current Liabilities & Provisions	141,325,564	1,643
Net Cash Flow from Operating Activities	22,304,397	(75,543)
Purchase of Fixed Assets	(2,770,387)	-
Net Cash Flow from Investing Activities	(2,770,387)	-
Net Cash Flow from Financing Activities	-	-
Net Increase/ (Decrease) in Cash & Cash Equivalent	19,534,010	(75,543)
Cash & Cash Equivalent -Opening Balance	392,781	468,324
Cash & Cash Equivalent -Closing Balance	19,926,791	392,781

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/ restated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

ERMIN K. IRANI
Partner

Mumbai, Dated: May 14, 2010

MILIND S. KORDE K.T. JITHENDRAN
Directors

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report along with the Audited Accounts for the year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the year ended March 31, 2010 reveal that there is a surplus at the end of the year.

During the year the Company has created Debenture Redemption Reserve as required under Section 117(C) of the Companies Act, 1956.

2. REVIEW OF OPERATIONS :

The project has a total Developable area of 2.16 million sq.ft spanning two towers with parking facility for approximately 1400 car parks.

The Project comprises of two towers, Tower 1 having a developable area of 0.72 million sq.ft. and Tower 2 having a developable area of 1.44 million sq.ft. Tower I is fully complete and the Company has sold 3,31,772 sq.ft. Tower II is under construction.

3. DIVIDEND:

There is no Dividend declared for the year ended March 31, 2010.

4. DIRECTORS:

During the year Mr. Amit B. Choudhury has been appointed as an Additional Director w.e.f February 1, 2010 who will hold office till the conclusion of the ensuing Annual General Meeting of the Company.

In accordance with the provisions of the Articles of Association, Mr. Pirojsha A. Godrej and Mr. K. T. Jithendran retire by rotation and being eligible, offer themselves for re-appointment.

5. MATERIAL SUBSIDIARY:

During the year your Company has become the Material Non Listed Indian Subsidiary of Godrej Properties Limited as per Clause 49 of listing agreement.

6. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

7. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Director's Confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;

- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2010 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.

8. ADDITIONAL INFORMATION:

- (a) Since the Company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.
- (b) Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is provided hereunder:
 - i) **Conservation of Energy:**
Expenses on account of Energy are negligible.
 - ii) **Technology Absorption:**
It is an on going process.
 - iii) **Foreign Exchange Earning & Outgo:**
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

9. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MILIND S. KORDE NARESH NADKARNI
Directors

Place : Mumbai,
Dated : May 14, 2010

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

1. We have audited the attached Balance Sheet of **GODREJ WATERSIDE PROPERTIES PRIVATE LIMITED**, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) Without qualifying our opinion, we draw attention to the fact that as referred to in Note 1(e) of Schedule 14-Notes to Accounts, in respect of projects under long term contracts undertaken and/or financed by the Company, we have relied upon the management's estimates of the percentage of completion, costs to completion and on the projections of revenues expected from projects owing to the technical nature of such estimates, on the

- basis of which profits/losses have been accounted, interest income accrued and realizability of the construction work in progress and project advances determined.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - 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, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No.: 104607W

ERMIN K. IRANI
Partner
Membership No. 35646

Place : Mumbai
Dated : May 14, 2010

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.
- (c) There is no disposal of fixed assets during the year.
2. (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) Consequently, the question of commenting on the rates of interest, terms and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and interest and reasonable steps for recovery of the same does not arise.
- (c) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (d) Consequently, the question of commenting on the rates of interest and others terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of Section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
7. The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
8. In our opinion and according to the information and explanations given to us, the Central Government has not been prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
9. (a) According to the information and explanations given to us and on the basis of our examination of books of accounts, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and

Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March 2010 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.
10. The Company's does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.
11. According to the information and explanations given to us and based on documents and records produced to us, the Company has not defaulted in repayment of dues to debenture holders, banks and financial institutions.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
14. In our opinion and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us and based on the documents and records examined by us, on an overall basis, the term loan has been applied for the purpose for which the loan was obtained.
17. According to the information and explanations given to us and an overall examination of the Balance Sheet and cash flows of the Company, we report that the Company has not utilized funds raised on short term basis for long term investments.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not issue any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
 Firm Registration No.: 104607W
ERMIN K. IRANI
Partner
 Membership No. 35646
 Place: Mumbai
 Dated: May 14, 2010

BALANCE SHEET AS AT MARCH 31, 2010

Schedule	As at	
	31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	10,000,000	10,000,000
Reserve & Surplus	16,875,800	12,943,462
Loan Funds		
Secured Loans	2,167,300,000	2,167,300,000
	<u>2,194,175,800</u>	<u>2,190,243,462</u>
Application of Funds		
Fixed Assets		
Gross Block	4,218,878	3,958,506
Less : Depreciation	2,065,890	1,449,504
Net Block	<u>2,152,988</u>	<u>2,509,002</u>
Investments		
Deferred Tax Asset	30,000	4,000
Current Assets, Loans & Advances		
Inventory	2,371,895,669	2,070,421,912
Debtors	353,254,319	245,317,300
Cash & Bank Balances	40,233,572	18,190,356
Loans & Advances	139,307,911	326,307,823
	<u>2,904,691,471</u>	<u>2,660,237,391</u>
Less : Current Liabilities & Provisions		
Current Liabilities	711,233,052	465,089,851
Provisions	1,465,607	7,417,080
	<u>712,698,659</u>	<u>472,506,931</u>
Net Current Assets	<u>2,191,992,812</u>	<u>2,187,730,460</u>
	<u>2,194,175,800</u>	<u>2,190,243,462</u>
Notes To Accounts & Accounting Policies	14	

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

As per our Report of even date

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Mumbai, Dated : May 14, 2010

Signatures to the Balance Sheet and Schedules 1 to 10 and 14

MILIND S. KORDE NARESH NADKARNI

Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

Schedule	For the year ended	
	31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
INCOME		
Sales	870,207,675	592,449,300
Other Income	3,662,561	3,169,314
(Tax Deducted at Source Rs.361,270 /- [Previous year Rs. 718,167/-])		
	<u>873,870,236</u>	<u>595,618,614</u>
EXPENDITURE		
Cost of Sales	863,770,951	566,538,934
Interest & Finance Charges	3,662,561	3,169,314
Depreciation	616,386	691,460
	<u>868,049,898</u>	<u>570,399,708</u>
Profit for the Year	5,820,338	25,218,906
Provision for Taxation for Current Tax for Deferred Tax	(1,914,000)	(8,890,000)
Profit / (Loss) After Tax	3,932,338	16,351,906
Deficit Brought Forward	-	(3,408,444)
Amount available for appropriation	<u>3,932,338</u>	<u>12,943,462</u>
Transfer to Debenture Redemption Reserve	3,932,338	12,943,462
Balance Carried Forward to Balance Sheet	-	-
Earning per share Basic in Rs. (Refer Note 7)	3.93	16.35
Earning per share Diluted in Rs. (Refer Note 7)	0.13	0.55
Notes To Accounts & Accounting Policies	14	

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

As per our Report of even date

For and on behalf of

KALYANIWALLA & MISTRY

Chartered Accountants

ERMIN K. IRANI

Partner

Mumbai, Dated : May 14, 2010

Signatures to Profit and Loss Account and Schedules 11 to 14

MILIND S. KORDE NARESH NADKARNI

Directors

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2010

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorized		
1,000,000 Equity shares of Rs. 10/- each	<u>10,000,000</u>	<u>10,000,000</u>
	<u>10,000,000</u>	<u>10,000,000</u>
Issued, Subscribed & Paid Up		
1,000,000 Equity shares of Rs. 10/- each, fully paid-up (510,000 equity shares are held by Godrej Properties Limited the Holding Company & its nominee)	<u>10,000,000</u>	<u>10,000,000</u>
	<u>10,000,000</u>	<u>10,000,000</u>
SCHEDULE 2 : RESERVES & SURPLUS		
DEBENTURE REDEMPTION RESERVE		
Balance as per last Balance Sheet	12,943,462	12,943,462
Transferred from Profit & Loss Account	3,932,338	-
Less : Utilised during the year	-	-
Balance at the end of the year	<u>16,875,800</u>	<u>12,943,462</u>
	<u>16,875,800</u>	<u>12,943,462</u>
SCHEDULE 3 : SECURED LOANS		
1% Secured Redeemable Optionally Convertible Debentures (Refer Note 3)	290,000,000	290,000,000
Term Loan from State Bank of India (secured by changes of development rights of Company's project Godrej Waterside IT Park at Kolkata)	<u>1,877,300,000</u>	<u>1,877,300,000</u>
	<u>2,167,300,000</u>	<u>2,167,300,000</u>

SCHEDULE 4 : FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block	
	As at 1st April 2009 Rs.	Additions Rs.	Deduct- tions Rs.	Upto 1st April 2009 Rs.	For the Year Rs.	Upto 31st March 2010 Rs.	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
Land (Refer Note 2)	356,380	-	-	-	-	-	356,380	356,380
Office Equipments	427,943	197,462	-	103,993	66,651	170,644	454,761	323,950
Furniture & Fixtures	948,920	-	-	294,721	118,410	413,131	535,789	654,199
Computers	1,388,771	62,910	-	687,318	308,860	996,178	455,503	701,453
Motor Car	836,492	-	-	363,472	122,465	485,937	350,555	473,020
Total	3,958,506	260,372	-	4,218,878	1,449,504	616,386	2,065,890	2,152,988
Previous Year	3,098,290	860,216	-	3,958,506	758,044	691,460	1,449,504	2,509,002

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 5 : INVENTORY		
Construction work in progress	<u>2,371,895,669</u>	<u>2,070,421,912</u>
	<u>2,371,895,669</u>	<u>2,070,421,912</u>

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 6 : SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)		
Due over Six months	-	-
Others	353,254,319	245,317,300
Includes unbilled revenue of Rs. 343,305,025/- (Previous year Rs. 206,398,200/-)	<u>353,254,319</u>	<u>245,317,300</u>

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 7 : CASH & BANK BALANCE		
Cash	53,799	55,700
Balance with Scheduled Bank - On current Account - On Fixed Deposit Accounts (Refer Note 2)	<u>32,079,773</u>	<u>18,134,656</u>
	<u>8,100,000</u>	<u>-</u>
	<u>40,233,572</u>	<u>18,190,356</u>

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 8 : LOANS & ADVANCES		
(Unsecured & considered good)		
Advances recoverable in cash or kind or for value to be received	-	-
- Secured (Secured against Bank / Corporate Guarantee)	128,072,448	182,218,588
- Others	11,235,463	139,063,304
Interest accrued	<u>139,307,911</u>	<u>5,025,931</u>
	<u>139,307,911</u>	<u>326,307,823</u>

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 9 : CURRENT LIABILITIES		
Sundry Creditors (Refer Note 4)	107,553,132	185,152,842
Investor Education and Protection Fund	-	-
Advances received against Sale	4,602,544	-
Other liabilities	562,654,237	246,123,870
Interest Accrued but not due	<u>36,423,139</u>	<u>33,813,139</u>
	<u>711,233,052</u>	<u>465,089,851</u>

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 10 : PROVISIONS		
Provision for Income Tax (Net of Advance Tax and TDS Rs. 9,338,393/- (Previous Year 1,418,920/-))	<u>1,465,607</u>	<u>7,417,080</u>
	<u>1,465,607</u>	<u>7,417,080</u>

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 11 : INCOME		
Interest received	3,662,561	3,169,314
	<u>3,662,561</u>	<u>3,169,314</u>
Tax deducted at source	361,270	718,167

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 12 : COST OF SALES		
Opening Stock	2,070,421,912	992,961,241
Add : Expenditure during the period		
Construction Material & Labour	801,220,508	1,347,051,271
Architect Fees	3,351,975	33,324,612
Advertisement Expenses	3,656,835	15,713,436
Over heads	98,870,978	95,011,311
Interest	258,144,412	152,898,975
	<u>3,235,666,620</u>	<u>2,636,960,846</u>
Less: Closing Stock	<u>2,371,895,669</u>	<u>2,070,421,912</u>
Cost of Sales	<u>863,770,951</u>	<u>566,538,934</u>

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE 13 : INTEREST AND FINANCIAL CHARGES		
Interest Paid - Bank	211,191,523	97,990,609
Interest Paid - Others	50,615,450	58,077,680
Total Interest/Finance Charges Paid	261,806,973	156,068,289
Less: Transferred to Cost of Sales	<u>258,144,412</u>	<u>152,898,975</u>
Net Interest	<u>3,662,561</u>	<u>3,169,314</u>

Schedule 14 : Notes to Accounts and Accounting Policies

1) Accounting Policies

a) General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

c) Depreciation / Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

d) Inventories

Inventories are valued as under :

- a) Completed Flats - At lower of Cost or Market value
- b) Construction Work-in-Progress - At cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

e) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

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

Income from operation of commercial complexes is recognized over the tenure of the lease/service agreement.

Interest income is accounted on an accrual basis at contracted rates.

f) Borrowing cost

Interest and Finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects are transferred to Construction Work in Progress / Due on Management Project, as a part of the cost of the projects at weighted average of the borrowing cost / rates as per Agreements respectively.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

g) Earnings Per Share

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

h) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortized over the period of the contract. Exchange gains / losses are recognised in the Profit and Loss Account.

i) Provision for taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

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

j) Provisions and Contingent Liabilities

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

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

2) Contingent Liabilities:

Matters	As at 31st March 31, 2010 (Rs.)	As at 31st March 31, 2009 (Rs.)
a) Guarantees given by Bank, counter guaranteed by the Company (The said bank guarantee is issued by marking a lien on Fixed Deposit of Rs. 81,00,000/- held with State Bank of India)	81,00,000/-	NIL

3) **Secured Loans**

29,000,000 1% Secured redeemable optionally Convertible Debentures of Rs. 10 each are redeemable at the end of the 7 years from the deemed date of allotment 4th July 2007 and are secured to the extent of specific immovable assets of the Company disclosed under the head "Fixed Assets".

The Company has created a Debenture Redemption Reserve as required under Section 117 (C) of the Companies Act, 1956 to the extent of Profit available for distribution.

4) **Due to Micro, Small and Medium Enterprises**

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small & Medium Enterprises Development Act, 2006." There is no amount overdue as on March 31, 2010 to Micro, Small & Medium Enterprises on account of principal amount together with interest and also during the previous year.

5) **Expenditure in Foreign Currency:**

Particulars	Current Year Rs.	Previous Year Rs.
Travelling Expenses	-	9,244
Other Expenditure	-	68,510,943
Total	-	68,520,187

6) **Deferred Tax**

The Tax effect of significant temporary differences that resulted in the deferred tax assets are :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Assets		
- Depreciation on Fixed Assets	30,000	4,000
Deferred Tax Asset	30,000	4,000

7) **Earnings per share**

Particulars	Current Year Rs.	Previous Year Rs.
Profit / (Loss) for the Year as per Profit & Loss Account	3,932,338	16,351,906
Weighted average no. of Equity Shares outstanding	1,000,000	1,000,000
Weighted average no. of Potential Equity Shares outstanding	30,000,000	30,000,000
Basic Earnings Per Share	Rs. 3.93	Rs.16.35
Diluted Earnings Per Share	Rs. 0.13	Rs. 0.55
Nominal value of shares	10/-	10/-

8) **Lease**

The Company's significant leasing arrangements are in respect of operating leases for Commercial premises. Lease expenditure for operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises taken under operating leases are as under :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Future minimum lease payments under non-cancelable operating leases		
- Not later than 1 year	4,18,192	NIL

9) **Amounts paid to Auditors**

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	159,935	159,935
Audit under other Statutes	55,150	55,150
Certification	33,092	28,635
Consultancy charges	40,388	33,708
Total	288,565	277,446

10) **Segment Information**

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

11) **Related Party Disclosure**

1. Relationships:

(i) Shareholders in the Company : Godrej Properties Limited (GPL) holds 51% of the share capital of the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding company.

(ii) Investing party in respect of which the reporting enterprise is an associate. - HDFC Venture Trustee Company Limited

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

Sr. No	Particulars	G&B	GPL	HDFC Venture Trustee Company Limited
1.	Expenses charged by other company	36,319,950	76,299,258	-
		21,457,218	136,308,667	-
2.	Interest on Debentures	-	1,479,000	1,421,000
		-	11,507,835	11,056,548
3.	Advances Received	-	763,850,000	-
		-	1,186,033,000	-
4.	Advances repaid/given	13,708,809	500,752,038	-
		5,440,871	1,674,651,328	-
5.	Outstanding payables	(4,599,669)	(556,396,071)	(17,847,337)
		-	(220,439,297)	(16,568,438)
6.	Debentures Outstanding	-	147,900,000	142,100,000
		-	147,900,000	142,100,000

Figures in italics are for previous year

12) Previous year figures have been regrouped / rearranged where ever necessary to confirm to current year's classification.

13) Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

14) **Additional information as required under Part IV of the Schedule VI to the Companies Act, 1956**

Balance Sheet Abstract for the year ended 31st March, 2010 and Company's General Business Profile

1 **Registration Details**

Registration No. U70100MH2005PTC154255
State Code 11
Balance Sheet Date 31st March, 2010

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

Public Issue Nil
Rights Issue Nil
Bonus Issue Nil
Private Placement - Capital Nil
- Premium Nil

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

Total Liabilities 2,906,874
Total Assets 2,906,874

Sources of Funds

Paid-up capital 10,000
Reserves & Surplus 16,876
Secured Loans 2,167,300
Unsecured Loans -

Application of Funds

Net Fixed Assets 2,153
Investments -
Net Current Assets 2,191,993
Deferred Tax Asset 30
Misc. Expenditure -
Accumulated Losses -

4 **Performance of Company (Amount in Rs. thousands)**

Turnover 873,870
Total Expenditure 868,050
Profit/(Loss) before Tax 5,820
Profit/(Loss) after Tax 3,932
Earning per Share (Basic) in Rs. 3.93
Earning per Share (Diluted) in Rs. 0.13
Dividend Rate % -

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

N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Profit for the Year	5,820,338	25,218,906
Adjustment for:		
Depreciation	616,386	691,460
Interest Paid	261,806,973	156,068,289
Interest Income	(3,662,561)	(3,169,314)
Operating Profit before working capital changes	264,581,136	178,809,341
Adjustment for:		
Change in Inventory	(301,473,757)	(1,077,460,671)
Increase in Sundry Debtors	(107,937,019)	(245,317,300)
Change in Loans & Advances	193,209,444	(60,208,861)
Change in Current Liabilities / Provisions	195,527,751	(573,653,234)
	243,907,555	(1,777,830,725)
	(7,865,473)	(718,167)
Net Cash Flow from Operating activities	236,042,082	(1,778,548,892)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(260,372)	(860,216)
Interest Received	(2,546,971)	718,167
Net Cash Flow from Investing Activities	(2,807,343)	(142,049)
Cash Flow from Financing Activities		
Increase in Secured Loan	-	1,877,300,000
Interest Paid	(211,191,523)	(80,942,500)
Net Cash Flow from Financing Activities	(211,191,523)	1,796,357,500
Net Increase/ (Decrease) in Cash & Cash Equivalent	22,043,216	17,666,559
Cash & Cash Equivalent -Opening Balance	18,190,356	523,797
Cash & Cash Equivalent -Closing Balance	40,233,572	18,190,356

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/ restated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No.: 104607W

ERMIN K. IRANI
Partner

MILIND S. KORDE **NARESH NADKARNI**
Directors

Place: Mumbai
Dated: May 14, 2010

BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

TO THE SHAREHOLDERS

Your Directors have pleasure in submitting their Report alongwith the Audited Accounts for the year ended March 31, 2010.

1. FINANCIAL HIGHLIGHTS:

The accounting results for the year ended March 31, 2010 reveal that there is profit at the end of the period.

2. REVIEW OF OPERATIONS:

The project will have a total developable area of 3.2 million sq.ft in two phases, Phase 1 will have a total developable area of 0.54 million sq ft and Phase 2 would have a total developable area of 2.66 million sq.ft.

The Company has obtained approvals for Phase 1 and it is expected to receive approval for Phase 2 by end of September 2010. Phase 1 was launched by the Company in October 2009, wherein the Company had sold 214117 sq.ft. out of total of 514046 sq.ft.

3. DIVIDEND:

There is no Dividend declared for the year ended March 31, 2010.

4. CHANGE IN SHAREHOLDING PATTERN:

During the year Godrej Properties Limited, the holding Company has diluted its 49% stake in the Company to IL&FS Trust Company Limited A/C Milestone India Real Estate Fund.

Post transfer of shares to Milestone India Real Estate Fund Godrej Properties Limited now holds 51% stake in the Company.

5. DIRECTORS:

During the year Mr. Paritosh Kakkad and Mr. Ashish Joshi were appointed as nominee Directors of Milestone India Real Estate Fund (w.e.f September 14, 2009).

In accordance with the Provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. K.T.Jithendran retire by rotation and offers himself for reappointment.

6. APPOINTMENT OF AUDITORS:

M/s. Kalyaniwalla & Mistry, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment for which they have given their consent.

7. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Director's confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;

- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2010 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.

8. ADDITIONAL INFORMATION:

- (a) Since the Company has no employees, the particulars of the employees to be disclosed u/s 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not given.
- (b) Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is provided hereunder:
 - (i) Conservation of Energy :
Expenses on account of Energy are negligible.
 - (ii) Technology Absorption:
It is an on going process.
 - (iii) Foreign Exchange Earning & Outgo:
The Company has not earned any Foreign Exchange nor incurred any Foreign Exchange Expenditure during the year.

9. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all the associates for their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

MILIND S. KORDE K.T. JITHENDRAN
DIRECTORS

Place : Mumbai
Dated : May 14, 2010

REPORT OF THE AUDITORS TO THE MEMBERS OF HAPPY HIGHRISES LIMITED

1. We have audited the attached Balance Sheet of **HAPPY HIGHRISES LIMITED**, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said 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, 2010;
- 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, 2010, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants
Firm Registration No.: 104607W
ERMIN K. IRANI
Partner
Membership No. 35646
Place: Mumbai
Dated : May 14, 2010

ANNEXURE TO THE AUDITORS' REPORT

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

- 1) (a) The Company is maintaining 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.
- (c) There is no disposal of fixed assets during the year.
- 2) (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956
- (b) Consequently, the question of commenting on the rates of interest and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and the interest and reasonable steps for recovery of principal and interest does not arise.
- (c) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956
- (d) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing marketing prices at the relevant time, where comparable market price exist.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public hence the provisions of section 58A and 58AA or any other provisions of the Companies Act, 1956, are not applicable.
- 7) The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
- 8) In our opinion and according to the information and explanations given to us, The Central Government has not been prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- 9) (a) According to the information and explanations given to us and on the basis of our examination

of books of accounts, during the year, the Company has no statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues incurred during the year. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March 2010 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues outstanding of Sales Tax, Value Added Tax, Income Tax, Wealth Tax, Excise Duty, cess on account of any dispute.
- 10) The Company 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 documents and records produced to us, the Company has not defaulted in repayment of dues to bank. The Company does not have any outstanding debentures or dues to financial institutions.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
- 14) In our opinion and according to the information and explanations given to us, the Company does not deal in shares, securities, debentures and other investments.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16) Based on our examination and according to the information and explanations given to us, there were no term loans taken during the year.
- 17) According to the information and explanations given to us and an overall examination of the Balance Sheet and cash flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investments.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) The company did not issue any debentures during the year.
- 20) The Company has not raised any money through a public issue during the year.
- 21) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
KALYANIWALLA & MISTRY
 Chartered Accountants
 Firm Registration No.: 104607W

ERMIN K. IRANI
 Partner
 Membership No. 35646
 Place: Mumbai
 Dated: May 14, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	2,031,200	2,031,200
Reserve & Surplus	2	14,472,024	-
LOAN FUNDS		-	-
DEFERRED TAX LIABILITY		12,000	-
		<u>16,515,224</u>	<u>2,031,200</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	2,618,114	137,360
Less : Depreciation		392,900	33,445
Net Block		<u>2,225,214</u>	<u>103,915</u>
INVESTMENTS			
CURRENT ASSETS, LOANS & ADVANCES			
Inventory	4	1,256,666,886	907,618,712
Debtors	5	67,616,112	-
Cash & Bank Balances	6	14,481,093	87,980
Loans & Advances	7	19,898,842	1,155,172
		<u>1,358,662,933</u>	<u>908,861,864</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	8	1,336,263,427	907,020,485
Provisions	9	8,121,578	-
		<u>1,344,385,005</u>	<u>907,020,485</u>
NET CURRENT ASSETS		14,277,928	1,841,379
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Preliminary Expenditure		12,082	13,808
		-	72,098
PROFIT & LOSS ACCOUNT		<u>16,515,224</u>	<u>2,031,200</u>
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	12		

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

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
 Chartered Accountants
ERMIN K. IRANI
 Partner
 Mumbai, Dated : May 14, 2010

Signatures to the Balance Sheet and Schedules 1 to 9 and 12

MILIND S. KORDE **K.T. JITHENDRAN**
 Directors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	For the Year ended 31.03.2010 Rupees	For the Year ended 31.03.2009 Rupees
INCOME			
Sales		121,057,106	-
EXPENDITURE			
Cost of Sales	10	97,971,803	-
Interest & Finance Charges	11	-	-
Depreciation		359,455	30,245
Preliminary Expenses written off		1,726	1,726
Profit / (Deficit) for the Year		<u>22,724,122</u>	<u>(31,971)</u>
Provision for Tax			
for Current Tax		(8,168,000)	-
for Deferred Tax		(12,000)	-
Profit / (Deficit) after tax		<u>14,544,122</u>	<u>(31,971)</u>
Deficit Brought Forward		(72,098)	(40,127)
Profit Carried Forward to Balance Sheet		<u>14,472,024</u>	<u>(72,098)</u>
Earning per share Basic/Diluted in Rs. (Refer Note 3)		71.60	(0.16)
NOTES TO ACCOUNTS & ACCOUNTING POLICIES	12		

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

As per our Report of even date.

For and on behalf of
KALYANIWALLA & MISTRY
 Chartered Accountants
ERMIN K. IRANI
 Partner
 Mumbai, Dated : May 14, 2010

Signatures to Profit & Loss Account and Schedules 10 to 12

MILINDS.KORDE **K.T. JITHENDRAN**
 Directors

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.10 Rupees	As at 31.03.09 Rupees
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED		
250,000 Equity shares of Rs. 10/- each	2,500,000	2,500,000
	<u>2,500,000</u>	<u>2,500,000</u>
ISSUED, SUBSCRIBED & PAID UP		
203,120 Equity shares of Rs. 10/- each, fully paid-up (Of the above 103,592 (Previous year 203,120) shares are held by Godrej Properties Limited, the Holding Company and its nominee)	2,031,200	2,031,200
	<u>2,031,200</u>	<u>2,031,200</u>
SCHEDULE 2		
RESERVES & SURPLUS		
PROFIT AND LOSS ACCOUNT		
	14,472,024	-
	<u>14,472,024</u>	<u>-</u>

SCHEDULE 3: FIXED ASSETS

Particulars	Gross Block			Depreciation				Net Block	
	As at 1st April, 2009	Additions	Deductions	As at 31st March, 2010	Upto 1st April, 2009	For the Year	Upto 31st March, 2010	As at 31st March, 2010	As at 31st March, 2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Furniture & Fixtures	-	1,369,693	-	1,369,693	-	156,032	156,032	1,213,661	-
Office Equipments	3,200	386,246	-	389,446	3,200	38,151	41,351	348,095	-
Computers	134,160	724,815	-	858,975	30,245	165,272	195,517	663,458	103,915
Total	137,360	2,480,754	-	2,618,114	33,445	359,455	392,900	2,225,214	103,915
Previous Year	3,200	134,160	-	137,360	3,200	30,245	33,445	103,915	-

SCHEDULE 4

INVENTORY

Construction work in progress	1,256,666,886	907,618,712
	<u>1,256,666,886</u>	<u>907,618,712</u>

SCHEDULE 5

SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)

Others (Include unbilled Revenue of Rs. 57,999,721/- Previous year Nil)	67,616,112	-
	<u>67,616,112</u>	<u>-</u>

SCHEDULE 6

CASH & BANK BALANCE

Cash & Cheques-in-Hand	54,110	14,085
Balances with Scheduled Bank - On Current account	14,426,983	73,895
	<u>14,481,093</u>	<u>87,980</u>

SCHEDULE 7

LOANS & ADVANCES

(Unsecured & considered good unless otherwise stated)		
- Secured (Secured against Bank Guarantee)	16,212,613	-
Advances recoverable in cash or kind or for value to be received	3,686,229	1,108,750
Advance Tax and Tax Deducted at Source	-	46,422
	<u>19,898,842</u>	<u>1,155,172</u>

SCHEDULE 8

CURRENT LIABILITIES

Sundry Creditors (Refer Note 2)	90,373,592	1,087,650
Investor Education & Protection Fund	-	-
Advances received against Sale	1,278,797	-
Other liabilities	1,244,611,038	905,932,835
	<u>1,336,263,427</u>	<u>907,020,485</u>

SCHEDULE 9

PROVISIONS

Provision for Income Tax (Net of Advance Tax & Tax deducted at source of Rs. 46,422/-, Previous Year Rs. 46,422/-)	8,121,578	-
	<u>8,121,578</u>	<u>-</u>

SCHEDULE 10

COST OF SALES

Opening Stock	907,618,712	774,188,736
Add : Expenditure during the period		
Construction, Material & Labour	123,579,224	5,662,615
Architect Fees	1,416,852	-
Advertisement Expenses	32,826,545	545,093
Overheads	182,866,518	39,873,381
Interest	106,330,838	87,348,887
	<u>1,354,638,689</u>	<u>907,618,712</u>
Less : Closing Stock	1,256,666,886	907,618,712
Cost of Sales	<u>97,971,803</u>	<u>-</u>

SCHEDULE 11

INTEREST AND FINANCIAL CHARGES

Interest Paid		
Interest Paid - Others	106,325,525	87,345,656
Total Interest Paid	<u>106,325,525</u>	<u>87,345,656</u>
Add: Brokerage & other Financial Charges	5,313	3,231
Total Interest/Finance Charges Paid	<u>106,330,838</u>	<u>87,348,887</u>
Less: Transferred to Cost of Sales	106,330,838	87,348,887
NET INTEREST	<u>-</u>	<u>-</u>

SCHEDULE 12 : NOTES TO ACCOUNT AND ACCOUNTING POLICIES

1) Accounting Policies

a) General

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

b) Miscellaneous Expenditure

Miscellaneous expenditure is amortized over a period of 10 years.

c) Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre-operation expenses and interest in case of construction.

Carrying amount of cash generating units / assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

d) Depreciation / Amortization

Depreciation has been provided on Written Down Value basis, at the rates specified in Schedule XIV of the Companies Act, 1956.

e) Inventories

Inventories are valued as under:

- a) Completed Flats - At lower of Cost or Market value
- b) Construction Work-in-Progress - At cost

Construction Work in Progress includes cost of land, premium for development rights, construction costs, allocated interest and expenses incidental to the projects undertaken by the Company.

f) Revenue Recognition

The Company is following the "Percentage of Completion Method" of accounting. As per this method, revenue in Profit & Loss Account at the end of the accounting year is recognized in proportion to the actual cost incurred as against the total estimated cost of projects under execution with the Company.

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

Interest income is accounted on an accrual basis at contracted rates.

g) Borrowing Cost

Interest and finance charges incurred in connection with borrowing of funds, which are incurred for the development of long term projects, are transferred to Construction Work in Progress / Due on Management Project, as a part of the cost of the projects at weighted average of the borrowing cost / rates as per Agreements respectively.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

h) Earnings Per Share

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

i) Provision For Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The tax

SCHEDULES FORMING PART OF THE ACCOUNTS

effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on the balance sheet date.

j) Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Assets and liabilities related to foreign currency transactions, remaining unsettled at the year end, are translated at the year end exchange rates. Forward exchange contracts, remaining unsettled at the year end, backed by underlying assets or liabilities are also translated at year end exchange rates. The premium payable on foreign exchange contracts is amortised over the period of the contract. Exchange gains / losses are recognised in the Profit and Loss Account.

k) Provisions And Contingent Liabilities

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

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

2. Micro, Small and Medium Enterprises Development Act, 2006:

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts.

3. Earnings per share

	Current Year	Previous Year
Profit / (Loss) for the period as per Profit & Loss Account (Rs.)	14,544,122	(31,971)
Weighted average no. of equity shares outstanding	203,120	203,120
Earnings Per Share (Basic /Diluted) (Rs.)	71.60	(0.16)
Nominal value of shares (Rs.)	10/-	10/-

4. Deferred Tax

The Tax effect of significant temporary differences that resulted in deferred tax liabilities are :

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Liabilities		
- Depreciation on Fixed Assets	12,000	-
Deferred Tax Liabilities	12,000	-

5. Amounts paid to Auditors

	Current Year (Rs.)	Previous Year (Rs.)
Audit Fees	1,59,935	1,59,935
Audit Under Other Statutes	55,150	-
Consultancy Charges	40,388	-
Total	255,473	159,935

6. Segment Information

As the company has only one business segment, disclosure under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

7. Related Party Disclosure

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

(i) Relationships:

Shareholders (the Godrej Group Shareholding) in the Company Godrej Properties Limited (GPL) hold 51% in the Company. GPL is the Subsidiary of Godrej Industries Limited (GIL). GIL is a subsidiary of Godrej & Boyce Manufacturing Company Limited (G&B), the ultimate holding Company.

(ii) Investing party in respect of which the reporting enterprises is an associate-Milestone Real Estate Fund.

The following transactions were carried out with the related party in the ordinary course of the business:

(Amt. in Rs.)

Sr. No	Particulars	GPL	G&B
1.	Expenses incurred by other company towards Construction work in progress and Revenue expenditure	181,214,018 <i>114,240,742</i>	-
2.	Advances Received	202,500,000 <i>31,270,000</i>	-
3.	Advances Repaid	31,900,000	-
4.	Outstanding payables	1,227,097,105 <i>885,915,639</i>	-
5.	Purchase of Fixed Assets	-	81,702

Figures in italics are for previous year

8. Previous year figures have been rearranged / regrouped wherever necessary to conform to current year's classification.

9. Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 to the extent not applicable has not been given.

10. Additional information as required under Part IV of the Schedule VI to the Companies Act, 1956

Balance Sheet Abstract for the Year ended 31st March, 2010 And Company's General Business Profile		
1 Registration Details	:	
Registration No.	:	U51909MH1993PLC180464
State Code	:	11
Balance Sheet Date	:	31st March, 2010
2 Capital raised during the year (Amount in Rs. thousands)	:	
Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement - Capital	:	Nil
- Premium	:	Nil
3 Position of mobilisation and deployment of funds (Amount in Rs. thousands)	:	
Total Liabilities	:	1,360,900
Total Assets	:	1,360,900
Sources of Funds	:	
Paid-up capital	:	2,031
Reserves & Surplus	:	14,472
Secured Loans	:	-
Unsecured Loans	:	-
Deferred Tax Liability	:	12
Application of Funds	:	
Net Fixed Assets	:	2,225
Investments	:	-
Net Current Assets	:	14,278
Misc. Expenditure	:	12
Accumulated Losses	:	-
4 Performance of Company (Amount in Rs. thousands)	:	
Turnover	:	121,057
Total Expenditure	:	98,333
Profit/(Loss) before Tax	:	22,724
Profit/(Loss) after Tax	:	14,544
Earning per Share in Rs.	:	71.60
Dividend Rate %	:	-
5 Generic Names of three principal products/services of Company	:	N.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Current Year Rupees	Previous Year Rupees
Cash Flow from Operating Activities		
Profit / (Loss) before taxation	22,724,122	(31,971)
Adjustment for:		
Depreciation	359,455	30,245
Interest Paid	106,330,838	87,348,887
Preliminary Expenses	1,726	1,726
Operating Profit / (Loss) before working capital changes	129,416,141	87,348,887
Adjustment for:		
Change in Inventory	(349,048,174)	(133,429,976)
Increase in Sundry Debtors	(67,616,112)	-
Change in Loans & Advances	(18,790,092)	(705,278)
Change in Current Liabilities / Provisions	322,912,104	45,012,567
Net Cash Flow from Operating Activities	16,873,867	(1,773,800)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2,480,754)	(134,160)
Net Cash Flow from Investing Activities	(2,480,754)	(134,160)
Cash Flow from Financing Activities		
Net Increase/ (Decrease) in Cash & Cash Equivalent	14,393,113	(1,907,960)
Cash & Cash Equivalent -Opening Balance	87,980	1,995,940
Cash & Cash Equivalent -Closing Balance	14,481,093	87,980

Notes :

- The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on 'Cash Flow Statement', and presents cash flows by operating, investing and financing activities.
- Figures for the previous year have been regrouped/ restated wherever necessary to conform to this year's classification.

For and on behalf of
KALYANIWALLA & MISTRY
Chartered Accountants

ERMIN K. IRANI

Partner

Place : Mumbai

Dated : May 14, 2010

MILIND S. KORDE K.T. JITHENDRAN

Directors

GODREJ PROPERTIES LIMITED

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the members of Godrej Properties Limited will be held on Saturday, July 17, 2010, at 3.30 p.m. at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Nariman Point, Mumbai 400 021, to transact the following business :

ORDINARY BUSINESS:

1. To consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2010, the Balance Sheet as on that date and the Cash Flow Statement of the Company together with the Report of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year ended March 31, 2010.
3. To appoint a Director in place of Mr. Pranay Vakil, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Pritam Singh who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Adi B. Godrej, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Jamshyd N. Godrej, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint M/s. Kalyaniwalla & Mistry, Chartered Accountants, the retiring Auditors as Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** Mr. Amitava Mukherjee who was appointed as an Additional Director of the Company, pursuant to Section 260 of the Companies Act, 1956 with effect from May 17, 2010, by the Board of Directors of the Company in their meeting held on May 17, 2010 and who holds office as such up to the date of this Annual General Meeting and is eligible for appointment as a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
9. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** Mr. K. T. Jithendran who was appointed as an Additional Director of the Company, pursuant to Section 260 of the Companies Act, 1956 with effect from May 17, 2010, by the Board of Directors of the Company in their meeting held on May 17, 2010 and who holds office up to the date of this Annual General Meeting and is eligible for appointment as a Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.”
10. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 302, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to the provisions of the Articles of Association of the Company and subject to such other approvals as may be required, the consent of the Company be and is hereby accorded for appointment of Mr. K. T. Jithendran as the Executive Director of the Company for a period of 3 years w.e.f. May 17, 2010, on such terms and conditions as hereinafter provided:

I. Fixed Compensation:

Fixed Compensation shall include Basic Salary and the Company's Contribution to Provident Fund and Gratuity Fund.

The Basic Salary is Rs. 342,500 per month. The Annual Basic Salary and increments will be decided by the Remuneration Committee/Board of Directors depending on the performance of Mr. K. T. Jithendran, the profitability of the Company and other relevant factors.

II. Performance Linked Variable Remuneration (PLVR)

Performance Linked Variable Remuneration according to the Scheme of the Company for each of the financial years as may be decided by the Remuneration Committee/Board of Directors of the Company based on Economic Value Added in the business and other relevant factors and having regard to the performance of Mr. K.T. Jithendran for each year.

The target individual component of PLVR is Rs. 350,000 and the target collective component of PLVR is Rs. 2,700,000.

III. Flexible Compensation:

In addition to the Fixed Compensation and PLVR, Mr. K. T. Jithendran will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per rules of the Company and subject to the relevant provisions of the Companies Act, 1956 (collectively called “perquisites and allowances”).

These perquisites and allowances shall be granted to Mr. K. T. Jithendran as per the rules of the Company and in the manner as the Board may decide.

- i. Housing i.e. unfurnished residential accommodation and House Rent Allowance at applicable rate as per Company's rules or House Rent Allowance as per Company's rules;
- ii. Furnishing at residence;
- iii. Supplementary Allowance;
- iv. Leave Travel Assistance;
- v. Payment/reimbursement of medical expenses for self and family;
- vi. Payment/reimbursement of Food Vouchers, petrol reimbursement;
- vii. Company cars with driver for official use, provision of telephone(s) at residence;
- viii. Payment/reimbursement of telephone expenses;
- ix. Housing Loan, Contingency Loan as per rules of the Company. These loans shall be subject to Central Government approval, if any;
- x. Earned/privilege leave, on full pay and allowance, not exceeding 30 days in a financial year. Encashment/accumulation of leave will be permissible in accordance with the Rules specified by the Company. Casual/Sick leave as per the rules of the Company;
- xi. Such other perquisites and allowances as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time.

The maximum cost to the Company per annum for the grant of the perquisites and allowances listed above for Mr. K. T. Jithendran as Executive Director is Rs. 3,670,000/- plus 85% of the annual basic salary. In addition to the above, Mr. K. T. Jithendran will be eligible for encashment of leave, club facilities, group insurance cover, group hospitalization cover, and/ or any other allowances, perquisites and facilities as per the Rules of the Company.

Explanation:

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

IV. Other Reimbursements:

Mr. K. T. Jithendran will also be entitled for the reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as in force from time to time.

V. Minimum Remuneration:

Where in any financial year, during the currency of tenure of Mr. K.T. Jithendran as Executive Director, the Company has no profits or its profits are inadequate, Mr. K. T. Jithendran shall be entitled to remuneration by way of salary, allowances and perquisites not exceeding the limits specified in Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby jointly and severally authorized to execute the agreement with Mr. K. T. Jithendran and to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable for giving effect to the foregoing resolution, and to settle any question, or doubt that may arise in relation thereto.

11. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 302, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to the provisions of the Articles of Association of the Company and subject to such other approvals as may be required, the consent of the Company be and is hereby accorded for payment of revised remuneration to Mr. Milind S. Korde - Managing Director, as provided herein after with effect from April 1, 2010.

I. Fixed Compensation:

Fixed Compensation shall include Basic Salary and the Company's Contribution to Provident Fund and Gratuity Fund.

The Basic Salary is Rs.573,200 per month. The Annual Basic Salary and increments will be decided by the Remuneration Committee/Board of Directors depending on the performance of the Managing Director, the profitability of the Company and other relevant factors.

II. Performance Linked Variable Remuneration

Performance Linked Variable Remuneration (PLVR) according to the Scheme of the Company for each of the financial years as may be decided by the Remuneration Committee/Board of Directors of the Company based on Economic Value Added in the business and other relevant factors and having regard to the performance of the Managing Director for each year.

The individual target component of PLVR is Rs. 350,000 and the collective target component is Rs. 2,700,000.

III. Flexible Compensation:

In addition to the Fixed Compensation and PLVR, the Managing Director will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per rules of the Company and subject to the relevant provisions of the Companies Act, 1956 (collectively called “perquisites and allowances”).

These perquisites and allowances shall be granted to the Managing Director as per the rules of the Company and in the manner as the Board may decide.

- i. Housing i.e. unfurnished residential accommodation and House Rent Allowance at applicable rate as per Company's rules OR House Rent Allowance as per Company's rules;
- ii. Furnishing at residence;
- iii. Supplementary Allowance;
- iv. Leave Travel Assistance;
- v. Payment/reimbursement of medical expenses for self and family;

- vi. Payment/reimbursement of Food Vouchers, petrol reimbursement;
- vii. Company cars with driver for official use, provision of telephone(s) at residence;
- viii. Payment/reimbursement of telephone expenses;
- ix. Housing Loan, Contingency Loan as per the rules of the Company. These loans shall be subject to Central Government approval, if any;
- x. Earned/privilege leave, on full pay and allowance, not exceeding 30 days in a financial year. Encashment/accumulation of leave will be permissible in accordance with the Rules specified by the Company. Casual/Sick leave as per the rules of the Company;
- xi. Such other perquisites and allowances as per the policy/rules of the Company in force and/or as may be approved by the Remuneration Committee/Board of Directors from time to time.

The maximum cost to the Company per annum for the grant of the perquisites and allowances listed above for the Managing Director is Rs.3,940,000/- plus 85% of the annual basic salary. In addition to the above, the Managing Director will be eligible for encashment of leave, club facilities, group insurance cover, group hospitalization cover, and/or any other allowances, perquisites and facilities as per the Rules of the Company.

Explanation

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

IV. Other Reimbursements:

Mr. Milind S. Korde will also be entitled for the reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as in force from time to time.

V. Minimum Remuneration:

Where in any financial year, during the currency of tenure of Mr. Milind S. Korde as Managing Director, the Company has no profits or its profits are inadequate, Mr. Milind S. Korde shall be entitled to remuneration by way of salary, allowances and perquisites not exceeding the limits specified in Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby jointly and severally authorized to execute the agreement with Mr. Milind S. Korde for the revised remuneration and to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable for giving effect to the foregoing resolution, and to settle any question, or doubt that may arise in relation thereto.

RESOLVED FURTHER THAT the remuneration for the period from October 1, 2009 to March 31, 2010 paid to Mr. Milind S. Korde as approved by the Board of Directors in their meeting held on October 24, 2009, be and is hereby approved."

12. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 302, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to the provisions of the Articles of Association of the Company and subject to such other approvals as may be required, the consent of the Company be and is hereby accorded for payment of revised remuneration to Mr. Pirojsha A. Godrej – Executive Director, as provided herein after with effect from April 1, 2010.

I. Fixed Compensation:

Fixed Compensation shall include Basic Salary and the Company's Contribution to Provident Fund and Gratuity Fund.

The Basic Salary is Rs. 320,000 per month, payable monthly. The Annual Basic Salary and increments will be decided by the Remuneration Committee/Board of Directors depending on the performance of Mr. Pirojsha A. Godrej, the profitability of the Company and other relevant factors.

II. Performance Linked Variable Remuneration

Performance Linked Variable Remuneration (PLVR) according to the Scheme of the Company for each of the financial years as may be decided by the Remuneration Committee/Board of Directors of the Company based on Economic Value Added in the business and other relevant factors and having regard to the performance of Mr. Pirojsha A. Godrej for each year.

The individual target component of PLVR is Rs. 350,000 and the collective target component is Rs. 2,700,000.

III. Flexible Compensation:

In addition to the Fixed Compensation and PLVR, Mr. Pirojsha A. Godrej will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per the rules of the Company and subject to the relevant provisions of the Companies Act, 1956 (collectively called "perquisites and allowances").

These perquisites and allowances shall be granted to Mr. Pirojsha A. Godrej as per the rules of the Company and in the manner as the Board may decide.

- i. Supplementary Allowance;
- ii. Leave Travel Assistance;
- iii. Payment/reimbursement of medical expenses for self and family;
- iv. Payment/reimbursement of Food Vouchers
- v. Housing Loan, Contingency Loan as per the rules of the Company. These loans shall be subject to Central Government approval, if any;
- vi. Earned/privilege leave, on full pay and allowance, not exceeding 30 days in a financial year. Encashment/accumulation of leave will be permissible in accordance with the Rules specified by the Company. Casual/Sick leave as per the rules of the Company;
- vii. Such other perquisites and allowances as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time.

The maximum cost to the Company per annum for the grant of the perquisites and allowances listed above for Mr. Pirojsha A. Godrej as Executive Director is Rs.2,840,000/- plus 20% of the annual basic salary. In addition to the above, Mr. Pirojsha A. Godrej is entitled to Company's leased accommodation, furnishing at residence, provision of telephone at residence, payment/reimbursement of telephone expenses, Company cars with driver for official use, petrol reimbursement, encashment of leave, club facilities, group insurance cover, group hospitalization cover, and/or any other allowances, perquisites and facilities as per the Rules of the Company.

Explanation:

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

IV. Other Reimbursements:

Mr. Pirojsha A. Godrej will also be entitled for the reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as in force from time to time.

V. Minimum Remuneration:

Where in any financial year, during the currency of tenure of Mr. Pirojsha A. Godrej as Executive Director, the Company has no profits or its profits are inadequate, Mr. Pirojsha A. Godrej shall be entitled to remuneration by way of salary, allowances and perquisites not exceeding the limits specified in Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby jointly and severally authorized to execute the agreement with Mr. Pirojsha A. Godrej for the revised remuneration and to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable for giving effect to the foregoing resolution, and to settle any question, or doubt that may arise in relation thereto."

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 61 of Companies Act, 1956 and other applicable provisions of the laws, rules and regulations for the time being in force, the consent of the Members be and is hereby accorded to the Company to amend the utilisation of the net proceeds, arising out of the issue of equity shares allotted pursuant to the Prospectus (page 43) dated December 16, 2009 (the **"Prospectus"**) filed by the Company with the Registrar of Companies, Mumbai, Maharashtra as under:

(Rs. in Crores)

S. No.	Expenditure Items	Total Estimated Cost	Amount deployed till November 15, 2009	Balance Payable as on November 15, 2009	Proposed to be funded by internal accruals	Amount upto which will be financed from Net Proceeds	Estimated schedule of deployment of Net Proceeds for		
							FY 2010	FY 2011	FY 2012
1.	Acquisition of land development rights for our Forthcoming Projects	444.82	152.50	292.32	Nil	203.00	25.00	178.00	-
2.	Construction of our Forthcoming project	100.84	22.82	78.02	Nil	75.00	-	60.00	15.00
3.	Repayment of loans	172.00	Nil	172.00	Nil	150.17	150.17	-	-
	Total	717.66	175.32	542.34	Nil	428.17	175.17	238.00	15.00

Accordingly, the schedule of implementation of the net proceeds of the issue of equity shares as provided in the Prospectus shall be amended as follows:

(Rs. in Crores)

Sr. No.	Objects	FY 2010	FY 2011	FY 2012
1.	Acquisition of land development rights for our Forthcoming Projects	25.00	178.00	-
2.	Construction of our Forthcoming project	-	60.00	15.00
3.	Repayment of loans	150.17	-	-
	Total	175.17	238.00	15.00

RESOLVED FURTHER THAT Mr. Milind S. Korde, Managing Director or Mr. K.T. Jithendran, Executive Director, or Mr. Shodhan A. Kembhavi, Company Secretary be and are hereby authorized to do all such necessary acts and execute such deeds, documents and papers as may be necessary and deemed fit to give effect to the aforesaid resolution."

14. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval/consent of such appropriate authorities as may be required, consent of the Company be and is hereby accorded

to the Board of Directors of the Company to make investment in and /or acquire by way of subscription, purchase or otherwise the securities of the Body Corporate(s)/ Limited Liability Partnership(s)/or any such form of organisation(s) formed or incorporated as per the terms of Memorandum of Understanding dated October 8, 2009 and extension letter dated June 3, 2010, to a limit not exceeding Rs. 100 Crore (Rupees One Hundred Crore only) notwithstanding that the aggregate of the loans, guarantees or securities so far given or to be given to and/or securities so far acquired or to be acquired in all bodies corporate may exceed the limits laid down by the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company or a committee thereof be and is hereby authorised to take from time to time all decisions and steps necessary or expedient or proper in respect of the abovementioned investments including entering into definitive documentation, the timing, the amount and other terms and conditions of such investments and varying the same through transfer, sale, disinvestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.”

15. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval/consent of such appropriate authorities as may be required, consent of the Company be and is hereby accorded to the Board of Directors of the Company to make investment in and/or acquire by way of subscription, purchase or otherwise the securities of Udhay-GK Realty Private Limited, to a limit not exceeding Rs.30 Crores (Thirty Crore Only) notwithstanding that the aggregate of the loans, guarantees or securities so far given or to be given to and/ or securities so far acquired or to be acquired in all bodies corporate may exceed the limits laid down by the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take from time to time all decisions and steps necessary or expedient or proper in respect of the abovementioned investments including the timing, the amount and other terms and conditions of such investments and varying the same through transfer, sale, disinvestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.”

16. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval/consent of such appropriate authorities as may be required, consent of the Company be and is hereby accorded to the Board of Directors of the Company to make investment in and/or acquire by way of subscription, purchase or otherwise the securities of Kakade Estate Developers Private Limited or any other Body Corporate formed as per the terms of Agreement dated March 31, 2010 for the Project located at Bhugaon, Pune , from time to time up to a limit not exceeding Rs.54 Crores (Fifty Four Crores Only) notwithstanding that the aggregate of the loans, guarantees or securities so far given or to be given to and/or securities so far acquired or to be acquired in all bodies corporate may exceed the limits laid down by the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take from time to time all decisions and steps necessary or expedient or proper in respect of the abovementioned investments including the timing, the amount and other terms and conditions of such investments and varying the same through transfer, sale, disinvestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.”

17. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval/consent of such appropriate authorities as may be required, consent of the Company be and is hereby accorded to the Board of Directors of the Company to make investment in and /or acquire by way of subscription, purchase or otherwise the securities of M/s Lucifer Engineering (P) Limited or any other Body Corporate formed for the Project located at Bhugaon, Pune, from time to time up to a limit not exceeding Rs.54 Crores (Fifty Four Crores Only) notwithstanding that the aggregate of the loans, guarantees or securities so far given or to be given to and/ or securities so far acquired or to be acquired in all bodies corporate may exceed the limits laid down by the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take from time to time all decisions and steps necessary or expedient or proper in respect of the abovementioned investments including the timing, the amount and other terms and conditions of such investments and varying the same through transfer, sale, disinvestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.”

18. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval/consent of such appropriate authorities as may be required, consent of the Company be and is hereby accorded to the Board of Directors of the Company to make investment in and/or acquire by way of subscription, purchase or otherwise the securities of Body Corporate(s) or for promotion and incorporation of subsidiaries of the Company, up to a limit not exceeding Rs. 500,000 (Rupees Five Lakhs Only) for each such entity, which shall not exceed in aggregate Rs. 1,000,000 (Rupees Ten Lakhs only) for all of them together, for the real estate development of projects of the Company located at Ahmedabad and Kochi, notwithstanding that the aggregate of the loans, guarantees or securities so far given or to be given to and/ or securities so far acquired or to be acquired in all bodies corporate may exceed the limits laid down by the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take from time to time all decisions and steps necessary or expedient or proper in respect of the abovementioned investments including entering into definitive documentation, the timing, the amount and other terms and conditions of such investments and varying the same through transfer, sale, disinvestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.”

**By Order of the Board of Directors
For Godrej Properties Ltd.**

**Sd/-
Company Secretary**

Place: Mumbai

Dated: June 15, 2010

REGISTERED OFFICE:

Godrej Bhavan,
4th Floor, 4A Home Street,
Fort, Mumbai 400 001,

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING.**
2. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours up to the date of the Annual General Meeting.
3. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting and also their copy of Annual Report.
4. The explanatory statements pursuant to Section 173 of the Companies Act, 1956 in respect to Item No. 8 to 18 of the notice as set out above are annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will be closed from July 12, 2010 to July 17, 2010 (both days inclusive) for ascertaining the names of the members to whom the dividend which if declared at the Annual General Meeting is payable. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.

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

ITEM NO. 8:

Mr. Amitava Mukherjee was appointed as an Additional Director of the Company at the Board Meeting held on May 17, 2010. He holds the office up to the date of this Annual General Meeting, in terms of the provisions contained in Section 260 of the Companies Act, 1956. Notice under Section 257 of the Companies Act, 1956, has been received from a member signifying intention to propose the appointment of Mr. Amitava Mukherjee as Director, liable to retire by rotation at this Annual General Meeting.

The Board of Directors of the Company recommends the passing of the resolution as set out at item No. 8 of the Notice.

Mr. Amitava Mukherjee may be deemed to be interested in the resolution.

None of the other Directors of the Company are concerned or interested in the resolution.

ITEM NO. 9:

Mr. K. T. Jithendran was appointed as an Additional Director of the Company at the Board Meeting held on May 17, 2010. He holds the office up to the date of this Annual General Meeting, in terms of the provisions contained in Section 260 of the Companies Act, 1956. Notice under Section 257 of the Companies Act, 1956, has been received from a member signifying intention to propose the appointment of Mr. K. T. Jithendran as Director not liable to retire by rotation, at this Annual General Meeting.

The Board of Directors of the Company recommends the passing of the resolution as set out at item No. 9 of this Notice.

Mr. K. T. Jithendran may be deemed to be interested in the resolution.

None of the other Directors of the Company are concerned or interested in the resolution.

ITEM NO. 10:

The Board of Directors of the Company in their meeting held on May 17, 2010 appointed Mr. K.T. Jithendran as Executive Director of the Company for a period of 3 (three) years with effect from May 17, 2010, subject to the approval of the members of the Company. Mr. K.T. Jithendran will carry out such duties as may be entrusted to him subject to the supervision and control of the Board from time to time.

The terms and conditions of his appointment as approved by the Remuneration Committee and Board of Directors of the Company by their circular resolution dated June 15, 2010 is provided in the resolution at Item No. 10 of the accompanying notice.

Mr. K. T. Jithendran is a civil engineer from the Indian Institute of Technology and has also completed his Post Graduate Diploma in Management from the Indian Institute of Management (IIM). He began his career with Metallurgical Engineering Consultants and joined our Company in 1994. He has over 16 years of experience in real estate business and has handled various functions of marketing, sales and human resources.

The Board of Directors of the Company recommends the passing of the resolution as set out at item No.10 of the Notice.

The Explanatory Statement together with the Notice should be treated as an abstract of the terms under Section 302 of the Companies Act, 1956.

Mr. K.T. Jithendran may be deemed to be interested in the resolution.

None of the other Directors of the Company are concerned or interested in the resolution.

ITEM NO. 11:

The Members of the Company at their meeting held on July 27, 2009, re-appointed Mr. Milind S. Korde as the Managing Director of the Company for a period of 3 years w.e.f. April 1, 2009 to March 31, 2012 on the same terms and conditions. In the Board Meeting held on October 24, 2009 the remuneration of Mr. Milind S. Korde was revised, subject to the approval of shareholders for the period from October 1, 2009 to March 31, 2010 which was under the limits as fixed by Schedule XIII of the Companies Act, 1956.

Now it is proposed to revise the remuneration of Mr. Milind S. Korde as mentioned in the Resolution at item No. 11 of this Notice with effect from April 1, 2010.

The Board of Directors of the Company recommends the passing of the resolution as set out at item No. 11 of the Notice.

The Explanatory Statement together with the Notice should be treated as an abstract of the terms under Section 302 of the Companies Act, 1956.

Mr. Milind S. Korde may be deemed to be interested in the resolution.

None of the other Directors of the Company are concerned or interested in the resolution.

ITEM NO. 12:

The Board of Directors in their meeting held on October 25, 2008 and the members at the Extra-Ordinary General Meeting held on January 10, 2009 appointed Mr. Pirojsha A. Godrej as Executive Director of the Company for a period of 3 (three) years with effect from November 1, 2008. It is proposed to revise the remuneration of Mr. Pirojsha A. Godrej as mentioned in the Resolution at item No. 12 of this Notice with effect from April 1, 2010.

The Board of Directors of the Company recommends the passing of the resolution as set out at item No. 12 of this Notice.

The Explanatory Statement together with the Notice should be treated as an abstract of the terms under Section 302 of the Companies Act, 1956.

No director of the Company except, Mr. Adi B. Godrej, Ms. Parmeshwar A. Godrej and Mr. Pirojsha A. Godrej are concerned or interested in the above resolution.

ITEM NO. 13:

The Members at their Extraordinary General Meeting held on September 30, 2009 had approved the Initial Public Offer (“**IPO**”) of equity shares of the Company. Accordingly, the Company made an offer of 9,429,750 equity shares through 100% book building route with a price band of Rs. 490 to Rs. 530 per equity share. The Company received Rs.468.85 crores from the IPO as the issue proceeds (the “**Issue Proceeds**”). The net Issue Proceeds, after deduction of IPO related expenses, were Rs. 428.17 crores (“**Net Proceeds**”).

The objects of the Issue were:

- Acquisition of land development rights for our Forthcoming Projects;
- Construction of our Forthcoming Project; and
- Repayment of loans.

It is now proposed that the following amendments be made to the Objects of the Issue as disclosed in the Prospectus dated December 16, 2009 (the “**Prospectus**”):

1. The schedule of implementation of the net proceeds of the issue as disclosed on page 43 of the Prospectus has undergone change due to the following reasons:

- a. Acquisition of land development rights for our Forthcoming Projects

In relation to the property located at Ahmedabad, the Company was required to utilise an amount of Rs. 132.00 crores in fiscal year 2010. The Company has already utilised an amount of Rs. 25.00 crores in fiscal year 2010 out of the sum of Rs. 132.00 crores. The Company had entered into an agreement to grant development rights dated April 15, 2008 for the said project and thereafter the Company has entered into development agreements for part of the area. It is proposed to enter into a development agreement for the remaining area by March 2011. Accordingly, the Company shall utilise the balance amount of Rs. 107.00 crores in fiscal year 2011 as compared to utilizing this amount in fiscal year 2010 as stated in the Prospectus.

In relation to the property located at Kalyan, the Company was required to pay an amount of Rs. 20.00 crores in fiscal year 2010. However, due to the aggregation of the entire 160 acres of land at Kalyan not being completed till date, the Company shall pay the amount of Rs. 20.00 crores in fiscal year 2011 when the aggregation of land is completed.

In relation to the property located at Pune, the Company was required to pay an amount of Rs. 51.00 crores in fiscal year 2010. However, the owners of the property at Pune did not receive a certificate of conversion of land to non-agricultural use in fiscal year 2010. Accordingly, the Company shall pay the amount of Rs. 51.00 crores in fiscal year 2011, subject to such approvals/certificates.

b. Construction of our Forthcoming project

In relation to construction of the project located at Chandigarh, the Company was required to utilise an amount of Rs. 75.00 crores from the Net Proceeds. An amount of Rs. 20.00 crores was proposed to be utilised in fiscal year 2010, Rs. 40.00 crores was to be utilised in fiscal year 2011 and Rs. 15.00 crores was to be utilised in fiscal year 2012. However, there has been some delay in the implementation of the project at Chandigarh as construction was delayed due to certain approvals not being received in a timely manner and now the activities have been accelerated to complete the project on time. Accordingly, the Company now proposes to utilise an amount of Rs. 60.00 crores in fiscal year 2011 and Rs. 15.00 crores in fiscal year 2012 towards construction of the project.

Further, the Company has now assigned the development rights of this project to its subsidiary, Godrej Estate Developers Private Limited (“GEDPL”) and has transferred 49% of the equity share capital of such subsidiary to HDFC PMS (under HDFC Asset Management Company Limited Portfolio Management Services Real Estate Portfolio-I, through its Portfolio Manager HDFC Asset Management Company Limited), for a consideration of Rs. 45.00 crores. Thus, it is now proposed to invest a sum of Rs. 60.00 crores in fiscal year 2011 and Rs. 15.00 crores in fiscal year 2012 towards this project at Chandigarh through our subsidiary, GEDPL.

In view of the abovementioned changes the revised schedule of deployment is as set forth below:

(Rs. in Crores)

Sr. No.	Objects	FY 2010	FY 2011	FY 2012
1.	Acquisition of land development rights for our Forthcoming Projects	25.00*	178.00**	-
2.	Construction of our Forthcoming project	-#	60.00#	15.00#
3.	Repayment of loans	150.17	-	-
	Total	175.17	238.00	15.00

*The Prospectus stated that an amount of Rs. 203.00 crores was proposed to be utilised in fiscal year 2010. Now amended to state that Rs. 25.00 crores was utilised in fiscal year 2010.

**The Prospectus stated that no amount was proposed to be utilised in fiscal year 2011. Now amended to state that Rs. 178.00 crores is proposed to be utilised in fiscal year 2011.

The Prospectus stated that an amount of Rs. 20.00 crores was proposed to be utilised in fiscal year 2010, Rs. 40.00 crores to be utilised in fiscal year 2011 and Rs. 15.00 crores to be utilised in fiscal year 2012. Now amended to state that an amount of Rs. 60.00 crores is proposed to be utilised in fiscal year 2011 and Rs. 15.00 crores in fiscal year 2012.

In accordance with the amendments to the Objects of the Issue mentioned above it is proposed to amend the utilisation of the Net Proceeds of the IPO as under:

(Rs. in Crores)

S. No.	Expenditure Items	Total Estimated Cost	Amount deployed till November 15, 2009	Balance Payable as on November 15, 2009	Proposed to be funded by internal accruals	Amount upto which will be financed from Net Proceeds	Estimated schedule of deployment of Net Proceeds for		
							FY 2010	FY 2011	FY 2012
1.	Acquisition of land development rights for our Forthcoming Projects	444.82	152.50	292.32	Nil	203.00	25.00*	178.00**	-
2.	Construction of our Forthcoming project	100.84	22.82	78.02	Nil	75.00	-#	60.00#3	15.00
3.	Repayment of loans	172.00	Nil	172.00	Nil	150.17	150.17	-	-
	Total	717.66	175.32	542.34	Nil	428.17	175.17	238.00	15.00

*The Prospectus stated that an amount of Rs. 203.00 crores was proposed to be utilised in fiscal year 2010. Now amended to state that Rs. 25.00 crores was utilised in fiscal year 2010.

**The Prospectus stated that no amount was proposed to be utilised in fiscal year 2011. Now amended to state that Rs. 178.00 crores is proposed to be utilised in fiscal year 2011.

The Prospectus stated that an amount of Rs. 20.00 crores was proposed to be utilised in fiscal year 2010, Now amended to state that no amount was utilised in fiscal year 2010

#3 The Prospectus stated that an amount of Rs. 40.00 crores was proposed to be utilised in fiscal year 2011, Now amended to state that the amount of Rs. 60.00 crores is proposed to be utilised in fiscal year 2011.

The Company shall comply with the applicable provisions of the listing agreement entered into with the stock exchanges in relation to the amendments in the Objects of the Issue. The Company has also informed the Monitoring Agency, appointed for the IPO, and the Audit Committee of the amendments in the Objects of the Issue.

The provisions of the Companies Act, 1956, require the Company to obtain the approval of the members for any variation in the use of proceeds as referred in the Prospectus.

Your Directors therefore solicit your approval by way of passing this Resolution as an Ordinary Resolution.

None of the Directors is interested in this Resolution.

ITEM NO. 14:

As per the Memorandum of Understanding dated October 8, 2009 and extension letter dated June 3, 2010 executed between Godrej Industries Limited, Godrej & Boyce Manufacturing Company Limited and your Company for the development of the project located at Vikhroli admeasuring approximately 36.5 acres, the Company/Godrej Industries Limited (the holding company) has agreed to form Limited Liability Partnerships (LLPs) or such other Special Purpose Vehicles (SPVs) as may be mutually agreed by the Company / Godrej Industries Ltd./Godrej & Boyce Manufacturing Company Limited for development of the said project.

Now for such formation/incorporation it is necessary to invest in the Limited Liability Partnerships (LLPs) or such other Special Purpose Vehicles (SPVs) as may be formed or incorporated for this project. The formation of such entity is subject to entering into definitive documentation and approval from the board and shareholders of Godrej Industries Limited, as may be required.

The Board of Directors of the Company or a committee thereof is authorised to take all necessary decisions and steps in respect of the abovementioned investments including entering into definitive documentation, the timing, the amount and other terms and conditions of such investments and varying the same through transfer, sale, disinvestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.

Sources of funds:

Internal generation of funds/borrowings.

Nature of concern or interest of Directors:

Mr. Adi B. Godrej, Mr. Jamshyd N. Godrej and Mr. Nadir B. Godrej to the extent of the common directorships in Godrej Industries Limited, Godrej & Boyce Manufacturing Company Limited and the Company are deemed to be concerned or interested in the above resolution.

None of the other Directors of the Company are concerned or interested in the resolution.

ITEM NO. 15:

Particulars of the body corporate in which investment is proposed to be made:

Name : Udhay GK Realty Private Limited

Registered Office : HDFC House, 51, Karturba Road, Bengaluru – 560001.

Principal business : Real Estate

Purpose :

As per the terms of Memorandum of Understanding entered by the Company with Udhay GK Realty Private Limited and HDFC Ventures Trustee Company Limited, the Company has agreed to purchase the entire equity shareholding of Udhay GK Realty Private Limited whereby the Company will be entitled to the right to receive the revenue and undivided interest to the extent of 21% of saleable area of land admeasuring 20 acres 4 guntas, situated in Hebbal Village, Kasaba Hobli, Bengaluru North Taluk, Bengaluru.

The Board of Directors of your Company recommends the passing of this resolution.

Sources of funds:

Internal generation of funds and /or borrowings.

Nature of concern or interest of Directors:

None of the Directors of the Company are concerned or interested in the resolution.

ITEM NO. 16:

Particulars of the body corporate in which investment is proposed to be made:

Name : Kakade Estate Developers Private Limited or any other Body Corporate formed or incorporated

Registered Office : 1205, Kakade Capital, Shirole Road, Shivaji Nagar, Pune 411 005.

Principal business : Real Estate

Purpose :

For Development of land admeasuring 150 acres located at Bhugaon, Pune, it was agreed to invest from time to time up to a limit of Rs. 54 Crores in Kakade Estate Developers Private Limited or any other Body Corporate formed or incorporated for the purpose.

The Board of Directors of your Company recommends the passing of this resolution.

Sources of funds:

Internal generation of funds/borrowings/IPO Proceedings.

Nature of concern or interest of Directors:

None of the Directors of the Company are concerned or interested in the resolution.

ITEM NO. 17:

Particulars of the body corporate in which investment is proposed to be made:

Name : Lucifer Engineering (P) Limited or any other Body Corporate formed or incorporated for the purpose

Registered Office : 153, Narayan Peth, Laxmi Road, Pune 411 030.

Principal business : Real Estate

Purpose :

For Development of land located at Bhugaon, Pune, it was agreed to invest from time to time up to a limit of Rs. 54 Crores in Lucifer Engineering (P) Limited or any other Body Corporate formed or incorporated for the purpose.

The Board of Directors of your Company recommends the passing of this resolution.

Sources of funds:

Internal generation of funds/borrowings/IPO Proceeds

Nature of concern or interest of Directors:

None of the Directors of the Company are concerned or interested in the resolution.

ITEM NO. 18:

It is proposed to incorporate two subsidiaries of the Company or Special Purpose Vehicles (SPVs) by investing up to a limit not exceeding Rs. 500,000 (Rupees Five Lakhs Only) in each such entity which shall not exceed in aggregate Rs.1,000,000 (Rupees Ten Lakhs only) for both subsidiaries / SPVs.

The details of the subsidiaries / SPVs and the purpose of formation of such entities is as follows:

1) Godrej Garden City, Ahmedabad –

The Company had entered into an agreement to grant development rights dated April 15, 2008 with Shree Siddhi Infrabuild Private Limited for the said project at Ahmedabad. Thereafter, the Company entered into certain development agreements for grant of development rights to our Company in relation to part of the area of the said project. It is proposed to enter into development agreements for grant of development rights to our Company for the remaining area under the said project by March 2011.

Further, as disclosed on page 45 of the Prospectus dated December 16, 2009, the Company may consider assigning the rights of the project located at Ahmedabad to a subsidiary. Accordingly for administrative convenience your Company wishes to form a subsidiary and subsequently assign the rights of the project located at Ahmedabad to this subsidiary.

2) Kochi Project –

The Company has entered into a joint development agreement dated February 15, 2008 with TCM Limited for the development of land admeasuring 21.66 acres located at Kochi under the said project.

For development of the said land located at Kochi, your Company wishes to form a subsidiary and later on assign the rights of this project to this subsidiary.

For administrative convenience and in the interest of the Company the Board of Directors of your Company recommends the passing of this resolution.

Sources of funds:

Internal generation of funds/borrowings.

Nature of concern or interest of Directors:

None of the Directors of the Company are concerned or interested in the resolution.

**By Order of the Board of Directors
For Godrej Properties Ltd.**

**Sd/-
Company Secretary**

Place: Mumbai

Dated: June 15, 2010

REGISTERED OFFICE:

Godrej Bhavan,
4th Floor, 4A Home Street,
Fort, Mumbai 400 001

Pursuant to Clause 49 of listing agreement with the stock exchanges, the following information is furnished about the Directors proposed to be re-appointed

Brief Resume of Directors

Name of the Director	Mr. Pranay D. Vakil	Dr. Pritam Singh	Mr. Adi B. Godrej	Mr. Jamshyd N. Godrej	Mr. K. T. Jithendran	Mr. Amitava Mukherjee
Age	63	68	68	61	43	57
Nationality	Indian	Indian	Indian	Indian	Indian	Indian
Date of Appointment	January 16, 2008	January 16, 2008	April 25, 1990	April 25, 1990	May 17, 2010	May 17, 2010
Shares held in the Company	8000	1000	NIL	NIL	2000	NIL
Qualification	Mr. Vakil is a Chartered Accountant and a law graduate by qualification.	Dr. Singh holds a Masters degree in Commerce from Benares Hindu University, a Masters degree in Business Administration from Indiana University, Bloomington, Indiana, USA and a PhD from Benares Hindu University	Mr. Godrej holds a Bachelor and Masters degree from the Massachusetts Institute of Technology, U.S.A.	Mr. Jamshyd N. Godrej holds a Bachelor of Science from the Illinois Institute of Technology, U.S.A.	Mr. K. T. Jithendran is a civil engineer from the Indian Institute of Technology and has a Post Graduate Diploma in Management from the Indian Institute of Management (IIM)	Mr. Amitava Mukherjee holds a Masters Degree in Management from Asian Institute of Management, Manila, a Masters Degree in Business Economics from Delhi School of Economics, New Delhi, Post Graduation in Foreign Trade from Indian Institute of Foreign Trade, New Delhi.
Expertise in specific functional area	Qualified Real Estate Professional	Management	Engineering and Management	Engineering and Management	Engineering and Management	Investment Banking
Directorships held in other companies	<ol style="list-style-type: none"> 1. Knight Frank (India) Private Limited 2. Praron Consultancy (India) Private Limited 3. Dignity Lifestyle Private Limited 4. Rutley Real Estate Investment Management (India) Private Limited 5. Deepak Fertilisers and Petrochemicals Corporation Ltd. 	<ol style="list-style-type: none"> 1. Hero Honda Motors Limited 2. Dish TV India Limited 3. The Delhi Stock Exchange Limited 4. Member on the Local Board of the Reserve Bank of India 	<ol style="list-style-type: none"> 1. Godrej Consumer Products Ltd. 2. Godrej Hershey Ltd. 3. Godrej Sara Lee Ltd. 4. Godrej Industries Ltd. 5. Swadeshi Detergents Ltd. 6. Vora Soaps Ltd. 7. Godrej & Boyce Mfg. Co. Ltd. 8. Godrej Agrovet Ltd. 9. Nutrine Confectionery Company Ltd. 10. Godrej Hygiene Products Ltd. 11. Godrej Investments Pvt. Ltd. 12. Godrej International Ltd. 13. Godrej Global Mid East FZE 14. Godrej Consumer Products (UK) Ltd. 	<ol style="list-style-type: none"> 1. Geometric Ltd. 2. Godrej Consumer Products Ltd. 3. Godrej Industries Ltd. 4. Bajaj Auto Ltd. 5. Godrej Agrovet Ltd. 6. Godrej & Boyce Mfg. Co. Ltd. 7. Godrej Sara Lee Ltd. 8. Haldia Petrochemicals Ltd. 9. Godrej Investments Pvt. Ltd. 10. Antrix Corporation Ltd. 11. Tata Trustee Company Pvt. Ltd. 12. Illinois Institute of Technology (India) Pvt.Ltd. 13. Godrej (Malaysia) Sdn. Bhd. 14. Godrej (Singapore) Pte. Ltd. 15. Godrej (Vietnam) Company Ltd. 	<ol style="list-style-type: none"> 1. Godrej Developers Pvt. Ltd. 2. Godrej Sea View Properties Pvt. Ltd. 3. Godrej Real Estate Pvt.Ltd. 4. Godrej Waterside Properties Pvt. Ltd. 5. Happy Highrises Ltd. 6. Godrej Estate Developers Pvt. Ltd. 	<ol style="list-style-type: none"> 1. Saksoft Ltd. 2. Aquatar Securities Pvt.Ltd.

Name of the Director	Mr. Pranay D. Vakil	Dr. Pritam Singh	Mr. Adi B. Godrej	Mr. Jamshyd N. Godrej	Mr. K. T. Jithendran	Mr. Amitava Mukherjee
Directorships held in other companies			15. Keyline Brands Ltd. 16. Rapidol (Pty) Limited 17. Godrej Consumer Products Mauritius Ltd. 18. Godrej Kinky Holdings Ltd. 19. Godrej Consumer Products Holding (Mauritius) Ltd. 20. Godrej Nigeria Holdings Ltd. 21. Godrej Consumer Products Dutch Cooperatief U.A. 22. Godrej Nigeria Ltd. 23. Godrej Consumer Products (Netherlands) B.V. 24. Godrej Consumer Holdings (Netherlands) B.V.	16. Godrej & Khimji (Middle East) LLC 17. Singapore-India Partnership Foundation 18. Climate Works Foundation 19. World Resources Institute, USA 20. Asia Business Council 21. Breach Candy Hospital Trust 22. Singapore-India Partnership Foundation (India) 23. Great Lakes Institute of Management 24. Indian Institute for Human Settlements 25. Shakti Sustainable Energy Foundation		
Chairmanships/ Memberships of Committees in other companies	Member of Audit Committee and Remuneration Committee of Godrej Properties Ltd.	Member of Audit Committee and Remuneration Committee of Godrej Properties Ltd. Member of Audit Committee and Shareholders'/ Investors' Grievances Committee of Hero Honda Motors Ltd. Member of Audit Committee of Dish TV India Ltd.	Member of Shareholders' Committee of Godrej Consumer Products Ltd. Chairman of Shareholders' Committee of Godrej Industries Ltd. Chairman of Audit Committee of Godrej Sara Lee Ltd. Chairman of Audit Committee of Godrej Hershey Ltd. Chairman of Investors' Grievance cum Share Transfer Committee of Godrej Properties Ltd.	Chairman of Shareholders/ Investor Grievances Committee of Geometric Ltd. Member of Shareholders' Committee of Godrej Consumer Products Ltd. Member of Audit Committee, Member of Shareholders/ Investors Grievances Committee of Bajaj Auto Ltd.	NIL	Member of Audit Committee and Remuneration Committee of Saksoft Ltd
Inter-se relationship with other directors	None	None	Brother of Mr. Nadir B. Godrej Father of Mr. Pirojsha A. Godrej Spouse of Ms. Parmeshwar A. Godrej	None	None	None



Godrej Properties Limited

Regd. Office : Godrej Bhavan, 4th Floor, 4A Home Street, Fort, Mumbai – 400 001.
Phones: 91-22-66510200, Fax: 91-22-22072044

PROXY FORM

Regd. Folio No. No. of Shares held
Client Id* DP Id*

I/We.....
of.....

.....being a member/members of Godrej Properties Limited hereby appoint
Mr./Ms..... of.....or failing him
Mr./Ms of as my/our/proxy to vote for me/us
on my/our behalf at the TWENTY FIFTH ANNUAL GENERAL MEETING of the Company to be held on SATURDAY, July 17,
2010, at 3.30 p.m. at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Nariman Point, Mumbai 400 021 and
at any adjournment thereof.

Signed this day of, 2010

.....
Signature



* Applicable for members holding shares in electronic form

Notes:

- (1) The Proxy form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company.
- (2) The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
- (3) A Proxy need not be a member.



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ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

TWENTY FIFTH ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the Twenty Fifth Annual General Meeting of the Company held on Saturday, July 17,
2010, at 3.30 p.m. at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Nariman Point, Mumbai 400 021.

Full Name of the Member
(in BLOCK LETTERS)

Regd. Folio No. No. of Shares held

Client Id* DP Id*

Full Name of the Proxy (in BLOCK LETTERS)

Member's/Proxy's Signature

* Applicable for members having shares in electronic form.

Godrej Properties Limited

Registered Office:

Godrej Properties Limited,
Godrej Bhavan, 4th Floor, 4A, Home Street,
Fort, Mumbai 400 001, India.
Phone: + 91 - 22 - 6651 0200
Fax: + 91 - 22 - 2207 2044

Regional Office

AHMEDABAD

2nd Floor,
RUDRAPATH
Near Rajpath Club
S G Highway
Ahmedabad - 380 059.

BENGALURU

302, Embassy
Classic, No. 11,
Vittal Malia Road,
Bengaluru - 560 001.

CHENNAI

No. 70,
Lancor West Minstar,
R K Salai, Mylapoor,
Chennai - 600 004.

HYDERABAD

302, Sapphire Square,
MCH No.6-3-885/7,
Rajiv Gandhi Chowk,
Somajiguda,
Hyderabad-500082.

KOLKATA

No.23,
The Legacy 25A,
Shakeshpore Sarani,
Kolkata - 700 017.

Site Addresses

Godrej Garden City

Behind Nirma University,
Off Sarkhej Gandhinagar Highway,
Jagatpur, Ahmedabad - 382 481.

Godrej Gold County

Chikkabidarakallu Village,
Dasanpura Hobli,
Bengaluru North

Godrej Woodsman Estate

Hebbal, Bellary Road,
Bengaluru - 560 024.

Godrej Eternia

Plot No. 70,
Industrial Area Phase-I,
Chandigarh - 160 002.

Godrej Palm Grove

Chembarabakam Village,
Poonamalee Taluk,
Tiruvallur District,
Chennai, Tamilnadu.

Godrej Genesis

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

Godrej Hill

Barave Village,
Behind Birla College,
Murbad Road,
Kalyan (West) - 421 301.

Godrej Genesis

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

Godrej Prakriti

Banarsree Cotton Mills,
150 BT Road,
Kolkata - 700 115.

Godrej Waterside IT Park

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

Godrej Avalon

Yeyyadi, Padavu Village,
Mangalore - 575 008.

Godrej Coliseum

Sion Kurla Road,
Eastern Express Highway,
Chunabhatti, Mumbai - 400 022.

Planet Godrej

30, Keshavrao Khadye Marg,
Sant Gadge Maharaj Chowk,
Mumbai - 400 011.

Godrej Genesis

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

Godrej Eternia

3 Old Mumbai Pune Highway,
Wakdewadi Shivaji Nagar,
Pune 411 005.

Godrej Edenwoods

Gladys Alwares Marg,
Pokhran Road No. 2,
Thane 400 610.

Godrej Properties Limited, Godrej Bhavan, 4th Floor, 4A Home Street, Fort, Mumbai 400 001
Tel: +91 22 6651 0200 | Fax: +91 22 2207 2044 | Website: www.godrejproperties.com

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