



Godrej Soaps Limited

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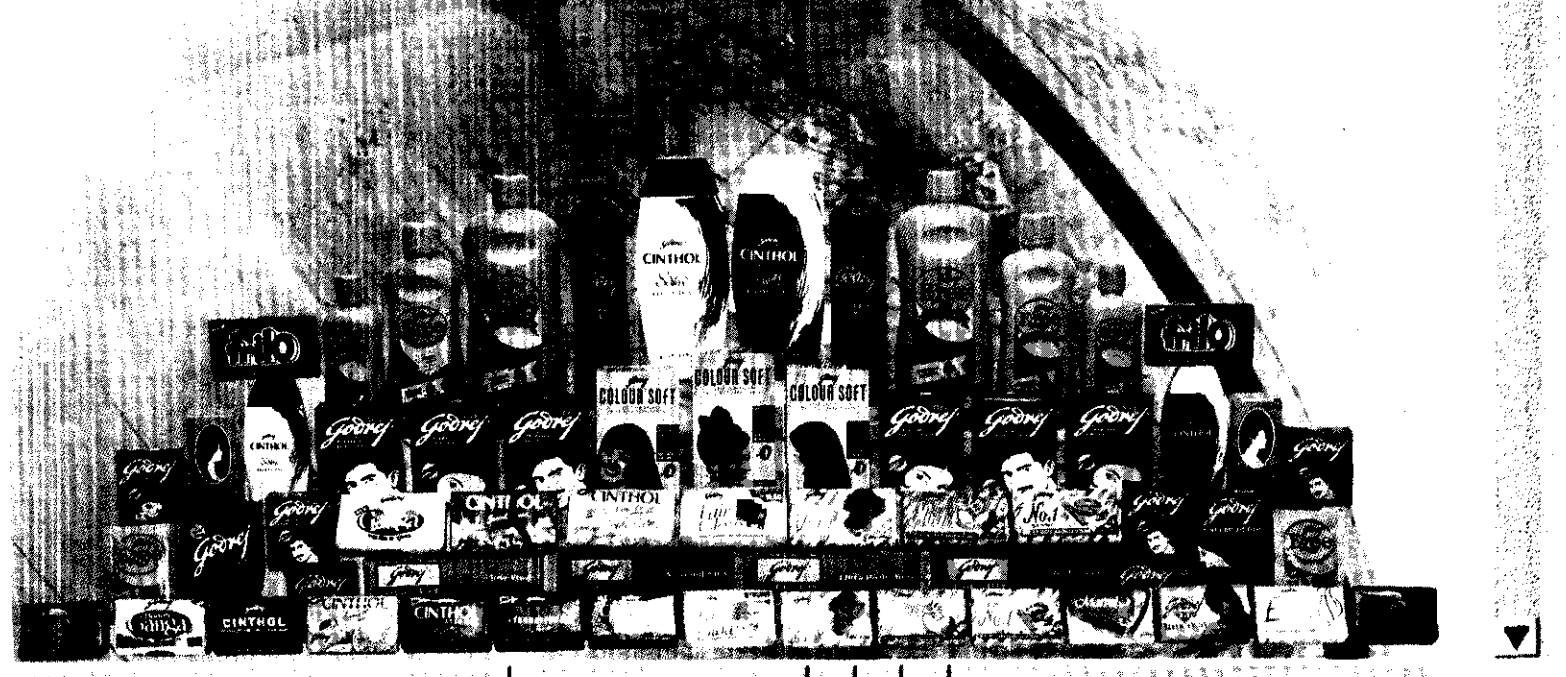
New Products

e-Commerce

R&D

www.godrejindia.com

Annual Review 1999 - 2000



***“Each of us must be the change
we wish to see in the world”***

- Mahatma Gandhi



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Mr. S. P. Godrej, chairman of the Company, passed away on May 20, 2000. In his death the country has lost a leading industrialist, humanitarian and environmentalist whose philosophy of life was to do the best one can. Tolerance and understanding of other people was his forte. He has left an indelible mark in the social and environmental arena. He was deeply concerned about the ‘population explosion’, environmental pollution and degradation, the preservation of wildlife and our heritage.

He had been conferred the Padma Bhushan by the President of India. He had also been conferred various other prestigious Indian and International awards.

Mr. S.P. Godrej will always be remembered for his simplicity and warmth towards all around him, his values and principles.

We shall always cherish his memory.

GODREJ SOAPS LIMITED**DIRECTORS**

S.P. Godrej	<i>Chairman (Passed away on May 20, 2000)</i>
A.B. Godrej	<i>Managing Director</i>
J.N. Godrej	
N.B. Godrej	<i>Managing Director</i>
K.N. Naoroji	
V.M. Crishna	
T.A. Dubash	<i>Director (Marketing)</i>
S.A. Ahmadullah	
N.C. Gawankar	
V.N. Gogate	

COMPANY SECRETARY

S.S. Sapre

MANAGEMENT COMMITTEE

K.K. Dastur	<i>Executive Director (Finance)</i>
M. Eipe	<i>President (Chemicals Division)</i>
H.K. Press	<i>President (Consumer Products Division)</i>
C.K. Vaidya	<i>Executive Director (Corporate Personnel)</i>

AUDITORS

Kalyaniwalla & Mistry, Chartered Accountants

Godrej Soaps Limited

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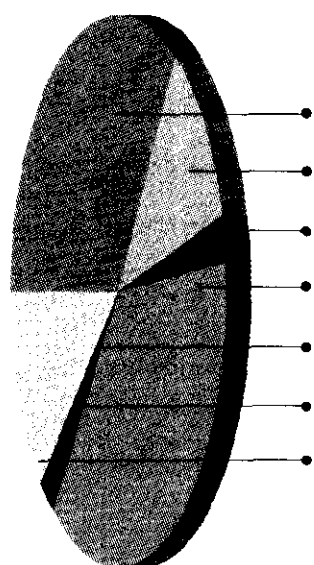
REGISTERED OFFICE	:	Pirojshanagar Eastern Express Highway Vikhroli (East), Mumbai 400 079. Phone : 022 - 517 0861, 517 1161, 517 1861 * Fax : 022 - 517 1525, 517 0333 (to be changed shortly to 518 8066, 518 8074) website : http://www.godrejindia.com
FACTORIES	:	Vikhroli Pirojshanagar, Eastern Express Highway Vikhroli (East), Mumbai 400 079. Phone : 022 - 517 0861, 517 1161, 517 1861 * Fax : 022 - 517 0463 (to be changed shortly to 518 8063)
	:	Malanpur U-30, Industrial Area, Malanpur, Dist. Bhind Madhya Pradesh 477 116 Phone : 07539 - 83113, 83122, 83412, 83419 Fax : 07539 - 83421
	:	Valia Burjorjinagar, Plot No.3, Village Kanerao Taluka - Valia, District Bharuch Gujarat 393 135 Phone : 02643 - 70756 to 70760, 70009 Fax : 02643 - 70018
	:	Silvassa Krishna Industrial Estate, Survey No. 906/1/1 Village Amla, Silvassa 396 230 Union Territory of Dadra and Nagar Haveli Phone : 02638 - 46854 Fax : 02638 - 46826
BRANCHES	:	Mumbai 3rd Floor, Admn. Bldg., Pirojshanagar Eastern Express Highway, Vikhroli (East) Mumbai 400 079 Phone : 022 - 517 0861, 517 1161, 517 1861 * Fax : 022 - 518 1163 (to be changed shortly to 518 8069)
	:	Delhi Laxmi Insurance Building 2/2-A, Asaf Ali Road, New Delhi 110 002. Phone : 011 - 323 3775-323 3777, 323 6776 Fax : 011 - 323 3778
	:	Calcutta Block GN, Sector-V, Salt Lake City Calcutta 700 091 Phone : 033 - 357 3555, 3556, 0081, 3944 Fax : 033 - 357 3945
	:	Chennai 6th Floor, Kasi Arcade, 116, Sir Thyagaraya Road T. Nagar, Chennai 600 017. Phone : 044 - 823 5128, 821 7329 Fax : 044 - 824 0725
	:	London 284A, Chase Road, Southgate London N14 - 6HF Phone : (0)20-88860145 Fax : (0)20-88869424
BANKERS	:	Central Bank of India Bank of India Canara Bank HDFC Bank Ltd. Citibank N.A. The Hongkong & Shanghai Banking Corporation Ltd.
REGISTRARS	:	Computech Sharecap Ltd. 147, Mahatma Gandhi Road Fort, Mumbai 400 023. Phone : 022 - 267 1824-26 Fax : 022 - 267 0380

* to be changed shortly to 518 8010, 518 8020, 518 8030

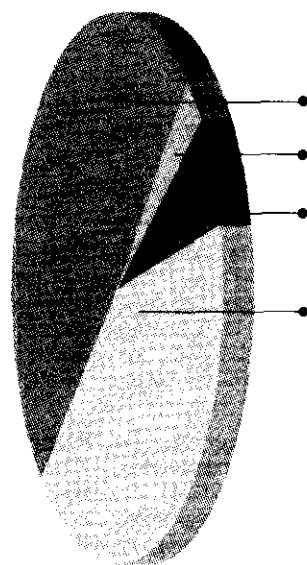
GODREJ SOAPS LIMITED - FINANCIAL HIGHLIGHTS

(Rs. million)

	1999-00	1998-99	1997-98	1996-97	1995-96
BALANCE SHEET					
SOURCES OF FUNDS :					
Shareholders' Funds					
Share Capital	598	632	651	658	877
Reserves & Surplus	2568	2205	2621	2573	2677
Loan Funds					
Secured Loans	2237	3331	2612	2754	2185
Unsecured Loans	1188	1313	1872	1217	1340
	6591	7481	7756	7202	7079
APPLICATION OF FUNDS :					
Fixed Assets	3282	3231	3297	3000	2951
Investments	1904	2408	2318	2503	2699
Net Working Capital	1266	1749	1889	1417	1086
Miscellaneous Expenditure	139	93	252	282	343
	6591	7481	7756	7202	7079
INCOME AND PROFIT FIGURES					
Total Income	7874	9098	7691	6471	6912
Expenditure other than Interest and Depreciation	6489	8589	6803	5364	5727
Profit before Interest, Depreciation and Tax	1385	509	888	1107	1185
Interest (net)	477	598	595	643	574
Profit (Loss) before Depreciation and Tax	908	(89)	293	464	611
Depreciation	234	210	197	185	160
Profit (Loss) before Tax	674	(299)	96	279	451
Provision for Tax	64	—	11	29	1
Net Profit (Loss) after Tax	610	(299)	85	250	450
Adjustment in respect of prior years	9	(38)	71	(7)	(6)
Provision for Dividend Tax	18	—	9	17	—
Net Profits available for appropriation	601	(338)	147	226	444

Total Income 1999-2000Break-up of Total Income
Rs. Million

Soaps	2690
Toiletries	910
Detergents	224
Chemicals	2907
Edible Oils	146
Med. Diag	39
Others	958
Total	7874

Total Expenditure 1999-2000Break-up of Total Expenditure
Rs. Million

Materials	3500
Depreciation	234
Interest	477
Operating Expenses	2989
Total	7200

Godrej Soaps Limited

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the TWELFTH ANNUAL GENERAL MEETING of the members of GODREJ SOAPS LIMITED will be held on Saturday, July 1, 2000 at 3:30 P.M in Udayachal Primary School Hall, Pirojshanagar, Vikhroli (East), Mumbai 400 079, to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit & Loss Account for the year ended March 31, 2000, the Balance Sheet as at that date, the Auditors' Report thereon and the Directors' Report.
2. To declare dividend on equity and preference shares.
3. To appoint a Director in place of Mr. K.N. Naoroji, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. V.M. Crishna, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, and to authorise the Board of Directors to fix their remuneration. M/s. Kalyaniwalla & Mistry, Chartered Accountants, the retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS :

6. 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 Section 309,310 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the provisions of Schedule XIII of the Companies Act, 1956, the terms and conditions relating to the remuneration of Mr. A.B. Godrej, contained in the Agreement dated January 14, 2000 executed with him in connection with his appointment as the Managing Director of the Company, be and are hereby revised with effect from July 1, 2000, as follows :

1. This revision shall form part of the agreement dated January 14, 2000 (hereinafter referred to as "the said agreement") entered into by the Company with the Managing Director for his appointment as Managing Director of the Company for the period from January 17, 2000 to March 31, 2001 and for the remuneration payable to him for the said period.
2. Existing sub-clause I of Clause 4 of the said agreement shall be substituted by the following with effect from July 1, 2000 :
"Salary : Salary of Rs.1,20,000/- (Rupees One Lac Twenty Thousand Only) per month payable monthly."
3. All other terms and conditions of the said agreement shall remain valid and unchanged.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary to give effect to this resolution.

7. 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 Section 309, 310, and other applicable provisions, if any, of the Companies Act, 1956, and subject to the provisions of Schedule XIII of the Companies Act, 1956, the terms and conditions relating to the remuneration of Mr. N.B. Godrej, contained in the Agreement dated January 14, 2000 executed with him in connection with his appointment as the Managing Director of the Company, be and are hereby revised with effect from July 1, 2000, as follows :

1. This revision shall form part of the agreement dated January 14, 2000 (hereinafter referred to as "the said agreement") entered into by the Company with the Managing Director for his appointment as Managing Director of the Company for the period from April 1, 2000 to March 31, 2001 and for the remuneration payable to him for the said period.

2. Existing sub-clause I of Clause 4 of the said agreement shall be substituted by the following with effect from July 1, 2000 :

"Salary : Salary of Rs.1,20,000/- (Rupees One Lac Twenty Thousand Only) per month payable monthly."

3. All other terms and conditions of the said agreement shall remain valid and unchanged.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary to give effect to this resolution.

8. 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 Section 309, 310, and other applicable provisions, if any, of the Companies Act, 1956, and subject to the provisions of Schedule XIII of the Companies Act, 1956, the terms and conditions relating to the remuneration of Ms. T.A. Dubash, contained in the Agreement dated September 7, 1996 executed with her in connection with her appointment as the Whole-time Director of the Company, be and are hereby revised with effect from July 1, 2000, as follows :

1. This revision shall form part of the agreement dated September 7, 1996 (hereinafter referred to as "the said agreement") entered into by the Company with Ms. T.A. Dubash for her appointment as Whole time Director of the Company with effect from August 1, 1996 and for the remuneration payable to her for the same.

2. Existing sub-clause I of Clause 4 of the said agreement shall be substituted by the following with effect from July 1, 2000 :

"Salary : Salary of Rs.60,000/- (Rupees Sixty Thousand Only) per month payable monthly."

3. All other terms and conditions of the said agreement shall remain valid and unchanged.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take all such steps as may be necessary to give effect to this resolution.

9. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-

RESOLVED THAT subject to the provisions of the Companies Act, 1956 and other applicable provisions, if any, Mr. A.B. Godrej be and is hereby reappointed with effect from April 1, 2001 as Managing Director of the Company to hold office for a period of one year on a remuneration by way of salary, commission and perquisites, as may be determined by the Board of Directors of the Company from time to time within the maximum limits specified below :-

- Salary :** Salary of Rs.1,20,000/- (Rupees One Lac Twenty Thousand Only) per month, payable monthly.

- Commission on Profits :** One percent commission on the net profit of the Company.

- Perquisites :** Classified into three categories A, B and C as detailed below:

Category A

(1) Housing

Furnished residential accommodation, the perquisite value of which, shall be calculated in accordance with the Income-tax Rules, 1962. The perquisite value of provision of, or reimbursement of expenditure incurred on, gas, electricity, water and furnishings being valued in accordance with the Income-tax Rules, 1962.

OR

House rent allowance equivalent to 60% of the salary.

(2) **Medical Benefits :**

- a) Reimbursement of medical expenses incurred for the Managing Director and his family (including hospitalisation, nursing home and surgical charges) shall be made by the Company. This shall be subject to a ceiling of one month's salary in a financial year.
- b) Health Insurance for the Managing Director and his family, subject to a ceiling of Rs.50,000/- in a financial year on the premium payable in respect of such insurance.

(3) **Leave Travel Concession :**

Leave Travel Concession (for the Managing Director and his family once in a financial year incurred in accordance with the Rules specified by the Company) subject to a ceiling of one month's salary in a financial year.

(4) **Club Fees :**

Reimbursement of fees of a maximum of two Clubs, subject to a ceiling of Rs.50,000/- in a financial year.

(5) **Personal Accident Insurance :**

Personal Accident Insurance, subject to a ceiling of Rs.50,000/- in a financial year on the premium payable in respect of such insurance.

For the purposes of medical benefits and leave travel concession under Category A, 'family' means the spouse and dependent children of the Managing Director.

Category B

- (1) Company's contributions towards Provident Fund, Superannuation Fund or Annuity Fund as per the Rules framed under the Company's relevant Scheme. These shall be subject to a ceiling of the amount upto which the said contributions are either singly or put together not taxable, under the Income Tax Act, 1961.
- (2) Gratuity not exceeding one half month's salary for each completed year of service. Such gratuity shall be payable at the end of the tenure or at the time of determination of this Agreement, whichever is earlier.
- (3) Earned/privilege leave, on full pay and allowance, not exceeding 30 days in a financial year. Encashment of leave will be permissible in accordance with the Rules specified by the Company. Casual/Sick leave as per the rules of the Company.

Category C

- I. (1) Provision of motor car with driver.
(2) Provision of free telephone facilities or reimbursement of telephone expenses at residence.
- II. Unless otherwise stipulated, for the purpose of this resolution, the perquisites shall be evaluated as per Income Tax Rules wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.
- III. Notwithstanding the foregoing, where in any Financial Year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the remuneration by way of salary, commission and perquisites shall not exceed, the maximum limits prescribed in Schedule XIII to the Companies Act, 1956.
- IV. In the event of any re-enactment or re-codification of the Companies Act, 1956 or the Income Tax Act, 1961 or

amendments thereto, this Resolution shall continue to remain in force and the reference to various provisions of the Companies Act, 1956 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued thereunder.

10. To consider and, if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION :-

RESOLVED THAT subject to the provisions of the Companies Act, 1956 and other applicable provisions, if any, Mr. N.B. Godrej be and is hereby reappointed with effect from April 1, 2001 as Managing Director of the Company to hold office for a period of one year on a remuneration by way of salary, commission and perquisites, as may be determined by the Board of Directors of the Company from time to time within the maximum limits specified below :-

- I. **Salary :** Salary of Rs.1,20,000/- (Rupees One Lac Twenty Thousand Only) per month, payable monthly.
- II. **Commission on Profits :** One percent commission on the net profit of the Company.
- III. **Perquisites :** Classified into three categories A, B and C as detailed below :

Category A(1) **Housing**

Furnished residential accommodation, the perquisite value of which, shall be calculated in accordance with the Income-tax Rules, 1962. The perquisite value of provision of, or reimbursement of expenditure incurred on, gas, electricity, water and furnishings being valued in accordance with the Income-tax Rules, 1962.

OR

House rent allowance equivalent to 60% of the salary.

(2) **Medical Benefits:**

- a) Reimbursement of medical expenses incurred for the Managing Director and his family (including hospitalisation, nursing home and surgical charges) shall be made by the Company. This shall be subject to a ceiling of one month's salary in a financial year.
- b) Health Insurance for the Managing Director and his family, subject to a ceiling of Rs.50,000/- in a financial year on the premium payable in respect of such insurance.

(3) **Leave Travel Concession :**

Leave Travel Concession (for the Managing Director and his family once in a financial year incurred in accordance with the Rules specified by the Company) subject to a ceiling of one month's salary in a financial year.

(4) **Club Fees :**

Reimbursement of fees of a maximum of two Clubs, subject to a ceiling of Rs.50,000/- in a financial year.

(5) **Personal Accident Insurance :**

Personal Accident Insurance, subject to a ceiling of Rs.50,000/- in a financial year on the premium payable in respect of such insurance.

For the purposes of medical benefits and leave travel concession under Category A, 'family' means the spouse and dependent children of the Managing Director.

Godrej Soaps Limited

Category B

- (1) Company's contributions towards Provident Fund, Superannuation Fund or Annuity Fund as per the Rules framed under the Company's relevant Scheme. These shall be subject to a ceiling of the amount upto which the said contributions are either singly or put together not taxable, under the Income Tax Act, 1961.
- (2) Gratuity not exceeding one half month's salary for each completed year of service. Such gratuity shall be payable at the end of the tenure or at the time of determination of this Agreement, whichever is earlier.
- (3) Earned/privilege leave, on full pay and allowance, not exceeding 30 days in a financial year. Encashment of leave will be permissible in accordance with the Rules specified by the Company. Casual/Sick leave as per the rules of the Company.

Category C

- I.
 - (1) Provision of motor car with driver.
 - (2) Provision of free telephone facilities or reimbursement of telephone expenses at residence.
- II. Unless otherwise stipulated, for the purpose of this resolution, the perquisites shall be evaluated as per Income Tax Rules wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.
- III. Notwithstanding the foregoing, where in any Financial Year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the remuneration by way of salary, commission and perquisites shall not exceed, the maximum limits prescribed in Schedule XIII to the Companies Act, 1956.
- IV. In the event of any re-enactment or re-codification of the Companies Act, 1956 or the Income Tax Act, 1961 or amendments thereto, this Resolution shall continue to remain in force and the reference to various provisions of the Companies Act, 1956 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notifications issued thereunder.

11. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION :-

RESOLVED THAT pursuant to Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as "the Act"), in addition to the amount already invested, the Company be and is hereby authorised to invest a further sum not exceeding Rs.5.50 crore to acquire securities of Godrej Pillsbury Ltd. by subscription, purchase or otherwise, notwithstanding that the aggregate of the loans and investments so far made in or to be made in and the guarantees so far given or to be given to all bodies corporate, exceeds 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 above investments including the timing, the amount and other terms and conditions of such investment 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.

12. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION :-

RESOLVED THAT pursuant to Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory

modification or re-enactment thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as "the Act"), in addition to the amount already invested, the Company be and is hereby authorised to invest a further sum not exceeding Rs. 7.50 crore to acquire securities of Tahir Properties Ltd. by subscription, purchase or otherwise, notwithstanding that the aggregate of the loans and investments so far made in or to be made in and the guarantees so far given or to be given to all bodies corporate, exceeds 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 above investments including the timing, the amount and other terms and conditions of such investment 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.

13. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION :-

RESOLVED THAT pursuant to Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as "the Act"), in addition to the amount already invested, the Company be and is hereby authorised to invest further in those securities listed in Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975, or any other Rule(s) as may be made applicable from time to time for maintenance of liquid assets, which require approval under Section 372A of the Companies Act, 1956 subject to a maximum investment of Rs.5 crore notwithstanding that the aggregate of the loans and investments so far made in or to be made in and the guarantees so far given or to be given to all bodies corporate, exceeds 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 above investments including the timing, the amount and other terms and conditions of such investment 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.

14. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION :-

RESOLVED THAT pursuant to Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as "the Act"), in addition to the investments made in or the loans given to or intercorporate deposits placed with or guarantees given in favour of Godrej Photo-Me Ltd. (GPME) by the Company, the Company be and is hereby authorised to further invest in securities of GPME by subscription, purchase or otherwise and/or place intercorporate deposits with GPME or invest in debentures of or make loans to GPME in any other manner from time to time, subject to a maximum limit of Rs.6 crore, notwithstanding that the aggregate of the loans and investments so far made in or to be made in and the guarantees so far given or to be given to all bodies corporate, exceeds 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 above including deciding the exact timing, the amount and the other terms and conditions of such investments or loans or intercorporate deposits or investment in debentures, and also to take all other decisions including varying any of them through recall, renewal, transfer, sale, disinvestment or otherwise either in part or in full, as it may in its absolute discretion deem appropriate, subject to the limit specified above.

15. To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION :-

RESOLVED FURTHER TO THE Special Resolution No. 7, passed in this regard in the Extraordinary General Meeting held on January 23, 1999 (hereinafter referred to as "the said resolution"), that pursuant to Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) (hereinafter referred to as "the Act"), the Company be and is hereby authorised to place intercorporate deposits with or invest in commercial paper or any other short term securities of the following companies, from time to time, subject to a maximum individual limit of Rs.8 crore outstanding with each Company and subject to a maximum aggregate limit of Rs.25 crore outstanding at any one point of time from the following companies and all the companies listed in the said resolution, and, notwithstanding that the aggregate of the loans and investments so far made in or to be made in and the guarantees so far given or to be given to all bodies corporate, exceeds the limits laid down by the Act :

- (a) Godrej Properties & Investments Ltd.
- (b) Godrej Sara Lee Ltd.

By Order of the Board of Directors

S. S. SAPRE
Company Secretary

Mumbai, May 3, 2000

Registered Office :

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

NOTES :

1. The relative Explanatory Statement in respect of business under Item Nos. 6 - 15 set out in the Notice is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and on poll, to vote instead of himself. Such a proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy so appointed shall not have any right to speak at the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from May 10, 2000 to May 15, 2000 (both days inclusive) for payment of interim dividend as per the Board Resolution passed on March 27, 2000.
4. The Company has transferred unclaimed dividends upto interim dividend for the financial year 1994-95 to the general revenue account of the Central Government as required u/s 205A of the Companies Act, 1956.
5. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
6. Members are requested to send in their queries atleast a week in advance to the Company Secretary at the Registered Office of the Company to facilitate clarifications during the meeting.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF THE COMPANIES ACT, 1956

Items 6 and 7

The Company had pursuant to the ordinary resolution passed by shareholders in the Annual General Meeting held on September 24, 1999 executed agreements (hereinafter referred to as "the said agreements") dated January 14, 2000 with Mr. A.B. Godrej and Mr. N.B. Godrej respectively for Managing Directorship of the Company. The Department of Company Affairs, Government of India had through its notification no. GSR 215(E) dated March 2, 2000 amended Schedule XIII to the Companies Act, 1956 enhancing the limits upto which remuneration can be paid to Managing and Whole-time Directors by a company not having adequate profits.

Existing sub-clause I of Clause 4 of the said agreements is as follows:

"Salary : Salary of Rs.50,000/- (Rupees Fifty Thousand only) per month payable monthly."

The resolutions would have the effect of enhancing the above to Rs.1,20,000/- (Rupees One Lac Twenty Thousand only), per month with effect from July 1, 2000. All other terms and conditions of the said agreements shall remain valid and unchanged.

These particulars also constitute the abstract of the terms of variation required to be sent to every member of the Company pursuant to Section 302 of the Companies Act, 1956.

The Agreements dated January 14, 2000 entered into with the Managing Directors are available for inspection at the Registered Office of the Company from 10.00 a.m. to 12.00 noon on any working day of the Company upto the date of the Annual General Meeting.

The Board recommends the passing of the resolutions as set out at item nos. 6 & 7 of the Notice. Mr. A.B. Godrej and Mr. N.B. Godrej may be deemed to be interested in resolutions at item nos. 6 and 7. Ms. T.A. Dubash being relative of Mr. A.B. Godrej may be deemed to be interested in the resolution at item no. 6. None of the other Directors of the Company is interested in the resolution.

Item 8

The Company had pursuant to ordinary resolution passed by shareholders in the Annual General Meeting held on September 7, 1996 executed agreement dated September 7, 1996 (hereinafter referred to as "the said agreement") with Ms. T.A. Dubash for Whole-time Directorship of the Company. The Department of Company Affairs, Government of India had through its notification no. GSR 215(E) dated March 2, 2000 amended Schedule XIII to the Companies Act, 1956 enhancing the limits upto which remuneration can be paid to Managing and Whole-time Directors by a company not having adequate profits.

Existing sub-clause I of Clause 4 of the said agreement is as follows:

"Salary : Salary of Rs.35,000/- (Rupees Thirty Five Thousand only) per month payable monthly."

The resolution would have the effect of enhancing the above to Rs.60,000/- (Rupees Sixty Thousand only), per month with effect from July 1, 2000. All other terms and conditions of the said agreement shall remain valid and unchanged.

These particulars also constitute the abstract of the terms of variation required to be sent to every member of the Company pursuant to Section 302 of the Companies Act, 1956.

The Agreement dated September 7, 1996 entered into with Ms. T.A. Dubash is available for inspection at the Registered Office of the Company from 10.00 a.m. to 12.00 noon on any working day of the Company upto the date of the Annual General Meeting.

The Board recommends the passing of the resolution. Ms. T.A. Dubash may be deemed to be interested in the resolution. Mr. A.B. Godrej being relative of Ms. T.A. Dubash may be deemed to be interested in this resolution. None of the other Directors of the Company is interested in the resolution.

Items 9 and 10

Mr. A.B. Godrej was reappointed as Managing Director, vide resolution passed at the Annual General Meeting held on September 24, 1999 for a period upto March

Godrej Soaps Limited

31, 2001. It is now proposed to reappoint him for a further period of one year from April 1, 2001 in the manner and to the extent laid down in the text of the resolution which is self-explanatory.

Mr. N.B. Godrej was reappointed as Managing Director, vide resolution passed at the Annual General Meeting held on September 24, 1999 for a period upto March 31, 2001. It is now proposed to reappoint him for a further period of one year from April 1, 2001 in the manner and to the extent laid down in the text of the resolution which is self-explanatory.

For the sake of brevity, the particulars of the proposed remuneration, perquisites and benefits of Mr. A.B. Godrej and Mr. N.B. Godrej are not being set out again in the Explanatory Statement and the members are requested to refer to the same as set out in the body of the respective resolutions. These particulars also constitute the abstract of the terms of the Contracts proposed to be entered into with Mr. A.B. Godrej and Mr. N.B. Godrej in respect of their remuneration required to be sent to every member of the Company pursuant to Section 302 of the Companies Act, 1956.

The Board recommends the passing of the resolutions as set out at item nos. 9 and 10 of the Notice. Mr. A.B. Godrej and Mr. N.B. Godrej may be deemed to be interested in resolution at item nos. 9 and 10. Ms. T.A. Dubash being relative of Mr. A.B. Godrej may be deemed to be interested in resolution at item no. 9. None of the other Directors of the Company is interested in the resolutions.

Item 11

Particulars of the body corporate in which investment is proposed to be made

Name : Godrej Pillsbury Limited
Registered Office : Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai 400 079.
Principal business : Manufacturing and marketing of wheat flour based products under the Pillsbury brand name.

Purpose :

Godrej Pillsbury Ltd. (GPL) has been formed as a joint venture company of Selviac Nederland BV (holding 51%) and the Godrej Companies (holding 49% of which 26% is held by your Company).

GPL is presently in the investment stage and returns are expected to start flowing back after a few years. The shareholders had in the Extraordinary General Meeting held on January 23, 1999 approved investment of Rs.10 crore in GPL. Pursuant to this, the Company has invested Rs. 6.21 crore in GPL. GPL has set up a production facility at Nasik, Maharashtra, for the production of dry mixes for bakery and food services sector. GPL is expected to come out with further issues till the next Annual General Meeting to finance working capital needs and brand building of Atta and Bakery and Food Services Business. The Board of Directors of the Company is of the opinion that it would be in the interest of your Company to invest in such issues to the full extent of its rights entitlement and if possible to increase the stake of the Company beyond 26%. The Board of Directors of the Company considers this to be a good long term investment which will benefit the Company and consequently its shareholders in the long term and therefore recommends the passing of the resolution.

Sources of funds :

Internal generation of funds/borrowings.

Nature of concern or interest of Directors:

Mr. A.B. Godrej, Mr. J.N. Godrej and Mr.N.B. Godrej may be deemed to be interested in this resolution on account of their being Directors and/or shareholders in GPL. None of the other Directors of the Company is concerned or interested in the resolution.

Item 12

Particulars of the body corporate in which investment is proposed to be made

Name : Tahir Properties Limited
Registered Office : Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai 400 079.
Principal Business : Real Estate Development

Purpose :

Tahir Properties Limited (TPL) is a subsidiary of the Company, the Company holding 24.51% of the equity share capital, 25% of Preference Shares Class 'A' (25 shares of Rs.100 each, Rs.70 paid-up) and 30.57% of Preference Shares Class 'B' (128376 shares of Rs.100 each - fully paid). The remaining shares in TPL are held by Godrej Properties & Investments Limited (GPIL), another subsidiary of the Company.

The Company considers investment in TPL as a good investment. Class 'B' Preference Shares when converted to Class 'C' Preference Shares entitles the Preference Shareholder to the right to use either by himself or through his nominee certain immovable property owned by TPL.

The estimated cost of further investment in TPL is Rs. 7.5 crore.

The Board recommends the passing of the resolution.

Sources of funds :

Internal generation of funds/borrowings.

Nature of concern or interest of Directors:

Ms. T.A. Dubash may be deemed to be interested in this resolution on account of her being Director in TPL. None of the other Directors of the Company is concerned or interested in the resolution.

Item 13

Particulars of the body corporate in which investment is proposed to be made

As per Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975, every company shall before the 30th day of April of each year, deposit or invest, as the case may be, not less than 15% of the amount of deposits maturing during the year ending on 31st day of March next, in any one or more of the following methods :

- in a current or other deposit account with any scheduled bank, free from charge or lien;
- in unencumbered securities of the Central Government or of any State Government;
- in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882 (2 of 1882).
- in unencumbered bonds issued by the Housing Development Finance Corporation Limited, Bombay, a company incorporated under the Companies Act, 1956 (1 of 1956), and notified under clause (i) of Section 20 of the Indian Trusts Act, 1882 (2 of 1882).

The Company has accepted deposits from the public. In order to enable the Company to comply with Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975, or as may be modified or substituted from time to time, as also to invest its surpluses, this resolution is required to be passed.

The Board of Directors of the Company recommends the passing of the resolution.

None of the Directors of the Company is concerned or interested in the resolution.

Sources of Funds :

Internal generation of funds/borrowings.

Item 14

Particulars of the Company to whom loans are proposed to be given :

Name : GPME
Regd. Office : Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai 400 079
Principal Business : Trading, developing and marketing photography related items.
Purpose :

The Company holds 971100 equity shares of Rs.10/- each (40.46%) in GPME acquired at face value. The joint venture partner M/s. Photo Me. France holds 50% of the equity capital of GPME.

GPME has requested for further capital infusion to fund its business development