

GODREJ INDUSTRIES LIMITED

DIRECTORS

A.B. Godrej	<i>Chairman</i>
J.N. Godrej	
N.B. Godrej	<i>Managing Director</i>
S.A. Ahmadullah	
V.M. Crishna	
K.K. Dastur	
V.N. Gogate	
K.N. Petigara	
F.P. Sarkari	
V.F. Banaji	<i>Executive Director (Group Corporate Affairs)</i>
T.A. Dubash	<i>Director (Marketing)</i>
M. Eipe	<i>Executive Director & President (Chemicals)</i>
M.P. Pusalkar	<i>Executive Director & President (Foods Div.)</i>

COMPANY SECRETARY

S.K. Bhatt

AUDITORS

Kalyaniwalla & Mistry, *Chartered Accountants*

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REGISTERED OFFICE	:	Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai 400 079. Phone: 022 - 2518 8010, 2518 8020, 2518 8030 Fax : 022 - 2518 8074, 2518 8066 website : http://www.godrejinds.com
FACTORIES	:	<div>Vikhroli Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai 400 079. Phone : 022 - 2518 8010, 2518 8020, 2518 8030 Fax : 022 - 2518 8068/2518 8074</div> <div>Valia Burjorjinagar, Plot No. 3, Village Kanerao, Taluka - Valia, District Bharuch, Gujarat 393 135. Phone : 02643 - 270756 to 270760 Fax : 02643 - 270018</div> <div>Wadala L.M. Nadkarni Marg Near M.P. T. Hospital Wadala (East), Mumbai - 400 037 Phone : 022 - 2412 6320/23, 2414 6296 Fax : 022 - 2412 6204/2416 4599</div> <div>Mandideep Plot No. 5, New Industrial Area No. 1 Mandideep, District Raisen, Bhopal - 462 046, MP Phone : 07480 - 233405-6 Fax : 07480 - 233409</div>
BRANCHES	:	<div>Delhi Laxmi Insurance Building, 2/2-A, Asaf Ali Road, New Delhi 110 002. Phone : 011 - 2323 3775, 2323 3777, 2323 6776 Fax : 011 - 2323 3778</div> <div>Kolkata Block GN, Sector-V, Salt Lake City, Kolkata 700 091. Phone : 033 - 2357 3556, 2357 3555 Fax : 033 - 2357 3945</div> <div>Chennai New No. 102, (Old No. 81), Chamiers Road, Chennai 600 028. Phone : 044 - 2431 5721/2431 5722 Fax : 044 - 2431 5723</div> <div>London 284A, Chase Road, Southgate, London N14 - 6HF, UK Phone : (004420) - 88860145 Fax : (004420) - 88869424</div>
BANKERS	:	Central Bank of India State Bank of India Bank of India HDFC Bank Ltd. Citibank N.A.
REGISTRARS	:	Computech Sharecap Ltd. 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai 400 023. Phone : 022 - 2267 1824-26 Fax : 022 - 2267 0380 E-Mail : helpdesk@computechsharecap.com

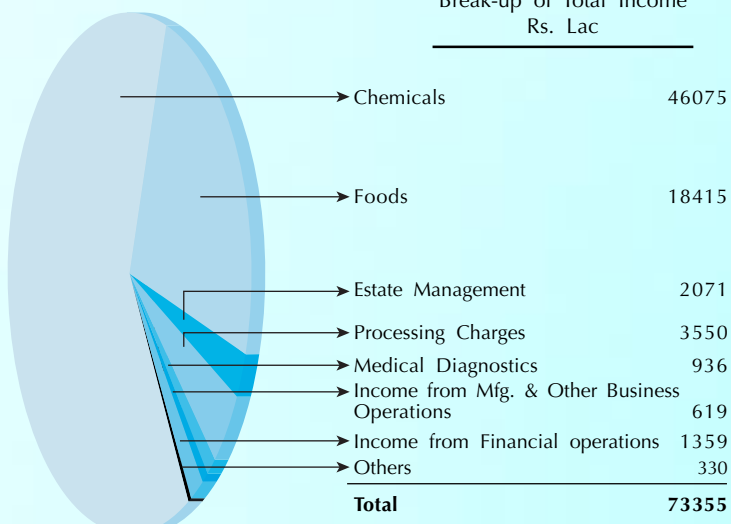
GODREJ INDUSTRIES LIMITED – FINANCIAL HIGHLIGHTS

	2003-04	2002-03	2001-02	2000-01	1999-00
(Rs. lac)					
BALANCE SHEET					
SOURCES OF FUNDS :					
Shareholders' Funds					
Share Capital	2919	2919	3699	5979	5979
Reserves & Surplus	26197	21511	21030	27559	25679
Loan Funds					
Secured Loans	16814	14815	15051	16701	22375
Unsecured Loans	4235	7432	13456	9547	11881
Deferred Tax Liability	2972	3466	1347	—	—
	53137	50143	54583	59786	65914
APPLICATION OF FUNDS :					
Fixed Assets	25656	28130	29099	33799	32815
Investments	26533	18646	14619	17075	19043
Net Working Capital	739	2944	9987	8076	12666
Miscellaneous Expenditure	209	423	878	836	1390
	53137	50143	54583	59786	65914
INCOME AND PROFIT FIGURES					
Total Income	73355	67780	53465	79786	71620
Expenditure other than Interest and Depreciation	64243	57737	43408	65935	57218
Profit before Interest, Depreciation and Tax	9112	10043	10057	13851	14402
Interest (net)	580	2024	3218	3711	4774
Profit before Depreciation and Tax	8532	8019	6839	10140	9628
Depreciation	2150	2211	2154	2531	2342
Profit before Tax and exceptional items	6382	5808	4685	7609	7286
Exceptional items - expense	—	—	624	3194	547
Provision for Current Tax	365	421	150	350	641
Net Profit after Tax	6017	5387	3911	4065	6098
Provision for Deferred Tax	(494)	2119	923	—	—
Adjustment in respect of prior years -(Income)	(57)	(153)	(121)	(25)	(90)
Net Profit after taxes and adjustments	6568	3421	3109	4090	6188

Note : The figures for FY 2002-03 are not comparable with those of the previous years in view of the schemes of arrangement with Godrej Consumer Products Limited and Godrej Foods Limited, in FY 2001-02.

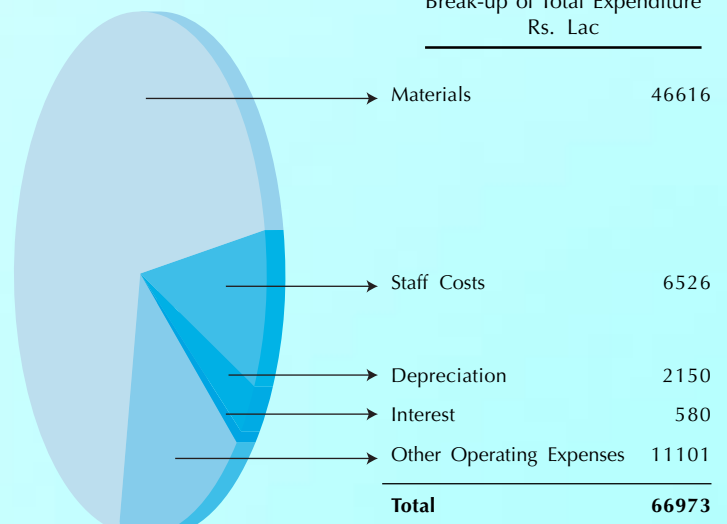
Total Income 2003-2004

Break-up of Total Income
Rs. Lac



Total Expenditure 2003-2004

Break-up of Total Expenditure
Rs. Lac



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of the members of GODREJ INDUSTRIES LIMITED will be held on Monday, July 26, 2004 at 4.00 P.M. at Y B Chavan Centre, Nariman Point, Mumbai-400 021, to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Audited Profit & Loss Account and Cash Flow Statement for the year ended March 31, 2004, the Balance Sheet as at that date, the Auditors' Report and the Directors' Report thereon.
2. To declare dividend for the financial year ended March 31, 2004.
3. To appoint a Director in place of Mr. A.B. Godrej, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S.A. Ahmadullah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. V.N. Gogate, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. F.P. Sarkari, who retires by rotation and being eligible, offers himself for re-appointment.
7. 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 of the Company to fix their remuneration. M/s. Kalyaniwalla & Mistry, Chartered Accountants, the retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS :

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

RESOLVED THAT subject to the provisions of Sections 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the re-appointment and remuneration of Mr. N.B. Godrej as Managing Director of the Company for a period of 3 years from April 1, 2005 to March 31, 2008, on the terms and conditions as contained in the Agreement to be entered into between the Company and Mr. N.B. Godrej, a draft of which is placed before the meeting and for the purpose of identification, initialed by the Chairman.

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

RESOLVED THAT subject to the provisions of Sections 314 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the appointment of Mr. Pirojsha A. Godrej, son of Mr. A.B. Godrej, Chairman of the Company, as an employee of the Company, with effect from June 1, 2004, on the following terms and conditions :

1. **Basic Salary**

Basic Salary in the scale of Rs. 13500 - 5000 - 7500 - Rs. 50000. The Basic Salary on appointment will be Rs. 13,500/- per month.

2. **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 Board of Directors of the Company, subject to maximum of 24 months' basic salary.

3. **Allowances**

a. **House Rent Allowance**

If Company's House – not exceeding 40% of basic salary p.m.

OR

If own house – not exceeding 55% of basic salary p.m.

b. **Conveyance**

Provision for use of Company's car with driver or conveyance allowance as per the Scheme of the Company.

At present, the conveyance allowance is Rs. 10000/- p.m.

c. **Education Allowance**

As per the Scheme of the Company, applicable to the cadre in which he is appointed.

At present, the amount payable is Rs. 2000/- p.m.

d. **Joining Allowance** - Rs. 12000/-

4. **Other Benefits**

a. **Leave Travel Allowance**

Maximum of 10% of basic salary per annum.

b. **Company's contribution to Provident Fund**

Company's contribution towards Provident Fund, Superannuation Fund or Annuity Fund as per the Rules framed under the Company's relevant Scheme.

c. **Gratuity**

Gratuity not exceeding 50% of average basic salary drawn in last year of service for each completed year of service. Such gratuity shall be payable according to the rules of the Company.

d. **Reimbursement of Medical Expenses/Hospitalisation Expenses**

As per the Scheme of the Company, applicable to the cadre in which he is appointed.

e. **Leave/Leave encashment**

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 Rules specified by the Company. Casual/sick leave as per rules of the Company.

Notes:

1. Unless otherwise stipulated, for the purpose of the above, the perquisites shall be evaluated as per Income Tax Rules wherever actual cost cannot be determined.
2. The following shall not be included in the computation of perquisites :
 - (a) Provision for use of Company's cars with driver for official use.
 - (b) Provision of free telephone facilities or reimbursement of telephone expenses at residence including payment of local calls and long distance official calls.
3. The Board in its absolute discretion can decide the designation/cadre of Mr. Pirojsha A. Godrej within the above salary range.
4. The limits specified above are the maximum limits and the Board may in its absolute discretion pay to Mr. Pirojsha A. Godrej, lower remuneration and revise the same from time to time within the maximum limits stipulated above.
5. The appointment is terminable by giving three months' notice in writing on either side.

10. **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'), and subject to any other approvals, as may be required, the Company be and is hereby authorised to further invest upto Rs.50 crore (Rupees Fifty Crore only) in addition to the amounts already authorised to be invested, by way of subscription, purchase or otherwise in securities of Godrej Consumer Products Limited, 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 investment including the timing, the type, 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.

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'), and subject to any other approvals, as may be required, the Company be and is hereby authorised to further invest upto Rs. 2 crore (Rupees Two Crore only) in addition to the amounts already invested, by way of subscription, purchase or otherwise in securities of Godrej Agrovet Limited, 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 investment including the timing, the type, 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'), and subject to any other approvals, as may be required, the Company be and is hereby authorised to further invest upto Rs.2 crore (Rupees Two Crore only) in addition to the amounts already invested, by way of subscription, purchase or otherwise in securities of Godrej Properties & Investments Limited, 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 investment including the timing, the type, 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'), and subject to any other approvals, as may be required, the Company be and is hereby authorised to invest upto Rs. 4.5 crore (Rupees four crore fifty lac only) by way of subscription, purchase or otherwise in securities of Avestha Gengrain Technologies Pvt. Ltd., 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 investment including the timing, the type, 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'), and subject to any other approvals, as may be required, the Company be and is hereby authorised to invest upto US\$ 300,000 (USDollar Three hundred thousand only) by way of subscription,

purchase or otherwise in the securities of Ingenero (Mauritius) Limited, 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 investment including the timing, the type, 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.

By Order of the Board of Directors

S. K. BHATT

General Manager (Corporate Services)
& Company Secretary

Mumbai, May 28, 2004

Registered Office :

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

NOTES :

1. The relative Explanatory Statement in respect of business under Item Nos. 8 to 14 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 be closed from July 6, 2004 to July 26, 2004 (both days inclusive) for ascertaining the names of the shareholders to whom the dividend which shall be 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 Ltd. and Central Depository Services (India) Ltd., for this purpose.
4. Those Members who have so far not encashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investor Education and Protection Fund of the Central Government, pursuant to Section 205C of the Companies Act, 1956 on the respective dates mentioned thereagainst. Please note that as per Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the aforesaid Fund in respect of individual amounts which remain unclaimed or unpaid for a period of seven years from the date the dividend became due for payment and no payment shall be made in respect of such claims.

Dividend for the Financial Year ended	Due date for transfer
31.03.1997	15.09.2004
31.03.1998	26.09.2005
31.03.2000	01.07.2007
31.03.2001	28.07.2008
31.03.2002	14.08.2009
31.03.2003	25.08.2010

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 at least 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 SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 8

Mr. N.B. Godrej was appointed as the Managing Director vide resolution passed at the Annual General Meeting held on July 28, 2001 for the period from April 1, 2002 to March 31, 2005. It is now proposed to seek approval of shareholders for re-appointment and remuneration of Mr. N.B. Godrej (hereinafter referred to as "the Managing Director") for a further period of three years from April 1, 2005 to March 31, 2008 on the remuneration, terms and conditions as given below :-

I. Basic Salary :

In the scale of Rs. 280,000 to Rs. 500,000 per month. The Remuneration Committee/Board of Directors will determine the amount of Basic Salary payable from time to time depending on the performance of the Managing Director, profitability of the Company and other relevant factors.

The Basic Salary approved by the Remuneration Committee for 2004-05 is Rs. 280,000 per month.

II. Performance Linked Variable Remuneration :

Performance Linked Variable Remuneration according to the Scheme of the Company for each of the Financial year as may be decided by the Remuneration Committee/Board of Directors of the Company.

III. Perquisites : Classified into four categories A, B, C and D as detailed below :

Category A

(1) Housing :

Furnished residential accommodation, the perquisite value for 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, which shall be valued in accordance with the Income-tax Rules, 1962.

OR

House rent allowance equivalent to 60% of basic salary.

(2) Medical Benefits :

a) Payments/Reimbursement of domiciliary medical expenses incurred/insurance premium for the Managing Director and his family (excluding hospitalisation, nursing home and surgical charges) subject to a ceiling of one month's average basic salary in a financial year.

b) Reimbursement of hospitalisation, nursing home and surgical charges for the Managing Director and his family subject to a limit of one month's average basic salary in a financial year which can be accumulated according to the Company's Rules.

(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 average basic salary in a financial year.

(4) Club Fees :

Payments/Reimbursement of fees of a maximum of two Clubs, subject to a ceiling of Rs. 1 lac (excluding entrance fees/life membership fees) in a financial year.

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.

(2) Gratuity according to the Rules of the Company. If the Managing Director is re-appointed, gratuity will be paid at the end of the tenure of the Managing Director with the Company.

(3) 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.

(4) Casual/Sick leave as per the rules of the Company.

Category C

The following shall not be included in the computation of perquisites :

- (1) Provision for use of Company's cars with driver for official use.
- (2) Provision of free telephone facilities or reimbursement of telephone expenses at residence including payment of local calls and long distance official calls.

Category D

Granting of housing loans according to Company's Scheme subject to Central Government's approval, if any.

Notes :

I. Unless otherwise stipulated, for the purpose of the above, the perquisites shall be evaluated as per Income Tax Rules wherever actual cost cannot be determined.

II. The aggregate of salary and perquisites as specified above or paid additionally in accordance with the rules of the Company in any financial year, which the Board may in its absolute discretion pay to the Managing Director from time to time, shall not exceed the limits prescribed from time to time under Sections 198, 309 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being be in force, except with the approval of Central Government.

III. The limits specified above are the maximum limits and the Board/Remuneration Committee may in its absolute discretion pay to the Managing Director lower remuneration and revise the same from time to time within the maximum limits stipulated above.

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, the foregoing 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.

A draft of the agreement to be entered into with the Managing Director is available for inspection at the Registered Office of the Company from 10.00 A.M. to 12.00 Noon, Monday to Friday (except public holidays) upto the date of the Annual General Meeting.

The above constitutes the abstract of the terms of the agreement which is required to be given to every member under the provisions of Section 302 of the Companies Act, 1956.

The Statement containing information as required under Schedule XIII of the Companies Act, 1956 is enclosed.

The Board of Directors of the Company recommends passing of the resolution as set out at Item no.8 of the Notice.

Mr. N.B. Godrej may be deemed to be interested in the resolution. Mr. A.B. Godrej, being his relative, 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. Pirojsha A. Godrej is the son of Mr. Adi B. Godrej, Chairman of the Company, and brother of Ms. Tanya Dubash, Director (Marketing). It is proposed to appoint Mr. Pirojsha A. Godrej as an employee of the Company w.e.f. June 1, 2004 for which the approval of members is being sought under Section 314 of the Companies Act, 1956.

Mr. Pirojsha A. Godrej is a Bachelor of Science in Economics from Wharton School, University of Pennsylvania. He obtained his Masters in International Affairs from the School of International and Public Affairs, Columbia University, New York.

The details of the remuneration payable to Mr. Pirojsha A. Godrej is laid down in the text of the resolution which is self explanatory. For the sake of brevity, the particulars of the remuneration, perquisites and benefits are not being set out again in the Explanatory Statement and the members are requested to refer to the resolution.

The Board recommends the passing of the resolution.

Mr. A.B. Godrej and Ms. T.A. Dubash being relatives of Mr. Pirojsha A. Godrej may be interested in the resolution. None of the other Directors are interested in the resolution.

Item No. 10 to 14

Particulars of the Company where investment is proposed to be made:

Name of the Company & address of Regd. Office	Amount of investment	Principal business of the Company	Purpose of investment	Source of funds	Nature of concern or interest of Directors in the resolution
Godrej Consumer Products Limited Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai-400 079	Rs. 50 crore	Manufacturing and marketing of fast moving consumer products such as soaps, detergents, toiletries, personal care products, etc.	A good investment opportunity	Internal generation of funds/borrowings.	Except Mr. V. F. Banaji, all the other directors may be deemed to be interested in this resolution on account of their being Directors and/or shareholders in Godrej Consumer Products Ltd.
Godrej Agrovet Ltd. Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai-400 079	Rs. 2 crore	Manufacturing and marketing of Animal Feeds, Agricultural Products, Poultry, Oil Palm Plantations, Micro propagation of Tissue Culture.	A good investment opportunity	Internal generation of funds/borrowings	Mr. A.B. Godrej, Mr. N.B. Godrej, Mr. J.N. Godrej, Mr. V.M. Crishna, Mr. K.N. Petigara and Ms. T.A. Dubash may deemed to be interested in this resolution on account of their being Directors in Godrej Agrovet Ltd. None of the other Directors of the Company are concerned or interested.
Godrej Properties & Investments Ltd. Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai-400 079	Rs. 2 crore	Real Estate Development	A good investment opportunity	Internal generation of funds/borrowings	Mr. A.B. Godrej, Mr. N.B. Godrej, Mr. J.N. Godrej, and Ms.T.A. Dubash may deemed to be interested in this resolution on account of their being Directors/shareholders in Godrej Properties & Investments Ltd. None of the other Directors of the Company are concerned or interested.
Avestha Gengraine Technologies Pvt. Ltd. 'Discoverer' 9th Floor, International Technology Park, Whitefield Road, Bangalore-86.	Rs. 4.5 crore	Biotechnology	A good investment opportunity	Internal generation of funds/borrowings	None of the Directors are concerned or interested.
Ingenero (Mauritius) Limited 10, Frere Felix De Valois Street, Port Louis, Mauritius.	US\$300,000	Provision of remote Manufacturing Technical Support services to the global chemical process industry.	A good investment opportunity	Internal generation of funds/borrowings	None of the Directors are concerned or interested.

The Board of Directors of the Company recommends the passing of the resolutions as set out at Items No. 10 to 14 of the Notice.

By Order of the Board of Directors

S. K. BHATT

General Manager (Corporate Services)
& Company Secretary

Mumbai, May 28, 2004

Registered Office :

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

Statement in Terms of Schedule XIII of the Companies Act, 1956 relating to Remuneration Payable to the Managing Director

I. General Information

- Nature of Industry** – Chemicals, Edible oils, Fats, and Processed Foods.
- Date or expected date of commencement of commercial production** – The Company was incorporated on March 7, 1988 as a Public Limited Company.
- Financial performance based on given indicators** – as per the audited financial results for the year ended March 31, 2004.

(Rs. lac)

Sales of products and services	71666
Other Income	1689
Total income	73355
Total expenditure other than interest & depreciation	64243
Profit Before Depreciation, Interest and Tax	9112
Depreciation	2150
Profit Before Interest and Tax	6962
Interest and financial charges (net)	580
Profit Before Tax	6382
Provision for Current Tax	365
Profit after Current Tax	6017
Provision for Deferred Tax	(494)
Adjustments in respect of prior years – net income	(57)
Profit After Tax	6568

- Export performance and net foreign exchange earned for the year ended March 31, 2004.**

Rs. lac

Exports of goods	13279
Interest income	12
Dividend Income	48

- Foreign investments as on March 31, 2004.**

Rs. lac

In shares of Godrej International Ltd., the Company's wholly owned subsidiary	960.83
In equity shares of Compass Connections Ltd.	124.55

II. Information about the appointee

- Background details :**

Mr. N.B. Godrej has a B.S. degree in Chemical Engineering from the Massachusetts Institute of Technology and a M.S. in Chemical Engineering from Stanford University. He did his M.B.A at Harvard Business School in 1976. He has been very active in developing the chemicals business of the Company.

- Past Remuneration :**

The remuneration paid during the year ended March 31, 2004 is as under :

Rs.

Salary	7685066
Perquisites	1435614
Total	9120680

- Job profile and suitability :**

Mr. N.B. Godrej is well qualified being an Engineer from MIT, USA, MS in Chemical Engineering from Stanford University and an MBA from Harvard Business School. He has a career spanning

27 years in Godrej group as a Board Member/Managing Director of Godrej Soaps Limited, Gujarat-Godrej Innovative Chemicals Ltd. and Godrej Industries Ltd. He has been very active in developing the chemicals business of the Company. He has demonstrated outstanding leadership skills in diverse business areas.

- Remuneration proposed :**

Details of the proposed remuneration of Mr. N.B. Godrej are given in the Explanatory Statement to the resolution.

Brief particulars of the remuneration are given below:

Description	Limits
Basic salary range p.m.	In the range of Rs. 2,80,000 to Rs. 5,00,000 p.m. The present monthly basic salary is Rs. 2,80,000 p.m.
Performance Linked Variable Remuneration	Based on performance, as per the Company's Scheme.
HRA	Furnished residential accommodation Or House Rent Allowance equivalent to 60% of basic salary
Perquisites	As per rules of the Company

- Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person :**

Taking into consideration the size of the Company, the profile of the Appointee, the responsibilities shouldered by him and the industry benchmarks, the aforesaid remuneration is commensurate with the remuneration package paid to similar senior level appointees in other companies.

- Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any :**

Besides the remuneration proposed, the Managing Director does not have any other pecuniary relationship with the Company and its managerial personnel.

III. Other information

Reasons of loss or inadequate profits, Steps taken or proposed to be taken for improvement and Expected increase in productivity and profits in measurable terms : The Company has adequate profits as required under Section 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956. This disclosure could be applicable only

in case of any shortfall in the limit laid down in Companies Act, 1956, for payment of managerial remuneration in any financial years during the currency of the proposed agreement with Mr. N.B. Godrej, i.e. Financial Years 2005-06, 2006-07 and 2007-08.

By Order of the Board of Directors

S. K. BHATT

General Manager (Corporate Services)
& Company Secretary

Mumbai, May 28, 2004.

Registered Office :

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

Details of the Directors seeking appointment/reappointment in the forthcoming Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Mr. A.B. Godrej (62) : Mr A.B. Godrej is B.S., M.S. from Massachusetts Institute of Technology, U.S.A. and is a Director since 1988.

Directorship in other Companies:

Chairman & Managing Director, Godrej Consumer Products Ltd.,

Chairman: Swadeshi Detergents Ltd., Godrej Tea Ltd., Godrej Investments Pvt. Ltd., Godrej Foods Ltd., Hicare India Ltd., Godrej Sara Lee Ltd., Vora Soaps Ltd., Godrej Properties & Investments Ltd.

Director: Godrej & Boyce Mfg. Co. Ltd., Godrej Agrovet Ltd., Godrej International Ltd., Godrej Global Mid East FZE, Godrej Upstream Ltd.

Committee position held in companies :

Chairman, Audit Committee – Godrej Properties & investments Ltd.

Chairman, Remuneration Committee – Godrej Foods Ltd.

Chairman, Audit Committee – Godrej Sara Lee Ltd.

Chairman, Shareholders' Committee – Godrej Industries Ltd.

Member, Shareholders' Committee and Human Resources Committee – Godrej Consumer Products Ltd.

Mr. S.A. Ahmadullah (64) : Mr. S.A. Ahmadullah is B. A. (Cantab.). He is a Director of the Company since 1995.

Directorship in other Companies :

Director : Lawkim Ltd., Globe Theatres Pvt. Ltd., Nadir Company Private Limited and Motor Sports Association of India.

Committee position held in companies :

Chairman, Remuneration Committee, Godrej Industries Limited

Member : Audit Committee, Godrej Industries Ltd.

Mr. V.N. Gogate (71) : Mr. V.N. Gogate is a Chartered Accountant and a qualified Company Secretary by profession. Mr. Gogate was heading the finance function of the former Godrej Soaps Ltd. before retiring in 1994. He is a Director of the Company since 1995.

Committee position held in companies :

Member: Remuneration Committee – Godrej Industries Ltd.

Member: Audit Committee – Godrej Industries Ltd.

Mr. F.P. Sarkari (72) : Mr. F.P. Sarkari is a Practising Chartered Accountant. He was appointed as a Director of the Company from January 30, 2002.

Directorship in other Companies :

Director : Godrej & Boyce Mfg. Co. Ltd. and Tropicana Enterprise Pvt. Ltd.

Committee position held in companies :

Chairman : Audit Committee - Godrej Industries Ltd., Godrej & Boyce Mfg. Co. Ltd.

Member: Remuneration Committee – Godrej & Boyce Mfg. Co. Ltd.

Mr. N.B. Godrej (52) : Mr. N.B. Godrej has a B.S. degree in Chemical Engineering from the Massachusetts Institute of Technology and a M.S. in Chemical Engineering from Stanford University. He did his M.B.A at Harvard Business School in 1976. He is a Director of the Company since 1988.

Directorship in other companies:

Chairman : Godrej Agrovet Limited, Goldmohur Foods & Feeds Ltd., Godrej Global Solutions Ltd.

Director : Godrej Industries Ltd., Godrej & Boyce Mfg. Co. Ltd., Godrej Consumer Products Ltd. Godrej Foods Ltd., Godrej Properties & Investments Ltd., Unicorn Agrotech Ltd., Mahindra & Mahindra Ltd., Godrej Tea Limited, Godrej Sara Lee Ltd., KarROX Technologies Ltd., Unicorn Seeds Ltd., Godrej International Ltd., Godrej Global Mid East FZE, Compass Connections Ltd., UK, CBay Systems Ltd., USA, Rasa Agrotech Pvt. Ltd., Godrej Upstream Ltd.

Committee position held in companies:

Chairman, Audit Committee – Godrej Tea Ltd. and Godrej Agrovet Ltd.

Member, Audit Committee and Shareholders Committee - Godrej Consumer Products Ltd.

Member, Audit Committee – Godrej Sara Lee Ltd., Godrej Foods Ltd. and Godrej Properties & Investments Ltd.

Member, Remuneration Committee – Godrej Industries Ltd.

Member, Audit Committee and Remuneration Committee – Mahindra & Mahindra Ltd.

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2004

To the Shareholders,

Your Directors have pleasure in submitting the Annual Report along with the Audited Accounts for the year ended March 31, 2004.

REVIEW OF OPERATIONS

Your Company's performance during the year as compared with that during the previous year is summarized below.

	(Rs. lac)	
	Year ended March 31,	
	2004	2003
Sales of products and services	71666	65250
Other Income	1689	2530
Total Income	73355	67780
Total Expenditure other than Interest and Depreciation	64243	57737
Profit before Interest, Depreciation and Taxation	9112	10043
Depreciation	2150	2211
Profit before Interest and Taxation	6962	7832
Interest and Financial Charges (net)	580	2024
Profit before Taxation	6382	5808
Provision for Current Tax	365	421
Profit after Current Tax	6017	5387
Provision for Deferred Tax	(494)	2119
Profit after Current and Deferred Taxation	6511	3268
Adjustments in respect of prior years – net income	58	153
Surplus brought forward	11215	9234
Profit after Tax available for appropriation	17784	12655
Appropriation		
Your Directors recommend appropriation as under:		
Dividend on Equity Shares	1459	973
Tax on distributed profits	187	125
Transfer to General Reserve	657	342
Surplus Carried Forward	15481	11215
Total Appropriation	17784	12655

The total income grew by over 8% from Rs. 67780 lac to Rs. 73355 lac and the PBT rose to Rs.6382 lac from Rs. 5808 lac, in the previous year, an increase of 9.9%.

DIVIDEND

The Board of Directors of your Company recommends a final dividend of Rs 3/- per equity share of Rs 6/- each, aggregating to Rs.1459 lac, as against final dividend of Rs 2/- per equity share of Rs 6/- each aggregating to Rs 973 lac in the previous year.

MANAGEMENT DISCUSSION & ANALYSIS

There is a separate section on Management Discussion and Analysis in this Annual Report, which, *inter alia*, covers the following :

- Industry Structure and Development
- Opportunities and Threats
- Risks and Concerns
- Internal Control Systems and their adequacy
- Human Resources and Industrial Relations
- Discussion on financial performance with respect to operational performance
- Segment - wise performance
- Outlook

The same is appended as Annexure A to the Directors' Report.

SUBSIDIARY AND ASSOCIATE COMPANIES

Your Company has interests in several industries including animal feeds, poultry and agro-products, property development, household insecticides, pesticides, tea, infotech, etc. through its subsidiary/associate companies.

Godrej Agrovet Limited (GAVL) performed well during the year with its total income increasing to Rs. 49494 lac as compared to Rs. 47639 lac in the previous year and Profit After Tax growing from Rs. 887 Lac to Rs. 896 Lac during this year. GAVL declared two interim dividends of 45% and 30% respectively in the current year, as compared to interim dividend of 63% and final dividend of 16% in the previous year. Goldmohur Foods and Feeds Ltd., a wholly owned subsidiary of GAVL recorded turnover of Rs. 30021 lac during the year as compared to Rs. 31693 lac during the previous year. During the year, GAVL formed a wholly owned subsidiary, viz. Golden Feed Products Limited (GFPL) to carry on the business of animal feeds.

Godrej Properties & Investments Ltd. (GPIL) recorded increase in Profit After Tax from Rs. 130 lac in the previous year to Rs. 282 lac during the current year. However, its Total Income declined to Rs. 2924 lac from Rs. 4205 lac in the previous year. GPIL has declared final dividend of 31.03% as compared to interim dividend of 15.52% in the previous year.

Godrej International Limited (GINL) has posted a net profit of US\$ 414799 as compared to US\$ 219771 in the previous year. GINL has proposed a final ordinary dividend of 9 US cents per ordinary share of £1 aggregating to US\$ 135450 as against a final ordinary dividend of 7 US cents aggregating to US\$ 105350, the previous year. Godrej Global MidEast FZE (GGME), a 100% subsidiary of GINL has earned Net Profit of AED 196838 as compared to a loss of AED 2480513 in the previous year.

Godrej Remote Services Limited (GRSL), which is in the medical transcription business, improved its revenue to Rs. 245 lac this year, from Rs.135 lac in the previous year. However, the loss for the year increased to Rs.181 lac as against Rs. 121 lac in the previous year.

Godrej Tea Ltd., which had commenced operations in the previous year, earned Total Income of Rs. 3614 lac as compared to Rs. 1174 lac in the previous year. GTL recorded loss of Rs. 844 lac as compared to Rs. 502 lac in the previous year.

During the year, your Company invested Rs. 2474 lac in Godrej Global Solutions Limited, which is in the Business Process Outsourcing (BPO) and back office support areas. While GGSL is yet to start its own commercial operations, it has initiated its growth by investing in other companies/ ventures engaged in similar areas.

Godrej Sara Lee Limited (GSLL) has continued its dominant position in the Household Insecticide market. GSLL is the market leader in India in three categories of Household insecticide market, viz. mats, coils and aerosols. "Goodknight" brand was adjudged the No.1 "Household Care" brand by Economic Times in their brand equity study during the year.

Your Company's joint venture with Photo-Me International Plc for photobooth/ photographic business in India, was terminated after the close of the year, and a substantial part of the shareholding by the foreign partner in the joint venture company, viz. Hicare India Limited (HIL), (formerly Godrej Photo-Me Limited) was bought over by your Company. HIL has forayed into business of pest management services during the year.

FINANCIAL POSITION

The financial position of your Company continues to be sound. The loan funds as at the end of the year reduced to Rs.21049 lac as compared to Rs. 22248 lac as at the end of the previous year. This reduction was possible mainly on account of operating profits and reduction in working capital. Your Company continues to hold the topmost rating of A1+ from ICRA for its commercial paper programme. The rating indicates that the prospect of timely repayment of debt/obligation is the best.