

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 & President (Group Corporate Affairs)</i>
T.A. Dubash	<i>Executive Director & President (Marketing)</i>
M. Eipe	<i>Executive Director & President (Chemicals)</i>
M.P. Pusalkar	<i>Executive Director & President (Corporate Projects)</i>

COMPANY SECRETARY

S.K. Bhatt

AUDITORS

Kalyaniwalla & Mistry, *Chartered Accountants*

CONTENTS

	Page Nos.
Financial Highlights	03
Notice	04
Directors' Report along with Management Discussion and Analysis Report	11
Report on Corporate Governance	21
Shareholders' Information	25
Auditors' Report	27
Accounts	30
Consolidated Accounts	53
Statement Pursuant to Section 212	68
SUBSIDIARIES	
Godrej Agrovat Limited	69
Goldmohur Foods & Feeds Limited	79
Golden Feed Products Limited	85
Krithika Agro Farm Chemicals and Engineering Industries Private Limited	90
Godrej Beverages & Foods Limited	93
Godrej Properties Limited	100
Girikandra Holiday Homes & Resorts Limited	107
Godrej Realty Private Limited	110
Godrej Waterside Properties Private Limited	113
Godrej Hicare Limited	115
Ensemble Holdings & Finance Limited	121
Godrej International Limited	126
Godrej Global Mid East FZE	128
Godrej Global Solutions Limited	132
Godrej Global Solutions (Cyprus) Limited	137
Godrej Global Solutions, Inc	141

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 : Vikhroli Pirojshanagar, Eastern Express Highway,
Vikhroli, Mumbai 400 079.
Phone : 022 - 2518 8010, 2518 8020, 2518 8030
Fax : 022 - 2518 8068/2518 8074

Valia Burjorjinagar,
Plot No. 3, Village Kanerao,
Taluka - Valia, District Bharuch,
Gujarat 393 135.
Phone : 02643 - 270756 to 270760
Fax : 02643 - 270018

Wadala L.M. Nadkarni Marg
Near M.P. T. Hospital
Wadala (East), Mumbai 400 037.
Phone : 022 - 2412 6320/23, 2414 6296
Fax : 022 - 2412 6204/2416 4599

Mandideep Plot No. 5, New Industrial Area No. 1
Mandideep, District Raisen,
Bhopal - 462 046, MP
Phone : 07480 - 233405-6
Fax : 07480 - 233409

BRANCHES : Delhi 4th Floor, Delite Theatre Building,
4/1, Asaf Ali Road, New Delhi 110 002
Phone : 011 - 2326 1069/76
Fax : 011 - 2326 1088

Kolkata Block GN, Sector-V,
Salt Lake City, Kolkata 700 091.
Phone : 033 - 2357 3556, 2357 3555
Fax : 033 - 2357 3945

Chennai New No. 102, (Old No. 81),
Chamiers Road,
Chennai 600 028.
Phone : 044 - 2431 5721/2431 5722
Fax : 044 - 2431 5723

London 284A, Chase Road, Southgate,
London N14 - 6HF, UK
Phone : (004420) - 88860145
Fax : (004420) - 88869424

BANKERS : Central Bank of India
State Bank of India
Bank of India
HDFC Bank Ltd.
Citibank N.A.

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

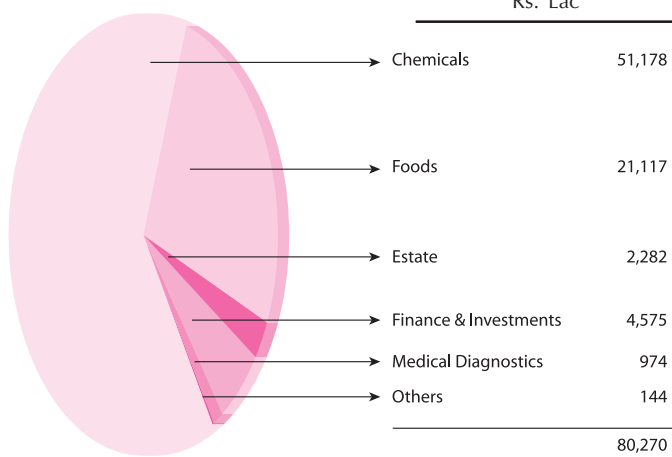
GODREJ INDUSTRIES LIMITED – FINANCIAL HIGHLIGHTS

(Rs. Lac)

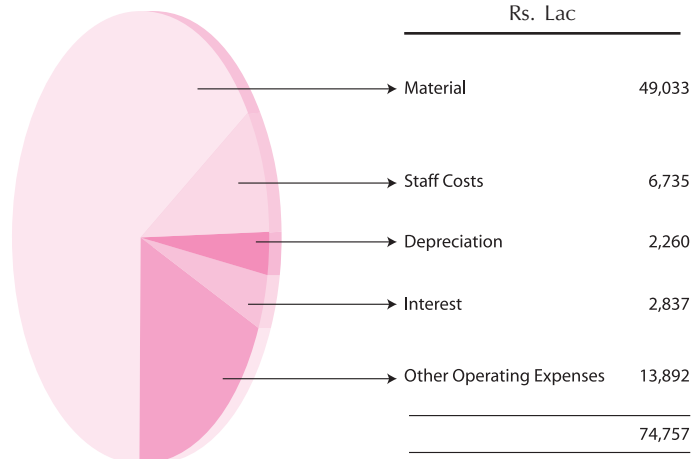
	2005-06	2004-05	2003-04	2002-03	2001-02
BALANCE SHEET					
SOURCES OF FUNDS :					
Shareholders' Funds					
Share Capital	2919	2919	2919	2919	3699
Reserves & Surplus	34216	30618	26197	21511	21030
Loan Funds					
Secured Loans	24911	22075	16814	14815	15051
Unsecured Loans	7803	3557	4235	7432	13456
Deferred Tax Liability	3818	2502	2972	3466	1347
	73667	61671	53137	50143	54583
APPLICATION OF FUNDS :					
Fixed Assets	28594	25100	25656	28130	29099
Investments	37135	33577	26533	18646	14619
Net Working Capital	5719	2868	739	2944	9987
Miscellaneous Expenditure	2219	126	209	423	878
	73667	61671	53137	50143	54583
INCOME AND PROFIT					
Total Income	80270	82353	73355	67780	53465
Expenditure other than Interest and Depreciation	69660	70117	64243	57737	43408
Profit before Interest, Depreciation and Tax	10610	12236	9112	10043	10057
Interest (net)	2837	2582	580	2024	3218
Profit before Depreciation and Tax	7773	9654	8532	8019	6839
Depreciation	2260	2148	2150	2211	2154
Profit before Tax and exceptional items	5513	7506	6382	5808	4685
Exceptional items - expense/(income)	(3106)	—	—	—	624
Provision for Current Tax	82	401	365	421	150
Net Profit after Tax	8537	7105	6017	5387	3911
Provision for Deferred Tax	1417	(470)	(494)	2119	923
Adjustment in respect of prior years - (income)	8	(2)	(57)	(153)	(121)
Net Profit after taxes and adjustments	7112	7577	6568	3421	3109

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

Total Income 2005-2006

Break-up of Total Income
Rs. Lac

Total Expenditure 2005-2006

Break-up of Total Expenditure
Rs. Lac

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of the members of GODREJ INDUSTRIES LIMITED will be held on Monday, July 24, 2006 at 4.30 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, 2006, the Balance Sheet as at that date, the Auditors' Report thereon and the Directors' Report along with Management Discussion and Analysis Report and Statement of Corporate Governance.
2. To declare dividend for the financial year ended March 31, 2006.
3. To appoint a Director in place of Mr. J.N. Godrej, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Ms. T.A. Dubash, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. V.F. Banaji, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Mr. M. Eipe, 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 authorize 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(s), 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 payable to Ms. T.A. Dubash as a Whole-Time Director of the Company designated as Executive Director & President (Marketing), for a period of three years from April 1, 2007 to March 31, 2010 on the terms and conditions as contained in the Agreement to be entered into between the Company and Ms. T.A. Dubash, 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(s), 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 payable to Mr. V. F. Banaji as a Whole-Time Director of the Company designated as Executive Director & President (Group Corporate Affairs) for a period of three years from April 1, 2007 to March 31, 2010, on the terms and conditions as contained in the Agreement to be entered into between the Company and Mr. V. F. Banaji, a draft of which is placed before the meeting and for the purpose of identification, initialed by the Chairman.
10. **To consider and, if thought fit, to pass with or without modification(s), 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 payable to Mr. M. Eipe as a Whole-Time Director of the Company designated as Executive Director & President (Chemicals), for a period of three years from April 1, 2007 to March 31, 2010 on the terms and conditions as contained in the Agreement to be entered into between the Company and Mr. M. Eipe, a draft of which is placed before the meeting and for the purpose of identification, initialed by the Chairman.
11. **To consider and, if thought fit, to pass with or without modification(s), 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 remuneration payable to Mr. M. P. Pusalkar as a Whole-Time Director of the Company designated as Executive Director & President (Corporate Projects), for a period of three years from April 1, 2007 to March 31, 2010 on the terms and conditions as contained in the Agreement to be entered into between the Company and Mr. M. P. Pusalkar, a draft of which is placed before the meeting and for the purpose of identification, initialed by the Chairman.
12. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION :-**
RESOLVED THAT subject to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the revision in remuneration payable to Mr. Pirojsha A. Godrej, son of Mr. A.B. Godrej, Chairman of the Company, with effect from April 1, 2006 on the terms and conditions as detailed in the Explanatory Statement hereto.
13. **To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:**
RESOLVED THAT pursuant to Section 13, 16 and 94 and any other applicable provisions of the Companies Act, 1956, the provisions contained in Articles of Association of the Company and any other applicable law for the time being in force and as may be amended from time to time and subject to such conditions and modifications, if any, as may be prescribed or imposed while granting such approvals, permissions and sanctions, if any, which may be agreed to, by the Board of Directors of the Company (which term shall be deemed to include any Committee which the Board may constitute, to exercise its powers including the powers conferred by this resolution), the existing Equity Shares of the face value of Rs.6/- (Rupees Six) each in the Share Capital of the Company be sub-divided into 6 (Six) Equity Shares of the face value Re.1 (Rupee one) each and consequently, the Equity Share Capital of the Company of Rs. 80,00,00,000/- (Rupees Eighty Crore only) comprising of 13,33,33,333 (Thirteen Crore Thirty Three Lac Thirty Three Thousand Three Hundred Thirty Three) equity shares of Rs.6/- (Rupees Six) each be divided into 80,00,00,000 (Eighty crore) equity shares of the face value of Re.1 (Rupee one) each, with effect from the 'Record Date' to be determined by the Board of Directors of the Company for the purpose.

RESOLVED FURTHER THAT the issued, subscribed and fully paid-up Equity Share Capital of the Company, as on the Record Date that may be fixed by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include any duly authorized committee thereof), be sub-divided from 4,86,41,942 equity shares of the face value of Rs. 6/- each into 29,18,51,652 (Twenty nine crore eighteen lac fifty one thousand six hundred fifty two) equity shares of the face value of Re.1/- (Rupee one) each.

RESOLVED FURTHER THAT the Board be and is hereby authorised to inform the Registrar and Transfer Agents of the Company and the depositories to take necessary action to give effect to the above and also to issue new share certificates representing the sub-divided shares with new distinctive numbers (except in case of shares held in the demat form), in the aforesaid proportion subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules 1960 with an option to either exchange the new share certificates in lieu of cancellation of the old share certificates or without physically exchanging the share certificates, by treating the old share certificates, as deemed to be cancelled or by credit of sub-divided equity shares in shareholders' demat accounts in exchange of old share certificate/s.

RESOLVED FURTHER THAT the Board be and is hereby severally authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required in the said connection and to delegate all or any of the powers herein vested in them to give effect to the above.

14. To consider and if deemed fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

RESOLVED THAT pursuant to the provisions of Section 16 of the Companies Act, 1956 and any other provisions as may be applicable the existing Memorandum of Association of the Company be altered by deleting the existing Clause V and substituting in place thereof the following Clause as Clause V:

The Authorised Capital of the Company is Rs.180,00,00,000/- (Rupees One Hundred Eighty Crore) divided into 80,00,00,000 (Eighty crore) Equity Shares of Re.1/- (Rupee one) each, and 10,00,00,000 (Ten Crore) Unclassified Shares of Rs.10/-each.

15. To consider and if deemed fit, to pass, with or without modification(s), the following as SPECIAL RESOLUTION:

RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of any other law as may be applicable for the time being in force, the Articles of Association of the Company be altered by deleting the existing Article 3 and substituting in place thereof the following as Article 3:

3. The Authorised share capital of the company is Rs.180,00,00,000/- (Rupees One Hundred Eighty Crore) divided into 80,00,00,000 (Eighty crore) Equity Shares of Re.1/- (Rupee one) each, and 10,00,00,000 (Ten Crore) Unclassified Shares of Rs.10/- each with power to the Board of Directors of the Company to divide the shares in the capital of the Company for the time being into several classes therein and to make such modifications therein as the Board may deem fit, and with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company and as may be thought expedient.

Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form.

By Order of the Board of Directors

S. K. BHATT

Executive Vice-President
(Corporate Services)
& Company Secretary

Mumbai, May 26, 2006

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 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 be closed from July 17, 2006 to July 24, 2006 (both days inclusive) for ascertaining the names of the shareholders 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 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
31.03.2000	01.07.2007
31.03.2001	28.07.2008
31.03.2002	14.08.2009
31.03.2003	25.08.2010
31.03.2004	26.07.2011
31.03.2005	26.07.2012

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 nos.8 to 11

The tenure of the following Whole-time Directors with the Company will expire on March 31, 2007.

Ms. T.A. Dubash – Executive Director & President (Marketing)

Mr. V.F.Banaji – Executive Director & President (Group Corporate Affairs)

Mr. M. Eipe – Executive Director & President (Chemicals)

It is proposed to re-appoint Ms. T.A. Dubash, Mr. V.F. Banaji, and Mr. M. Eipe for a further period of three years from April 1, 2007 to March 31, 2010.

Mr. M.P. Pusalkar was reappointed by the Shareholders at their Meeting held on July 26, 2005, as a director liable to retire by rotation pursuant to Section 255 of the Companies Act, 1956. However, the approval of shareholders to the remuneration payable to him as a Whole-time Director will expire on March 31, 2007. Hence, it is proposed to approve his remuneration as a Whole-time Director for a period of three years from April 1, 2007 to March 31, 2010 along with the other Whole-time Directors.

The proposed remuneration and terms and conditions of appointment of each of the aforementioned Whole-time Directors are given below :-

1. Ms. T.A. Dubash, Mr. V.F.Banaji, Mr. M. Eipe and Mr. M.P. Pusalkar (hereinafter individually referred to as the Whole-time Director) shall perform their duties subject to the superintendence, control and direction of the Board of Directors of the Company.
2. Period of appointment of
 - Ms. T.A. Dubash – from 1/4/2007 to 31/3/2010
 - Mr. V.F. Banaji - from 1/4/2007 to 31/3/2010
 - Mr. M. Eipe – from 1/4/2007 to 31/3/2010
 - Mr. M.P. Pusalkar – from 1/4/2007 to 31/03/2010
3. In consideration of the performance of their duties, the Whole-time Directors, viz. Ms. T.A. Dubash, Mr. V.F. Banaji, Mr. M. Eipe and Mr. M.P. Pusalkar shall be entitled to receive remuneration as stated hereinbelow:-

1. Fixed Compensation:

Fixed Compensation shall include Basic Salary and the Company's Contribution to Provident Fund and Gratuity Fund.

The Basic Salary shall be in the range of Rs.1,70,000/- to Rs. 5,00,000/- per month, payable monthly. The Annual increments will be decided by the Compensation Committee/Board of Directors depending on the performance of the Whole-time Director, the profitability of the Company and other relevant factors.

The Basic Salary approved for the year 2006-07 for each of the above Whole- time Director is within the range of Rs.1,70,000 – Rs.3,00,000 per month.

2. Performance Linked Variable Remuneration

Performance Linked Variable Remuneration according to the Scheme of the Company for each of the financial years as may be decided by the Compensation 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 each of the Whole-time Director for each year.

3. Flexible Compensation:

In addition to the Fixed Compensation and PLVR, each Whole-time 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 may be granted to each Whole-time Director in the manner as the Board may decide.

- Housing as per rules of the Company (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);
- Furnishing at residence as per rules of the Company;
- Supplementary Allowance;
- Leave Travel Assistance in accordance with the rules of the Company;
- Payment/reimbursement of medical expenses for self and family in accordance with the rules of the Company.
- Payment/reimbursement of Food Vouchers, petrol reimbursement;
- Company cars with driver for official use, provision of telephone(s) at residence;
- Payment/reimbursement of telephone expenses;
- Housing Loan as per rules of the company, Contingency Loan as per rules of the company. These loans shall be subject to Central Government approval, if any;
- 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;
- 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 aggregate of the allowances listed above for each of the Whole-time Director shall be Rs.25,00,000/- plus 63.33% of the annual basic salary. For the year 2006-07 the cost to the Company for all the heads of flexible compensation payable to each of the Whole-time Director is Rs.13,20,000/- plus 63.33% of annual basic salary. In addition to the above, the Whole-time Director will be eligible to encashment of leave, club facilities, group insurance cover, group hospitalisation 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.

4. Overall Remuneration

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 in its absolute discretion pay to the Whole-time Director from time to time, shall not exceed the limits prescribed from time to time under Sections 198, 309 and 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.

5. Loans

- (a) Granting of loans according to Company's Scheme subject to Central Government's approval, if applicable.
- (b) Continuation of Loans already availed:

Contingency Loan to Mr. M.P. Pusalkar as on March 31, 2006 – Rs.24,999/-.

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. Notwithstanding the foregoing, where in any Financial Year during the currency of the tenure of the Whole-time 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 except with the approval of the Central Government.
- III. The limits specified above are the maximum limits and the Compensation Committee / Board may in its absolute discretion pay to Whole-time Directors 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.
- V. If at any time the Whole-time Director ceases to be in the employment of the Company for any cause whatsoever, she/he shall cease to be Whole-time Director of the Company.
- VI. Whole-time Directors are appointed by virtue of their employment in the Company and their appointment is subject to the provisions of Section 283(1) of the Companies Act, 1956 while at the same time the Whole-time Directors are liable to retire by rotation. The appointment is terminable by giving three months' notice in writing on either side.

Draft of the agreements to be entered into with each of the above referred Whole-time Directors 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 particulars given above constitute 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 Board of Directors of the Company recommends passing of the resolution as set out at Item no.8 to 11 of the Notice.

Ms. T.A. Dubash, Mr. V.F. Banaji, Mr. M. Eipe and Mr. M.P. Pusalkar may be deemed to be interested in the resolutions at Item no.8 to 11 respectively. Mr. A.B. Godrej, being relative of Ms. T.A. Dubash, may be deemed to be interested in the resolution at item no.8. None of the other Directors of the Company are concerned or interested in the resolutions.

Item no.12

Mr. Pirojsha A. Godrej was appointed as an employee of the Company with effect from June 1, 2004. It is proposed to revise the remuneration payable to Mr. Pirojsha A. Godrej with effect from April 1, 2006 on the following terms and conditions :-

1. Fixed Compensation:

Fixed Compensation shall include Basic Salary and the Company's Contribution to Provident Fund and Gratuity Fund.

The Basic Salary shall be in the range of Rs. 20,000 to 75,000 per month, payable monthly. The Basic Salary as on April 1, 2006 is Rs.25,000/- p.m.

2. Performance Linked Variable Remuneration

Performance Linked Variable Remuneration according to the Scheme of the Company.

3. 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 rules of the Company and subject to the relevant provisions of the Companies Act, 1956 (collectively called "perquisites and allowances").

These perquisites and allowances may be granted to Mr. Pirojsha A. Godrej in the manner as the Board may decide.

- Housing as per rules of the Company (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);
- Furnishing at residence as per rules of the Company;
- Supplementary Allowance;
- Leave Travel Assistance in accordance with the rules of the Company;
- Payment/reimbursement of medical expenses for self and family in accordance with the rules of the Company.
- Payment/reimbursement of Food Vouchers, petrol reimbursement;
- Company car with driver for official use, provision of telephone(s) at residence;
- Payment/reimbursement of telephone expenses;
- 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;
- 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 limit of cost to the Company per annum for all the heads of flexible compensation payable to Mr. Pirojsha A. Godrej shall be Rs.50,000/- plus 55% of the annual basic salary. For the year 2006-07 the cost to the Company under all the heads of flexible compensation payable to Mr. Pirojsha A. Godrej shall be Rs.3,06,000/- plus 55% of annual basic salary. In addition to the above, Mr. Pirojsha A. Godrej will be eligible to encashment of leave, group insurance cover, group mediclaim cover, and/or any other allowances, perquisites and facilities as per the 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 car 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.

Mr. A.B. Godrej and Ms. T.A. Dubash being relatives 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 nos.13 to 15

At present the Company's paid up and listed equity Share Capital is Rs. 29,18,51,652/- which is divided into 4,86,41,942 equity shares of Rs.6/- each. The Board is of the view that the liquidity of the equity shares of the Company in the stock markets should be increased. Towards this end, it is proposed to reduce the nominal value of equity shares of the Company by sub-dividing the equity shares to make it more affordable to the retail investors. Therefore, it is proposed that the nominal value of equity shares of the Company be reduced from Rs. 6/- each to Rs. 1/- each.

Consequent to the sub-division of shares, it is necessary to alter the Capital Clause of the Memorandum and Articles of Association of the Company. The Ordinary Resolution in Item No. 14 and Special Resolution in Item No. 15 seek to make corresponding amendments in Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Company to give effect to the above.

The Board of Directors believes that such issue is in the interest of the Company and therefore recommends the resolutions for your approval. The Directors of the Company may be deemed to be interested in this Resolution to the extent of their respective shareholdings in the Company.

The Board of Directors of the Company recommends the passing of the resolutions as set out at Items no. 13 to 15 of the Notice.

By Order of the Board of Directors

S. K. BHATT

Executive Vice-President

(Corporate Services)

& Company Secretary

Mumbai, May 26, 2006

Registered Office :

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

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

Mr. J.N. Godrej (57) : Mr. J.N. Godrej holds a bachelor's degree in Mechanical Engineering and a masters' degree in Business Administration from the Illinois Institute of Technology, USA. He is a Director on the Board of the Company from 7-3-1988. He joined the Board of Directors of Godrej & Boyce Mfg Co Ltd. (G&B) in 1974. He was appointed Managing Director of G&B in 1990 and became Chairman of the Board of G&B in 2000. Mr. Godrej is President of World Wide Fund for Nature, India, Vice President of World Wide Fund for Nature-International, past President of Confederation of Indian Industry and past President of the Indian Machine Tool Manufacturer's Association.

Directorship in other Companies :

Chairman & Managing Director: Godrej & Boyce Mfg Co Ltd.

Chairman: Geometric Software Solutions Co. Ltd., 3D PLM Software Solutions Ltd., Lawkim Ltd.

Director: Bajaj Auto Ltd., Godrej Agrovet Ltd., Godrej Foods Ltd., Godrej Sara Lee Ltd., Godrej Properties Ltd., Godrej Consumer Products Ltd., Godrej Beverages & Foods Ltd., Godrej Upstream Ltd., Haldia Petrochemicals Ltd., Breach Candy Hospital Trust, Antrix Corporation Ltd., Godrej Investments Pvt. Ltd., Tata Trustee Company Pvt. Ltd., Illinois Institute of Technology (India) Pvt. Ltd., Godrej (Malaysia) Sdn. Bhd., Godrej (Singapore) Pte. Ltd., Godrej (Vietnam) Company Ltd., Godrej & Khimji (Middle East) LLC.

Committee position held:

Chairman – Investor Grievances & Redressal Committee, Compensation Committee-Geometric Software Solutions Ltd.

Member – Audit Committee, Shareholders/Investors Grievances Committee-Bajaj Auto Ltd.

Member – Compensation Committee-Haldia Petrochemicals Ltd.

Trustee – General Committee-Breach Candy Hospital Trust.

Ms. T.A. Dubash (37): Ms. T.A. Dubash, Executive Director & President (Marketing), is a graduate in Economics & Political Science from Brown University, USA and has completed an Advanced Management Program from the Harvard Business School. She looks after the Group wide marketing function which involves:

- A supervisory role in all marketing initiatives, including being in charge of marketing of new initiatives of the Group.
- Heading a Marketing Council comprising of heads of marketing of all Group companies to capitalize on synergies such as sharing of best practices and development of standardized processes through training and knowledge management.

Directorship in other Companies :

Chairperson: Ensemble Holdings & Finance Ltd.,

Director: Tahir Properties Ltd., Girikandra Holiday Homes & Resorts Ltd.

Godrej Global Mideast FZE, Godrej Agrovet Ltd., Keyline Brands Ltd., Godrej Holdings Pvt. Ltd.

Committee position held:

Member: Shareholders Committee-Godrej Industries Ltd.

Godrej Industries Limited

V. F. Banaji (52): Mr. V.F. Banaji is B.A. from Nagpur University. His responsibilities as ED & President (Group Corporate Affairs) include leadership of the Group HR function for Godrej Industries and Associate Companies as well as Corporate Strategy and Corporate Communications.

Before joining the Company he was based in Paris as leader of ALSTOM's global project for re-engineering key HR processes and supporting them through the deployment of a state-of-the-art HR Management System. Prior to his international assignment, he worked as Executive Director (HR) for ALSTOM in India. His earlier career was with the Tatas, where his last assignment was as Head of the Corporate HR function for Telco (now Tata Motors).

Directorship in other Companies : Nil

Committee position held:

Member – Shareholders Committee-Godrej Industries Ltd.

Mr. Mathew Eipe (53) : Mr. Mathew Eipe graduated in Chemical Engineering from the Indian Institute of Technology, Mumbai, in 1975. He is a Management graduate from the Indian Institute of Management, Kolkata. He joined the erstwhile Godrej Soaps Limited, as a Management Trainee in 1977. Currently, he heads the Chemicals, Medical Diagnostics and Estate businesses of the Company and is designated as Executive Director & President (Chemicals).

Mr. Eipe has been a member of the Committee of Administration of Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council (CHEMEXCIL) for the last two years.

Directorship in other Companies :

Director: Godrej Hicare Ltd., Ensemble Holdings & Finance Ltd.

Committee position held:

Member – Shareholders Committee-Godrej Industries Ltd.

