

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	
N.D. Forbes	
J.S. Bilimoria	
A. Maira	
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

V. Srinivasan

AUDITORS

Kalyaniwalla & Mistry, *Chartered Accountants*

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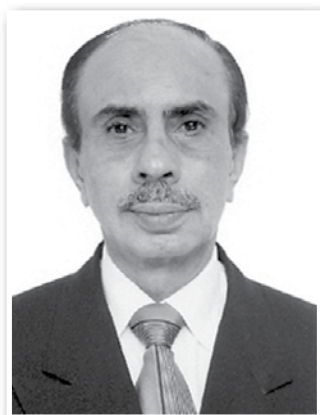
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REGISTERED OFFICE	:	Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai 400 079. Phone : 022-2518 8010, 2518 8020, 2518 8030 Fax : 022-2518 8074, 2518 8066 website : http://www.godrejinds.com
FACTORIES	:	Vikhroli Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai 400 079. Phone : 022 - 2518 8010, 2518 8020, 2518 8030 Fax : 022 - 2518 8066/2518 8064
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	:	Wadala L.M. Nadkarni Marg, Near M.P. T. Hospital, Wadala (East), Mumbai 400 037. Phone : 022 - 2415 4816/2414 8770 Fax : 022 - 2414 6204
BRANCHES	:	Delhi 4th Floor, Delite Theatre Building, 4/1, Asaf Ali Road, New Delhi 110 002. Phone : 011 - 2326 1066 Fax : 011 - 2326 1088
	:	Kolkata Block GN, Sector-V, Salt Lake City, Kolkata 700 091. Phone : 033 - 2357 3555 Fax : 033 - 2357 3945
	:	Chennai New No. 15, (Old No. 17-A), 2nd Street, Jeevarathnam Nagar, Adayar, Chennai 600 020. Phone : 044 - 4266 6605 Fax : 044 - 4266 6609
	:	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. Hong Kong and Shanghai Banking Corporation Limited Kotak Mahindra Bank Limited Barclays Bank Plc.
REGISTRARS & TRANSFER AGENT	:	Computech Sharecap Ltd. 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai 400 001. Phone : 022 - 2263 5000 - 01- 02 Fax : 022 - 2263 5001 E-Mail : helpdesk@computechsharecap.com

CHAIRMAN'S STATEMENT



Dear Shareholders,

I am pleased to write to you after a volatile year - amidst an economic crisis that has been challenging and testing as rarely seen before. In such times of global economic hardship a diversified business model and a unique operating structure has placed Godrej Industries (GIL) in such position as to not only weather the storm but seek out and take advantage of opportunities that arise in times of such adversity.

A business model such as ours is distinct. Through a combination of operating businesses, businesses through subsidiaries and several other joint ventures and investments we enable exposure for our stakeholders to the best facets of the Indian economy. Our operations cover several key areas including chemicals, agriculture, real estate, consumer products and foods. These sectors are central to the sustained progress of India and are a proxy on growth and development. National integration

is being driven by the continued media and telephony penetration, improvements in infrastructure and a strong banking sector. GIL is ideally placed to benefit and generate greater prosperity.

The chemicals business, our major operating business in GIL has maintained its market leadership position in India despite large scale fluctuations in the prices of raw materials and commodities as well as the rupee-dollar exchange rate. Our other ventures have also performed well this year and are growing consistently in line with our long-term corporate plan.

We are excited about the immense value potential across some of our economic interests. Our operations in consumer products and foods are doing well and we are particularly encouraged by our real estate and palm oil businesses which have the capacity and relevant demand to grow several times over in coming years, with the thrust and policy support from the government.

The prospects of our businesses are very bright and with decades of industry experience, we have continually demonstrated our ability to add to shareholders' value from our various initiatives. Going forward our intentions remain unchanged.

The international crisis has damaged sentiments rather than fundamentals in India and while short-term indicators may be negative, with a long-term view it is expected that the economy should again resurrect in the current fiscal year. The Indian Government has taken several steps to curb the effects of global recession through several fiscal measures. These include additional spending, cuts in fuel prices, interest rate reductions and the lowering of the duties. The government is focusing on curbing inflation without hindering growth and prices are correcting across several markets. With respect to real estate, reduction in mortgage rates should help stimulate underlying demand.

As demand and sentiment improve, GIL is well placed and will continue to build upon strong foundations based around the brand equity and trust earned over several decades. We aim to nurture our businesses and create outstanding operations in all sectors in which we operate.

I would like to take this opportunity to thank all our employees for their commitment; our business partners, vendors and other business associates for their support as also the Central and State Governments. Finally, I would like to thank all our stakeholders for their continued encouragement and support.

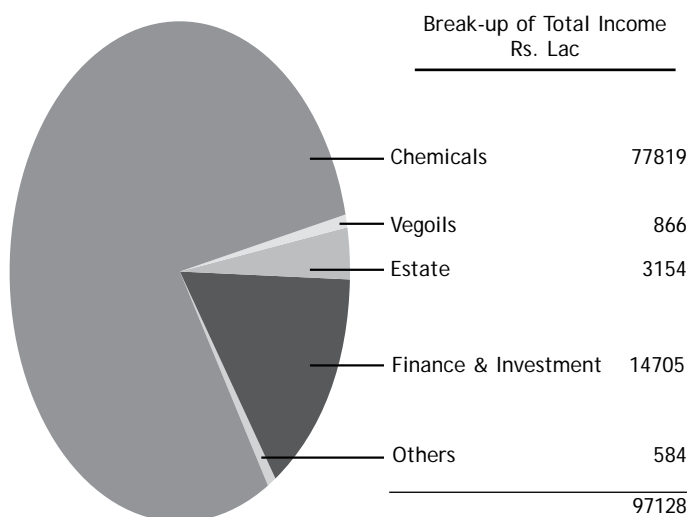
Yours faithfully,

Adi Godrej
Chairman

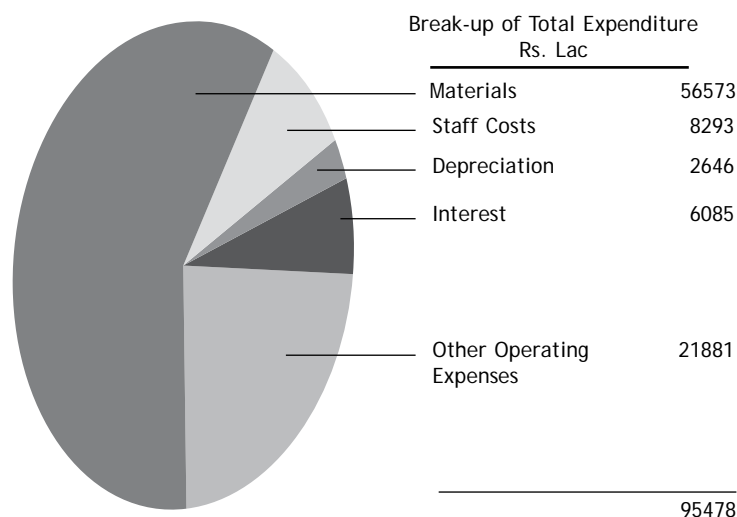
GODREJ INDUSTRIES LIMITED - FINANCIAL HIGHLIGHTS

	(Rs. Lac)				
	2008-09	2007-08	2006-07	2005-06	2004-05
BALANCE SHEET					
SOURCES OF FUNDS :					
Shareholders' Funds					
Share Capital	3198	3198	2919	2919	2919
Reserves & Surplus	99515	102644	38143	34216	30618
Loan Funds					
Secured Loans	23282	24948	33093	24911	22075
Unsecured Loans	36814	18619	13677	7803	3557
Deferred Tax Liability	3278	3619	3980	3818	2502
	166087	153028	91811	73667	61671
APPLICATION OF FUNDS :					
Fixed Assets	28871	27142	28704	28594	25100
Investments	114808	77548	48567	37135	33577
Net Working Capital	22022	47270	12937	5719	2868
Miscellaneous Expenditure	386	1068	1602	2219	126
	166087	153028	91811	73667	61671
INCOME AND PROFIT					
Total Income	97128	83882	78291	80270	82353
Expenditure other than Interest and Depreciation	86747	67119	64078	69661	70117
Profit before Interest, Depreciation and Tax	10381	16762	14213	10609	12236
Interest (net)	6085	3444	3831	2837	2582
Profit before Depreciation and Tax	4296	13319	10382	7772	9654
Depreciation	2646	2547	2426	2259	2148
Profit before Tax and exceptional items	1650	10772	7956	5513	7506
Exceptional items - expense/(income)	(26)	(310)	(95)	(3106)	—
Provision for Current Tax	123	562	61	82	401
Net Profit after Tax	1553	10520	7990	8537	7105
Provision for Deferred Tax	(341)	(361)	162	1417	(470)
Adjustment in respect of prior years - expense/(income)	(86)	-	22	8	(2)
Net Profit after taxes and adjustments	1808	10,881	7806	7113	7577

Total Income 2008-2009



Total Expenditure 2008-2009



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the TWENTY-FIRST ANNUAL GENERAL MEETING of the members of GODREJ INDUSTRIES LIMITED will be held on Wednesday, July 29, 2009 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, 2009, the Balance Sheet as at that date, the Auditors' Report thereon, the Directors' Report along with Management Discussion and Analysis Report and the Statement of Corporate Governance.
2. To declare dividend for the financial year ended March 31, 2009.
3. To appoint a Director in place of Mr. J.N. Godrej, who retires by rotation and being eligible, offers himself for reappointment.
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. M. Eipe, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Mr. V.F. Banaji, who retires by rotation and being eligible, offers himself for reappointment.
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 reappointment.

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modification(s), the following resolutions :-

8. **Appointment of Mr. J.S. Bilimoria as a Director, liable to retire by rotation as an Ordinary Resolution :**
RESOLVED THAT Mr. J.S. Bilimoria, who was appointed by the Board of Directors as an Additional Director with effect from January 27, 2009 and who holds office as such upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ("the Act") and is eligible for appointment as Director in terms of Section 258 of the Act, and in respect of whom the Company has received notice under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.
9. **Appointment of Dr. N.D. Forbes as a Director, liable to retire by rotation as an Ordinary Resolution :**
RESOLVED THAT Dr. Naushad Forbes, who was appointed by the Board of Directors as an Additional Director with effect from January 27, 2009 and who holds office as such upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ("the Act") and is eligible for appointment as Director in terms of Section 258 of the Act, and in respect of whom the Company has received notice under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.
10. **Appointment of Mr. A. Maira as a Director, liable to retire by rotation as an Ordinary Resolution :**
RESOLVED THAT Mr. A. Maira, who was appointed by the Board of Directors as an Additional Director with effect from January 27, 2009 and who holds office as such upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ("the Act") and is eligible for appointment as Director in terms of Section 258 of the Act, and in respect of whom the Company has received notice under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.
11. **Reappointment of and remuneration payable to Ms. T.A. Dubash as a Whole-time Director as a Special Resolution :**
RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the reappointment of and terms of remuneration payable to including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of appointment of 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, 2010 to March 31, 2013 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 with liberty to the directors/compensation committee to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the directors and Ms. T.A. Dubash.
12. **Reappointment of and remuneration payable to Mr. V.F. Banaji as a Whole-time Director as a Special Resolution :**
RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the reappointment of and terms of remuneration payable to including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of appointment of 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, 2010 to March 31, 2013 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 with liberty to the directors/compensation committee to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the directors and Mr. V.F. Banaji.

13. Reappointment of and remuneration payable to Mr. M. Eipe as a Whole-time Director as a Special Resolution :

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the reappointment of and terms of remuneration payable to including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of appointment of 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, 2010 to March 31, 2013 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 with liberty to the directors/compensation committee to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the directors and Mr. M. Eipe.

14. Reappointment of and remuneration payable to Mr. M.P. Pusalkar as a Whole-time Director as a Special Resolution :

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the reappointment of and terms of remuneration payable to including the remuneration to be paid in the event of loss or inadequacy of profit in any financial year during the tenure of appointment of Mr. M.P. Pusalkar as a Whole-Time Director of the Company designated as Executive Director & President (Corporate Projects), for the period April 1, 2010 to April 30, 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 with liberty to the directors/compensation committee to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the directors and Mr. M.P. Pusalkar.

15. Increase in borrowing limits as an Ordinary Resolution :

RESOLVED THAT in supersession of the resolution passed at the Extraordinary General Meeting of the Company held on August 22, 1994 and pursuant to Section 293(1)(d) of the Companies Act, 1956 and all other applicable provisions, if any, consent be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, at its discretion, on such terms and conditions as to repayment, interest or otherwise, any sum or sums of monies which, together with the money already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 1,000 crore (Rupees One thousand crore only).

16. Approval of New Employees Stock Option Scheme as a Special Resolution :

RESOLVED THAT in accordance with the provisions of Section 77(2)(b) and other applicable provisions of the Companies Act, 1956 ("the Act"), the Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines"), the Stock Exchange Listing Agreement and the Reserve Bank of India Regulations 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 as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the authorised persons in this behalf, consent to the Board be and is hereby given to grant a loan, at such rate of interest as may be decided from time to time, to a Trust, for purchasing such number of equity shares of the Company from the secondary market, and/or Equity linked instruments (including Options) and/or any other instruments or securities (hereinafter collectively referred to as "Securities"), for allotting Options to the eligible person(s) who are in employment of the Company or its Subsidiaries including Directors of the Company and/or its Subsidiaries at the time of grant of these Options, whether in whole-time employment or not, whether working in India or out of India or in any other manner employed in the Company and/or its subsidiaries and as may be decided by the Compensation Committee of the Company and/or its Subsidiaries in such a way that not more than 90,00,000 (Ninety Lac) Equity Stock Options convertible into the Equity Shares of the aggregate nominal face value not exceeding Rs. 90,00,000 (Rupees Ninety Lac Only) under a plan titled "Godrej Industries Limited Employee Stock Option Plan II" or such other name (hereinafter referred to as the "ESOP II" or "the Plan") of the Company at such price, in one or more tranches and on such terms and conditions as may be fixed or determined in accordance with the applicable provisions of law or guidelines as may be prevailing at that time.

RESOLVED FURTHER THAT Mr. A. B. Godrej, Chairman, Mr. N.B. Godrej, Managing Director, Mr. V. F. Banaji, Executive Director (Group Corporate Affairs), Mr. V. Srinivasan, Executive Vice-President (Finance & Estate) and Company Secretary, Mr. Praful Bhat, Executive Vice President-HR and Mr. Rajiv Bakshi, Vice President- Legal, be and are hereby severally authorised on behalf of the Company to evolve, to take necessary approvals from the various statutory and other authorities and to decide upon and bring in to effect, the plan and make such modifications, changes, variations, alterations or revisions in the said plan as may be required.

By Order of the Board of Directors

V. SRINIVASAN
Executive Vice-President (Finance & Estate)
& Company Secretary

Mumbai, May 27, 2009

Registered Office :

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

NOTES:

1. The relative Explanatory Statement in respect of business under Item No.8 to 16 as 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 22, 2009 to July 29, 2009 (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 there against. 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
31.03.2002	14.08.2009
31.03.2003	25.08.2010
31.03.2004	26.07.2011
31.03.2005	26.07.2012
31.03.2006	24.07.2013
31.03.2007	27.07.2014
31.03.2008	29.07.2015

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 to 10**

At the meeting of the Board of Directors held on January 27, 2009, Mr. J.S. Bilimoria, Dr. N.D. Forbes and Mr. A. Maira were appointed as Additional Directors with effect from January 27, 2009, to hold office till the date of the next Annual General Meeting of the Company. It is proposed to appoint them as Directors, liable to retire by rotation. Brief profiles of the aforesaid Additional Directors, in terms of the Listing Agreement, are provided elsewhere in the Notice.

The Board recommends the resolutions as set out at Item No.8 to 10 of the Notice.

Mr. J.S. Bilimoria, Dr. N.D. Forbes and Mr. A. Maira may be deemed to be interested in the resolutions at item no. 8 to 10 respectively. None of the other Directors are interested in the resolutions.

Item No. 11 to 14

The tenure of the following Whole-time Directors with the Company will expire on March 31, 2010 :-

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)

Mr. M.P. Pusalkar - Executive Director & President (Corporate Projects)

hereinafter referred to as "the Whole-time Directors" or individually referred to as "the Whole-time Director".

It is proposed to reappoint the Whole-time Directors as detailed herein below :-

Name of Whole-time Director	Tenure
Ms. T.A. Dubash	01-04-2010 to 31-03-2013
Mr. V.F. Banaji	01-04-2010 to 31-03-2013
Mr. M. Eipe	01-04-2010 to 31-03-2013
Mr. M.P. Pusalkar	01-04-2010 to 30-04-2010

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

1. The Whole-time Director shall perform his/her duties subject to the superintendence, control and direction of the Board of Directors of the Company.
2. In consideration of the performance of his/her duties, each Whole-time Director shall be entitled to receive remuneration as stated herein below :-

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.4,40,000/- to Rs.11,00,000/- (presently Rs.3,00,000 to Rs.5,70,000/-) per month, payable monthly. The Basic Salary approved by the Compensation Committee to the Whole-time Directors for the year 2009-10 is as under :-

Ms. T.A. Dubash	Rs.49,66,200/- p.a.
Mr. V.F. Banaji	Rs.67,95,000/- p.a.
Mr. M. Eipe	Rs.56,35,200/- p.a.
Mr. M.P. Pusalkar	Rs.37,00,800/- p.a.

The Annual Basic Salary and 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.

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 Compensation Committee/Board of Directors of the Company based on Economic Value Added (EVA) in the business and other relevant factors and having regard to the performance of the Whole-time Director for each year.

3. **Flexible Compensation:**

In addition to the Fixed Compensation and PLVR, the Whole-time Director shall 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 the Whole-time Director in the manner as the Board may decide as per the Rules of the Company.

- Housing (i.e. unfurnished residential accommodation OR House Rent Allowance at 85% of Basic Salary);
- Furnishing at residence;
- Supplementary Allowance;
- Leave Travel Assistance;
- Payment/reimbursement of domiciliary medical expenses for self and family;
- 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 and 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 month for the aggregate of the allowances listed above for the Whole-time Director shall be Rs.4,30,000/- (presently Rs.2,20,000/-) plus 85% of the monthly basic salary. In addition to the above, the Whole-time Director shall 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 spouse, 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, unless approved by the Central Government.

5. **Loans:**

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

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 the Whole-time 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.
- V. If at any time the Whole-time Director ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be the Whole-time Director of the Company.
- VI. The Whole-time Director is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1) of the Companies Act, 1956 while at the same time the whole-time Director is liable to retire by rotation. The appointment is terminable by giving three months' notice in writing on either side.

The Board recommends passing of the resolutions as set out at Items No.11 to 14 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.11 to 14 respectively. Mr. A.B. Godrej being relative of Ms. T.A. Dubash, may be deemed to be interested in the resolution at item no.11. None of the other Directors are interested in the resolutions.

Item No. 15

The shareholders of the Company had at their meeting held on August 22, 1994 accorded their consent to borrow from time to time pursuant to Section 293(1)(d) of the Companies Act, 1956 any sum which together with the money already borrowed by the Company shall not exceed in the aggregate at any one time Rs.1,000 crore. Since the approval of the shareholders was taken several years ago, for the sake of good corporate governance, it is proposed to take a fresh approval from the shareholders keeping the same limit of borrowing.

The Board recommends passing of the resolution as set out at Item no.15 of the Notice.

None of the Directors are interested in the resolution.

Item No. 16

The Company had launched an Employee Stock Option Scheme (ESOP I) for aligning the interests of employees of the Company with those of shareholders. As the complete three years after the launch of the ESOP I and based on the experience the management of the Company has gained, they recommend a slightly revised scheme. In order to enable the employees/directors to participate in the long-term growth and financial success of the Company, the Board of Directors at their meeting held on May 27, 2009, have proposed to set up Godrej Industries Limited Employee Stock Option Plan II (ESOP II), subject to the approval of the members in General Meeting and to grant options to the eligible employees/directors of the Company and/or its subsidiary companies under such plan.

Currently, the Company has the following subsidiaries:-

1. Godrej Agrovat Ltd.
2. Golden Feed Products Ltd.
3. Godrej Oil Palm Ltd.
4. Cauvery Palm Oil Ltd.
5. Natures Basket Ltd.
6. Ensemble Holdings & Finance Ltd.
7. Godrej Properties Ltd.
8. Godrej Realty Pvt Ltd.
9. Godrej Waterside Properties Ltd.
10. Godrej Real Estate Pvt Ltd.
11. Godrej Developers Pvt Ltd.
12. Godrej Sea View Properties Pvt. Ltd.
13. Happy Highrises Ltd.
14. Godrej Estate Developers Pvt. Ltd.
15. Godrej International Ltd.
16. Godrej Hygiene Care Pvt. Ltd.

The salient features of the ESOP II are set out below:-

1 Total Options to be granted

90,00,000 (Ninety Lac) options convertible into 90,00,000 (Ninety Lac) equity shares of the nominal value of Re. 1/- each.

2 Identification of classes of employees entitled to participate in ESOP II

Employees/Directors of the Company and/or of its subsidiary companies, as defined in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable laws, if any (including any statutory modifications thereof), for the time being in force.

Under the prevailing regulations, employees who are promoters or belong to the promoter group, will not be eligible to participate in the ESOP II.

3 Requirements of vesting and period of vesting

To get the benefit of the options, the employees/directors should continue to be in employment of the Company and/or its subsidiary company, from the date of grant of option till the date of vesting of the same. Re-appointment of directors upon retirement by rotation shall be deemed to be continuity in tenure for the above purposes.

The vesting period shall be one year from the date of grant of the options to the employees/directors of the Company and/or its subsidiary companies and could extend up to 3 years from the date of grant of the options. The vesting may occur in tranche/s, subject to the terms and conditions of vesting, as may be stipulated by the Compensation Committee, at its discretion, and which may include the performance rating of the employee and achievement of other performance milestones.

4 Exercise price and pricing formula

The price at which the employees/directors of the Company and/or its subsidiary companies would convert the options into equity shares, shall be determined by the Compensation Committee as per the formula contained in the GIL ESOP II in compliance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable laws, if any. The ESOP II is available at the Company's registered office for inspection.

5 Exercise period and the process of exercise

From the date of vesting of the options, the employees/directors of the Company and/or its subsidiary companies, shall be entitled to exercise the options within 2 years from the date of vesting of the options.

The options would be exercisable by the said employees/directors by payment of the consideration amount in cash and submitting the requisite application form after which the options would be converted into equity shares of the Company.

The options will lapse if not exercised within the specified exercise period.

6 Appraisal process for determining the eligibility of employees to ESOP

Before granting the options to the employees/directors of the Company and/or its subsidiary companies under the Plan, the Compensation Committee may *inter alia* take into consideration the performance and future potential contribution and conduct of the employee and such other factors as may be deemed appropriate by it.

7 Maximum number of options to be granted per employee and in aggregate

The number of options that would be granted to the employees/directors of the Company and/or its subsidiary companies, under the Plan, would be determined by the Compensation Committee. However, the maximum number of options that would be granted per employee/director per year shall not exceed 10,00,000 (Ten Lac) options. Aggregate of such options that may be granted to all the eligible employees/directors under the ESOP II, shall not exceed 90,00,000 (Ninety Lac) options.

8 Disclosure and Accounting Policies

The Company shall comply with the disclosure and the accounting policies specified in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and/or such other guidelines as may be applicable from time to time.

9 Method to value options

The Company may use the intrinsic value method or such other method as may be allowed under the Guidelines to value the options.

In case, the Company calculates the employee compensation cost, using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and the EPS of the Company, shall also be disclosed in the Directors' Report.

Mr. V.F. Banaji, Mr. M. Eipe and Mr. M.P. Pusalkar, being Non Promoter Whole-time Directors may be deemed to be concerned and interested in the passing of the resolution to the extent of any options which may be granted to them pursuant to this ESOP II. None of the other Directors are interested in the resolution.

The Board of Directors of the Company recommends passing of the resolutions as set out at Item No. 16 of the Notice.