

GODREJ PROPERTIES LIMITED

Registered Office: Godrej Bhavan, 4th Floor, 4A, Home Street, Fort, Mumbai – 400 001.

POSTAL BALLOT NOTICE

**Notice pursuant to Section 192A of the Companies Act, 1956
read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001**

Dear Shareholders,

Notice is hereby given pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 ("Postal Ballot Rules"), that Godrej Properties Limited (the "Company") is seeking the consent of its members through postal ballot for the purpose of :

1. Amending the terms of the existing Godrej Properties Limited Employee Stock Option Plan ("GPL ESOP"), as approved by the board of directors of the Company on December 27, 2010.
2. Approval of a new employee stock grant scheme namely Godrej Properties Limited Employee Stock Grant Scheme 2011 ("GPL ESGS") for the benefit of the employees of the Company, its subsidiaries and Godrej Industries Limited, the holding company of the Company.
3. Investment in and/or to make loan(s) or place inter-corporate deposits with and/or any other form of debt and/or to provide any security(ies) in connection with such loan(s) and/or give guarantees in connection with loan(s) given by any other person to and/or acquire by way of subscription, purchase or otherwise the securities of a body corporate to be formed or incorporated by the Company for the development of the proposed project of the Company located in Hyderabad up to an amount not exceeding Rs.35,00,00,000 (Rupees Thirty Five Crores only).

In terms of Section 192A of the Companies Act, 1956, read with the Postal Ballot Rules, a listed company is required to obtain the approval of the members by passing the resolutions by means of postal ballot, for certain items of business including certain portions of Item No. 3 as mentioned above. For other matters also, a listed Company may obtain the approval of the members by passing the resolutions by means of postal ballot, instead of transacting the business in the general meeting of the Company. To facilitate wider participation in the approval process by the members residing at different locations, the Company is seeking the approval of the members in respect of the above matter, through postal ballot instead of convening an Extraordinary General Meeting. The resolutions and the relevant explanatory statement are appended herewith along with a Postal Ballot Form for your consideration.

Only members entitled to vote are entitled to fill in the Postal Ballot Form enclosed with this Notice and send it to the Scrutinizer, and any other recipient of this Notice who has no voting rights should treat the Notice as an intimation only.

Mr. S. Anand SS Rao, Company Secretary in Practice has been appointed by the board of directors as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

You are requested to read the instructions printed in the accompanying Postal Ballot Form and return the same along with assent (FOR) or dissent (AGAINST), in the attached self addressed postage pre-paid envelope so as to reach the Scrutinizer on or before March 16, 2011 (before 5:30 p.m.). Please note that any Postal Ballot Form(s) received after the said date will be treated as not having been received. No other form or photocopy thereof is permitted. The Scrutinizer will submit his report to the Chairman or any other Director of the Company after completion of the scrutiny. Results of the postal ballot will be announced by the Chairman or any other Director on Friday, March 18, 2011 at 5.30 p.m.

The declaration of the results of postal ballot as stated above shall be treated as declaration of results at a meeting of the shareholders as per the provisions of the Postal Ballot Rules. After the above declaration by the Chairman or any other Director the results of the postal ballot will be posted on the Company's website viz., www.godrejproperties.com.

SPECIAL BUSINESS

1. Modification in the terms of the existing Godrej Properties Limited Employee Stock Option Plan.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of the Companies Act, 1956 and any applicable law for the time being in force, Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, (the "ESOP Guidelines") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), to carry out suitable modifications in the Godrej Properties Limited Employees Stock Option Plan ("GPL ESOP") to give effect to the following:

- a) Increase the vesting period of the 3,72,700 options granted under GPL ESOP from three years from the date of grant to five years from the date of grant. Accordingly, the option which were previously proposed to have vested on December 27, 2010 will now vest on December 27, 2012.

However in the event that during the 4th and 5th year of the vesting period i.e. in the year 2011 and 2012, the average of the closing market prices of the equity shares of the Company on the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited on each day exceeds the exercise price by not less than Rs. 50 for a consecutive period of 30 days, the option shall be deemed to have vested on the day immediately following the 30th day, as determined by the Remuneration Committee.

- b) Increase the exercise period of the 3,72,700 options granted under GPL ESOP from two years from the date of vesting to three years from the date of vesting. Accordingly, the exercised period which was previously proposed to have ceased on December 27, 2012 is now extended to December 27, 2015.

RESOLVED FURTHER THAT Mr. Milind S. Korde, Managing Director, or Mr. K. T. Jithendran, Executive Director, or Mr. Shodhan Kembhavi, Company Secretary, be and are hereby jointly and severally authorised on behalf of the Company to make such modifications, changes, variations, alterations or revisions in the GPL ESOP as may be required to give effect to the above resolution and to do all such acts, deeds, matters and things as they may in their absolute discretion deem fit or necessary or desirable or expedient or proper for such purpose and with authority on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard or any other matter incidental or consequential thereto and their decision shall be final and binding on the members, without requiring any further consent or approval of the members of the Company."

2. Approval of a new employee stock grant scheme namely Godrej Properties Limited Employee Stock Grant Scheme 2011 ("GPL ESGS") for the benefit of the employees of the Company, its subsidiaries and Godrej Industries Limited - the holding company of the Company.

2.1 To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, as amended, (the "Act"), Securities Contract (Regulations) Act, 1956, as amended, Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, (the "ESOP Guidelines"), the Listing Agreements entered into with the stock exchanges, any rules, guidelines and regulations issued by the Reserve Bank of India 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 (hereinafter referred to as the "Board" which term shall be deemed to include any Committee including Remuneration Committee, to exercise its powers including the powers conferred by this resolution), the consent of the Company be and is hereby accorded to the Board for the introduction and implementation of Godrej Properties Limited Employee Stock Grant Scheme 2011 ("GPL ESGS"), the salient features of which are furnished in the Explanatory Statement to this Notice, and to create, issue, offer and allot such number of equity shares of the Company not exceeding 3,00,000 (Three Lakhs only), for granting stock options pursuant to GPL ESGS, at any time to or for the benefit of such person(s) who are in permanent employment of the Company, including any director who is in whole time employment of the Company ("**Eligible Employees**"), except to the Promoter or an employee belonging to the Promoter Group, at such price or prices, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of law or the ESOP Guidelines or guidelines issued by any relevant authority.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot equity shares, directly to the Eligible Employees, upon exercise of options from time to time in accordance with the GPL ESGS and such equity shares shall rank pari passu in all respects with the then equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the aforesaid shares on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) as per the provisions of the Listing Agreements executed with the concerned stock exchanges and other guidelines, rules and regulations as may be applicable.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 3,00,000 equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be allotted and the price of acquisition payable by the option grantees under GPL ESGS shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT for the purpose of bringing into effect and implementing GPL ESGS and for giving effect to this resolution the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit, necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred herein to the Remuneration Committee or any other committee formed or incorporated for such purpose with powers to delegate the same to any executives/officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc as may be necessary, incidental or ancillary to give effect to this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the GPL ESGS and determine the detailed terms and conditions thereof, including but not limited to the options to be granted per Eligible Employee, the exercise period, the

vesting period, instances where such options shall lapse and to grant such number of options, to the Eligible Employees, at par or at such other price, at such time and on such terms and conditions as the Board may in its absolute discretion think fit and make modifications, changes, variations, alterations or revisions in the GPL ESGS or to the terms of options granted and / or vested but not exercised, including modification or changes to the quantum and price of such options, from time to time as it may deem fit or to suspend, withdraw or revive the GPL ESGS from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the ESOP Guidelines, the Memorandum and Articles of Association of the Company, and any other applicable laws and to do all such acts, deeds, matters and things as it may deem fit, necessary or desirable without requiring the Board to secure any further consent(s) or approval(s) of the members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT for the purpose giving effect to creation, issue, offer, allotment or listing of the Equity Shares, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for such purpose."

2.2 To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the Act, Securities Contract (Regulations) Act, 1956, as amended, Memorandum and Articles of Association of the Company, the provisions of the ESOP Guidelines, the Listing Agreements entered into with the stock exchanges, any rules, guidelines and regulations issued by the Reserve Bank of India 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 (hereinafter referred to as the "Board" which term shall be deemed to include any Committee including Remuneration Committee, to exercise its powers including the powers conferred by this resolution), the consent of the Company be and is hereby accorded to the Board to extend the benefits of GPL ESGS, and to create, issue, offer and allot such number of equity shares not exceeding 3,00,000 (Three Lakhs only), as stated in the abovementioned resolution, for granting stock options pursuant to GPL ESGS, at any time to or for the benefit of such person(s) who are in permanent employment of the subsidiaries of the Company (both present and future) and Godrej Industries Limited, the holding Company of the Company including any director of the subsidiaries or holding company, whether whole time or otherwise ("Subsidiaries' and Holding Company's Eligible Employees"), except to the Promoter or an employee belonging to the Promoter Group, at such price or prices, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of law or the ESOP Guidelines or guidelines issued by any relevant authority.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot equity shares, directly to the Subsidiaries' and Holding Company's Eligible Employees, upon exercise of options from time to time in accordance with the GPL ESGS and such equity shares shall rank *pari passu* in all respects with the then equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the aforesaid shares on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) as per the provisions of the Listing Agreements executed with the concerned stock exchanges and other guidelines, rules and regulations as may be applicable.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 3,00,000 equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be allotted and the price of acquisition payable by the option grantees under GPL ESGS shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT for the purpose giving effect to above resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for such purpose, with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred herein to the Remuneration Committee or any other committee formed or incorporated for such purpose with powers to delegate the same to any executives/officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings, etc as may be necessary, incidental or ancillary to give effect to this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the GPL ESGS and determine the detailed terms and conditions thereof, including but not limited to the options to be granted per Subsidiaries' or Holding Company's Eligible Employee, the exercise period, the vesting period, instances where such options shall lapse and to grant such number of options, to the Subsidiaries' or Holding Company's Eligible Employees, at par or at such other price, at such time and on such terms and conditions as the Board may in its absolute discretion think fit and make modifications, changes, variations, alterations or revisions in the GPL ESGS or to the terms of options granted and / or vested but not exercised, including modification or changes to the quantum and price of such options, from time to time as it may deem fit or to suspend, withdraw or revive the GPL ESGS from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the ESOP Guidelines, the Memorandum and Articles of Association of the Company, and any other applicable laws and to do all such acts, deeds, matters and things as it may deem fit, necessary or desirable without requiring the Board to secure any further consent(s) or approval(s) of the members of the Company to the end and intent that

they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT for the purpose giving effect to creation, issue, offer, allotment or listing of the Equity Shares, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for such purpose."

3. Investment in subsidiary of the Company to be formed or incorporated for the proposed project of the Company at Hyderabad under Section 372A of the Companies Act, 1956.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the "Act") and other applicable law, if any, and subject to the approval/consent of such appropriate authorities as may be required, consent of the members of the Company be and is hereby accorded to the Board of Directors to make investment in and/or to make loan(s) or place inter-corporate deposits with and/or any other form of debt and/or to provide any security(ies) in connection with such loan(s) and/or give guarantees in connection with loan(s) given by any other person to and/or acquire by way of subscription, purchase or otherwise the securities comprising of equity shares, convertible or non convertible preference shares, optionally convertible debentures and/or through purchase of existing securities and/or in any other manner of a body corporate or any such form of entity(ies) or organisation(s) to be formed or incorporated by the Company for the development of the proposed project of the Company located in Hyderabad up to an amount not exceeding Rs. 35,00,00,000 (Rupees Thirty Five Crores only) in such entity, notwithstanding that the aggregate of the loans, guarantees or securities so far given or to be given to and/ or securities so far acquired or to be acquired in all bodies corporate may exceed the limits laid down by the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take from time to time all decisions and steps necessary or expedient or proper in respect of the above loan/guarantee/investments including entering into definitive documentation, the timing, the amount and other terms and conditions of such loan/guarantee/investments and varying the same through transfer, sale, disinvestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate."

By Order of the Board of Directors
For Godrej Properties Limited
Sd/-

Shodhan Kembhavi
Company Secretary

Place: Mumbai
Date: January 31, 2011

Registered Office:

Godrej Bhavan, 4th Floor,
4A, Home Street,
Fort, Mumbai - 400 001.

Notes:

1. The relative Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 setting out material facts are annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 1

Pursuant to Shareholders' approval dated December 24, 2007, the Remuneration Committee of the Board of Directors of the Company at its meeting held on December 24, 2007 had approved Godrej Properties Limited Employee Stock Option Plan ("GPL ESOP") and granted 4,42,700 options to the eligible employees with effect from December 28, 2007. Out of these till date 70,000 options have lapsed on account of resignation. The balance valid options as of date are 3,72,700. The Remuneration Committee at the time of granting the options had decided that these options would be vested with the employees on December 27, 2010. Further, the option grantee shall be entitled to exercise the option within two years from the date of the vesting of the options i.e. on or before December 27, 2012.

The economy and the stock market are on the path of recovery from the global meltdown. The current market prices of the shares of the Company are much lower than the exercise price determined by the Remuneration Committee which is making the aforesaid stock options unattractive. The main objective of the GPL ESOP is to provide an incentive to attract, retain and reward employees of the Company and to motivate them and create ownership attitude amongst them.

Therefore, in order to protect the interest of the employees of the Company the Board of Directors of the Company has proposed to undertake the following amendments in the GPL ESOP:

- a) Increase the vesting period of the 3,72,700 options granted under GPL ESOP from three years from the date of grant to five years from the date of grant. Accordingly, the option which were previously proposed to have vested on December 27, 2010 will now vest on December 27, 2012.

However in the event that during the 4th and 5th year of the vesting period i.e. in the year 2011 and 2012, the average of the closing market prices of the equity

shares of the Company on the Bombay Stock Exchange Limited and The National Stock Exchange of India Limited on each day exceeds the exercise price by not less than Rs.50 for a consecutive period of 30 days, the option shall be deemed to have vested on the day immediately following the 30th day, as determined by the Remuneration Committee.

- b) Increase the exercise period of the 3,72,700 options granted under GPL ESOP from two years from the date of vesting to three years from the date of vesting. Accordingly, the exercised period which was previously proposed to have ceased on December 27, 2012 is now extended to December 27, 2015.

The aforesaid proposal was approved by the Board of Directors on December 27, 2010 subject to the approval of the shareholders. The Board considers the aforesaid modifications to be in the interest of the options grantees.

The above proposal requires approval of shareholders by special resolution which is sought by postal ballot as per Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

Your Directors recommend the same for your approval.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of shares held by them and the securities that may be offered to them under GPL ESOP.

Item No. 2.1 & 2.2

The Board of Directors of the Company on January 31, 2011 has approved the new Employee Stock Grant Scheme namely Godrej Properties Limited Employee Stock Grant Scheme 2011 ("GPL ESGS") subject to approval of the members of the Company. The GPL ESGS shall be applicable to the permanent employees and directors of the Company, its subsidiaries and Godrej Industries Limited, the holding company of the Company, as per eligibility criteria mentioned in point no. (g) **(the Eligible Employees)**

The salient features of GPL ESGS are set out below:

a) Main Objective of the Scheme.

- To recognize and reward the efforts of the employees and their continued association with the Company.
- To introduce an objective component of employee compensation which would provide a direct linkage to the efforts of the employees with a measurable and widely accepted criteria that is equity share price of the Company. The Board envisages this to act as a motivational tool for the employees of the Company.
- To have employee participation in equity shareholding of the Company
- To provide employees an incentive to continue and strengthen their association with the Company so as to result in long term benefits to the Company as well the employees
- Bring long term value to the equity shareholders.
- Motivate employees to better the Company's performance continuously.

b) The total number of stock grants to be awarded:

A total of such options convertible into 3,00,000 equity shares of the face value of Rs.10 each of the Company, would be available for being granted to the Eligible Employees as may be decided by the Remuneration Committee on such terms and conditions, at such price and in one or more tranches as may be determined by the Board of Directors/ Remuneration Committee in accordance with the applicable laws or guidelines, if any, as may be prevailing at that time.

If an option vested expires or becomes un-exercisable without having been exercised in full, the un-purchased options, which were subject thereto, shall become available for future grant under GPL ESGS, unless GPL ESGS stands terminated.

In case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the number of options granted and to the exercise price. Accordingly, if any additional equity shares are issued by the Company to the option grantees for making such fair and reasonable adjustment, the ceiling of 3,00,000 equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

c) Identification of classes of employees entitled to participate in the GPL ESGS:

The Remuneration Committee shall identify Eligible Employees based on the eligibility criteria of the employees of the Company, its subsidiaries and the holding company which shall be in accordance with point no. (g) below. However, Eligible Employees should continue to be an employee or director of the Company, its subsidiaries or the holding company at the time of grant and vesting of equity shares pursuant to options awarded unless otherwise specified. The Remuneration Committee would then grant to the Eligible Employees, options to subscribe to equity shares of the Company by way of grant intimation, in accordance with the terms as are stipulated in GPL ESGS.

However, a) an employee who is a promoter or belongs to the promoter group shall not be eligible to participate in the GPL ESGS and b) a director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity share capital of the Company.

The options granted to an Eligible Employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

d) Vesting mechanism:

- An option or a stock grant means a grant/ option awarded to an Eligible Employee which entitles him to receive a specified number of equity shares over the period of vesting. Pursuant to the GPL ESGS, one option / stock grant shall be equivalent to one equity share of the Company
- Date of awarding the option shall be first day of April of every year or any other day as may be decided by the Remuneration Committee.
- Except in case of demise or permanent incapacity of the Eligible Employee, equity share shall vest pursuant to GPL ESGS in the following manner:
 - 1/3 at the end of the one year from the date of grant;
 - 1/3 at the end of the second year from the date of grant; and
 - Balance 1/3 at the end of the third year from the date of grant.
- The equity shares to be vested as above shall be subject to the condition that the Eligible Employees is in continuous employment of the Company or its subsidiary or holding company as the case may be and is not serving any notice of resignation on the date of vesting of the grant.
- Remuneration Committee shall have the authority to vary the aforesaid terms subject to compliance with applicable regulations.
- An Eligible Employee resigning from the services of the Company, its subsidiary or holding company will not be entitled to receive the equity shares under the options awarded to him if the date of resignation precedes the date of vesting as declared by the Remuneration Committee.
- In the event of death of an Eligible Employee all the options awarded to the Eligible Employee and pending vesting or exercise shall be transferred to the legal heirs/nominee of the Eligible Employee and the equity shares pursuant to the options awarded shall vest immediately subject to the minimum vesting period prescribed under the ESOP Guidelines, in the legal heirs/nominee of the Eligible Employee, upon payment of exercise price.
- In the event of permanent incapacity of an Eligible Employee while in employment, all the equity shares pursuant to the stock grants awarded to the Eligible Employee pursuant to the GPL ESGS would vest immediately, subject to minimum vesting period prescribed under the ESOP Guidelines, upon payment of the exercise price.

e) Exercise Price.

- The Exercise Price per equity shares shall be the Face Value of the equity share of the Company.
- The equity shares vested in eligible employees shall be allotted on payment of Exercise Price.

f) Exercise Period.

- The Eligible Employees shall exercise his/her right to acquire equity shares vested in him/her within one month from the date on which equity shares vest or such other period as may be determined by the Remuneration Committee
- The Eligible Employees shall exercise his/her right to acquire vested equity shares all at one time, and shall not be permitted to exercise in part at various point of time within the exercise period.
- The options would be exercisable by the Eligible Employees by payment of the consideration amount and submitting the requisite application form after which the options would be converted into the Shares of the Company.
- The options will lapse if not exercised within the specified Exercise Period.

g) Process of determining the eligibility of employees to receive options.

The following would be eligible to get the options under GPL ESGS:

- Directors who are in whole time employment and Senior Management, i.e. Vice President and above of the Company and its subsidiaries.
- Selected employees of Godrej Industries Limited, the holding company, who are:
 - Member of Godrej Leadership Forum and who has spent a significant portion (30% or more) of their time on the Company's business; and

- Managers of Godrej Industries Limited who are members of teams specifically working on important projects of the Company as selected by Remuneration Committee.

However, an eligible employee does not include any person being a promoter or belonging to the Promoter Group of the Company.

The number of stock grants to be awarded to an Eligible Employee shall be based on their performance for the past financial year or a part thereof as the case may be, and the achievement of Profit After Tax/Economic Value Added or such other individual and/or collective performance criteria and goals set for the respective employees of the Company and/or subsidiaries by the management of the Company.

The decision of the Remuneration Committee with regard to the terms under which equity shares pursuant to the stock grants will be awarded and vested will be final and binding on the employee.

h) Maximum number of options to be allotted under GPL ESGS.

The maximum aggregate number of equity shares to be allotted pursuant to options granted under GPL ESGS shall not exceed 3,00,000 (Three Lakhs Only). In case the aggregate number of equity shares to be allotted is likely to exceed 3,00,000 (Three Lakhs Only) approval of equity shareholders shall be obtained by the Company.

The maximum aggregate number of equity shares to be allotted in any year to an eligible employee under GPL ESGS shall not exceed 1% of the issued equity shares of the company at that time. In case the aggregate number of equity shares to be allotted in any year is likely to exceed 1% of the issued equity shares of the Company at that time then an approval of the equity share holders by way of separate resolution shall be obtained by the Company.

i) Disclosure and Accounting Policies

The Company shall conform to the applicable provisions of the ESOP Guidelines, including the disclosure and accounting policies as specified in the said ESOP Guidelines and/or such other guidelines as may be applicable from time to time.

j) Method to be utilized to determine the value of options

- In case the Company is required to follow the Indian GAAP, the Company shall use the Intrinsic Value Method to value its options.
- In case the Company calculates the employee compensation cost using Intrinsic Value of options, the difference between employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the Fair Value of options, shall be disclosed in Director's Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in Director's Report.
- In case the Company is required to follow Indian Accounting Standards converged into International Financial Reporting Standards then it shall use the Fair Value Method to value the options or such other method as may be prescribed therein.

k) Taxes and Levies

- The Company and/or the subsidiary company and/or the holding company shall have the right to deduct from the salary/ other dues of the Eligible Employees, for any obligation towards tax deduction arising in connection with the stock grants or the equity shares vested in the Eligible Employees. The Company shall be under no obligation to deliver equity shares or release the equity shares in pursuance of GPL ESGS/agreement until the Company's or the subsidiary company's or the holding company's tax deducting obligations, if any, under prevailing tax laws have been satisfied.
- In the event of any tax liability arising on account of grant or vesting of equity shares and on transfer of equity shares on exercise or any other event, on the Eligible Employee, the liability shall be of the Eligible Employee alone.
- In the event of any tax liability arising on account of GPL ESGS on the Company or the subsidiary company, or the holding company based on the advice of Remuneration Committee, shall have the right to collect the same from the Eligible Employees.

As per the ESOP Guidelines, any ESOP scheme for offering stock options to the employees of the Company must be approved by the members by way of special resolution. Further, GPL ESGS provides for issue of further shares to the persons other than exiting shareholders of the Company, therefore the consent of the members is also required by way of special resolution pursuant to the provision of the Section 81(1A) of the Companies Act, 1956.

As per the ESOP Guidelines, a separate resolution is also required for offering stock options to employees of holding or subsidiary companies. Therefore, the separate resolution under item no. 2.2 is being proposed accordingly.

The Board of Directors recommends these special resolutions as set out in the item no. 2.1 and 2.2 for the approval of members of the Company.

None of the Directors of the Company is, in any way, interested or concerned in these resolutions, except to the extent of the securities that may be offered to them under GPL ESGS.

Item No. 3

It is proposed to make investment in and/or to make loan (s) or place inter-corporate deposits with and/or any other form of debt and/or to provide any security (ies) in connection with such loan (s) and/or give guarantees in connection with loan(s) given by any other person to and /or acquire by way of subscription, purchase or otherwise the securities of a body corporate to be formed or incorporated by the Company for the development of the proposed project of the Company located in Hyderabad up to an amount not exceeding Rs. 35,00,00,000 (Rupees Thirty Five Crores only).

The aforesaid investment is subject to entering into definitive documentation.

The Board of Directors of the Company is authorised to take all necessary decisions and steps in respect of the abovementioned investments including entering into definitive documentation, the timing, the amount and other terms and conditions of such investments and varying the same through transfer, sale, disinvestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate.

The Board of Directors of your Company recommends the passing of this resolution

Sources of funds:

Internal generation of funds/borrowings.

Nature of concern or interest of Directors:

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

Place: Mumbai

Date: January 31, 2011

Registered Office:

Godrej Bhavan, 4th Floor,
4A, Home Street,
Fort, Mumbai - 400 001.

By Order of the Board of Directors
For Godrej Properties Limited
Sd/-

Shodhan Kembhavi
Company Secretary