

# Godrej Consumer Products Limited

## NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninth ANNUAL GENERAL MEETING of the members of GODREJ CONSUMER PRODUCTS LIMITED will be held on Saturday, July 25, 2009 at 3.30 p.m. at Y. B. Chavan Centre, General Jagannath Bhosale Marg, Nariman Point, Mumbai 400 021 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2009, the Balance Sheet as at that date, the Auditors' Report thereon and the Directors' Report.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Jamshyd Godrej, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Bala Balachandran who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Aman Mehta who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration. M/s. Kalyaniwalla & Mistry, Chartered Accountants, the retiring Auditors are eligible for re-appointment.

### SPECIAL BUSINESS:

7. **To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

**RESOLVED that** subject to the provisions of Section 257 and other applicable provisions of the Companies Act 1956, if any, Mr. Dalip Sehgal, who was appointed as an Additional Director of the Company with effect from April 1, 2009 by the Board of Directors on February 6, 2009 and subsequently appointed as the Managing Director effective April 1, 2009 and whose term expires at this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a Member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.

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

**RESOLVED that** pursuant to Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the shareholders be and is hereby accorded for the appointment of Mr. Dalip Sehgal as a Whole-Time Director designated as "Managing Director" of the Company for a period of three years with effect from April 1, 2009 to March 31, 2012, on the following remuneration, terms and conditions.

#### I. Remuneration

##### A) Fixed Compensation

Fixed Compensation shall include Basic Salary, Company's Contribution to Provident Fund and Gratuity. The Basic Salary shall be in the range of Rs.3,00,000/- to Rs.7,00,000 per month, payable monthly. The Annual increments will be decided by the Board of Directors and will be merit based and take into account other relevant factors.

The Company's contribution to Gratuity shall be according to the rules of the Company, in force from time to time.

##### B) Performance Linked Variable Remuneration (PLVR)

PLVR according to applicable scheme of the Company for each of the financial years 2009-10, 2010-11, 2011-12 or as may be decided by the Board of Directors.

##### C) Flexible Compensation

In addition to the Fixed Compensation and PLVR, Mr. Dalip Sehgal 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. Dalip Sehgal in such form and 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 for the Managing Director and his family in accordance with the rules of the Company;
- Payment/reimbursement of medical/hospitalisation expenses for self and family in accordance with the rules of the Company;
- Group insurance cover, group mediclaim cover;
- Payment/reimbursement of Club Fees, Food Vouchers, petrol reimbursement;
- Company car 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;
- Consolidated 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. 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.

**Explanation:**

- i) For the Leave Travel Assistance and reimbursement of medical and hospitalisation expenses, 'family' means the spouse and dependent children and dependent parents of the Managing Director.
- ii) For the purpose of calculation of Gratuity and other Retirement Benefits, the tenure of Mr. Dalip Sehgal as an employee in Godrej Hershey Ltd. till 31.3.2009 shall also be taken into account.
- iii) For the purpose of accumulation of leave, the balance of leave to the credit of Mr. Dalip Sehgal as on 31.3.2009 in Godrej Hershey Ltd. will be carried forward to Godrej Consumer Products Ltd.
- iv) Perquisites shall be evaluated at actual cost or if the cost is not ascertainable the same shall be valued as per Income Tax Rules.

**II. 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 may pay to the Managing 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.

**III. Minimum Remuneration**

Notwithstanding the foregoing, where in any Financial Year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the remuneration will be subject to Schedule XIII to the Companies Act, 1956.

**Notes:**

- i) The Managing Director is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(l) of the Act, while at the same time the Managing Director is liable to retire by rotation. The appointment is terminable by giving three months notice in writing on either side.

- ii) The Managing Director shall not, during the continuance of his employment or at any time thereafter, divulge or disclose to whomsoever or make any use whatsoever, whether for his own or for any other purpose other than that of the Company, any information or knowledge obtained by him during his employment with the business or affairs or other matters whatsoever of the Company and the Managing Director shall, during the continuance of his employment hereunder, also use his best endeavour to prevent any other person from disclosing the aforesaid information.
- iii) If the Managing Director be guilty of such inattention to or negligence in the conduct of the business of the Company or of misconduct or of any other act or omission inconsistent with his duties as Managing Director or any breach of this Agreement, as in the opinion of all other Directors renders his retirement from the office of the Managing Director desirable, the opinion of such other Directors shall be final, conclusive and binding on the Managing Director and the Company may by giving thirty days notice in writing to the Managing Director determine this Agreement and he shall cease to be a Director and Managing Director of the Company, upon expiration of such notice

9. **To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

**RESOLVED that** subject to the provisions of Section 257 and other applicable provisions of the Companies Act 1956, if any, Mr. D. Shivakumar, who was appointed as an Additional Director of the Company with effect from April 1, 2009 by the Board of Directors on February 6, 2009 and whose term expires at this Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a Member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.

10. **To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

**RESOLVED that** pursuant to Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the shareholders be and is hereby accorded for continuation of Mr. Adi Godrej as Whole-Time Director designated as "Chairman" with effect from April 1, 2009 for the remainder of the tenure of his contract with the Company till March 31, 2010, on other terms and conditions being the same.

11. **To consider, and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

**RESOLVED that** pursuant to Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the shareholders be and is hereby accorded for continuation of Mr. Hoshedar Press as Whole-Time Director designated as "Vice-Chairman" with effect from April 1, 2009 for the remainder of the tenure of his contract with the Company till April 30, 2010, on other terms and conditions being the same.

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

**RESOLVED that** pursuant to Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. A. B. Godrej be and is hereby re-appointed as Whole-Time Director designated as "Chairman" of the Company with effect from April 1, 2010 to hold office for a period of three years upon the remuneration as may be determined and agreed to between the Board of Directors and Mr. A. B. Godrej, on the following terms and conditions:

**I. Remuneration**

**A) Fixed Compensation**

Fixed Compensation shall include Basic Salary, Company's Contribution to Provident Fund and Gratuity. The Basic Salary shall be in the range of Rs. 550,000 to Rs. 850,000 per month, payable monthly. The Annual increments will be decided by the Board of Directors and will be merit based and take into account other relevant factors.

The Company's contribution to Gratuity shall be according to the rules of the Company, in force from time to time.

**B) Performance Linked Variable Remuneration (PLVR)**

PLVR according to applicable scheme of the Company for each of the financial years 2010-11, 2011-12, 2012-13 or as may be decided by the Board of Directors.

**C) Flexible Compensation**

In addition to the Fixed Compensation and PLVR, Mr. A. B. 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. A. B. Godrej in such form and manner as the Board may decide.

- Furnished residential accommodation (including maintenance of such accommodation, provision of or reimbursement of expenditure incurred on gas, water, power & furnishing) or house rent allowance in lieu thereof as per rules of the Company;
- Payment/reimbursement of medical/hospitalisation expenses for the Chairman and his family, hospitalisation and accident insurance for self and family in accordance with the rules of the Company;
- Leave Travel Assistance for the Chairman and his family in accordance with the rules of the Company;
- Payment/reimbursement of club fees;
- Consolidated 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;
- Sick leave as per the rules of the Company;
- Provision of Company maintained car(s) with driver(s) for official use;
- Provision of free telephone facilities or reimbursement of telephone expenses at residence including payment of local calls and long distance official calls;
- 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.

**Explanation:**

- i) For the Leave Travel Assistance and reimbursement of medical and hospitalisation expenses, 'family' means the spouse and dependent children of Mr. A. B. Godrej.
- ii) For the purpose of calculation of gratuity and other retirement benefits, the tenure of Mr. A. B. Godrej as an employee in the erstwhile Godrej Soaps Ltd. till 31.3.2001 shall also be taken into account.
- iii) For the purpose of accumulation of leave, the balance of leave to the credit of Mr. A. B. Godrej as on 31.3.2001 in the erstwhile Godrej Soaps Ltd., will be carried forward to Godrej Consumer Products Ltd.
- iv) Perquisites shall be evaluated at actual cost or if the cost is not ascertainable the same shall be valued as per Income Tax Rules.

**II. 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 may pay to the Chairman 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.

**III. Minimum Remuneration**

Notwithstanding the foregoing, where in any Financial Year during the currency of the tenure of the Chairman, the Company has no profits or its profits are inadequate, the remuneration will be subject to Schedule XIII to the Companies Act, 1956.

**Notes:**

- i) The Chairman shall not, during the continuance of his employment or at any time thereafter, divulge or disclose to whomsoever or make any use whatsoever, whether for his own or for any other purpose other than that of the Company, any information or knowledge obtained by him during his employment with the business or affairs or other matters whatsoever of the Company and the Chairman shall, during the continuance of his employment hereunder, also use his best endeavour to prevent any other person from disclosing the aforesaid information.
- ii) If the Chairman be guilty of such inattention to or negligence in the conduct of the business of the Company or of misconduct or of any other act or omission inconsistent with his duties as Chairman or any breach of this Agreement, as in the opinion of all other Directors renders his retirement from the office of the Chairman desirable, the opinion of such other Directors shall be final, conclusive and binding on the Chairman and the Company may, by giving thirty days notice in writing to the Chairman, determine this Agreement and he shall cease to be a Director and Chairman of the Company, upon expiration of such notice.

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

**“RESOLVED** that pursuant to section 61 and other applicable provisions, if any, of the Companies Act, 1956 along with any other laws, rules and regulations in force at the time of this resolution, consent of the members of Godrej Consumer Products Limited be and is hereby accorded to amend the Letter of Offer dated March 14, 2008 and thereby extend the time for attainment of the objects of the issue of shares on rights basis as stated in such Letter of Offer, out of the remainder of the issue proceeds, upto a period of three years with effect from April 1, 2009 to March 31, 2012 in the manner provided in Table 1 below.

**Further Resolved** that pursuant to section 61 and any other applicable provisions of the Companies Act, 1956 along with any other laws, rules and regulations in force at the time of this resolution, consent of the members of Godrej Consumer Products Limited be and is hereby accorded to utilize the remainder of issue proceeds arising out of the issue of equity shares allotted pursuant to the Letter of Offer dated March 14, 2008 filed by the Company for the purpose mentioned in Table 1 below.

Table 1

(Rs. in Million)

<b>Purpose/Activity</b>	<b>Total Remainder Amount to be utilized by March 31, 2012</b>
Funding of Capital Expenditure	1135.0
Prepayment/Repayment of debt	190.0
Investment in/Repayment of loan taken with respect to Godrej SCA Hygiene Ltd., Godrej Netherlands BV and Kinky Group (Pty) Ltd.	1868.4
<b>Total</b>	<b>3193.4</b>

**FURTHER RESOLVED** that Mr. A. B. Godrej, Chairman, Mr. H. K. Press, Vice Chairman, Mr. Dalip Sehgal, Managing Director, Mr. P. Ganesh, Vice President, (Finance and Commercial) and Company Secretary be and are hereby independently authorized to do all such acts, deeds, matters and things and sign any form, deeds, documents, agreements, contracts, undertakings, declarations, confirmations, letters and such other document as may be necessary and expedient to give effect to the above mentioned special resolution passed to extend the time for attainment of the objects and change in the objects of the issue as stated in the Letter of Offer dated March 14, 2008 out of the issue proceeds in the manner provided above.

14. **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 Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) and any other applicable law for the time being in force and as may be amended from time to time, consent and approval of the Company be and is hereby granted to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board, to exercise its powers including the powers conferred by this resolution) for carrying out the following ammendment in the Godrej Consumer Products Limited Employee

## Godrej Consumer Products Limited

Stock Option Plan. (hereinafter referred to as "the Plan").

Last para of clause 3.5 of the plan.

### Existing clause

The maximum number of Options that may be granted per Employee per year shall not exceed 200,000 Options.

### Ammended clause

The maximum number of Options that may be granted per Employee per year shall not exceed 500,000 Options.

By Order of the Board of Directors

**P. Ganesh**

Vice President (Finance & Commercial)  
& Company Secretary

Mumbai, June 3, 2009

### Registered Office:

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

### Notes:

1. **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.

2. The relative explanatory statement in respect of business under Item Nos. 7 to 14 as set out in the notice is annexed hereto.
3. The record date for the Final Dividend, if declared at the Annual General Meeting will be August 4, 2009.
4. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
5. 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.
6. Unclaimed Dividends pertaining to the financial years 2002-03 and 2003-04, 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 dates mentioned below. Those Members who have so far not encashed these dividend warrants or dividend warrants for financial years 2004-05 and onwards, may claim or approach our Registrars viz. Computech Sharecap Ltd., 147, M. G. Road, Fort, Mumbai 400 001 (E-mail: gcpl@computechsharecap.com) or the Company for the payment thereof.

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 Period	Due date for transfer
First Interim 2002-03-paid in August 2002	27-08-2009
Second Interim 2002-03-paid in November 2002	27-11-2009
Third Interim 2002-03-paid in February 2003	26-02-2010
Final 2002-03 and First Interim 2003-04-paid in August 2003	27-08-2010
Second Interim 2003-04-paid in November 2003	27-11-2010
First Interim 2003-04-paid in February 2004	06-03-2011

7. The details required to be given in pursuance of Clause 49 of the listing agreement in case of Directors being re-appointed viz. Mr. Jamshyd Godrej, Prof. Bala Balachandran and Mr. Aman Mehta and Directors being appointed viz. Mr. Dalip Sehgal and Mr. D. Shivakumar are given in the Corporate Governance section of the Annual Report.

## **ANNEXURE TO THE NOTICE**

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

#### **ITEM NOS. 7 AND 8**

The Board of Directors in its meeting held on February 6, 2009 appointed Mr. Dalip Sehgal as an Additional Director on the Board of the Company with effect from April 1, 2009.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Dalip Sehgal holds office as Additional Director upto the date of this Annual General Meeting. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Dalip Sehgal as a Director of the Company.

The Board of Directors has also appointed Mr. Dalip Sehgal as Managing Director to hold office for a period of three years with effect from April 1, 2009 to March 31, 2012, subject to approval from shareholders.

Accordingly the resolution at Item No. 7 is being placed before the shareholders for the appointment of Mr. Dalip Sehgal as Director of the Company and the resolution at Item No. 8 is placed before the shareholders for his appointment as Managing Director and for payment of remuneration to him.

#### ***Profile of Mr. Dalip Sehgal***

Born on December 27, 1958 at New Delhi, India, Mr. Sehgal graduated in Economics with Honours from the University of Delhi and did his MBA with specialization in marketing from FMS, Delhi.

He joined the Godrej Group as Managing Director and CEO of Godrej Hershey Ltd in February 2008. At Godrej Hershey Ltd., he was responsible for running multi-category foods and beverages business comprising of juices, soya drinks, oil, tea, confectionery and launching of the Hershey brands in India.

Prior to joining Godrej Group he had 28 years of experience in the Corporate World, out of which, almost 25 years had been with Unilever, the Anglo Dutch multinational. He started his career with the Tata's in Forbes, Forbes & Campbell, and then joined Hindustan Lever (HLL) in 1982 (now named as Hindustan Unilever Limited (HUL)). In his 25 years with Unilever, he has worked in various sales and marketing assignments across various businesses like detergents, foods, beverages and personal products. These included heading sales at a national level, and as head of marketing for the personal care business.

As part of the New Business Development portfolio, he was involved in pioneering efforts like Project Shakti in rural India, Ayush Ayurvedic products and services, HLL Network direct selling, Pure It water purification business, etc. He was also responsible for Media Buying, Consumer and Market Insights (CMI) and Business Research for HUL.

In the past, he has been the Chairman of the Media Committee of India Society of Advertisers, Member Joint Industry Body (JIB) for TV advertising measurement, Member Rural Committee of ASSOCHAM, Director – Access Development Services, Care India and is currently member of the FMCG Committee of FICCI.

The details of Mr. Dalip Sehgal as required to be given in pursuance of Clause 49 of the listing agreement is given in the Corporate Governance section of the Annual Report for the year 2008-09.

For the sake of brevity the particulars of the proposed remuneration, perquisites and benefits payable to Mr. Dalip Sehgal are not being set out in the explanatory statement and the members are requested to refer to the same as set out in the body of the resolution.

The agreement entered into with Mr. Dalip Sehgal for his appointment as Managing Director is available for inspection at the registered office of the Company from 10.00 a.m to 12.00 noon on all working days (Monday to Friday) except public holidays upto the date of the Annual General Meeting.

The abstract of the terms of appointment which is required to be sent to every member pursuant to Section 302 of the Companies Act, 1956 has already been sent in February 2009 alongwith the third interim dividend warrants for 2008-09.

The Board feels that the Company will benefit from his professional expertise and rich experience. The Board recommends the resolution to the Members for their approval.

None of the Directors, except Mr. Dalip Sehgal is concerned or interested in the resolution.

#### **ITEM NO. 9**

The Board of Directors in its meeting held on February 6, 2009 appointed Mr. D. Shivakumar as an Additional Director on the Board of the Company with effect from April 1, 2009.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Shivakumar holds office as Additional Director upto the date of this Annual General Meeting. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Shivakumar as a Director of the Company.

Accordingly the resolution at Item No. 9 is being placed before the shareholders for the appointment of Mr. D. Shivakumar as Director of the Company.

**Profile of Mr. D. Shivakumar**

Mr. Shivakumar is currently Vice President & Managing Director of Nokia India Pvt. Ltd. Nokia has a strong presence in India across manufacturing, infrastructure, sales, marketing and retail. Nokia brand is India's most trusted brand. India is the second largest market for Nokia globally.

Mr. Shivakumar is an Engineer from IIT Chennai, and a post-graduate from the Indian Institute of Management, Kolkata. He has over two decades of experience. The bulk of his experience is in marketing and general management. Mr. Shivakumar has handled more than 34 brands in his career. He spent many years at Hindustan Unilever Ltd. and then moved to Philips India Ltd. to run Consumer Electronics where he was on the Company Board. He has been with Nokia since 2006.

The details of Mr. Shivakumar as required to be given in pursuance of Clause 49 of the listing agreement is given in the Corporate Governance Section of the Annual Report for the year 2008-09.

The Board feels that the Company will benefit from his professional expertise and rich experience. The Board recommends the resolution to the Members for their approval.

None of the Directors, except Mr. Shivakumar is concerned or interested in the resolution.

**ITEM NOS. 10 AND 11**

In the Annual General Meeting held on July 20, 2006, the shareholders had re-appointed Mr. A. B. Godrej as Managing Director designated as "Chairman and Managing Director" to hold office for a period of three years with effect from April 1, 2007 to March 31, 2010. In the above Annual General Meeting the shareholders had also re-appointed Mr. H. K. Press as Whole-Time Director designated as "Executive Director & President" to hold office for a period of three years and one month with effect from April 1, 2007 to April 30, 2010.

The Board of Directors in their meeting held on February 6, 2009 reconstituted the Board and *inter alia* passed the following resolutions for:

- i) Changing the designation of Mr. A. B. Godrej as "Chairman" with effect from April 1, 2009, for the remainder of the tenure of his contract with the Company till March 31, 2010, on the other terms and conditions being the same, subject to the approval of the shareholders.
- ii) Changing the designation of Mr. H. K. Press as "Vice-Chairman" with effect from April 1, 2009, for the remainder of the tenure of his contract with the Company till April 30, 2010, on the other terms and conditions being the same, subject to the approval of the shareholders.

The aforesaid redesignations are subject to the approval of shareholders. Accordingly the resolution at Item No. 10 & 11 are being placed before the shareholders for their approval. The Board recommends the resolutions to the members for their approval.

Mr. A. B. Godrej is concerned or interested in the resolution no. 10 since it relates to his redesignation. Mr. N. B. Godrej being the brother of Mr. A. B. Godrej may also be deemed to be concerned or interested in resolution no. 10.

Mr. H. K. Press is concerned or interested in the resolution no. 11 since it relates to his redesignation.

None of the other directors is concerned or interested in either resolution nos. 10 or 11.

**ITEM NO. 12**

The shareholders in the Annual General Meeting held on July 20, 2006 reappointed Mr. A. B. Godrej as "Managing Director" designated as "Chairman & Managing Director" with effect from April 1, 2007 to hold office for a period of three years till March 31, 2010. As explained in explanatory statement to Item nos. 10 and 11 above, the Board had subsequently changed his designation to "Chairman" for the remainder of his contract till March 31, 2010.

It is proposed to re-appoint Mr. A. B. Godrej as an Whole-Time Director of the Company designated as "Chairman" of the Company to hold office for a period of three (3) years with effect from April 1, 2010 (i.e. from April 1, 2010 to March 31, 2013).

The personal profile of Mr. A. B. Godrej is given below:

Full Name: Adi Burjorji Godrej

Date of Birth: April 3, 1942

Date of appointment as Director in the Company: November 29, 2000

Qualification: BS, MS (MIT, USA)

Specialised Expertise : Industrialist having rich business experience

The details of directorships held by Mr. A. B. Godrej are given in the Corporate Governance section of the Annual Report of the Company for 2008-09.

For the sake of brevity the particulars of the proposed remuneration, perquisites and benefits of Mr. A. B. Godrej are not being set out in the explanatory statement and the members are requested to refer to the same as set out in the body of the resolution.

These particulars also constitute the abstract of the terms of the contract proposed to be entered into with Mr. A. B. Godrej which is required to be sent to every member pursuant to Section 302 of the Companies Act, 1956.

Mr. A. B. Godrej himself and Mr. N. B. Godrej may be deemed to be interested in this resolution. None of the other Directors are in any way concerned or interested in the resolution. The Board of Directors recommends the passing of the said resolution.

### ITEM NO. 13

The Company had made a rights issue of 32,263,440 equity shares of face value Re.1 each at a premium of Rs. 122 per share in the ratio of 1 equity share for every 7 equity shares held on record date. The issue which aggregated to Rs. 3968.40 million opened for subscription on March 31, 2008 and closed on April 30, 2008. The issue proceeds were to be deployed for certain objects within a time frame, which were stated and described under section titled "Objects of the Issue" in the Letter of Offer dated March 14, 2008.

The said objects were to be attained partly by March 31, 2009 and the balance by March 31, 2010.

The details of the deployment of the net issue proceeds in various objects of the issue the indicative time frame within which they were to be deployed and the amount not utilised is given below:

(Rs. in Million)

Activity	Application due in FY 08-09	Application due in FY 09-10	Total Application due	Amount deployed as on March 31, 2009	Amount not utilized as on March 31, 2009
Funding of Capital Expenditure	760.00	375.00	1135.00	–	1135.00
Investment in our Joint Venture, Godrej SCA Hygiene Ltd.	205.00	–	205.00	60.00	145.00
Prepayment/Repayment of certain debt	840.00	–	840.00	650.00	190.00
Investment in our Subsidiary, Godrej Netherlands BV	464.00	–	464.00	–	464.00
Finance the acquisition of Kinky Group (Pty.) Ltd.	1259.40	–	1259.40	–	1259.40
Share issue expenses	65.00	–	65.00	65.00	–
<b>Total Proceeds</b>	<b>3593.40</b>	<b>375.00</b>	<b>3968.40</b>	<b>775.00</b>	<b>3193.40</b>

The delay in attainment of the objects is mainly on account of:

- An interest rate arbitrage opportunity which arose on account of which the existing loans were extended and the funds raised through the Rights Issue were parked in Bank Fixed Deposits which yielded a higher rate of interest.
- Restructuring of the Joint venture, Godrej SCA Hygiene Limited
- Investment in the subsidiary, Godrej Netherlands BV was partly funded through the internal accruals of the Company.
- As also a change in the time lines for implementation of capital expenditure on account of the overall economic slowdown.

Going forward the Company, proposes to utilize the Issue proceeds in the following manner:

<b>Purpose/Activity</b>	<b>Total Remainders Amount to be utilized by March 31, 2012</b>
Funding of Capital Expenditure	1135.0
Prepayment/Repayment of debt	190.0
Investment in/Repayment of loan taken with respect to Godrej SCA Hygiene Ltd., Godrej Netherlands BV and Kinky Group (Pty.) Ltd.	1868.4
<b>Total</b>	<b>3193.4</b>

Section 61 of the Companies Act, 1956 provides that a Company cannot vary the terms of the contract referred to in the Letter of Offer except subject to the approval of or except upon authority given by the members of the Company in a general meeting. In view of the aforesaid provision and any other applicable law, consent of the members is required for change in the manner of utilization of the Issue Proceeds and extension of time for attainment of the objects as more particularly stated in the resolution.

Your Directors recommend the Special Resolution for your approval. None of the Directors of the Company are in any way concerned or interested in the resolution.

#### **ITEM NO. 14**

The members of the Company in the extra-ordinary general meeting held on March 14, 2007 approved the grant of loan to a trust created for the benefit of employees for purchasing 2,000,000 equity shares of the Company for allotting 2,000,000 options convertible into 2,000,000 shares of nominal value Re. 1 each under a plan titled "Godrej Consumer Products Employees Stock Option Plan (hereinafter referred to as "GCPL ESOP").

The Company has accordingly set up the Godrej Consumer Products Employee Stock Option Trust (GCPL ESOP Trust) for purchase of the equity shares against which options are granted

In terms of the authority delegated to the Board, the Board formulated and brought into effect the GCPL ESOP in March 2007. As per existing clause 3.5 of the GCPL ESOP, the maximum number of Options that may be granted per Employee per year shall not exceed 200,000 Options.

The members of the Company in the extra-ordinary general meeting held on April 24, 2008 approved the grant of loan to GCPL ESOP Trust for acquiring by means of subscription or purchase from the secondary or otherwise, 2,500,000 equity shares of the Company for allotting 2,500,000 options convertible into 2,500,000 shares of nominal value Re. 1. Thus against the loan funds received from the Company, the GCPL ESOP Trust can acquire a total of 4,500,000 options convertible into 4,500,000 equity shares of nominal value Re.1 each. The disclosures as required under the Securities & Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 regarding the GCPL ESOP are given in Annexure A to the Directors Report.

In order to continue to meet the objectives of the GCPL ESOP viz., to attract, retain, reward and motivate the employees thus contributing to the growth and profitability of the Company, the HR & Compensation Committee in its meeting held on April 30, 2009 has recommended that the Clause 3.5 in GCPL ESOP regarding the maximum options per employee per year be modified and the maximum number of options be increased to 5,00,000 options. The Board of Directors has accepted the recommendation and accordingly the resolution at item 14 is being placed before the members for their approval

Upon receiving the shareholders approval for the modification in the GCPL ESOP, the company is proposing to grant options not exceeding 300,000 to Mr. Dalip Sehgal. The options may be granted in one or more tranches, the total of which will not exceed 300,000 in a year.

Also, the Company may consider granting fresh options not exceeding 500,000 per employee in a year to other key employees as may be identified by the management from time to time.

Your Directors recommend the Special Resolution for your approval. Mr Dalip Sehgal may be deemed to be interested in the resolution. None of the other Directors of the Company is in any way concerned or interested in the resolution.

By Order of the Board of Directors

**P. Ganesh**  
Vice President (Finance & Commercial) &  
Company Secretary

Mumbai, June 3, 2009