

EVEREADY >>>
INDUSTRIES INDIA LTD.

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Annual Report **2007-2008**

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Dear Shareholders,

The financial statements for the last year indicate the obvious. The input cost pressure of recent times on the main products - batteries & flashlights - and the decline in their consumption consequent upon passing on the adverse impact to the market resulted in a net loss of Rs.19.32 crores. In this yearly advice to you I will try to go beyond this obvious, which will also include outlining the future outlook of your Company.

The declining trend in consumption pattern in dry cell batteries seems to have finally been arrested. Though the year as a whole saw a marginal decline of 2 % in volume, the last 3 quarters of the year registered a growth of 4 % over the corresponding period of the previous year. Current trends indicate stable and sustainable growth.

Though the challenge of high input costs remain, softening price trend of zinc - a major input to dry cell batteries - has resulted in margin expansion. The outlook with respect to overall input costs is set to be favorable in the foreseeable future.

Recent trends in the flashlights business have been most encouraging. While growth for the financial year was only 4 %, volumes grew by 32 % in the last 3 quarters over the corresponding period of the previous year. The introduction of the new generation LED torches has made way for exciting developments in this business.

Throughout this recent challenging environment, your Company was able to maintain its market share position in these business segments and this was possible only due to its initiatives on branding and distribution.

Contributions from other products like packet tea, insect repellents and lighting products (CFLs) were healthy. These new products continue to leverage your Company's existing brand and distribution and will play a key role in improving scale and profitability of your Company's business.

I firmly believe that there has not been any change in the basic fundamentals of the batteries and flashlights businesses. The demand drivers continue to be the same and the Indian market continues to offer major potential for growth being a consumer of perhaps the lowest number of

batteries and flashlights in the world. The recent downturn relates to a severe cost push and consequential price hikes, which the consumers were not able to absorb immediately. However, it now appears that after the initial difficulty in adjusting to the new cost regime, the market is gradually coming back to consumption levels as determined by fundamental demand.

New products of your Company - like packet tea and lighting products - will add scale and profitability to your Company in the coming years and will support its diversification model.

While we are coming off a challenging period, I can say with reasonable amount of confidence that all processes are in place for a quick revival and thereafter, sustained performance. I can say with confidence that there will be a revival of shareholder value in the years to come.

I wish to end this note by mentioning a few groups of people who provide the foundation to this Company. I would like to mention the Company's employees who are continuously endeavouring to make it a more valuable one. I also wish to thank all our customers and vendors who have stood by us. Lastly, very special thanks to all shareholders for their faith and spirit.

With warm regards

B.M. Khaitan
Chairman

EVEREADY INDUSTRIES INDIA LTD.

NOTICE

The Seventythird Annual General Meeting of the Members of Eveready Industries India Ltd. will be held at 10.30 a.m. on Wednesday, July 30, 2008, at Rang Manch, Swabhumi – The Heritage Plaza, 89C Moulana Abul Kalam Azad Sarani, Kolkata- 700 054 to transact the following business :

1. To consider and adopt the Report of the Directors and the Annual Accounts of the Company together with the Auditors' Report thereon for the year ended March 31, 2008.
2. To appoint Directors in place of Mr. B. Mitter, Mr. D. A. Nanda and Mr. V. Bhandari who retire by rotation and being eligible, offer themselves for re-appointment.
3. To appoint Auditors and to fix their remuneration.

Special Business

To consider and, if thought fit, to pass, with or without modifications, the following Resolutions :-

4. As a Special Resolution :

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and 310 of the Companies Act, 1956 read with Schedule XIII to the Act and/or subject to the approval of the Central Government if required, consent of the Members be and is hereby accorded to the re-appointment of Mr. S. Saha as a Wholetime Director of the Company for a period of three years with effect from March 22, 2008, upon the terms and conditions as set out in the Company's letter dated January 30, 2008 addressed to Mr. S. Saha, a copy whereof duly initialed by the Chairman for the purpose of identification is placed before the Meeting."

5. As a Special Resolution :

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and 310 of the Companies Act, 1956 read with Schedule XIII to the Act and/or subject to the approval of the Central Government if required, consent of the Members be and is hereby accorded to the re-appointment of Mr. D. Khaitan as Executive Vice-Chairman & Managing Director of the Company with substantial powers of management vested in him for a period of three years with effect from June 1, 2008, upon the terms and conditions as set out in the Company's letter dated May 6, 2008 addressed to Mr. Khaitan, a copy whereof duly initialed by the Chairman for the purpose of identification is placed before the Meeting."

Registered Office:

1, Middleton Street
Kolkata – 700 071
May 6, 2008

By Order of the Board

T. Punwani

*Sr. General Manager - Legal
& Company Secretary*

The Register of Members of the Company will remain closed from July 18, 2008 to July 30, 2008, both days inclusive.

Duly executed and stamped transfer deeds, along with the relative Share Certificates, should be submitted to the Company's Registrars & Share Transfer Agents before the closure of the Register of Members for transfer registration.

The Company has transferred the unclaimed amounts of dividend upto the financial year ended March 31, 2000 to the General Revenue Account/Investor Education & Protection Fund of the Central Government as required under Section 205A and 205C of the Companies Act, 1956.

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH 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.

An Explanatory Statement relating to the items of Special Business is annexed hereto, as required under Section 173(2) of the Companies Act, 1956.

The information as required to be provided in terms of the Listing Agreements with the Stock Exchanges regarding the Directors who are proposed to be appointed/re-appointed is also annexed.

PARTICULARS RELATING TO DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED

1. Name : Mr. B. Mitter
 Age : 88 years
 Qualifications : Barrister at Law (London)
 Expertise : Mr. Mitter is an eminent professional and business leader. He has about 6 decades of experience over the whole range of business operations having held topmost positions in industry. He has held the position of Chairman of Andrew Yule Group, CESC Ltd. and BOC Ltd. and also President of Bengal Chamber of Commerce and Industry and the Associated Chamber of Commerce and Industry of India.
- Other Directorships : Name of Indian Company : Committee Memberships, if any, with position
 (as at 31.03.2008) Exide Industries Ltd. Shareholders Grievances Redressal Committee – Chairman
 Audit Committee – Member
 Remuneration Committee – Member
- Gloster Jute Mills Ltd.
 Graphite India Ltd. Audit Committee – Member
 Investors' Grievances Committee – Member
-
2. Name : Mr. D. A. Nanda
 Age : 64 years
 Qualifications : B.Com., MBA (Gold Medalist)
 Expertise : Mr. D. A. Nanda is a renowned advertising professional with over 40 years of advertising and marketing experience. He founded Rediffusion in 1973, an advertising agency that went to script history by rewriting the rules of advertising in the country. He has been inducted to the hall of fame by the Calcutta Advertising Club and is the recipient of AAAI Premnarayan award for outstanding contribution to advertising in India in 2002. He has been a member of the Jawaharlal Nehru Centenary Committee (a part of the Cabinet Secretariat of the Government of India), member on the Air India Board of Directors during 1986-88, Media Advisor to the Late Rajiv Gandhi (Prime Minister), Judge at the International Advertising Festival in Cannes and President of Advertising Agencies Association of India 1993-95 and 1999-2000.
- Other Directorships : Name of Indian Company : Committee Memberships, if any, with position
 (as at 31.03.2008) Rediffusion-DY & R Pvt. Ltd.
 Rediff.com India Ltd.
 Rediffusion Holdings Pvt. Ltd.
 Wunderman India Pvt. Ltd.
 Everest Brand Solutions Pvt. Ltd.
 Showdiff Worldwide Pvt. Ltd.
 Klas Equipment Pvt. Ltd.
 Arion Horse Co. Pvt. Ltd.
 Clariant Chemicals (India) Ltd. Investors Grievance Committee – Chairman
 Audit Committee – Member
- Kingfisher Airlines Limited
 Mastek Limited

3. Name : Mr. V. Bhandari
 Age : 49 years
 Qualifications : B.Com., C.A.
 Expertise : Mr. V. Bhandari is a Chartered Accountant from the Institute of Chartered Accountants of India (ICAI), New Delhi and Bachelor of Commerce from the University of Mumbai. Mr. Bhandari currently serves as Country Head- India for AEGON N.V one of the largest Life Insurance, Pension and Investment Management Companies in the world.
- Other Directorships : Name of Indian Company : Committee Memberships, if any, with position
 (as at 31.03.2008) Aegon India Pvt. Ltd.
 Mirc Electronics Ltd. : Audit Committee – Chairman
 : Remuneration Committee – Member
 : Kalpataru Power Transmission Ltd. : Audit Committee – Member
 : Cosmo Films Ltd.
 : DCM Sriram Consolidated Ltd.
 : Aegon Religare Life Insurance Co. Ltd.
 : Religare Aegon Asset Management Co. Pvt. Ltd.
 : Religare Aegon Trustee Co. Pvt. Ltd.
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4. Name : Mr. S. Saha
 Age : 49 years
 Qualifications : B.Com. (Hons.), ACA
 Expertise : Mr. Saha has over 26 years of experience in Corporate Management in diverse fields – both in India and abroad. He is a professional manager and has held senior positions in Finance, Information Technology, Quality & General Management. He is presently the Wholetime Director-in-charge of Finance, Information Technology, Human Resource, Corporate Communication, Legal & Secretarial and the Strategic Business Units (SBUs) of the Company.
- Other Directorships : Name of Indian Company : Committee Memberships, if any, with position
 (as at 31.03.2008) Ichamati Investments Pvt. Ltd.
 Nitya Holdings & Properties Pvt.Ltd.
 Noble House Trading & Investments Pvt. Ltd.
 Bonus Trading & Investments Pvt. Ltd.
 Trans Global Logistics Pvt. Ltd.
 Kilburn Engineering Ltd. : Audit Committee – Chairman
 : Shareholders'/Investors' Grievance
 : Committee – Member
 : Remuneration Committee – Member
-
5. Name : Mr. D. Khaitan
 Age : 53 years
 Qualifications : B.Com (Hons.), MBA (IIM - Geneva)
 Expertise : Mr. Khaitan hails from a renowned family of industrialists and an industrial entrepreneur himself he has over 30 years of experience in steering diverse business enterprises in India. He is presently the Executive Vice-Chairman & Managing Director of the Company.
- Other Directorships : Name of Indian Company : Committee Memberships, if any, with position
 (as at 31.03.2008) Kilburn Engineering Ltd.
 McLeod Russel India Ltd.
 McNally Bharat Engineering Co. Ltd.
 The Moran Tea Co. (India) Ltd.
 Williamson Magor & Co. Ltd.
 Williamson Financial Services Pvt. Ltd.
 Babcock Borsig Ltd. : Audit Committee – Member
 : Remuneration Committee – Member

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 4

The Board of Directors at its meeting held on January 30, 2008, resolved to re-appoint Mr. S. Saha as Wholtime Director of the Company for a period of three years with effect from March 22, 2008 on the following principal terms and conditions subject to the relevant provisions of the Companies Act, 1956 (the Act) read with Schedule XIII to the Act and subject to the approval of the shareholders in a General Meeting and/or the Central Government approval as may be necessary :

Salary : Rs. 4,00,000 per month with such revisions that may be approved by the Board from time to time.

Bonus : Equivalent to six months' salary in a year.

Perquisites :

Housing : Free furnished accommodation with the cost of gas, electricity, water, soft furnishings and telephone being borne by the Company. Cost of personal long distance calls will be borne by Mr. Saha. In case no accommodation is provided to Mr. Saha, he will be paid House Rent Allowance at the rate of 60% of his salary

Car : Company car with driver under the Company's Scheme applicable for senior executive staff of the Company.

Medical : Reimbursement for self, spouse, dependent children and dependent parents, at actuals, including cost of medical insurance.

Leave Travel Concession : For self and family as per applicable rules of the Company or such higher sum as may be fixed by the Board from time to time.

Club Fees : Reimbursement of club fees as per applicable rules of the Company.

Leave Encashment : As per applicable rules of the Company.

Others : Personal Accident Insurance and other perquisites which are applicable to Senior Executive Staff of the Company shall also apply to Mr. Saha.

Other Allowances : A special allowance of Rs. 75,000 per month. In addition other allowances may be paid as may be decided by the Board from time to time for payment in lumpsum or by way of periodic payments.

Retiral Benefits.: Contributions to Provident Fund, Gratuity Fund and Pension Fund as per rules of the Company.

Minimum Remuneration : In the event of loss or inadequacy of profits in any financial year Mr. Saha will be paid the remuneration as above as minimum remuneration subject to the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956 and/or subject to the approval of the

Central Government if necessary.

Leave : Mr. Saha will be entitled to leave with full pay, as per applicable rules of the Company.

Nature of Duties : Mr. Saha will devote his whole time and attention to the business and affairs of the Company and perform such duties and exercise such powers as may be assigned to him from time to time by the Board.

Sitting Fees : Mr. Saha shall not be entitled to any sitting fees for attending meetings of the Board of Directors or Committees thereof.

Approval of the Central Government under sections 269 and 309 of the Act for the afore-mentioned re-appointment of Mr. Saha and the terms as to remuneration has been received by the Company and now requires the approval of the Members in general meeting by special resolution. The above terms as to remuneration including minimum remuneration have been approved by the Remuneration Committee of the Board.

The aforesaid terms and conditions have been set out in the Company's letter, dated January 30, 2008, addressed to Mr. Saha which is available for inspection by the Members at the Registered Office of the Company on any working day prior to the date of the Meeting between 10.00 a.m. and 12 noon and also will be available at the Meeting.

The Resolution is accordingly proposed to be passed by way of a Special Resolution and the Board recommends the same for approval of the Members.

No Director of the Company except Mr. Saha is concerned or interested in this item of business.

Item No. 5

The Board of Directors at its meeting held on May 6, 2008, resolved to re-appoint Mr. D. Khaitan as Executive Vice Chairman and Managing Director of the Company for a period of three years with effect from June 1, 2008 on the following principal terms and conditions subject to the relevant provisions of the Companies Act, 1956 (the Act) read with Schedule XIII to the Act and subject to the approval of the shareholders in a General Meeting and/or the Central Government approval as may be necessary :

Salary : Rs. 7,00,000 per month with such revisions that may be approved by the Board from time to time.

Bonus : Equivalent to six months' salary in a year.

Perquisites :

Housing : Free furnished accommodation with the cost of gas, electricity, water, soft furnishings and telephone being borne

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Foreign Investments or collaborators, if any : Nil

Investment in Share Capital by Foreign Companies :
FII's – 16.43%

Foreign collaborator : None

II. Information about the appointee/director :-**A. Background Details :**

Name of Director : Mr. S. Saha

Age : 49 years

Qualification : B.Com (Hons.), ACA

Expertise and Experience in specific functional areas :

Mr. Saha has over 26 years of experience in Corporate Management in diverse fields – both in India and abroad. He has held senior positions in Finance, Information Technology, Quality & General Management. He is presently the Wholtime Director of the Company.

Past remuneration :

As a Wholtime Director Mr. Saha has been receiving remuneration as approved by the Members at the 70th Annual General Meeting held on June 28, 2005 for the period from March 22, 2005 to March 21, 2008. His remuneration during the year ended March 31, 2008 which comprised of salary, monetary value of perquisites, allowances and contribution to retiral funds was Rs. 106.83 lakhs.

Job profile and his suitability :

Mr. Saha is the Wholtime Director-in-charge of Finance, Information Technology, Human Resource, Corporate Communication, Legal & Secretarial and the Strategic Business Units (SBUs) of the Company. The Board is of the opinion that Mr. Saha has the requisite qualifications, expertise and experience for the job he is holding.

Remuneration proposed :

Already given in the Explanatory Statement.

Pecuniary and other relationships :

Except for receiving remuneration as a Wholtime Director, Mr. Saha has no pecuniary relationship with the Company. He is not related to any other managerial personnel of the Company.

B. Background Details

Name of Director : Mr. D. Khaitan

Age : 53 years

Qualification : MBA (IIM - Geneva)

Expertise and Experience in specific functional areas :

Mr. Khaitan hails from a renowned family of industrialists and

an industrial entrepreneur himself he has over 30 years of experience in steering diverse business enterprises in India. He is presently the Executive Vice-Chairman & Managing Director of the Company.

Past remuneration :

As an Executive Vice-Chairman and Managing Director, Mr. Khaitan has been receiving remuneration as approved by the Members at the 64th Annual General Meeting held on August 2, 1999 for the period from June 1, 1999 to May 31, 2002 and as approved by the Members at the 67th Annual General Meeting held on September 12, 2002 for the period from June 1, 2002 to May 31, 2005 and as also approved by the Members at the 70th Annual General Meeting held on June 28, 2005 for the period June 1, 2005 to May 31, 2008. His remuneration during the year ended March 31, 2008, which comprised of salary, monetary value of perquisites, allowances and contribution to retiral funds was Rs. 213.61 lakhs.

Job profile and his suitability :

Mr. Khaitan is the Executive Vice-Chairman & Managing Director of the Company. The Board is of the opinion that Mr. Khaitan has the requisite qualifications, expertise and experience for the job he is holding.

Remuneration proposed :

Already given in the Explanatory Statement.

Pecuniary and other relationships :

Except for receiving remuneration from the Company as Executive Vice-Chairman & Managing Director, Mr. Khaitan has no other pecuniary relationship with the Company. Mr. B. M. Khaitan, Chairman, is his father and Mr. A. Khaitan, Director, is his brother.

Comparative remuneration profile as per published information :-

Name of Company : Dabur India Limited

Type of Industry : FMCG

Approx. Annual Turnover (2006-2007) : Rs. 1778.02 Crores

(i) Designation & Personal Profile : CEO, BE (H), PGDM, 50 years old having 26 years of experience.

Remuneration Profile (2006-2007) : Remuneration comprising of Salary & Perquisites, Stock Options and Superannuation totaling to Rs. 3,56,93,529 p.a.

(ii) Designation & Personal Profile : Group Director, Corporate Affairs, B.Com, FCA, MIIA, FCS, AICWA, 53 years old having 31 years of experience.

Remuneration Profile (2006-2007) : Remuneration comprising of Salary & Perquisites, Stock Options and Superannuation totaling to Rs. 3,49,43,717 p.a.

by the Company. Cost of personal long distance calls will be borne by Mr. Khaitan. In case no accommodation is provided to Mr. Khaitan, he will be paid House Rent Allowance at the rate of 60% of his salary.

Car : Company car with driver under the Company's Scheme applicable for senior executive staff of the Company.

Medical : Reimbursement for self, spouse, dependent children and dependent parents, at actuals, including cost of medical insurance.

Leave Travel Concession : For self and family as per applicable rules of the Company or such higher sum as may be fixed by the Board from time to time.

Club Fees : Reimbursement of club fees as per applicable rules of the Company.

Leave Encashment : As per applicable rules of the Company.

Others : Personal Accident Insurance and other perquisites which are applicable to senior executive staff of the Company shall also apply to Mr. Khaitan.

Other Allowances : A special allowance of Rs. 1,00,000 per month. In addition other allowances may be paid as may be decided by the Board from time to time for payment in lumpsum or by way of periodic payments.

Retiral Benefits : Contributions to Provident Fund, Gratuity Fund and Pension Fund as per rules of the Company.

Minimum Remuneration : In the event of loss or inadequacy of profits in any financial year Mr. Khaitan will be paid the remuneration as above as minimum remuneration subject to the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956 and/or subject to the approval of the Central Government if necessary.

Leave : Mr. Khaitan will be entitled to leave with full pay, as per applicable rules of the Company.

Nature of Duties : As Executive Vice-Chairman & Managing Director, Mr. Khaitan will be entrusted with substantial powers of management of the Company. Mr. Khaitan will devote his whole time and attention to the business and affairs of the Company and perform such duties and exercise such powers as may be assigned to him from time to time by the Board.

Sitting Fees : Mr. Khaitan shall not be entitled to any sitting fees for attending meetings of the Board of Directors or Committees thereof.

Other Conditions : Each party has the right of terminating the appointment by giving three months' notice on either side.

The afore-mentioned re-appointment of Mr. Khaitan and the terms as to remuneration requires the approval of the Members in general meeting by special resolution. The above terms as to remuneration including minimum remuneration have been approved by the Remuneration Committee of the Board. Central

Government approval under sections 269 and 309 of the Act for the afore-mentioned re-appointment of Mr. Khaitan and the terms as to remuneration as may be necessary would be sought for, in due course.

The aforesaid terms and conditions have been set out in the Company's letter, dated May 6, 2008, addressed to Mr. Khaitan which is available for inspection by the Members at the Registered Office of the Company on any working day prior to the date of the Meeting between 10.00 a.m. and 12 noon and also will be available at the Meeting.

The Resolution is accordingly proposed to be passed by way of a Special Resolution and the Board recommends the same for approval of the Members.

No Director of the Company other than Mr. D. Khaitan himself, and Mr. B. M. Khaitan and Mr. A Khaitan, who are relatives of Mr. D. Khaitan is concerned or interested in this item of business.

The requisite information required in terms of Schedule XIII to the Act in relation to both, Item No. 4 and 5 is given as below:

INFORMATION IN TERMS OF SCHEDULE XIII TO THE COMPANIES ACT, 1956

I. General Information :

Nature of Industry : The Company is engaged in the business of marketing of dry cell batteries, flashlights, packet tea, general lighting products, insect repellents and other homecare products which come under a single business segment known as Fast Moving Consumer Goods (FMCG).

Date or expected date of commencement of commercial production: The Company is in business from 1934 onwards.

Financial performance based on given indicators :-
(For the year ended March 31, 2008)

Profit/(Loss) before depreciation, interest & tax	: Rs. 75.31 crores
Loss after tax	: Rs. 19.32 crores
Net worth (excluding revaluation reserve)	: Rs. 460.78 crores
Book value per share of Rs. 5 each (excluding Revaluation Reserve)	: Rs. 63.39

Export Performance and net foreign exchange earnings :

	Export (FOB value) Rs. Crores	Net Foreign Exchange Earnings Rs. Crores
2007-2008	16.03	(72.27)
2006-2007	14.25	(135.53)
2005-2006	9.60	(82.69)

and continue to leverage the Company's existing brand and distribution and will play a key role in improving scale and profitability and will support its diversification model.

Current trends indicate stable and sustainable growth. The declining trend in consumption pattern in dry cell batteries seems to have finally been arrested. Though the challenge of high input costs remain, softening price trend of zinc – a major input to dry cell batteries – has resulted in margin expansion. The recent trends in the flashlights business are also encouraging. As mentioned earlier, after the initial difficulty in adjusting to the new cost regime, the market is gradually coming back to consumption levels as determined by fundamental demand. As India gets richer, device penetration into households will increase in line with the rest of the world, boosting battery growth. 'LED' flashlight introduced by the Company is already providing this hypothesis.

As mentioned earlier, the key criteria of a strong FMCG operation are its strength in branding and the power of distribution. The Company has and further plans to take appropriate actions to maintain these areas of strength and ride the downturn out.

Expected increase in productivity and profits in measurable terms :

It is difficult at this stage to quantify the effect of the measures taken/being taken by the Company to improve the overall performance in financial terms.

Input cost related to zinc has eased off quite considerably and looks set to remain at current or lower levels in the foreseeable future. Though there will be some off-setting on account of impact from rising cost of other commodities, overall margins will still be better on account of the gain from zinc.

The new products introduced, will continue to improve business volumes and profitability and the situation will be favorable in the foreseeable future.

After the initial difficulty of adjusting to the new high cost regime, the market is gradually coming back to consumption levels as determined by fundamental demand.

IV. Disclosures

Information on the remuneration package of the managerial personnel :

The shareholders are notified of the remuneration package of managerial personnel through abstracts of terms circulated to them as well as explanatory statements annexed to the Notice of Meetings in which proposals for their appointments are placed before the shareholders.

Disclosures on remuneration package and other terms of Directors under 'Corporate Governance' Report :

The Corporate Governance Report forms a part of the Annual Report for the year and the remuneration package and other terms applicable to the Directors have been disclosed therein.

Memorandum of Interest

Mr. S. Saha is concerned or interested in the Special Resolution at Item No. 4. Mr. D. Khaitan, and Mr. B. M. Khaitan and Mr. A. Khaitan as relatives of Mr. D. Khaitan may be deemed to be concerned or interested in the Special Resolution at Item No. 5. No other Director of the Company is concerned or interested in the aforesaid Special Resolutions.

Registered Office:
1, Middleton Street
Kolkata – 700 071
May 6, 2008

By Order of the Board
T. Punwani
*Sr. General Manager - Legal
& Company Secretary*

Name of Company : Godrej Consumer Products Ltd.

Type of Industry : FMCG

Approx. Annual Turnover (2006-2007) : Rs. 758.52 Crores

(i) Designation & Personal Profile : Chairman & Managing Director, BS, MS (MIT USA), 66 years old.

-- Remuneration Profile (2006-2007) : Remuneration comprising of Salary & Allowances, Performance linked variable remuneration and monetary value of Perquisites totaling to Rs. 2,52,93,000 p.a. (rounded off in '000)

(ii) Designation & Personal Profile : Executive Director & President, B. Tech (Hons.), IIT Bombay, PGDBA (IIMA) 59 years old.

Remuneration Profile (2006-2007) : Remuneration comprising of Salary & Allowances, Performance linked variable remuneration and monetary value of Perquisites totaling to Rs. 1,30,89,000 p.a. (rounded off in '000)

Name of Company : Glaxo Smithkline Consumer Healthcare India Ltd.

Type of Industry : FMCG

Approx. Annual Turnover (2005-2006) : Rs. 1111.94 Crores

(i) Designation & Personal Profile : Director, Finance & Information Technology, B.Com., FCA, AICWA, 52 years old having 26 years of experience.

Remuneration Profile (2005-2006) : Remuneration comprising of Salary, Benefits and Performance Incentive totaling to Rs. 1,08,76,156 p.a.

(ii) Designation & Personal Profile : Director, Legal & Corporate Affairs, MA, LLB, 57 years old having 34 years of experience.

Remuneration Profile (2005-2006) : Remuneration comprising of Salary, Benefits and Performance Incentive totaling to Rs. 1,93,10,489 from 1.1.06 to 30.4.06.

(iii) Designation & Personal Profile : Director, Human Resource & Administration, B.Sc., BL, PGDM (PM & IR), 60 years old having 38 years of experience.

Remuneration Profile (2005-2006) : Remuneration comprising of Salary, Benefits and Performance Incentive totaling to Rs. 1,05,18,942 from 1.1.06 to 31.7.06.

III. Other Information

Reasons of loss or inadequate profits :

'Eveready' is one of the country's top brands with significant top-of-the-mind recall. The distribution network is one of the most penetrative in the country and the Company's products are present in more than 3.5 million outlets across India. The other valuable assets of the Company are its competency to

mass manufacture high quality products and talented personnel.

Despite its operations being on a very strong footing from a market perspective, the Company's problem with profitability over the last two years is a temporary phenomenon that had emerged in the form of an unprecedented rise in prices of a base metal (zinc) it uses in large quantity. Price of zinc had gone up virtually by 4 times from the level it used to prevail 4 years back.

This unprecedented cost impact had not only put severe pressure on margins, but also necessitated significant price increases of the impacted products – both in batteries and brass flashlights. It is a well-known fact that India is a price sensitive market and after series of these pricing measures, the consumers reacted adversely to the same and resorted to reducing or deferring consumption. This had resulted in volume de-growth of these products.

The above factors had an adverse impact on the profitability of the Company. Other than taking price increases, the Company has taken proactive measures in cost conservation and introduction of new products which has partly reduced the impact.

However, it has to be noted that the last 3 quarters of the year registered a volume growth over the corresponding period of the previous year. It is also to be noted that there has not been any change in the basic fundamentals of the batteries and flashlights businesses. The demand drivers continue to be the same and the Indian market continues to offer major potential for growth being a consumer of perhaps the lowest number of batteries in the world. The recent downturn relates to a severe cost push and consequential price hikes which the consumers were not able to absorb immediately. However, it now appears that after the initial difficulty in adjusting to the new cost regime, the market is gradually coming back to consumption levels as determined by fundamental demand.

Steps taken or proposed to be taken for improvement :

The Company offers products which are at the base of the hierarchy of consumer needs. Thus dry batteries, flashlights, packet tea and insect repellents are the first few items of consumption as new people come to consumerism and people with increasing income levels can afford higher consumption. The FMCG market will have sustainable robust growth given the low levels of per capita consumption and growing income of the consuming masses. The Company is confident that it will be part of this sustainable growth and the current year's difficulties are only assignable to particular reasons and temporary in nature.

As a measure of product portfolio diversification, the Company has expanded lately into packet tea, insect repellants and lighting products. While these businesses are still in their early stages, contributions from these new products were healthy