



Corporate Governance

Godrej Group is a name synonymous with values. Guided by its sound and solid philosophy on corporate governance, The Group has proudly carried on ethical business for over a century now.

Corporate Governance Report

1. Company's philosophy on Corporate Governance

At Godrej, Corporate Governance is the ethical business tradition which has been practiced over the past 110 years.

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees, lenders and the Government. The Company is committed to achieve and maintain the highest standards of Corporate Governance. The Company believes that all its actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

The Company continues to enjoy a corporate governance rating of CGR2+ (pronounced as CGR two plus) and a Stakeholder Value Creation and Governance Rating of SVG2 +(pronounced as SVG 2 plus) assigned by ICRA. The + sign indicates relatively higher standing within the category indicated by the rating. The two ratings together seek to examine whether the Company is being run on the principles of Corporate Governance and whether the practices followed by the Company lead to value creation for all its shareholders.

The CGR2 rating is on a rating scale of CGR1 to CGR6 where CGR1 denotes the highest rating. The CGR2+ rating implies that in ICRA's current opinion, the rated

Company has adopted and follows such practices, conventions and codes as would provide its financial stakeholders a high level of assurance on the quality of corporate governance.

The SVG2 rating is on a rating scale of SVG1 to SVG6 where SVG1 denotes the highest rating. The SVG2+ rating implies that in ICRA's current opinion, the rated Company belongs to the High Category on the composite parameters of stakeholder value creation and management as also corporate governance practices.

2. Board of Directors

a) *Composition of the Board*

As of March 31, 2007, the Board of Directors of Godrej Consumer Products Ltd (GCPL) consisted of eight Directors, two of whom, including the Chairman and Managing Director are Whole-time Executive Directors. The remaining six are Non-Executive Directors, with four of them being Independent Directors.

Details are given in Table 1.

b) *Number of Board meetings*

The Board of Directors of GCPL held five meetings during the year on April 26, 2006, June 27, 2006; July 20, 2006; October 30, 2006 and January 20, 2007. The maximum gap between any two board meetings was 101 days.

c) Directors' attendance record and directorships held

Table 1: Details about GCPL's Board of Directors

Name of the Director	Category	Board meetings held during the year	Attendance at		Directorship in companies, Chairmanship/Membership in Board Committees		
			Board Meeting	Last AGM	Director*	Committee Member**	Committee Chairman**
Mr. Adi Godrej	Promoter, Chairman and Managing Director & Non Independent Director	5	5	Yes	14 (3)	1	3
Mr. Jamshyd Godrej	Promoter, Non-Executive Director & Non Independent Director	5	4	No	15 (6)	3	1
Mr. Nadir Godrej	Promoter, Non-Executive Director & Non Independent Director	5	4	Yes	14 (3)	3	3
Mr. Bala Balachandran	Non-Executive and Independent Director	5	4	Yes	2 (2)	1	Nil
Ms. Rama Bijapurkar	Non-Executive and Independent Director	5	5	Yes	7 (5)	2	1
Mr. Bharat Doshi	Non-Executive and Independent Director	5	5	Yes	9 (4)	2	2
Mr. Aman Mehta (appointed with effect from April 26, 2006)	Non-Executive and Independent Director	5	3	No	6 (5)	4	4
Mr. Anupam Puri (resigned from the Board with effect from July 31, 2006.)	Non-Executive and Independent Director	5	1	Yes	–	–	–
Mr. Hoshedar Press	President Whole Time Director & Non-Independent Director	5	5	Yes	3 (1)	1	Nil

Note :

- 1)* Does not include Directorships in Private Companies, Section 25 companies and Foreign Companies.
- 2) Figures in brackets denotes Directorships in listed companies.
- 3)** Does not include Chairmanship/Membership in Board Committees other than the Audit Committee, the Shareholders' Grievance Committee and Chairmanship/Membership in Board Committees in companies other than public limited companies registered in India.

According to the amended Clause 49 of the listing agreement, which is effective, January 1, 2006, "independent director" shall mean a non-executive director of the company who :

- a) apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the director;
- b) is not related to promoters or persons occupying management positions at the board level or at one level below the board;
- c) has not been an executive of the Company in the immediately preceding three financial years;
- d) is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:
 - i) the statutory audit firm or the internal audit firm that is associated with the Company, and
 - ii) the legal firm(s) and consulting firm(s) that have a material association with the Company.
- e) is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the director; and
- f) is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares.

None of the Directors is a Member of more than 10 Board-level committees, or a Chairman of more than five such committees, as prescribed under Clause 49 of the listing agreement.

d) Information supplied to the Board

Among others, this includes :

- i) Annual operating plans and budgets and any updates.
- ii) Capital budgets and any updates.
- iii) Quarterly results for the company and its operating divisions or business segments.
- iv) Minutes of meetings of audit committee and other committees of the board.

- v) The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- vi) Show cause, demand, prosecution notices and penalty notices, which are materially important
- vii) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- viii) Any material default in financial obligations to and by the company, or substantial non payment for goods sold by the company.
- ix) Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- x) Details of any joint venture or collaboration agreement.
- xi) Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- xii) Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- xiii) Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- xiv) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- xv) Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

The Board of GCPL is regularly presented with all information under these heads, whenever applicable. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings.

3. Committees of the Board

a. Audit Committee

i) Constitution

The Audit Committee constituted by the Board of Directors at its meeting held on April 28, 2001, in accordance with Section 292A of the Companies Act, 1956 and clause 49 of the listing agreement with the stock exchanges, was reconstituted on April 26, 2006.

The composition of the Audit Committee is as under :

Name of the Director	Category	Position in the Audit Committee
Mr. Bharat Doshi	Independent Director	Chairman
Mr. Bala Balachandran	Independent Director	Member
Ms. Rama Bijapurkar	Independent Director	Member
Mr. Aman Mehta (appointed with effect from April 26, 2006)	Independent Director	Member
Mr. Anupam Puri (resigned from the Board with effect from July 31, 2006)	Independent Director	Member

Mr. S. S. Sapre, Executive Vice President (Finance & Commercial) & Company Secretary acts as the Secretary to the Committee.

Mr. Bharat Doshi, the Chairman of the Audit Committee is knowledgeable in all areas of finance, accounts, company law and has vast experience in corporate affairs. All the members of committee are eminent professionals and draw upon their experience and expertise across a wide spectrum of functional areas such as finance, information systems, marketing and corporate strategy. Minutes of each Audit Committee meeting are placed before and discussed in the full Board.

ii) Terms of reference

The terms of reference of Audit Committee includes the matters specified in Section 292A of the Companies Act, 1956 as well as Clause 49 of the listing agreement (as amended) with the stock exchanges such as :

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to :
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgement by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of the internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.

iii) Meetings and attendance during the year

The Audit Committee met four times during the year : April 26, 2006; July 20, 2006; October 30, 2006 and January 20, 2007.

The attendance at the Audit Committee meetings was as under:

Name of Director	No. of meetings	Meetings attended
Mr. Bharat Doshi (Chairman of the Committee)	4	4
Mr. Bala Balachandran	4	4
Ms. Rama Bijapurkar	4	4
Mr. Aman Mehta (appointed with effect from April 26, 2006)	4	3
Mr. Anupam Puri (resigned from the Board with effect from July 31, 2006)	4	1

b) Human Resources Committee

i) Constitution

Setting up of a remuneration committee for determining the Company’s policy on remuneration packages for executive directors constitutes a non-mandatory provision of Clause 49 of the listing agreement with

stock exchanges. GCPL has set up a Human Resources Committee. The composition of the Human Resources Committee is as under :

Name of the Director	Category	Position in the Human Resources Committee
Mr. Anupam Puri (resigned from the Board with effect from July 31, 2006)	Independent Director	Chairman of the Committee till July 31, 2006
Ms. Rama Bijapurkar	Independent Director	Member till July 31, 2006; Chairperson of the Committee with effect from August 1, 2006
Mr. Bala Balachandran	Independent Director	Member
Mr. Bharat Doshi	Independent Director	Member
Mr. Aman Mehta (appointed with effect from April 26, 2006)	Independent Director	Member

Mr S. S. Sapre, Executive Vice President (Finance & Commercial) & Company Secretary acts as the Secretary to the Committee.

ii) Brief description of terms of reference and Remuneration Policy

The following are terms of reference of the Human Resources Committee :

1. Review of Human Resource policies and practices of the Company and, in particular, policies regarding remuneration of Whole-time Directors and Senior Managers.
2. In principle approval of Compensation Philosophy.
3. Review of Senior Management Compensation.
4. Induction of new people, attrition, etc.

GCPL has adopted EVA as a tool for driving performance, and has linked improvements in EVA to performance

linked variable remuneration (PLVR) for Whole-time Directors, Managers and Officers of the Company.

iii) Meetings and attendance during the year

During the year ended on March 31, 2007, the committee met once on April 26, 2006. The attendance record of the Human Resources Committee is as under:

Attendance record of Human Resources Committee Members

Name of the Director	No. of meetings	Meetings attended
Mr. Anupam Puri (Chairman till July 31, 2006)	1	Nil
Ms. Rama Bijapurkar (Chairperson with effect from August 1, 2006)	1	1
Mr. Bala Balachandran	1	1
Mr. Bharat Doshi	1	1
Mr. Aman Mehta	1	1

iv) Remuneration of Directors : sitting fees, salary, perquisites and commission

The details of the remuneration package of Directors and their relationships with each other is given as under :

(in Rs. '000)

Name of the Director	Relationship with other Directors	Sitting fees	Commission on profits	Salary and allowances	Performance linked variable remuneration	Monetary value of Perquisites	Total
Mr. Adi Godrej	Brother of Nadir Godrej	Nil	Nil	5200	4630	15463	25293
Mr. Jamshyd Godrej	None	80	800	Nil	Nil	Nil	880
Mr. Nadir Godrej	Brother of Adi Godrej	80	800	Nil	Nil	Nil	880
Mr. Bala Balachandran	None	110	800	Nil	Nil	Nil	910
Ms. Rama Bijapurkar	None	130	800	Nil	Nil	Nil	930
Mr. Bharat Doshi	None	130	800	Nil	Nil	Nil	930
Mr. Aman Mehta (appointed with effect from April 26, 2006)	None	80	745	Nil	Nil	Nil	825
Mr. Anupam Puri (resigned with effect from July 31, 2006)	None	30	267	Nil	Nil	Nil	297
Hoshedar Press	None	Nil	Nil	6459	4630	2000	13089
Total		640	5012	11659	9260	17463	44034

Notes :

1. In the case of Mr. Adi Godrej, salary includes Basic Salary and Leave Travel Assistance. The monetary value of perquisites include perquisite value of Car, Accommodation, Furnishing, Electricity and Telephone Expenses, Reimbursement of Medical/Hospitalisation Expenses incurred for self and family, Medical Insurance Premium paid by the Company and Company's Contribution to Provident Fund.

2. In the case of Mr. Hoshedar Press, salary includes Basic Salary, House Rent Allowance, Education Allowance, Medical Advance, Supplementary Allowance, Leave Encashment and Leave Travel Assistance. The monetary value of perquisites includes expenses on Car, Furnishing, Food Vouchers, Telephone reimbursement, Petrol Reimbursement, Reimbursement of Hospitalisation Expenses and Company's Contribution to Provident Fund.

3. The Performance linked variable remuneration to Mr. Adi Godrej and Mr. Hoshedar Press is the amount payable for the financial year 2006-07. The same is based on the Economic Value Added (EVA) in the business and other relevant factors.

4. The service contracts of Mr. Adi Godrej and Mr. Hoshedar Press were for a period of three years beginning from April 1, 2004. The contracts are terminable with a notice period of three months by either side.

Pursuant to the resolutions passed by the shareholders in the Annual General Meeting held on July 20, 2006, Mr. Adi Godrej has been re-appointed as Chairman & Managing Director for a period of three years from April 1, 2007 and Mr. Hoshedar Press has been re-appointed as Executive Director & President for a period of three years and one month from April 1, 2007.

5. The Non Executive Directors are eligible for a Commission on Profits at the rate of 1% of the net profits or Rs. 8 lac for each director, whichever is lower.

6. Vide a special resolution passed on March 14, 2007, the shareholders have granted approval to the Company for the setting up of a Employee Stock Option Plan (ESOP) for the eligible employees/ directors of the Company and of the Company's subsidiaries. However the ESOP has not been extended to any of the above directors.

c. Nomination Committee

i. Constitution

As a part of its Corporate Governance initiatives, the Board of Directors of GCPL at its meeting held on October 27, 2004, constituted a Nomination Committee although the same is not required under Clause 49 of the listing agreement.

The current composition of the Nomination Committee is as under :

Name of the Director	Category	Position in the Nomination Committee
Ms. Rama Bijapurkar	Independent Director	Chairperson
Mr. Bala Balachandran	Independent Director	Member
Mr. Bharat Doshi	Independent Director	Member
Mr. Aman Mehta (appointed with effect from April 26, 2006)	Independent Director	Member
Mr. Anupam Puri (resigned from the Board with effect from July 31, 2006)	Independent Director	Member

Mr. S. S. Sapre, Executive Vice President (Finance & Commercial) & Company Secretary acts as the Secretary to the Committee.

ii. Terms of reference

The terms of reference of the Nomination Committee are as below :

1. Identify and nominate for the Board's approval, suitable candidates to fill Board vacancies as and when they arise.
2. Drawing up selection criteria and appointment procedures for Directors.
3. Periodically review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.
4. Board Evaluation.

iii. Meetings and attendance during the year

During the year ended March 31, 2007, the Committee met once on July 20, 2006.

The attendance record is as under :

Name of Director	No. of meetings	Meetings attended
Ms. Rama Bijapurkar (Chairperson)	1	1
Mr. Bala Balachandran	1	1
Mr. Bharat Doshi	1	1
Mr. Aman Mehta (appointed with effect from April 26, 2006)	1	Nil
Mr. Anupam Puri (resigned from the Board with effect from July 31, 2006)	1	1

d. Compensation Committee

i. Constitution

The Compensation Committee was constituted by the Board in its meeting held on January 20, 2007 for administering the Employee Stock Option Plan offered to the eligible employees/directors of the Company and of the Company's subsidiaries.

The constitution of the Committee is as under :

Name of the Director	Category	Position in the Compensation Committee
Mr. Bala Balachandran	Independent Director	Chairman
Ms. Rama Bijapurkar	Independent Director	Member
Mr. Bharat Doshi	Independent Director	Member
Mr. Aman Mehta	Independent Director	Member

Mr. S. S. Sapre, Executive Vice President (Finance & Commercial) & Company Secretary acts as the Secretary to the Committee.

ii. Terms of reference

The Compensation Committee shall inter alia, formulate the detailed terms and conditions of the ESOP including -

1. The quantum of Employee Stock Options to be granted under the GCPL ESOP per Employee and in aggregate;
2. The Eligibility Criteria;
3. The conditions under which the Employee Stock Option vested in Employees may lapse in case of termination of employment for misconduct;
4. The Exercise Period within which the Employee should Exercise the Option and that Option would lapse on failure to Exercise the same within the Exercise Period;
5. The specified time period within which the Employee shall Exercise the Vested Options in the event of termination or resignation of an Employee;
6. The procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate action such as rights issues, bonus issues, merger, sale of division and others. In this regard the following shall be taken into consideration by the Compensation Committee :
 - a) the number and the price of the GCPL ESOP shall be adjusted in a manner such that the total value of the GCPL ESOP remains the same after the corporate action;
 - b) for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;
 - c) the Vesting Period and the life of the Employee Stock Options shall be left unaltered as far as possible to protect the rights of the Option Grantee.
7. The Grant, ve f (a) Securities and Exchange Board of India (Insider Trading) Regulations, 1992; and (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, by any Employee;
10. Fixing the Exercise Price;

11. Approve forms, writings and/or agreements for use in pursuance of the Employee Stock Option plan;
12. To form a Trust and appoint Trustees.

iii. Meetings and attendance of the Compensation Committee

During the year the Compensation Committee passed three resolutions by circulation. All the members of the Compensation Committee participated in approving the matters contained in the circular resolutions.

e. Shareholders' Committee

i. Constitution

The Shareholders' Committee was constituted by the Board of Director at its meeting held in April 28, 2001. The composition of the Committee is currently as under:

Name of the Director	Category	Position in the Shareholders' Committee
Mr. Nadir Godrej	Promoter, Non Executive Director	Chairman
Mr. Jamshyd Godrej	Promoter, Non Executive Director	Member
Mr. Adi Godrej	Promoter, Chairman and Managing Director	Member
Mr. Hoshedar Press	President and Whole-time Director	Member

Mr. S. S. Sapre, Executive Vice President (Finance & Commercial) & Company Secretary acts as the Secretary to the Committee.

ii. Terms of reference

Among other functions, this committee looks into redressing of shareholder complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividends, as required in Clause 49 of the Listing Agreement.

iii. Meetings and attendance during the year

During the year the committee met on April 10, 2006; April 28, 2006; May 11, 2006; May 25, 2006; June 26, 2006; July 6, 2006; July 27, 2006; August 10, 2006; November 9, 2006 and January 11, 2007

The attendance record is as under :

Name of Director	No. of meetings	Meetings attended
Mr. Nadir Godrej (Chairman of the Committee)	10	7
Mr. Adi Godrej	10	8
Mr. Jamshyd Godrej	10	9
Mr. Hoshedar Press	10	9

iv. Name and designation of Compliance Officer

Mr. S. S. Sapre, Executive Vice President (Finance & Commercial) and Company Secretary is the Compliance Officer.

Number of shareholders complaints/query received so far/ Numbers not solved to the satisfaction of shareholders/ Number of pending share transfers are given in the table below :

Sr. No.	Nature of Complaint/ Query	Total received	Total replied
1	Non-Receipt of Dividend	80	80
2	Non-Receipt of shares lodged for transfer/ exchange	153	153
3	Non receipt of Annual Report	17	17
4	Others	6	6

There are no pending share transfers as on March 31, 2007.

On the Company's request, The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited have confirmed that there were no pending complaints registered against the Company as on March 31, 2007.

4. General body meetings

The Details of last three Annual General Meetings of GCPL are as follows :

Date & Time	Venue
July 22, 2004 3.30 p.m.	Nehru Centre Auditorium, Discovery of India Bldg., Dr. Annie Besant Road, Worli, Mumbai - 400 018
July 22, 2005 3.30 p.m.	Y. B. Chavan Centre, General Jaganath Bhosale Marg, Nariman Point, Mumbai - 400 021
July 20, 2006 3.30 p.m.	Y. B. Chavan Centre, General Jaganath Bhosale Marg, Nariman Point, Mumbai - 400 021

GCPL will hold its next AGM on August 3, 2007. Details are as follows :

Date & Time	Venue
August 3, 2007 10.00 a.m.	Y B Chavan Centre, General Jaganath Bhosale Marg, Nariman Point, Mumbai - 400 021

Special Resolutions passed in the last three Annual General Meetings :

Meeting Date	Details of Special Resolution
July 22, 2004	Accord consent for Foreign Institutional Investors (FII's) including their sub accounts for holding upto an aggregate limit of 35% of the paid up Equity Share Capital of the Company.
	Accord consent for voluntary delisting of the equity shares of the Company from The Stock Exchange Ahmedabad, The Delhi Stock Exchange Association Limited, Madras Stock Exchange Limited and The Calcutta Stock Exchange Association Limited.

Meeting Date	Details of Special Resolution
	Authorise the Company to pay to its Non Executive Directors commission on profits not exceeding 1% of the net profits of the Company in any financial year or Rs. 8 lac per annum per Director whichever is lower, for a period of three years commencing from April 1, 2004.
July 22, 2005	Nil
July 20, 2006	Alteration of Capital Clause in the Articles of Association of the Company to incorporate the changes in the number of shares, consequent to subdivision from shares of face value Rs. 4 each to shares of Re.1 each.

The details of the last 3 Extraordinary General Meetings (EGM) of the shareholders of the Company are as follows :

Date & Time	Venue	Purpose
July 8, 2005 10.00 a.m.	Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai - 400 079	To announce the results of postal ballots in respect of the special resolution for approval of buyback of equity shares of the Company.
October 19, 2006 12.30 p.m.	Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai - 400 079	To announce the results of postal ballots in respect of the Ordinary resolution for approval of closure of the Silvassa factory of the Company.
March 14, 2007 9.00 a.m.	Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai - 400 079	To announce the results of postal ballots in respect of the Special resolutions for approval of setting up of Employee Stock Option Plan (ESOP) for eligible employees/directors of the Company and of the Company's subsidiaries.

5. Postal Ballot

a. Closure of the Company's Factory at Silvassa:

The Board of Directors of the Company had passed a resolution on August 30, 2006 proposing the closure of the Company's factory at Silvassa, Union Territory of Dadra & Nagar Haveli. Though the Company had been advised that in the instant case permission under Section 293(1)(a) of the Companies Act, 1956 was not required, as a matter of abundant caution, the approval of shareholders was sought by means of a postal ballot pursuant to the provisions of Section 293(1)(a) and Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

The notice of the postal ballot dated September 4, 2006 containing the draft Ordinary Resolution, the relevant explanatory statement and the postal ballot form were sent to all the Company's shareholders and the shareholders had to return duly completed postal ballot form to the Company not later than October 17, 2006.

Mr. Kalidas Vanjpe, Practising Company Secretary was appointed as the scrutiniser for the purpose of conducting the above Postal Ballot exercise. The details of voting pattern are as below :

Category	No. of Votes	No. of Shares
For	4601	157322088
Against	127	28092
Invalid	442	114028
Total	5170	157464208

The votes cast "for" the resolution was 99.91% of the total votes polled.

The results of the aforesaid postal ballot were announced in the Extra Ordinary General Meeting held on October 19, 2006.

The Company complied with all the procedural formalities for the conduct of Postal Ballot.

b. Employee Stock Option Plan :

The Board of Directors of the Company had passed resolutions on January 20, 2007 for setting up an Employee Stock Option Plan (ESOP) for the

employees/directors of the Company and of the Company's subsidiaries. The ESOP is subject to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Section 77 of the Companies Act, 1956 and other applicable regulations, if any.

Pursuant to the aforesaid SEBI guidelines, and other applicable regulations, if any, consent of the shareholders was required by means of separate special resolutions for setting up of an ESOP for the employees/directors of the Company and for extending the benefits of the GCPL ESOP to the employees/directors of the Company's subsidiaries.

The notice of the postal ballot dated January 29, 2007 containing the draft special resolutions, the relevant explanatory statement and the postal ballot form were sent to all the Company's shareholders and the shareholders had to return duly completed postal ballot form to the Company not later March 12, 2007.

Mr. B. M. Shemlani, Chartered Accountant was appointed as Scrutinizer for conducting the postal ballot process in a fair and transparent manner. The details of voting pattern for both the special resolutions are as below :

i. Results for Special Resolution No. 1

To set up an Employee Stock Option Plan (ESOP) for the eligible employees/directors of the Company

Category	No. of Votes	No. of Shares
For	3629	182028210
Against	392	189233
Invalid	311	76313
Total	4332	182293756

ii. Results for Special Resolution No. 2

To set up an Employee Stock Option Plan (ESOP) for the eligible employees/directors of the Company's subsidiaries

Category	No. of Votes	No. of Shares
For	3409	181958601
Against	488	222777
Invalid	435	112378
Total	4332	182293756

The votes cast "FOR" the Resolutions out of the total votes polled were as under :

Resolution No. 1 : 99.85%
Resolution No. 2 : 99.82%

The results of the aforesaid postal ballot were announced in the Extra Ordinary General Meeting held on March 14, 2007.

The Company complied with all the procedural formalities for the conduct of Postal Ballot.

6. Disclosures

a. Details of shares held by the Directors and dividend paid to them

Name of the Director	Shares held as on March 31, 2007	Dividend paid during the year (Rs.)
Mr. Adi Godrej	100	375
Mr. Jamshyd Godrej	Nil	Nil
Mr. Nadir Godrej	3280024	19931590
Mr. Bala Balachandran	Nil	Nil
Ms. Rama Bijapurkar	7980	29925
Mr. Bharat Doshi	12000	45000
Mr. Aman Mehta (appointed as director with effect from April 26, 2006)	Nil	Nil
Mr. Anupam Puri (resigned from Board with effect from July 31, 2006)		Nil
Mr. Hoshedar Press	10088	37830
Total	3310192	20044720

b. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

During 2006-07, there were no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

c. Particulars of Loans/Advances and Investment in its own shares by listed companies, their subsidiaries, associates, etc. required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the listing agreement.

Pursuant to Special Resolution passed by the shareholders by postal ballot on March 14, 2007, the Company has made loans aggregating to Rs.12.30 crore in March 2007, to a trust set up for administering the Employee Stock Option Plan of the Company viz. Godrej Consumer Products ESOP Trust. The aforesaid loan is repayable at the end of five years from the date of the loan agreement viz. March 21, 2007. The interest rate shall not be less than the bank rate prevailing from time to time. The current interest rate is @ 10.25% p.a. The maximum balance outstanding during the year and the balance outstanding as at the end of the year is Rs.12.30 crore.

The trust has used the loan for acquiring 8,50,000 Company's own equity share from the secondary market on March 21 & 22, 2007. Out of these, 7,50,000 shares have been granted as Stock Options to the eligible employees of the Company on April 2, 2007. The options will vest in the concerned employees at the end of three years from the date of granting of the options. Thereafter, the Option Grantees shall be entitled to exercise the options within a period of 2 years for converting the options granted into equity shares.

Loans and advances in the nature of loan to subsidiaries

Name of Subsidiary	Balance as at March 31, 2007	Maximum Outstanding during the year
Godrej Netherlands BV	Nil	GBP 435000

The Company has not made any loans and advances in the nature of loan to associates or loans and advances in the nature of loans where there is no repayment schedule or repayment is beyond seven years or no interest or interest is below Section 372A of the Companies Act, 1956.

Also there are no loans and advances in the nature of loans to firms/companies in which directors are interested.

d. Whistle Blower Policy

With a view to establish a mechanism for protecting the employees reporting unethical behaviour, frauds, violation of Company's Code of Conduct, the Board of Directors has adopted a Whistle Blower Policy (a non-mandatory requirement in the new Clause 49). During the year 2006-07, no person has been denied access to the Audit Committee.

e. Details of compliance with mandatory requirement

Particulars	Clause of Listing Agreement	Compliance Status Yes/No
I. Board of Directors	49 I	
(A) Composition of Board	49 (IA)	Yes
(B) Non-Executive Directors' compensation & disclosures	49 (IB)	Yes
(C) Other provisions as to Board and Committees	49 (IC)	Yes
(D) Code of Conduct	49 (ID)	Yes
II. Audit Committee	49 (II)	
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes
(B) Meeting of Audit Committee	49 (IIB)	Yes
(C) Powers of Audit Committee	49 (IIC)	Yes
(D) Role of Audit Committee	49 II(D)	Yes
(E) Review of Information by Audit Committee	49 (IIE)	Yes
III. Subsidiary Companies	49 (III)	Yes
IV. Disclosures	49 (IV)	
(A) Basis of related party transactions	49 (IV A)	Yes
(B) Board Disclosures	49 (IV B)	Yes
(C) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV C)	Not Applicable at present
(D) Remuneration of Directors	49 (IV D)	Yes
(E) Management	49 (IV E)	Yes
(F) Shareholders	49 (IV F)	Yes
V. CEO/CFO Certification	49 (V)	Yes
VI. Report on Corporate Governance	49 (VI)	Yes
VII. Compliance	49 (VII)	Yes

f. Details of non-compliance

There has not been any non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets.

7. Means of Communication

GCPL has sent the Chairman's statement and unaudited financial results and segmental information for the half-year ended September 30, 2006 to all the shareholders. Moreover GCPL has its own web-site www.godrejcp.com. All vital information relating to the Company and its performance, including quarterly results along with segmental information, press releases and performance

updates/corporate presentations are posted on the web-site. The quarterly, half-yearly and annual results of the Company's performance are generally published in leading English dailies such as The Economic Times and Business Standard, Business Line and the Marathi newspaper Maharashtra Times. The Chairman and Managing Director holds conference calls / meetings with financial analyst once a quarter and their transcripts are posted on the website soon thereafter.

Pursuant to Clause 51 of the listing agreement, the Company files quarterly results and the annual report on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC). The information filed by the Company can be accessed on the EDIFAR website viz. www.sebiedifar.nic.in or through a link in the website of SEBI viz. www.sebi.gov.in

sebi.gov.in. The quarterly results of the Company are also available on the website of The Bombay Stock Exchange Limited and National Stock Exchange of India Ltd. viz. www.bseindia.com and www.nseindia.com respectively.

8. Management

a) Management discussion and analysis

This annual report has a detailed chapter on management discussion and analysis.

b) Disclosures by management to the Board

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

9. Shareholders

a) Re-appointment of Directors Liable to Retire by Rotation

According to the Articles of Association of GCPL, at every annual general meeting of the Company one-third of the Directors are liable to retire by rotation. Thus, Ms. Rama Bijapurkar and Mr. Bharat Doshi shall retire at the annual general meeting of the Company and being eligible, offer themselves for re-appointment. The abbreviated resumes of the two Directors seeking re-appointment are as follows :

Ms. Rama Bijapurkar

Date of Birth : February 12 ,1957

Qualifications : PGDM from Indian Institute of Management, Ahmedabad

Specialised Expertise : Marketing strategy and consumer related issues in India

No. of shares held in GCPL : 7980

Directorships in companies	Position held
Public Limited Indian Companies (Listed)	
Infosys Technologies Ltd.	Director
Godrej Consumer Products Ltd.	Director

Directorships in companies	Position held
CRISIL Ltd.	Director
Entertainment Network (India) Ltd.	Director
UTI Bank Ltd.	Director
Public Limited Indian Companies (Unlisted)	
CRISIL Marketwire Ltd.	Chairperson
SABMiller India Ltd.	Director
Private Limited Companies	
Ambit Corporate Finance Pte. Ltd.	Director
Section 25 Company	
Give Foundation	Director

Committee positions held in	Name of Committee	Chairman/ Member
Infosys Technologies Ltd.	Audit Committee	Member
	Investor Grievance Committee	Chairperson
Godrej Consumer Products Ltd.	Nomination Committee	Chairperson
	Audit Committee	Member
	Human Resources Committee	Member
	Compensation Committee	Member
CRISIL Limited	Compensation Committee	Member

Mr. Bharat Doshi

Date of Birth : June 12, 1949

Specialised Expertise : Finance, Corporate Affairs and General Management

Qualifications : B.Com; LLM (Bombay University), FCA, FCS. Mr. Doshi has also participated in the Program for Management Development at the Harvard Business School.

No. of shares held in GCPL : 12000

Directorships in companies	Position held
Public Limited Indian Companies (Listed)	
Mahindra & Mahindra Limited	Executive Director
Mahindra & Mahindra Financial Services Ltd.	Vice-Chairman
Tech Mahindra Ltd.	Director
Godrej Consumer Products Limited	Director
Public Limited Indian Companies (Unlisted)	
Mahindra Intertrade Limited	Chairman
Mahindra Steel Service Centre Limited	Chairman
Mahindra Holdings & Finance Limited	Director
Mahindra International Limited	Director
NSE.IT Limited	Director
Private Limited Indian Companies	
Franklin Templeton Trustee Services Private Limited	Director
Foreign Companies	
Mahindra USA Inc.	Director
Bristlecone Limited	Director
Mahindra (China) Tractor Company Ltd.	Director
Section 25 Companies	
The Mahindra United World College of India	Member of Board of Governors
Bombay Chamber of Commerce & Industry	Member of Managing Committee

Committee positions held in	Name of Committee	Chairman/Member
Mahindra & Mahindra Limited	Share Transfer and Shareholders/ Investors Grievance Committee	Member
	Loans & Investment Committee	Member

Committee positions held in	Name of Committee	Chairman/Member
	R & D Committee	Member
	Corporate Social Responsibility Committee	Member
Mahindra & Mahindra Financial Services Limited	Loans & Investment Committee	Member
	Compensation Committee	Member
Godrej Consumer Products Limited	Audit Committee	Chairman
	Human Resources Committee	Member
	Nominations Committee	Member
	Compensation Committee	Member
Mahindra Intertrade Limited	Compensation Committee	Member
Mahindra Steel Services Centre Limited	Audit Committee	Member
Mahindra International Limited	Audit Committee	Chairman
Franklin Templeton Trustee Company Pvt. Limited	Dividend Committee	Member
Bristlecone Limited	Audit Committee	Member
	Compensation Committee	Member
Bombay Chamber of Commerce & Industry (a Section 25 company)	Investment, Finance & Audit Sub-Committee	Member

b) Communication to shareholders

The Chairman's statement and unaudited financial results and segmental information for the half year ended September 30, 2006 was sent to all the shareholders. The quarterly and annual results,

official press releases and presentations to analysts/ performance updates are posted on the web-site i.e. www.godrejcp.com and a copy of the same are sent to the stock exchanges.

c) Investor grievances

As mentioned before, the Company has constituted a Shareholders' Committee to look into and redress shareholders and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.

d) Share transfer

GCPL has outsourced its share transfer function to M/s. Computech Sharecap Ltd., which is registered with the SEBI as a Category 1 registrar.

10. Declaration by Chairman & Managing Director for compliance with Code of Conduct

The declaration by the Chairman and Managing Director, pursuant to Clause 49(1)(D) of the listing agreement, stating that all the Board Members and senior management personnel have affirmed their compliance with the said code of conduct for year ended March 31, 2007, is annexed to the corporate governance report.

11. Auditor's certificate on corporate governance

As stipulated in Clause 49 of the Listing Agreement, the auditor's certificate regarding compliance of conditions of corporate governance is annexed to the Directors' Report.

12. General Shareholder Information

a. Annual General Meeting

Date and time : August 3, 2007 at 10.00 a.m.

Venue : Y. B. Chavan Centre,
General Jaganath Bhosale Marg,
Nariman Point, Mumbai – 400 021

b. Financial Calendar

Financial year : April 1 to March 31

For the year ended March 31, 2007, results were announced on :

- First quarter : July 20, 2006
- Half yearly : October 30, 2006
- Third quarter : January 20, 2007
- Fourth quarter and annual : April 25, 2007

c. Book Closure

There was an Annual Book Closure on March 16, 2007, pursuant to Clause 16 of the listing agreement. There will be no book closure at the time of the Annual General Meeting.

d. Dividends for Financial Year 2006-07

Dividend Type	Declared at Board Meeting dated	Dividend rate per share on shares of face value Re. 1 each	Record Date
1st Interim for FY 2006-07	July 20, 2006	Re. 0.75 *	July 28, 2006
2nd Interim for FY 2006-07	October 30, 2006	Re. 0.75	November 7, 2006
3rd Interim for FY 2006-07	January 20, 2007	Re 1.00	January 29, 2007
4th Interim for FY 2006-07	April 25, 2007	Rs.1.25	May 4, 2007
Total		Rs. 3.75	

* Note : Pursuant to the resolution passed by the shareholders in the Annual General Meeting held on July 20, 2006, the equity shares in the Company were subdivided from shares of face value Rs. 4 each to shares of Re.1 each. The Record date for the subdivision was August 31, 2006. The 1st Interim Dividend for FY 2006-07 was paid @ Rs. 3 per share on shares of face value Rs. 4, prior to the subdivision. The dividend rate per share as been restated at shares of face value Re. 1 each.

E. Listing

The Company's shares are listed and traded on the following stock exchanges as at March 31, 2007 :

1. The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai - 400 001.

2. The National Stock Exchange of India Limited
Exchange Plaza, 4th Floor,
Bandra-Kurla Complex, Mumbai - 400 051.
Godrej Consumer Products Ltd. scrip figures in the
BSE "A" Group.

f. Stock Code

Name of the Stock Exchange	Stock Code
The Bombay Stock Exchange Limited	532424
National Stock Exchange of India Limited	GODREJCP

The ISIN Number of GCPL on both the NSDL and the CDSL is INE102D01028.

g. Market Price Data

The monthly high and low prices and volumes of GCPL at The Bombay Stock Exchange Ltd. (BSE) and the National Stock Exchange of India Ltd. (NSE) for the year ended March 31, 2007 are as under :

Month	Price in BSE			Price in NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of shares)	High (Rs.)	Low (Rs.)	Volume (No. of shares)
April 2006	798.70	664.15	285396	797.85	600.00	414200
May 2006	775.00	653.00	298675	785.00	630.05	635242
June 2006	710.00	488.00	112343	720.00	500.00	371269
July 2006	694.80	603.00	123415	725.00	601.10	236633
August 2006 (from 01-08-06 to 23-08-06)	745.00	606.00	143349	749.00	606.00	258437
August 2006 (from 24-08-06 to 31-08-06)	187.00	176.80	226865	194.00	176.15	426331
September 2006	185.00	156.00	2157774	186.40	156.90	4747610
October 2006	193.00	166.00	516293	193.50	166.65	820018
November 2006	174.45	154.80	5696869	173.90	154.50	2741037
December 2006	163.00	146.00	1282567	161.90	145.55	1049386
January 2007	162.80	149.00	1683380	163.50	148.50	1947598
February 2007	159.60	144.05	1026830	159.00	140.20	688759
March 2007	154.00	135.20	1808783	153.90	136.00	1981147

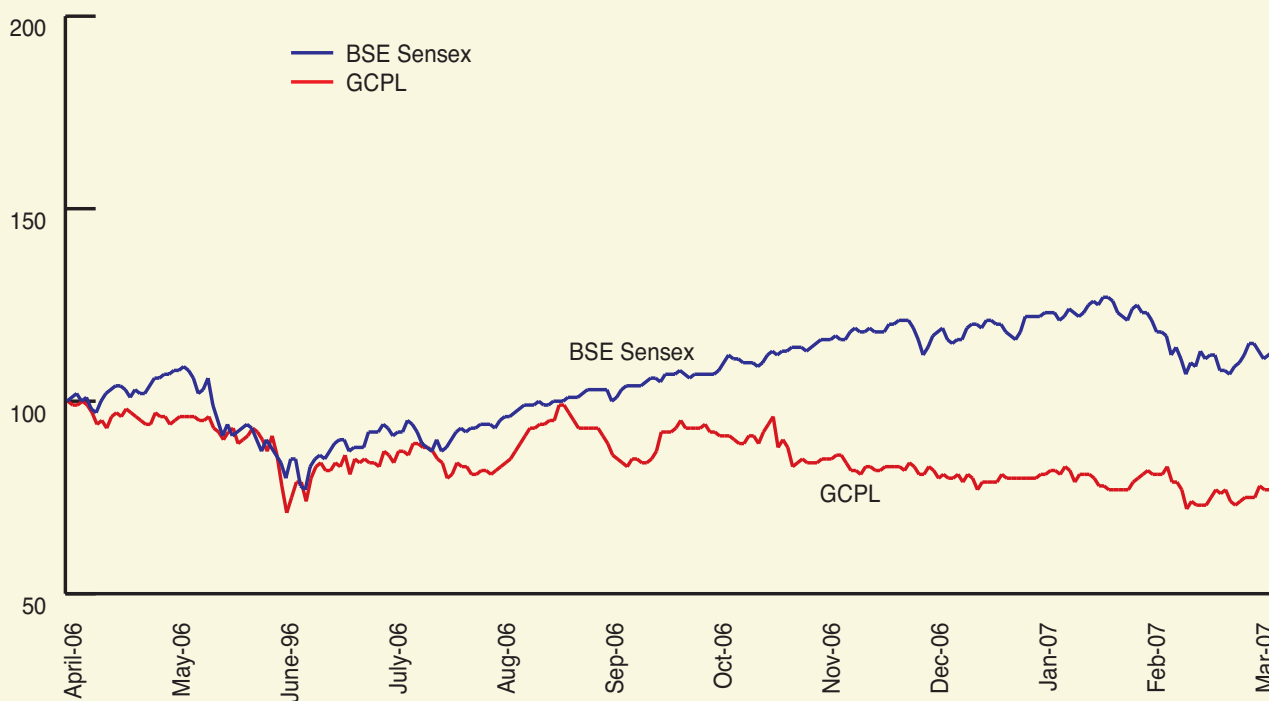
Source : websites of the respective stock exchanges

Note :

- (i) Pursuant to the resolution passed by the shareholders in the Annual General Meeting held on July 20, 2006, the equity shares in the Company were subdivided from shares of face value Rs. 4 each to shares of Re.1 each. The Record date for the subdivision was August 31, 2006. The shares were traded in the stock exchanges at the paid-up value of Re.1 with effect from August 24, 2006.
- (ii) High and low are in rupees per traded share. Volume is the total monthly volume of trade (in numbers) in GCPL shares on BSE and NSE respectively.

h. GCPL's share price at the BSE versus the sensex.

GCPL share performance compared to the BSE Sensex for FY 2006-07



Note :

- i) Both BSE Sensex and GCPL share price are indexed to 100 at the beginning of the financial year.
- ii) Pursuant to the resolution passed by the shareholders in the Annual General Meeting held on July 20, 2006, the equity shares in the Company were subdivided from shares of face value Rs. 4 each to shares of Re.1 each. The Record date for the subdivision was August 31, 2006. The shares were traded in the stock exchanges at the paid-up value of Re.1 with effect from August 24, 2006. The closing share price for the period till August 23, 2006 has been adjusted to paid up value Re.1 in the above graph.

i. Registrar and Share Transfer Agents

Computech Sharecap Ltd.
 147, M.G. Road,
 Opp. Jehangir Art Gallery
 Mumbai - 400 001
 Tel. No. : 022-22635000/01
 Fax No. : 022-22635005
 E-mail ID : gcpl@computechsharecap.com
 Website : www.computechsharecap.com

j. Share Transfer

Share transfers and related operations for GCPL are conducted by Computech Sharecap Ltd., which is registered with the SEBI as a Category 1 registrar. Share transfer is normally effected within the maximum period of 30 days from the date of receipt, if all the required documentation is submitted.

k. Distribution of shareholding

Tables 1 and 2 give the distribution pattern of shareholding of GCPL by size class and ownership respectively as on March 31, 2007.

Table 1 : Distribution of shareholding by size class as of March 31, 2007

Number of shares	Number of shareholders	Shareholders %	Number of shares held	Shareholding %
1 – 500	83631	89.03%	11101695	4.92%
501 – 1000	7427	7.91%	4877595	2.16%
1001 – 2000	1985	2.11%	2839191	1.26%
2001 – 3000	312	0.33%	801018	0.35%
3001 – 4000	203	0.22%	758424	0.34%
4001 – 5000	86	0.09%	400800	0.18%
5001 – 10000	117	0.12%	822399	0.36%
10001 & above	170	0.18%	204242954	90.44%
Total	93931	100.00%	225844076	100.00%

Table 2 : Distribution of shareholding by ownership as of March 31, 2007

Category (as GCPL reports to stock exchanges)	Shares held (Nos.)	% of holding
Promoter's holding		
Promoters	153154148	67.81%
Institutional investors		
Mutual funds & UTI	6187380	2.74%
Banks, financial institutions & insurance companies	437722	0.19%
Foreign institutional investors	40230661	17.81%
Others		
Private corporate bodies	2602742	1.15%
Indian public	21478340	9.51%
NRI/OCBs	1753083	0.78%
Total	225844076	100.00%

I. Shares held in physical and dematerialised form

Break up of physical and dematerialised shares as on March 31, 2007

Mode	Shares		Folios	
	No. of shares	% to total shares	No. of Folios	% to total folios
Physical	9916858	4.39%	53260	56.70%
Demat	215927218	95.61%	40671	43.30%
Total	225844076	100.00%	93931	100.00%

m. Outstanding GDRs/ADRs/Warrants/Convertible Instruments and their impact on equity

GCPL does not have any outstanding GDRs/ADRs/warrants/convertible instruments.

n. Details of public funding obtained in the last three years

GCPL has not obtained any public funding in the last three years.

o. Plant locations

1. U-30, Industrial Area, Malanpur, Dist. Bhind, Madhya Pradesh
2. Plot No. 85-88, EP IP Phase II Village Thana, Tehsil Nalagarh Dist. Solan, Himachal Pradesh
3. Plot No. 6, Apparel Park cum Industrial Area, Katha PO Baddi, Tehsil Nalagarh, Dist. Solan (HP)
4. Sheds No. 9 to 12, Bamauni Maidan Industrial Estate, Bamauni Maidan, Guwahati - 781 021, Assam.
5. Village - Mamring, Namthang Road, P.O. Mamring (Via - Rangpo) District - Namchi (South Sikkim) Sikkim - 737 132.

p. Address for Correspondence

Members can contact us at our registered office :
Godrej Consumer Products Limited,
Pirojshanagar, Eastern Express Highway,
Vikhroli East, Mumbai - 400 079
Tel. No. : 25188010/20/30
Fax No. : 25188040
E-mail ID : investor.relations@godrejcp.com
Website : www.godrejcp.com

Investor correspondence should be addressed to :
Computech Sharecap Ltd.
147, M.G. Road,
Opp. Jehangir Art Gallery
Mumbai - 400 001
Tel.No. : 022-22635000/01
Fax No. : 022-22635005
E-mail ID : gcpl@computechsharecap.com
Website : www.computechsharecap.com

To allow us to service shareholders with greater speed and efficiency, the Company strongly recommends e-mail based correspondence on all issues which do not require signature verification for being processed.

q. Electronic Clearing Services (ECS) for payment of dividend

The ECS facility ensures faster credit of dividends as dividends are directly credited in electronic form to the bank accounts of the shareholders. Moreover, by availing this facility, shareholders avoid the risk of loss of dividend warrants in postal transit or fraudulent encashment.

Currently ECS facility is at locations specified by RBI which currently covers the following places : Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, Patna and Trivandrum.

Shareholders holding shares in physical form and who have not opted for ECS may post ECS declaration form to Computech Sharecap Ltd. (at above mentioned address). Shareholders can obtain the ECS declaration form either from GCPL's registered office or from Computech Sharecap Ltd. or download the same from the Investors page of the Company's website www.godrejcp.com.

Shareholders holding shares in demat form are requested to provide details to NSDL/CDSL through their respective depository participants. It may be noted that if the shareholders holding shares in demat form provide the ECS data directly to the Company, the Company will not be able to act on the same and consequently dividends cannot be remitted through ECS.

r. Demerger : Computation of acquisition cost for capital gains

With effect from April 1, 2001 the consumer products division of Godrej Soaps Limited (GSL) was demerged and transferred to Godrej Consumer Products Limited (GCPL), and Godrej Soaps Limited

was renamed Godrej Industries Limited (GIL). As a consequence, the face value of each equity share of GIL was reduced from Rs.10 to Rs. 6, and each equity shareholder in GSL was allotted one share of GCPL with a face value of Rs. 4 (which has been subdivided into shares of face value Re.1 each with effect from September 1, 2006).

In respect of shares of GCPL allotted to erstwhile shareholders of GSL, for the purpose of computing capital gains, the date of acquisition will be the same as the date of acquisition of GSL shares. Thus, the cost of acquisition of GCPL shares will differ with respect to each shareholder, and is equal to: cost of acquisition of GSL shares x (net book value of assets transferred to GCPL, i.e. Rs. 45.6 crore) /

(net worth of GSL immediately before demerger i.e. Rs. 286.9 crore) i.e. 15.89% of the cost of acquisition of GSL shares.

s. Consolidation of shares under one folio

The Company would urge shareholders holding shares of GCPL under different folios but in the same order of names, to consolidate the shares under one folio. This would substantially reduce paper work and transaction costs, and benefit both shareholders and the Company. Shareholders can do so by writing to the registrar with details of the folio numbers, order of names, shares held under each folio and the folio under which all shareholding should be consolidated. The certificates need not be sent.

Declaration by Chairman and Managing Director

I, Adi Godrej, Chairman & Managing Director of Godrej Consumer Products Limited (GCPL), hereby confirm pursuant to clause 49(1)(D) of the listing agreement, that :

- The Board of Directors of GCPL has laid down a code of conduct for all Board members and senior management of the Company. The said code of conduct has also been posted in the Investors/Board of Directors page in the Company's website viz. www.godrejcp.com

- All the Board Members and senior management personnel have affirmed their compliance with the said code of conduct for year ended March 31, 2007.

Adi Godrej
Chairman & Managing Director