

REPORT ON
CORPORATE GOVERNANCE





Report on Corporate Governance

1. Company's Philosophy on Corporate Governance:

At Godrej, Corporate Governance has been practised over the past 111 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 stakeholder 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 evaluate whether a 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 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, 2008, the Board of Directors of Godrej Consumer Product Limited (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 being Independent Directors. Details are given in Table 1 below.

b) **Number of Board meetings:**

The Board of Directors of GCPL held six meetings during the year on April 25, 2007, June 25, 2007, July 31, 2007, October 23, 2007, November 23, 2007 and January 17, 2008. The maximum gap between any two board meetings during the year was 83 days.

c) Directors' Attendance Record and Directorships Held:

Table 1: Details about GCPL's Board of Directors

Name of 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 Chairperson **
Mr. Adi Godrej	Promoter, Chairman, Managing Director & Non-Independent Director	6	6	Yes	13 (3)	1	3
Mr. Jamshyd Godrej	Promoter, Non-Executive & Non-Independent Director	6	2	Yes	12(6)	3	1
Mr. Nadir Godrej	Promoter, Non-Executive & Non-Independent Director	6	6	Yes	13(4)	2	2
Mr. Bala Balachandran	Non-Executive & Independent Director	6	3 (and 2 on Tele-conference)	Yes	2(2)	1	–
Ms. Rama Bijapurkar	Non-Executive & Independent Director	6	6	Yes	9(5)	3	1
Mr. Bharat Doshi	Non-Executive & Independent Director	6	6	Yes	11(4)	2	2
Mr. Aman Mehta	Non-Executive & Independent Director	6	3 (and 1 on Tele-conference)	Yes	7(5)	5	4
Mr. Hoshedar Press	President, Whole Time & Non-Independent Director	6	4	Yes	3(1)	2	–

Notes:

* Does not include Directorships in Private Companies, Section 25 companies and Foreign Companies. Figures in brackets denote Directorships in listed companies.

** 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 Clause 49 of the listing agreement, “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.
- g) Is not less than 21 years of age.

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) 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 the 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	Independent Director	Member

Mr. S. S. Sapre, Executive Vice President (Finance & Commercial) and 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 the 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 the 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 statements are 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 judgment 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 on April 25, 2007, July 31, 2007, October 23, 2007 and January 17, 2008.

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	3 (and 1 on teleconference)
Ms. Rama Bijapurkar	4	3
Mr. Aman Mehta	4	3

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
Ms. Rama Bijapurkar	Independent Director	Chairperson
Mr. Bala Balachandran	Independent Director	Member
Mr. Bharat Doshi	Independent Director	Member
Mr. Aman Mehta	Independent Director	Member

Mr. S. S. Sapre, Executive Vice President (Finance & Commercial) and 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 March 31, 2008, the committee met two times on April 25, 2007 and October 23, 2007. The

attendance record of the Human Resources Committee is as under:

Name of Director	No. of meetings	Meetings attended
Ms. Rama Bijapurkar	2	2
Mr. Bala Balachandran	2	1 (and 1 on teleconference)
Mr. Bharat Doshi	2	2
Mr. Aman Mehta	2	2

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 as under:

(in Rs. '000)

Name of Director	Relationship with other Directors	Sitting fees	Profit Commission	Salary and allowances	PLVR	Monetary value of Perquisite	Total
Mr. Adi Godrej	Brother of Mr. Nadir Godrej	N.A	N.A	5850	5056	16515	27421
Mr. Jamshyd Godrej	None	40	1000	Nil	Nil	Nil	1040
Mr. Nadir Godrej	Brother of Mr. Adi Godrej	120	1000	Nil	Nil	Nil	1120
Mr. Bala Balachandran	None	85	1000	Nil	Nil	Nil	1085
Ms. Rama Bijapurkar	None	150	1000	Nil	Nil	Nil	1150
Mr. Bharat Doshi	None	155	1000	Nil	Nil	Nil	1155
Mr. Aman Mehta	None	85	1000	Nil	Nil	Nil	1085
Mr. Hoshedar Press	None	N.A	N.A	8869	5056	1258	15183
Total		635	6000	14719	10112	17773	49239

Notes:

- 1) In the case of Mr. Adi Godrej, salary includes basic salary and leave travel assistance. The monetary value of perquisites include 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 Reimbursement, Supplementary Allowance, Leave Encashment and Leave Travel Assistance. The monetary value of perquisites includes expenses on Car, Accommodation, Furnishing, Food Vouchers, Telephone Reimbursement, Petrol Reimbursement, 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 2007-08. The same is based on the Economic Value Added (EVA) in the business and other relevant factors.
- 4) The service contract of Mr. Adi Godrej is for a period of three years beginning from April 1, 2007. The service contract of Mr. Hoshedar Press is for a period of three years and one month beginning from April 1, 2007. The contracts are terminable with a notice period of three months by either side.
- 5) The Non-Executive Directors are eligible for a Commission on Profits at the rate of 1% of the net profits, or Rs.10 lac for each director, whichever is lower.
- 6) Vide Special resolution passed on March 14, 2007, the shareholders have granted approval to the Company for the setting up of an 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 the 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 constitution of the 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	Independent Director	Member

Mr. S. S. Sapre, Executive Vice President (Finance & Commercial) and 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, 2008, the Committee met once on July 31, 2007. The attendance record is as under:

Name of Director	No.of meetings	Meetings attended
Ms. Rama Bijapurkar (Chairperson of the Committee)	1	1
Mr. Bala Balachandran	1	1
Mr. Bharat Doshi	1	1
Mr. Aman Mehta	1	Nil

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) and 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 Scheme per Employee and in aggregate.
2. The eligibility criteria.
3. The conditions under which the Employee Stock Options vested in Employees may lapse in case of termination of employment for misconduct.
4. The Exercise Period within which the employee should Exercise the Options and that Options 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, vesting and Exercise of Employee Stock Options in case of employees who are on long leave.
8. The procedure for cashless exercise of Options, if required.
9. Frame suitable policies and systems to ensure that there is no violation of (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 seven resolutions by circulation. No physical meeting were held during the year.

e) Shareholders' Committee:

i) Constitution:

The Shareholders' Committee was constituted by the Board of Director at its meeting held on April 28, 2001. The constitution 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) and 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 May 17, 2007, June 14, 2007, July 12, 2007, August 9, 2007, August 30, 2007, September 6, 2007, October 4, 2007, October 18, 2007, November 15, 2007, December 6, 2007, January 3, 2008, January 28, 2008, February 14, 2008 and March 7, 2008. The attendance record is as under:

Name of Director	No. of meetings	Meetings attended
Mr. Nadir Godrej (Chairman of the Committee)	14	13
Mr. Adi Godrej	14	12
Mr. Jamshyd Godrej	14	10
Mr. Hoshedar Press	14	14

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 received so far, number not solved to the satisfaction of shareholders, number of pending share transfers are given in the table below:

Sr. No.	Nature of Complaint	Total received	Total replied
1.	Non-Receipt of Dividend	100	100
2.	Non-Receipt of shares lodged for transfer/exchange	82	82
3.	Non-Receipt of Annual Report	16	16
4.	Others	6	6

There are no pending share transfers as on March 31, 2008.

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, 2008.

4. General Body Meetings:

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

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

GCPL will hold its next AGM on July 25, 2008. Details are as follows:

Date & Time	Venue
July 25, 2008 3.30 p.m.	Y. B. Chavan Centre, General Jaganath Bhosale Marg, Nariman Point, Mumbai-400 021.

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

Date & Time	Time	Venue	Purpose
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.
October 8, 2007	10.00 a.m.	Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai 400 079.	To announce the results of postal ballots in respect of the resolution passed for increase in authorised capital, Alteration in capital clause of memorandum of association, Alteration in Articles of Association and Further issue of Capital upto an amount of Rs.400 crore.

Special Resolutions passed in the last three Annual General Meetings:

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 of shares of face value Rs. 4 each to shares of Re. 1 each.
August 3, 2007	Payment of commission on profits to Non-executive Directors at a rate not exceeding 1% of the net profits of the Company in any financial year (computed in the manner provided in Section 349 & 350 of the Companies Act, 1956) or Rs. 10 lac per Director per annum.



After the close of the last financial year, the Company had held an Extraordinary General meeting as follows

Date & Time	Time	Venue	Purpose
April 24, 2008	9.30 a.m	Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai 400 079.	Approval of grant of loan to Godrej Consumer Products Ltd. ESOP Trust to enable the trust to acquire 25,00,000 equity shares in the Company for grant of options to employees of the Company and of the Company's subsidiaries.

5. Postal Ballot:

The Board of Directors of the Company had passed resolution on July 31, 2007 for obtaining the approval of shareholder by means of postal ballot for the following items:

- Increase in authorised capital from Rs. 25 crore divided into 25,00,00,000 equity shares of nominal value Re.1 each to Rs. 30 crore divided into 29,00,00,000 equity shares of nominal value Re.1 each and 1,00,00,000 unclassified shares of nominal value Re.1 each.
- Alteration in the capital clause of the Memorandum of Association consequent to the increase in authorized capital as stated above.
- Alteration in the Article 3 of the Articles of Association consequent to the increase in authorised capital as stated above.
- Further issue of securities under Section 81 of the Companies Act, 1956 upto an amount of Rs. 400 crore OR upto such amount of US Dollars not exceeding Rs. 400 crore if raised in US Dollars (including any combination thereof).

The notice of the postal ballot dated July 31, 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 than October 3, 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 Ordinary Resolution No. 1

Increase in Authorised Capital from Rs. 25 crore to Rs.30 crore

Category	Votes	No. of Shares	%
For	3871	177022770	99.94
Against	98	30419	0.02
Invalid	255	70041	0.04
Total	4224	177123230	100.00

ii) Results for Ordinary Resolution No. 2

Alteration in the capital clause of the Memorandum of Association consequent to the increase in authorized capital as stated above

Category	Votes	No. of Shares	%
For	3813	177009252	99.94
Against	104	31694	0.01
Invalid	307	82284	0.05
Total	4224	177123230	100.00

iii) Results for Special Resolution No. 3

Alteration in the Article 3 of the Articles of Association consequent to the increase in authorised capital as stated above.

Category	Votes	No. of Shares	%
For	3805	177011527	99.94
Against	107	28799	0.01
Invalid	312	82904	0.05
Total	4224	177123230	100.00

iv) Results for Special Resolution No. 4

Further issue of capital under Section 81 of the Companies Act, 1956 upto an amount of Rs. 400 crore OR upto such amount of US Dollars not exceeding Rs. 400 crore if raised in US Dollars (including any combination thereof)

Category	Votes	No. of Shares	%
For	3779	177005387	99.93
Against	127	34176	0.02
Invalid	318	83667	0.05
Total	4224	177123230	100.00

The results of the aforesaid postal ballot were announced in the Extraordinary General Meeting held on October 8, 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 Director	No. of Shares held as on March 31, 2008	Dividend paid during the year 2007-08 (Rs.)
Mr. Adi Godrej	100	375
Mr. Jamshyd Godrej	Nil	Nil
Mr. Nadir Godrej	3280024	12300090
Mr. Bala Balachandran	Nil	Nil
Ms. Rama Bijapurkar	7980	29925
Mr. Bharat Doshi	12000	45000
Mr. Aman Mehta	Nil	Nil
Mr. Hoshedar Press	10088	37830
Total	3310192	12413220

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 2007-08, 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 Rs. 22.75 crore, to a trust set up for administering the Employee Stock Option Plan of the Company viz. Godrej Consumer Products ESOP Trust.

The Trust shall repay the Loan, commencing from the date on which the first employee has exercised his option under the Employee Stock Option plan or at the end of five (5) years from the date of grant of the loan, whichever is earlier.

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. 22.75 crore.

The trust has used the loan for acquiring 16,42,420 equity shares of the Company from the secondary market till March 31, 2008. Till March 31, 2008,

16,15,000 shares have been granted as Stock Options to the eligible employees of the Company. 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 two years for converting the options granted into equity shares.

The Company has not given any loans or advances in the nature of loans to subsidiaries or 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 payable below the limit stipulated under Section 372A of the Companies Act, 1956.

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 employees reporting unethical behaviour, frauds or 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 to the listing agreement). During the year 2007-08, no person has been denied access to the Audit Committee.

e) Details of compliance with mandatory requirements:

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 (IID)	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, 2007, 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, 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, Business Standard, and Business Line and also in 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. The quarterly results of the Company are also available on the website of The Bombay Stock Exchange Limited, Mumbai 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, Mr. Nadir Godrej and Mr. Hoshedar Press shall retire at the ensuing 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:

Name of Director	Mr. Nadir Godrej	Mr. Hoshedar Press
Date of Birth	August 26, 1951	June 1, 1949
Date of Appointment	November 29, 2000	November 29, 2000
Specialised Expertise	Industrialist having rich business experience	Marketing and General Management
Qualification	B.S Chem Engg (M.I.T, U.S.A) M.S Chem Engg (Stanford, U.S.A) MBA (Harvard Business School)	B.Tech (Hons) (IIT, Bombay) P.G.D.B.A (IIM, Ahmedabad)
Directorships in Companies	<p>Public Companies</p> <p>Godrej Industries Ltd. (Listed Company) Godrej Agrovet Ltd. Goldmohur Foods & Feeds Ltd. Godrej Global Solutions Ltd. Godrej & Boyce Mfg. Co. Ltd. Godrej Properties Ltd. Godrej Consumer Products Ltd. (Listed Company) Mahindra & Mahindra Ltd. (Listed Company) Godrej Sara Lee Ltd. KarROX Technologies Ltd. Godrej Gold Coin Aquafeed Ltd. Avestha Gengraine Technologies Ltd. Tata Teleservices (Maharashtra) Ltd. (Listed Company)</p> <p>Foreign Companies</p> <p>Godrej International Ltd. Godrej Global Mid East FZE Compass BPO Ltd. CBay Systems Holdings Ltd. ACI Godrej Agrovet Pvt. Ltd., Bangladesh Keyline Brands Ltd. Rapidol (Pty) Limited Boston Analytic LLC</p> <p>Section 25 Companies</p> <p>Poultry Processors' Association of India</p>	<p>Public Companies</p> <p>Godrej Consumer Products Ltd. (Listed Company) Ensemble Holdings & Finance Ltd. Godrej SCA Hygiene Limited</p> <p>Foreign Companies</p> <p>Keyline Brands Ltd. Inecto Manufacturing Ltd. Rapidol (Pty) Ltd. Kinky Group Pty. Ltd. (w.e.f. April 1, 2008)</p>
Chairman/ Member of Board Committees	<p>Chairman</p> <p><i>Audit Committee</i></p> <p>1. Godrej Global Solutions Ltd. Shareholders' Committee</p> <p>2. Godrej Consumer Products Ltd.</p> <p>Member</p> <p><i>Audit Committee</i></p> <p>1. Godrej Sara Lee Ltd. 2. Mahindra & Mahindra Ltd.</p>	<p>Member</p> <p><i>Shareholders' Committee</i></p> <p>1. Godrej Consumer Products Ltd. <i>Audit Committee</i></p> <p>2. Godrej SCA Hygiene Ltd.</p>



b) Communication to Shareholders:

The Chairman's statement and unaudited financial results and segmental information for the half year ended September 30, 2007, 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, 2008, 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 : July 25, 2008 at 3.30 p.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, 2008, results were announced on:

- First quarter : July 31, 2007
- Half yearly : October 23, 2007
- Third quarter : January 17, 2008
- Fourth quarter and annual : April 28, 2008

c) Book Closure:

There was an Annual Book Closure on January 25, 2008, 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 2007-08:

Dividend Type	Declared at Board Meeting Dated	Dividend rate per share on shares of face value Re. 1 each (Rs.)	Record Date
1st Interim for FY 2007-08	July 31, 2007	Rs. 0.75	August 8, 2007
2nd Interim for FY 2007-08	October 23, 2007	Rs. 0.75	October 31, 2007
3rd Interim for FY 2007-08	January 17, 2008	Re 1.00	January 25, 2008
4th Interim for FY 2007-08	April 28, 2008	Rs. 0.75	May 6, 2008
Final Dividend for FY 2007-08 (Subject to shareholders approval)	April 28, 2008	Rs. 0.75	(See notice of AGM)
Total		Rs. 4.00	

e) Listing:

The Company's shares are listed and traded on the following stock exchanges as at March 31, 2008:

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, 2008 are as under:

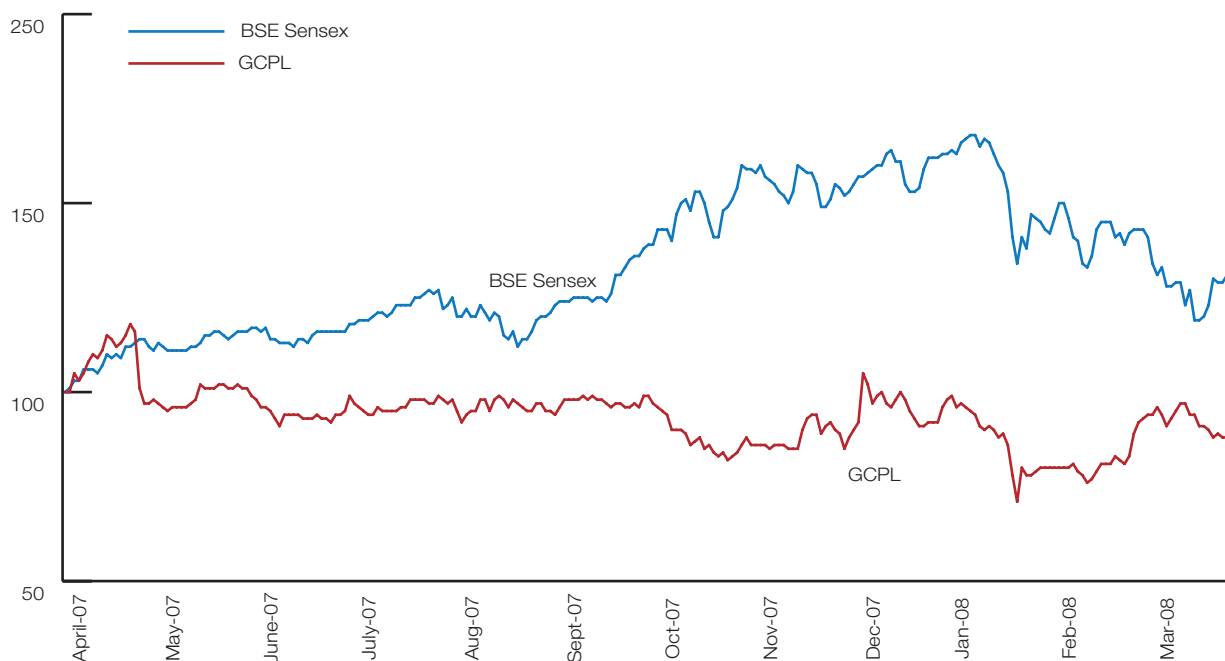
Month	Price in BSE			Price in NSE		
	High (Rs.)	Low (Rs.)	Volume (No. of shares)	High (Rs.)	Low (Rs.)	Volume (No. of shares)
April 2007	178.00	137.90	2270592	178.00	138.10	2512572
May 2007	147.95	132.00	689949	165.00	131.05	1125247
June 2007	146.50	129.00	838798	147.00	115.65	1691698
July 2007	143.50	132.80	907445	144.00	132.65	1455588
August 2007	145.00	130.25	2111736	143.50	131.25	1211220
September 2007	145.00	134.10	390615	145.00	135.00	724738
October 2007	143.00	116.60	636322	142.95	115.00	1891703
November 2007	139.00	119.00	805511	140.00	120.00	1746239
December 2007	160.10	128.65	1899164	157.75	125.10	3008046
January 2008	146.50	95.00	881292	154.00	87.60	1827864
February 2008	135.95	106.00	531194	136.00	107.00	1822136
March 2008	141.00	118.00	2471341	147.00	120.00	5744990

Source: Websites of the respective stock exchanges

Note: 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 2007-08



Note: Both BSE Sensex and GCPL share price are indexed to 100 at the beginning of the financial year.

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:

Distribution of shareholding by size class as of March 31, 2008

Number of Shares	Number of Shareholders	Shareholders %	Number of shares held	Shareholding %
1 – 500	85,430	89.55%	11,229,414	4.97%
501 – 1000	7,103	7.45%	4,721,941	2.09%
1001 – 2000	1,995	2.09%	2,861,181	1.27%
2001 – 3000	304	0.32%	789,623	0.35%
3001 – 4000	185	0.19%	682,446	0.30%
4001 – 5000	95	0.10%	441,201	0.20%
5001 – 10000	122	0.13%	856,741	0.38%
10001 & above	163	0.17%	204,261,529	90.44%
Total	95,397	100.00%	225,844,076	100.00%

Distribution of shareholding by ownership as of March 31, 2008:

Category (as GCPL reports to stock exchanges)	Shares held (Nos.)	% of holding
Promoter's Holding		
Promoters	153,154,148	67.81%
Institutional Investors		
Mutual Funds & UTI	1,842,757	0.82%
Financial Institutions and Banks	43,432	0.02%
Insurance Companies	330,020	0.15%
Foreign institutional investors	44,146,977	19.55%
Others		
Private Corporate Bodies	3,273,101	1.45%
Individual Shareholders	23,050,441	10.20%
OCBs	3,200	0.00%
Total	225,844,076	100.00%



l) Shares Held in Physical and Dematerialised Form:

Break up of physical and dematerialised shares as on March 31, 2008:

Mode	Shares		Folios	
	No. of shares	% to total shares	No. of Folios	% to total folios
Physical	8,813,460	3.90%	47,404	49.69%
Demat	217,030,616	96.10%	47,993	50.31%
Total	225,844,076	100.00%	93,931	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, Distt. Solan (HP).
4. Shed Nos. 9 to 12, Bamauni Maidan Industrial Estate, Bamauni Maidan, Guwahati 781021, Assam.
5. Village - Mamring, Namthag 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 de-merged 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 in shares of face value of 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 de-merger 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, 2008.

Adi Godrej

Chairman & Managing Director

Mumbai, April 28, 2008