

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE PHILOSOPHY

Your Directors are pleased to give below the Corporate Governance Report:

We believe that Corporate Governance is the interaction of the management, shareholders and Board of Directors to help ensure that all stakeholders are protected against managers acting solely in their own best interest. Corporate Governance consists of laws, policies, procedures, and, most importantly, practices, that ensure the well being of the assets of the company. Corporate Governance is at its highest levels when management is acting as if they are long-term investors in the company.

Your Company has a strong history of operating with integrity throughout the company — at all levels, both internally and externally. Our actions and the actions of all our employees are governed by our Purpose, Values, and Principles. Our commitment to operate responsibly is reflected in the steps we have in place to ensure rigorous financial discipline and corporate governance.

We have a highly experienced and diverse Board of Directors, with members who understand their role in providing strong corporate governance. Our Audit Committee comprises of independent directors, with appropriate financial skills to provide good oversight. We have in place strong internal controls, to ensure compliance with all relevant regulations and statutes affecting your company. Our rigorous business process controls include an ongoing program of self-assessment of the controls as well as internal and external audits. Your company has adopted a Code of Conduct for directors and senior management. It is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct.

Further, your Company reinforces responsibilities of all its employees, including key employees, of observing high standards of corporate governance through the Company's "Worldwide Business Conduct Manual," which sets forth management's commitment to conduct its business affairs with high ethical standards.

Your Company's reputation is earned by its conduct: what we say, what we do, the products we make, the services we provide, and the way we act and treat others. As a conscientious corporate citizen, we want to do what is right. For your Company, and P&G's global operations, this is the only way to do business.

2. BOARD OF DIRECTORS

(a) Composition of the Board:

The Board of Directors of the company comprises an optimum combination of Executive and Non-Executive Directors headed by a Non-Executive Chairman. One

third of the Board members are independent directors. The independent directors do not have any pecuniary relationships or transactions either with the company or with the promoters/management that may affect their judgment in any manner. The directors are experienced and eminent professionals in business, law, finance, public enterprise and corporate management. The Board meets at least once in a quarter to review, amongst other business, the quarterly performance of the company and financial results. Directors attending the meeting actively participate in the deliberations at these meetings.

(b) Number of Board Meetings:

During the financial period 2006-07, seven (7) Board meetings were held on January 15, 2006, February 23, 2006, April 29, 2006, July 21, 2006, October 26, 2006, January 29, 2007 and April 30, 2007 respectively. The annual general meeting for financial year ended December 31, 2005 was held on April 29, 2006.

(c) Directors' attendance record and directorships held:

The attendance of directors at the Board meetings and at the last annual general meeting held on April 29, 2006 were as under:

Name of Director	Board Meetings		Annual General Meeting
	Held during their tenure	Attended	
S.K. Poddar	7	7	Attended
Shantanu Khosla	7	6	Attended
Subhash Bansal	7	2	Attended
B.S. Mehta	7	7	Attended
C.R. Dua	7	7	Attended
Gurcharan Das*(1)	2	1	N.A.
Akshay Poddar	7	5	Attended
Ms. Deborah Henretta	7	NIL	Not Attended
M.K. Kumar	7	NIL	Not Attended
Ashok Chhabra	7	7	Attended
Zubair Ahmed*(2)	5	4	Attended
R.A. Shah*(3)	6	6	Attended

(1) Appointed as an Additional Director w.e.f. January 29, 2007.

(2) Resigned as Managing Director w.e.f. November 30, 2006.

(3) Resigned as Director w.e.f. January 29, 2007.

The composition and other details of the Board of Directors as on June 30, 2007 are given below:

Name of the Director	Category	Designation	Other Directorships#		Membership of other Board Committees##	
			Member	Chairman	Member	Chairman
S. K. Poddar	NED	Chairman	12	7	5	3
Shantanu Khosla*(1)	ED	Managing Director	2	None	None	None
Subhash Bansal*(2)	ED	Whole-time Director	None	None	None	None
B. S. Mehta	ID		14	None	9	5
C. R. Dua	ID		6	None	2	None
Gurcharan Das*(3)	ID		5	None	None	None
Akshay Poddar	NED		6	None	4	1
Ms. Deborah Henretta	NED		1	None	None	None
M. K. Kumar	NED	Alternate to Mr. Akshay Poddar	1	None	2	2
Ashok Chhabra	NED	Alternate to Ms. Deborah Henretta	None	None	None	None

NED – Non Executive Director

ED – Executive Director

ID – Independent Director

(1) Appointed as a Managing Director w.e.f. January 29, 2007, subject to the approval of the shareholders at the ensuing annual general meeting.

(2) Re-appointed as Whole-time Director w.e.f. May 1, 2007, subject to the approval of the shareholders at the ensuing annual general meeting.

(3) Appointed as an Additional Director w.e.f. January 29, 2007.

Excludes directorships of private limited companies, foreign companies and alternate directorships and companies under section 25 of the Companies Act, 1956.

Excludes memberships in private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956.

(d) Material significant related party transactions:

There are no materially significant transactions made by the Company with its Promoters, Directors, or Management, their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note B-14 of Schedule 18 to the Accounts in the Annual Report.

(e) Directors Remuneration:

At the last annual general meeting of the shareholders of the company held on 29th April, 2006, it was resolved to pay commission to the Non-Executive Chairman, Mr. S.K. Poddar. Now it is proposed to pay to the independent directors, commission upto 1% per annum of the net profits of the company in the aggregate for a period of five years commencing from January 1, 2007.

The remuneration of executive directors comprises salary, house rent allowance, perquisites, contribution to provident and other funds, gratuity and leave travel allowance and other perquisites and benefits as per the policy of the Company. The details of remuneration/sitting fees paid/provided to the executive/non executive directors during the financial period 2006-07 is as under:

Amount in Rs.

Name of Director	Relationship with other Directors	Salary including Bonus + PF contribution	Perquisites	Sitting Fees	Commission	Total
S. K. Poddar	Father of Akshay Poddar	Nil	Nil	150,000	9,000,000	9,150,000
Shantanu Khosla*(1)	Nil	Nil	Nil	Nil	Nil	Nil
Subhash Bansal*(2)	Nil	13,555,824	870,239	Nil	Nil	14,426,063
C. R. Dua	Nil	Nil	Nil	175,000	500,000	675,000
B. S. Mehta	Nil	Nil	Nil	185,000	500,000	685,000
Gurcharan Das*(3)	Nil	Nil	Nil	15,000	422,222	437,222
Akshay Poddar	Son of S.K. Poddar	Nil	Nil	215,000	Nil	215,000
Ms. Deborah Henretta	Nil	Nil	Nil	Nil	Nil	Nil
M. K. Kumar	Nil	Nil	Nil	Nil	Nil	Nil
Ashok Chhabra	Nil	Nil	Nil	Nil	Nil	Nil
Zubair Ahmed*(4)	Nil	19,620,578	941,596	Nil	Nil	20,562,174
R. A. Shah*(5)	Nil	Nil	Nil	100,000	Nil	100,000

(1) Appointed as a Managing Director w.e.f. January 29, 2007. The remuneration charged to the accounts in respect of the Managing Director subsequent to the date of appointment i.e. January 29, 2007, amounting to Rs.9.20 lakhs is subject to the approval of the members at the ensuing annual general meeting. Refer Note B6 and B7 of Schedule 18 to the Accounts in the annual report.

(2) Re-appointed as a Whole-time Director w.e.f. May 1, 2007. The remuneration charged to the accounts in respect of the Whole-time Director subsequent to the date of appointment i.e. May 1, 2007, amounting to Rs.15.06 lakhs is subject to the approval of the members at the ensuing annual general meeting. Refer Note B6 and B7 of Schedule 18 to the Accounts in the annual report.

(3) Appointed as an additional Director w.e.f. January 29, 2007.

(4) Resigned as Managing Director w.e.f. November 30, 2006.

(5) Resigned as Director w.e.f. January 29, 2007.

The term of the Managing Director (MD) and Whole-time Director (WTD) is for a period of five years from the date of their respective appointment. No fee/compensation is payable to the directors on severance of their directorship with the company.

The Company has not issued stock options to any of its Directors. However, all employees of the Company including its whole-time directors are given the right to purchase shares of the parent company - The Procter & Gamble Company, USA under its 'International Stock Ownership Plan'. Certain employees of the Company are also entitled to stock options of the parent company under its Employee Stock Option Plan. Details as regards the same are disclosed vide note no. B-15 and B-16 of Schedule 18 to the Accounts in the Annual Report.

Number of Shares held by Non-Executive Directors

Mr. S. K. Poddar	-	2,25,480
Mr. Akshay Poddar	-	76,923

(f) Committees of the Board:**(i) Audit Committee**

The Board of Directors at its meeting held on February 23, 2006, reconstituted the Audit Committee. Pursuant to the reconstitution, the Audit Committee comprises of Mr. C.R. Dua (Chairman), Mr. S.K. Poddar and Mr. B.S. Mehta. During the financial period 2006-07, six audit committee meetings were held on the following dates, including before finalization of annual accounts and adoption of quarterly financial results by the Board:

February 23, 2006	April 29, 2006	July 21, 2006
October 26, 2006	January 29, 2007	April 30, 2007

The attendance of each member of the Committee is given below:

Name	Designation	Category	Profession	Committee Meetings	
				Held during their tenure	Attended
R.A. Shah*(1)	Chairman	Independent Director	Solicitor	1	1
S.K. Poddar	Member	Non-Executive Director	Industrialist	6	6
B.S. Mehta	Member	Independent Director	Chartered Accountant	6	6
C.R. Dua	Chairman	Independent Director	Advocate	5	5

*(1) Resigned as director w.e.f January 29, 2007.

All the three members have extensive financial and accounting knowledge and background. The terms of reference of the Audit Committee are in line with revised clause 49 II (C) and (D) of the stock exchange listing agreement and section 292A of the Companies Act, 1956. The Audit Committee *inter alia*, provides reassurance to the Board on the existence of an effective internal control environment. The quorum for the Committee is two members.

The terms of reference of Audit Committee is as per the Audit Charter which amongst other things includes the following:

- (a) Oversceing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;
- (c) Reviewing with the management the financial statements before submission to the Board, focusing primarily on:
 - Any change in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange regulations and legal requirements concerning financial statements.
 - Related party transactions.
- (d) Reviewing with the management, external and internal auditors, the adequacy of internal control system and the company's statement on the same prior to endorsement by the Board;
- (e) Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
- (f) Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- (g) Discussion with the external auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;

- (h) Reviewing the company's financial and risk management policies;
- (i) Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (j) Considering such other matters as may be required by the Board;
- (k) Reviewing any other areas which may be specified as role of the Audit Committee under the listing agreement, Companies Act and other statutes, as amended from time to time.,

The minutes of the Committee are placed before the Board. The Company Secretary is the Secretary of the Committee.

(ii) Remuneration Committee

The Remuneration Committee comprises of the following Non-Executive Directors namely Mr. Akshay Poddar, Mr. C.R. Dua and Mr. B.S. Mehta. The Remuneration Committee met on January 15, 2006 and January 23, 2006 and these meetings were attended by all the members of the Committee.

The Chairman is elected from amongst the members of the Committee. The scope of the Remuneration Committee includes finalising the remuneration packages for Executive Director(s) of the Company.

(iii) Share Transfer and Shareholders' / Investors' Grievance Committee

The Board of Directors at their meeting held on August 24, 2007, reconstituted the Share Transfer and Shareholders' / Investors' Grievance Committee. Pursuant to the reconstitution, the Shareholders' Committee comprises of Mr. Akshay Poddar, Mr. Subhash Bansal and Mr. Shantanu Khosla.

Mr. Akshay Poddar is the Chairman of the Committee. The various issues addressed in connection with shareholders and investors services and complaints are:

Share Transfers

- (a) Approve and register transfer and transmission of shares, wherever applicable.

Sub-division / consolidation / rematerialisation of share certificates.

Issue of duplicate share certificates in lieu of lost share certificates.

Affix common seal on share certificates and maintain safe custody of the common seal.

- (b) Shareholders / Investors complaints pertaining to:

- (i) Non receipt of shares after transfer.

- (ii) Non receipt of annual report.

- (iii) Non receipt of dividend.

- (iv) Other matters related to or arising out of shareholders/investors services.

The minutes of the Committee are placed before the Board. The present quorum for this Committee is two members. The Committee meets regularly to effect share transfers and for other related matters as referred in point (a) and (b) above. The Company Secretary is the Compliance Officer. He regularly addresses shareholder's complaints, oversees share transfer process and liaises with the regulatory authorities.

During the financial period, 15 meetings of the Committee were held. The attendance of each member of the Committee is given below:

Name	Committee Meetings	
	Held during their tenure	Attended
Akshay Poddar	15	15
Subhash Bansal	15	2
Shantanu Khosla*(1)	None	N.A.
Zubair Ahmed*(2)	14	13

*(1) Appointed as a member of the Committee w.e.f. August 24, 2007.

*(2) Resigned as a Managing Director w.e.f. November 30, 2006.

3. MANAGEMENT

Management Discussion and Analysis

While the Indian Blades and Razors market continues to be dominated by the double edge blade segment, factors such as increased purchasing power of the Indian consumers, a high level of interest in personal grooming amongst Indian men and a strong focus by your company to create awareness of technologically advanced products have resulted in very encouraging signs of growth in the triple blade and twin blade systems.

Mach3 achieved market value share of 7.3% as a result of effective new advertising and 360 degree marketing program comprising mall demonstrations, FM radio tie-ups, internet and SMS marketing. A unique *Mach3* Challenge program invited consumers to try the product and give their feedback. A resounding 99% of the men who took this challenge agreed that it was the most comfortable shave they ever had. This claim helped convince new consumers.

Vector Plus continued on its strategy of converting double edge users to superior twin blade systems. During the period, the company ran a program with the school boys of Class 11 and 12 to further strengthen the brand equity. Disposables segment witnessed intense competition. Re-pricing of *Gillette Presto* and *Presto Plus* helped the brands sustain increased competition activity.

Double edge business achieved an outstanding growth driven by *Wilkinson Sword*. *Wilkinson* consumer pack responded positively to a price re-alignment and showed outstanding growth in distribution. *Wilkinson Sword* Saloon pack continued to grow at double digits supported by franchise building activities with barbers.

In the shaving preparations market, your company continued to strengthen its position, re-launching *Gillette Shaving Gel* for tough beards and also encouraged consumers to use the *Gillette Regiment* and *Perfect Shave Program* which includes the usage of *Gillette* shaving gel, *Gillette* blades and razors and *Gillette* after Shave Lotion. A new advertising campaign and in-store merchandising with the *Blade* category supported the plans.

Manual toothbrushes continue to dominate the Oral Care market in India. As per news reports, the number of people visiting dentists is increasing everyday and today there is greater awareness of the importance of oral hygiene. This year, your company made very strong progress in the Oral Care segment. We developed communication which marketed *Oral-B* as the brand which is used by dentists. We also strengthened our presence in the mid-tier segment via launch of *Oral-B Fresh Care* and *Oral-B Shiny Clean*. We also increased the distribution of *Oral-B* as a result of the synergies with the P&G distribution system. As a result, *Oral-B* became the market leader in the premium toothbrush segment and the No. 2 player in the overall Oral Care category.

India is the third largest battery market in the world after the US and China. The size of the Indian batteries market is over 2 billion cells, which is dominated by local low priced battery manufacturers. The Alkaline Batteries Segment is not yet matured and thus represents a huge opportunity to upgrade consumers from zinc to better performing alkaline batteries, as the usage of high drain devices like digital cameras grows.

Outlook and Opportunities

The Government's continued focus on liberalization, trade friendly policies and improvement in infrastructure have resulted in a steady inflow of global investments into the Indian market. This, in turn, has

translated into immense employment opportunities and a sustained economic boom. The disposable income has gone up and as a result people working in old manufacturing sector as well as new emerging sectors such as BPOs, IT, ITES, retail etc. are open to invest in their grooming needs. Organized retailing continues to make progress in India and we expect it to continue to strengthen in years to come, which in turn will benefit your company.

Cable television has penetrated in to the smallest of Indian towns and has taken with it awareness of latest lifestyle trends and brands, which have become an aspiration for many consumers. This increased awareness coupled with the increase in disposable incomes has translated in a desire to upgrade lifestyles through owning and using better quality brands.

As awareness on Oral Hygiene continues to grow, the higher disposable income will lead to many more conversions of consumers from manual to the power-brushing category. Mobility is on the increase, as are products which support that lifestyle. As the popularity of digital cameras, portable music players, portable gaming consoles grows, there will be greater demand for alkaline batteries that last longer, which is a forte of your company.

Threats Risks & Concerns

One of the hurdles faced by your company is that the market is largely price driven as consumers do not perceive the benefits in paying incremental price for a quality product. Your company has taken this as a challenge and has attempted to upgrade its consumers to higher value products through various campaigns which have been successful.

Some other barriers include low frequency of shaving, low attention to oral hygiene habits, low priced but unhygienic barbers and emergence of rechargeable batteries. The attempt to change lifestyles and spending pattern will be gradual, but your company has achieved significant success in its endeavours in this direction and will continue to address and overcome these issues.

Internal Control Systems

Internal control systems have been a core focus for your company. Internal audits and process checks are carried out regularly in important areas and are supplemented with checks by outside agencies.

The statements in the Management Discussion and Analysis Report may be seen as forward looking statements. The actual results may differ materially for those expressed or implied in the statement depending on circumstances.

4. SHAREHOLDERS

(a) Disclosures regarding appointment / re-appointment of Directors:

During the year, Mr. B.S. Mehta and Ms. Deborah Henretta, Directors, retire by rotation and being eligible, offer themselves for re-appointment. Mr. Gurcharan Das was appointed as Additional Director of the Company with effect from January 29, 2007. Mr. Shantanu Khosla was appointed as Managing Director of the Company with effect from January 29, 2007 and Mr. Subhash Bansal was re-appointed as Whole-time Director with effect from May 1, 2007.

Brief resumes of the Directors are given hereunder:

Mr. B. S Mehta is a leading Chartered Accountant and a senior Partner of M/s. B. S. Mehta & Company, a firm of Chartered Accountants. Mr. Mehta specializes in the areas/spheres of taxation and financial management. Mr. Mehta has been a member of various bodies including the Institute of Chartered Accountants of India.

Mr. Mehta is a Director of Atul Limited, Bharat Bijlee Limited, Century Enka Limited, CEAT Limited, Clariant Chemicals (India) Limited, Housing Development Finance Corporation Limited, IL&FS Investment Managers Limited, J.B. Chemicals & Pharmaceuticals Limited, Pidilite Industries Limited, Procter and Gamble Hygiene and Health Care Limited, Sasken Communication Technologies Limited, SBI Capital Markets Limited, Sudarshan Chemical Industries Limited and Vinyl Chemicals (India) Limited.

Mr. Mehta is an Alternate Director of Chemetall Rai India Limited and Udhe India Limited and a Director in Jumbo World Holdings Limited (Foreign Company).

Mr. Mehta is also on the Board as a Chairman or Member of the following Audit/Remuneration Committees: Housing Development Finance Corporation Limited, Atul Limited, Century Enka Limited, Procter and Gamble Hygiene and Health Care Limited, IL&FS Investment Managers Limited, J.B. Chemicals & Pharmaceuticals Limited, Sudarshan Chemical Industries Limited, Sasken Communication Technologies Limited and Pidilite Industries Limited.

Ms. Deborah Henretta, holds a Master's degree in Advertising Research and has held senior positions in Procter & Gamble since her joining Procter & Gamble in 1985. Most notable of these are holding position of Vice-President, Global Babycare and President, Babycare. Presently, Ms. Henretta is the Group President of Asia Region.

She is a Director in Procter & Gamble Hygiene and Health Care Limited.

Mr. Gurcharan Das, is a graduate from Harvard University and a management consultant. He advises a number of companies on global corporate strategy. Mr. Gurcharan Das is also a well-known author and a regular columnist. His international bestseller "INDIA UNBOUND" has won him several accolades.

Mr. Das is a Director of Ranbaxy Laboratories Limited, Crest Animation Studio Limited, Fortis Healthcare Limited, Berger Paints Limited and IDBI Capital Market Services Limited.

Mr. Shantanu Khosla, is a B.Tech. (Mechanical Engg.) with a post graduation in Business Management. He has been with P&G since 1983 and till recently was leading the AAI Health Care Global Business Unit and Special Global Projects. He has over the period, gained valuable experience of overseeing P&G's international businesses in UK, Malaysia and Japan.

Mr. Khosla is the Managing Director of Procter & Gamble Hygiene and Health Care Limited and Procter & Gamble Home Products Limited.

Mr. Khosla is the Member of the Shareholders' Grievance Committee of Procter & Gamble Hygiene and Health Care Limited and of this company.

Mr. Subhash Bansal, a B.Tech. and a Diploma holder in Business Management has over 30 years of experience in the Industry. He is associated with the company since 1990 and till recently was based in the Czech Republic as Manufacturing Director.

He is not a Director in any other company.

Mr. Bansal is a Member of the Shareholders' Grievance Committee of this company.

(b) Communication to shareholders:

(a) The quarterly results of the company were announced within a month of completion of the quarter. Audited annual results were announced within two months of the end of financial period. Such results are published in the following newspapers:

Business Standard and Adhikar, Jaipur

(b) Half yearly reports are not sent to each household of the shareholders at present.

(c) The Company presently does not have any website. However, the quarterly financial results and shareholding pattern are simultaneously posted on Electronic Data Information Filing and Retrieval (EDIFAR) website namely www.sebiedifar.nic.in.

(c) Disclosures:**(i) *Materially significant related party transactions***

There are no material transactions during the period that have a potential conflict with the interests of the company.

(ii) *Compliance by the Company*

The Company has complied with all applicable requirements prescribed by the regulatory and statutory authorities including Stock Exchanges and SEBI during the preceding three financial years on all matters related to capital markets and no penalties / strictures in this respect have been imposed on the company.

(iii) *Whistle Blower policy*

The Company follows a Whistle Blower Policy as laid down in its "Worldwide Business Conduct Manual". Any employee or other interested person can call on an Alertline, twenty-four hours a day, seven days a week, to report any concerns about violations of the company's Worldwide Business Conduct Standards.

The Alertline is not staffed or monitored by Company personnel. All calls can be completed anonymous if the caller desires. The Alertline can take calls in most languages spoken by employees around the world.

Calls made to the Alertline are reported to the company's Corporate Security and Legal personnel, who will ensure appropriate investigation and follow-up of all calls. Callers are given a confidential identification number so they can inquire about the status of their reported concern.

The Audit Committee was accessible to all employees.

(iv) *Risk Management*

The Company's risk management procedures ensure that the management controls risk through means of a properly defined framework.

(v) *Compliance with mandatory and adoption of non mandatory requirements*

The Company has complied with all mandatory requirements and with the following non-mandatory requirements of Clause 49 of the listing agreement.

Compliance of non-mandatory requirements

(a) The Company has provided the Chairman with an office at its corporate office at Mumbai.

(b) The Company has constituted a Remuneration Committee.

(c) The Company follows a Whistle Blower Policy as laid down in its "Worldwide Business Conduct Manual".

(d) General Meetings of shareholders

AGM	Date	Time	No. of special resolutions passed
22nd	29.04.2006	3.30 P.M.	1
21st	27.04.2005	10.00 A.M.	Nil
20th	29.04.2004	10.00 A.M.	1

All the above annual general meetings were held at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, (Distt. Alwar), Rajasthan - 301 019

No special resolution was put through postal ballot in the financial period 2006-07. One extra-ordinary general meeting was held on June 22, 2006 to consider and approve the scheme of arrangement pursuant to Section 391(1) of the Companies Act, 1956.

(e) Code of conduct**(i) *Code of conduct for Directors and Senior Management***

The Company has adopted a Code of Conduct for directors and senior management. The code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct and it is applicable to all directors and senior management of the company. The Board members and senior management personnel have affirmed their compliance with the code of conduct and a CEO certificate to that effect is annexed to this corporate governance report.

(ii) *Code of conduct for prevention of insider trading*

The company has a Code of Conduct for prevention of insider trading in the shares and securities of the Company pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992. The code of conduct for prevention of insider trading, *inter alia*, prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the company.

5. GENERAL SHAREHOLDERS INFORMATION:**(i) Annual General Meeting**

The annual general meeting will be held on Thursday, October 25, 2007 at 11.00 a.m. at the Company's Registered Office at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, (Distt. Alwar) Rajasthan - 301 019.

(ii) Financial Calendar

Financial Year : July to June
 Accounts Finalisation : July – August
 Annual General Meeting : October
 Quarterly Results : Normally before the end of following month, except 4th quarter when quarterly results are published within 3 months.

(iii) Book Closure Date

October 13, 2007 to October 25, 2007 (both days inclusive).

(iv) Dividend Payment Details

Interim Dividend : Paid on February 27, 2007
 Final Dividend, if declared : Will be paid on or about November 2, 2007.

(v) Listing of equity shares on Stock Exchanges

The Company's shares are listed on Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. Listing fees as prescribed have been paid to the respective stock exchanges.

(vi) Stock Code

Bombay Stock Exchange Limited – Code : 507815
 National Stock Exchange of India Ltd. : GILLETTE*
 * The NSE stock code of the Company was "INDSHAVING" upto March 31, 2006.

(vii) Stock Price Data

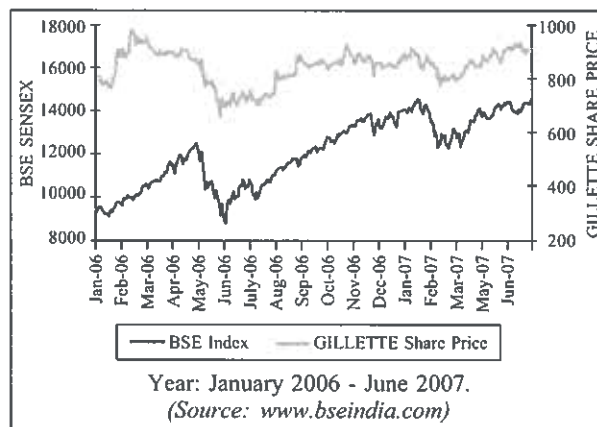
Monthly high and low quotation of shares traded on BSE and NSE during the financial period 2006-07.*

Month	BSE		NSE	
	High	Low	High	Low
January 2006	939.00	730.00	937.00	686.00
February 2006	1,020.00	880.00	1021.00	881.50
March 2006	1,041.00	885.00	1099.00	881.20
April 2006	935.00	865.00	980.00	816.00
May 2006	919.90	700.00	909.90	742.00
June 2006	814.00	625.00	794.80	650.00
July 2006	779.90	707.00	779.90	701.00
August 2006	889.90	735.10	910.00	738.40
September 2006	960.00	815.00	945.00	810.00
October 2006	900.00	830.05	898.00	840.00
November 2006	1,000.00	841.10	990.00	855.00
December 2006	1,020.00	770.10	950.00	810.00
January 2007	976.00	845.10	975.15	830.00
February 2007	940.00	831.05	987.60	832.00
March 2007	992.40	762.00	890.00	775.00
April 2007	888.00	772.00	905.00	795.00
May 2007	949.90	854.95	940.00	818.40
June 2007	953.95	897.00	955.00	880.00

* source: www.bseindia.com and www.nse-india.com
 Note: High and low are in rupees per traded share.

(viii) Performance in comparison to the BSE Sensex

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the period 2006-07:



(ix) Registrar and Share Transfer Agents

MAS Services Private Limited
 AB - 4, Safdarjung Enclave,
 New Delhi - 110 029
 Ph: 011-26104142, 26104326
 Fax: 011-26181081
 E - Mail : info@masserv.com
 Contact person: Mr. Narender Rastogi

(x) Share Transfer system and Shareholders complaints

The company's share transfers are handled by MAS Services Pvt Ltd., Registrar and Transfer Agents (RTA). The shares received in physical mode by the Company/RTA are transferred expeditiously provided the documents are complete and shares under transfer are not under dispute. Confirmation in respect of the request for dematerialization of shares is sent to the respective depositories – National Securities Depository Limited/ Central Depository Services (India) Ltd. within 15 days.

During the financial period 2006-07, the company had received only 9 shareholder complaints from SEBI and Stock Exchanges, which was resolved expeditiously. The time taken to resolve shareholder complaints is 1 to 10 days. As on June 30, 2007, only those cases which are constrained by dispute or legal proceedings are pending.

There is 1 share transfer pending for 50 shares as on June 30, 2007.

(xi) Distribution of shareholding by size class as on June 30, 2007

No. of Shares held	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 – 500	13544	95.18	1122182	3.44
501 – 1000	361	2.54	272201	0.83
1001 – 2000	153	1.08	222951	0.69
2001 – 3000	54	0.38	133611	0.41
3001 – 4000	22	0.15	75511	0.23
4001 – 5000	20	0.14	94079	0.29
5001 – 10000	30	0.21	216795	0.67
10001 and above	46	0.32	30447887	93.44
Total	14230	100.00	32585217	100.00

Distribution of shareholding by ownership as on June 30, 2007

Category	Number of Shares held	% of Shares held
Indian & Foreign Promoters	28911849	88.73
Resident Individuals	2364683	7.26
Mutual Funds & UTI	418500	1.28
Financial Institutions / Banks	8245	0.02
Foreign Institutional Investors	80371	0.25
Private Corporate Bodies	653238	2.00
NRIs	148331	0.46
Directors and their Relatives	–	0.00
TOTAL	32585217	100.00

(xii) Dematerialisation of shares and liquidity

The shares of the company are compulsorily traded in the dematerialized form only. The company had an agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) to provide trading facilities to the shareholders/ investors in the dematerialized form.

As on 30th June 2007 a total of 27,658,981 shares constituting 84.88% of the share capital of the company stand dematerialized and 11,353 shareholders are holding shares in the dematerialized form.

(xiii) Outstanding GDRs/ADRs, warrants or any convertible instruments, conversion date and likely impact on equity

The company has not made any GDR/ADRs/ warrants or any convertible instruments till date.

(xiv) Plant Locations

India Bhiwadi Manufacturing Centre
SPA – 65A, Bhiwadi Industrial Area,
Bhiwadi – 301019 (Distt. Alwar), Rajasthan

India Baddi Packing Centre
Plot No. 4, Industrial Area,
Village Katha, Bhatoli Kalan,
Baddi 173205, Dist. Solan, H.P.

(xv) Address for Correspondence

Gillette India Limited
P&G Plaza,
Cardinal Gracias Road
Chakala
Andheri (East)
Mumbai 400 099
Ph : 022-28266000; Fax 022-66939696

Gillette India Limited
SPA – 65A,
Bhiwadi Industrial Area, Bhiwadi
(Distt. Alwar), Rajasthan - 301019

Compliance Officer:

Mr. Deepak Acharya
Company Secretary
Ph : 022-28266000 Fax : 022-66939696
E-mail : acharya.d@pg.com

Declaration

As provided under Clause 49 of the listing agreement with stock exchanges, the Board members have confirmed compliance and have undertaken to continue to comply with the Code of Conduct for Directors and the senior management team have complied and have undertaken to continue to comply with the Business Conduct Manual for the financial period ended June 30, 2007.

For GILLETTE INDIA LIMITED

S. Khosla
Managing Director

Mumbai,
August 24, 2007

Auditors' Certificate on compliance of conditions of Corporate Governance under clause 49 of the listing agreement

To,
The Members
Gillette India Limited

We have examined the compliance of conditions of Corporate Governance by Gillette India Limited for the period from January 1, 2006 to June 30, 2007 as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For DELOITTE HASKINS & SELLS
Chartered Accountants

N.P. Sarda
Partner

Mumbai
August 25, 2007

Membership No. 9544

