

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. The independent directors do not have any material 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 actively participate in the deliberations at these meetings.

Name of the Director	Category	Designation	Other Directorships#		Membership of other Board Committees ##	
			Member	Chairman	Member	Chairman
Mr. S.K. Poddar	NED	Chairman	11	7	5	3
Mr. Shantanu Khosla	ED	Managing Director	2	1	2	1
Mr. Subhash Bansal	ED	Whole-time Director	None	None	None	None
Mr. B.S. Mehta	ID		14	None	9	5
Mr. C.R.Dua	ID		6	None	2	None
Mr. Gurcharan Das	ID		5	None	None	None
Mr. Akshay Poddar	NED		6	None	4	1
Ms. Deborah Henretta	NED		1	None	None	None
Mr. M.K. Kumar	NED	Alternate to Mr. Akshay Poddar	1	None	2	1
Mr. Ashok Chhabra	NED	Alternate to Ms. Deborah Henretta	None	None	None	None
Mr. Jyoti Sagar*	ID		None	None	None	None

* Appointed as Additional Independent Director with effect from August 29, 2008.

NED – Non Executive Director

ED – Executive Director

ID – Independent Director

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

Includes memberships of only Audit Committees and Share Transfer and Investor Grievance Committees of public limited companies.

(b) Number of Board Meetings:

During the financial year 2007-08, four (4) Board meetings were held on August 24, 2007, October 25, 2007, January 30, 2008 and April 30, 2008 respectively. The annual general meeting for financial period of eighteen months ended June 30, 2007 was held on October 25, 2007.

(c) Directors' attendance record:

The attendance of directors at the board meetings and at the last annual general meeting held on October 25, 2007 was as under:

Name of Director	No. of Board Meetings attended	Whether attended the AGM
Mr. S.K. Poddar	4	Yes
Mr. Shantanu Khosla	4	Yes
Mr. Subhash Bansal	4	Yes
Mr. B.S. Mehta	3	No
Mr. C.R. Dua	4	Yes
Mr. Gurcharan Das	NIL	No
Mr. Akshay Poddar	3	Yes
Ms. Deborah Henretta	NIL	No
Mr. M.K. Kumar*	NIL	No
Mr. Ashok Chhabra**	3	Yes
Mr. Jyoti Sagar #	N.A.	N.A.

* Alternate to Mr. Akshay Poddar

** Alternate to Ms. Deborah Henretta

Appointed as Additional Independent Director with effect from August 29, 2008.

(d) Material significant related party transactions:

There are no material pecuniary relationships/ 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-17 of Schedule 17 to the Accounts in the Annual Report.

(e) Directors Remuneration:

At the 22nd Annual General Meeting of the members of the Company held on April 29, 2006, it was resolved to pay to Mr. S.K. Poddar, Non-Executive Chairman, commission upto one per cent of the net profits of the Company for each financial year. Subsequently, at the 23rd Annual General Meeting of the members of the Company held on October 25, 2007, it was resolved to pay to the Independent Directors, viz. Mr. C.R. Dua, Mr. B.S. Mehta and Mr. Gurcharan Das, commission upto one per cent of the net profits of the Company for each financial year.

It is now proposed to obtain an enabling resolution authorizing the Board to pay commission to all its non-executive directors upto one per cent of net profits of the Company in the aggregate for each financial year. The Board will also be authorized to fix the quantum of commission to be paid to each non-executive director and the period for which the commission is payable.

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 paid/ provided to the executive/non executive directors during the financial year 2007-08 is as under:

Amount in Rs.

Name of Director	Relationship with other directors	Salary including Bonus + PF contribution	Perquisites	Sitting Fees	Commission	Total
Mr. S.K. Poddar	Father of Mr. Akshay Poddar	Nil	Nil	Nil	60,00,000	60,00,000
Mr. Shantanu Khosla	None	Nil*	Nil	Nil	Nil	Nil
Mr. Subhash Bansal	None	1,10,60,273	968,343	Nil	Nil	1,20,28,616
Mr. C.R. Dua	None	Nil	Nil	Nil	10,00,000	10,00,000
Mr. B.S. Mehta	None	Nil	Nil	Nil	10,00,000	10,00,000
Mr. Gurcharan Das	None	Nil	Nil	Nil	10,00,000	10,00,000
Mr. Akshay Poddar	Son of Mr. S.K. Poddar	Nil	Nil	20,000	Nil**	20,000
Ms. Deborah Henretta	None	Nil	Nil	Nil	Nil	Nil
Mr. M.K. Kumar	None	Nil	Nil	Nil	Nil	Nil
Mr. Ashok Chhabra	None	Nil	Nil	Nil	Nil	Nil
Mr. Jyoti Sagar#	None	N.A.	N.A.	N.A.	N.A.	N.A.

* Remuneration charged to the accounts in respect of the Managing Director: Rs.58,76,298/-.

** Commission charged to the accounts amounting to Rs.500,000/- is subject to the approval of the members at the ensuing Annual General Meeting.

Appointed as Additional Independent Director with effect from August 29, 2008.

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 appointments. 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 nos. 18 and 19 of Schedule 17(B) 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 Audit Committee comprises of Mr. C.R. Dua (Chairman), Mr. S.K. Poddar and Mr. B.S. Mehta. During the financial year 2007-08, four Audit Committee meetings were held on August 24, 2007, October 25, 2007, January 30, 2008 and April 30, 2008.

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

Name	Designation	Category	Profession	No. of meetings attended
Mr. C.R. Dua	Chairman	Independent Director	Advocate	4
Mr. S.K. Poddar	Member	Non-Executive Director	Business	4
Mr. B.S. Mehta	Member	Independent Director	Chartered Accountant	3*

* Mr. B.S. Mehta could not attend one Audit Committee held on October 25, 2007 due to unavoidable circumstances.

All the 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, who are independent directors.

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

- (a) Overseeing 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;
- (j) 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;
- (k) Considering such other matters as may be required by the Board;
- (l) 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 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.

No meeting of this Committee was held during the year.

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

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/ annual report/ dividend.
 - ii) 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 shareholders complaints, oversees share transfer process and liaises with the regulatory authorities.

During the financial year, 20 meetings of the Committee were held. The attendance of each member of the Committee is given below:

Name	No. of Committee meetings attended
Mr. Akshay Poddar	20
Mr. Shantanu Khosla	20
Mr. Subhash Bansal	10

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.

The endorsement of Gillette *Mach3* by iconic sportsmen like Roger Federer, Thierry Henry, Tiger Woods and Rahul Dravid got strong media coverage. In order to boost this association, the Company organized a "Challenge the Winners" program under which consumers participated in an online gaming championship to be among the lucky 8 to meet Rahul Dravid in Australia. Further, an unique *Mach3* Comfort Challenge program invited consumers to try the product and give their feedback. A resounding 99% of the men who took the challenge agreed that it was the most comfortable shave they ever had. *Mach3* reached metro consumers innovatively through TV advertising and activation on internet, radio and shopping malls.

Vector Plus has been growing year on year since launch, enabling millions of Indian men to enjoy a tension free shave start to a great day. To reach out to the common man, *Vector Plus* was re-priced to a more economical price point, which enabled consumers to enjoy 3 weeks of tension-free shave at Rs.10 only. The re-pricing helped double the brand's penetration and further accelerated growth. To celebrate this occasion *Vector Plus* launched a 9 city Ten10 Galli Cricket tournament lasting 3 weeks. A limited edition, red colour *Vector Plus* SPEED razor was introduced to appeal to the youth who desire a quick shave to look their best.

The Company launched a school program to coach high school boys on personality development and right shaving education, in which more than four lakhs boys across 100 cities participated.

Personal Care also recorded over 20% growth driven by increased preference for shaving gel over cream.

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. The Company launched a free dental check up offer on purchase of *Oral-B* brushes. Thousands of consumers took benefit of this offer and got a preventive dental check at a dentist near their home. *Oral-B* Shiny Clean helped grow penetration of the *Oral-B* brand which is now available in over 10 lakh stores around the country. The Company launched *Oral-B* Gum Protect for consumers needing extra soft brushes at an affordable price.

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. 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 into a desire to upgrade lifestyles through owning and using better quality brands. All this has positively impacted the brands 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 any benefit in paying incremental price for a quality product. Your Company has taken this as a challenge and has attempted to upgrade its consumers to better technology 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.

Risk Management

The Company's risk management policy is in line with the parent Company's global guidelines on risk management and as such adequate measures have been adopted by the Company to combat the various risks including business risks (competition, consumer preferences, technology changes), finance risks (cost, credit, liquidity, foreign exchange) and so on.

The Company has adopted a focused approach towards risk management in the form of a Corporate Insurance Program which has the goal of optimizing the financing of insurable risks by using a combination of risk retention and risk transfer techniques. This Program duly covers any risks relating to business interruption resulting from property damage and legal liability resulting from property damage or personal injury.

The Company has in place a very stringent and responsive system under which all its distributors and vendors are assessed before being selected. Further, there exists a system by which all distributors' and vendors' sites and operations

are periodically reviewed by the Company for managing risks, if any.

The Company operates in a highly competitive environment vis-à-vis attracting the best talent for its operations. With the increasing attractiveness of India as a manufacturing hub, services and trade in emerging and diverse sectors such as aviation, hospitality, banking, telecom, retail, energy etc. employment opportunities have increased manifold for today's graduates, engineers, accountants etc. Therefore, human resources management has assumed vital importance in the Company.

The Company focuses on attracting, motivating and retaining the best talent. Its people systems like recruiting, training, performance management and talent development are robust and competitive.

Attracting Talent: Recruiting is a key focus – The Company has a well established campus recruitment process that currently visits some of the top business schools and engineering campuses for both the summer internship and final hiring cycles. The Company runs function-wise pre-placement talks and activities to help students gain an understanding of the roles, responsibilities and the organisation to enable them to make informed choices. Compensation and benefits is another key part to attracting the best talent. The Company benchmarks its compensation with industry leaders in FMCG, retail banking and emerging sectors like telecom, retail trade etc. to ensure that it is competitive in the market for talent. The Company's benefit programs are best in class giving it a competitive advantage.

Motivating and Retaining Talent: Strong induction and training systems for new hires is a key part of the retention program. The Company allows new hires to handle responsible and large roles consistent with their capability, thus allowing exposure to decision making and strategy. Clearly defined functional career paths helps employees to plan their career goals and understand the skills needed to be built. The Company's annual performance management system is very robust and clearly assesses and differentiates amongst employees on the basis of performance and potential. The Company leverages its size as a global organisation in giving employees the opportunity to work across regions and business units, as well as moving them to international assignments on a regular, planned basis. The Company is committed to providing meaningful, fast growing, international careers to employees and this is a key part of our retention efforts.

Internal Control Systems

Internal control systems have been a core focus for the 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. C.R. Dua and Mr. Akshay Poddar, Directors, retire by rotation and being eligible, offer themselves for re-appointment. Mr. Jyoti Sagar was appointed as an Additional Director of the Company with effect from August 29, 2008.

Brief resumes of the Directors are given hereunder:

Mr. C.R. Dua is the founding partner of Dua Associates, which is a leading law firm in India with presence in eight cities. He has successfully established and developed Dua Associates into a practice with over 175 professionals including 48 partners and senior principals. Mr. Dua has vast experience in corporate law, mergers & acquisitions, privatization, project finance, public issues, entry strategies, foreign investment, corporate structuring/restructuring, infrastructure projects, international trade and taxation aspects of doing business in India. Mr. Dua is the founder member of the American Chamber of Commerce in India.

Presently, he is a Director of the following public companies: Cabot India Limited, Vodafone Essar Limited, House of Pearl Fashions Limited, Timex Group India Limited, TVS Motor Company Limited and Wimco Limited.

Mr. Dua is also on the Board as a Member of the following Audit Committees: Cabot India Limited and Wimco Limited.

Mr. Akshay Poddar, a graduate from London School of Economics is one of the promoter directors of Poddar Heritage Enterprises. The group has promoted various projects including several joint ventures with leading international corporations, which includes Gillette India Limited (formerly Indian Shaving Products Limited – a joint venture with The Gillette Company, USA).

Mr. Poddar is also on the Board of Paradeep Phosphates Limited, Gobind Sugar Mills Limited, Lionel Edwards Limited, Poddar Heritage Investments Limited, Poddar Heritage Corp Limited and Syndak Teatech Limited.

Mr. Poddar is also on the Board as a Chairman or Member of the following Audit/ Shareholder Grievance Committees: Gobind Sugar Mills Limited, Poddar Heritage Corp Limited, Poddar Heritage Investments Limited and Paradeep Phosphates Limited.

Mr. Jyoti Sagar is the founder partner of J. Sagar Associates which was founded in 1991. Mr. Sagar has extensive experience in a wide range of practice areas including corporate and commercial laws, mergers & acquisitions, banking, finance and infrastructure projects. He has worked extensively on several policy issues including serving on various committees of the Government of India and chambers of commerce. In addition to his practice in the firm, Mr. Sagar is also

Senior Partner of K&S Partners, New Delhi, a firm specialising in Intellectual Property Laws. He is associated with a number of national and international professional bodies and organisations.

(b) Communication to shareholders:

i) The quarterly results of the Company are announced within a month of completion of the quarter. Audited annual results are announced within three months of the end of financial year. Such results are published in the following newspapers:

Business Standard (English), Adhikar, Jaipur (Hindi)

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

iii) The Company has created a website viz. www.pg-india.com/gillette into which the Company's results and official news releases are published.

iv) The quarterly financial results and shareholding pattern are posted on Electronic Data Information Filing and Retrieval (EDIFAR) website viz. www.sebidifar.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 the 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) **CEO/ CFO Certification:**

In terms of the requirement of clause 49(V) of the listing agreement, the Managing Director (CEO) and the Chief Financial Officer (CFO) have made a certification to the Board of Directors in the prescribed format for the year under review, which has been reviewed by the Audit Committee and taken on record by the Board.

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

In terms of SEBI Circular no. SEBI/CFD/DIL/CG/1/2008/08/04 dated April 8, 2008, if the Chairman of the Board of Directors is a non-executive promoter, then at least 50% of the Board should comprise of independent directors. The Company has appointed one independent director on the Board on August 29, 2008. The Company is taking necessary steps to appoint one more independent director in order to fully comply with this requirement.

The Company has complied with all mandatory requirements except a small unavoidable deviation involving quorum requirement in one Audit Committee meeting and with the following non mandatory requirements of clause 49 of the listing agreement.

Compliance with Non Mandatory Requirements

- a) (i) The Company has provided the Chairman with an office at its corporate office at Mumbai.
- (ii) There is no fixed tenure for independent directors.
- (iii) The Board of Directors ensures that the person being appointed as an independent director has the requisite qualifications and experience which would be of use to the Company.
- b) The Company has constituted a Remuneration Committee.
- c) There are no audit qualifications in the Company's financial statements for the year under reference.
- d) The Board comprises of professionals with expertise in their respective fields. They endeavour to keep themselves updated with changes in global economy and legislation. Moreover, at the Board meetings, detailed presentations are made by senior managerial personnel on the business related matters.
- e) The Company has not adopted any mechanism for evaluating individual performance of non-executive directors.
- f) The Company follows a Whistle Blower Policy as laid down in its "Worldwide Business Conduct Manual".

(d) General Meetings of members:

AGM	Date	Time	No. of special resolutions passed
23 rd	25.10.2007	11.00 a.m.	1
22 nd	29.04.2006	3.30 p.m.	1
21 st	27.04.2005	10.00 a.m.	Nil

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

No special resolution was put through postal ballot in the financial year 2007-08.

(e) Code of conduct:

(i) Code of conduct for Directors and Senior Management

The Company has adopted a Code of Conduct for its 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 Wednesday, October 22, 2008 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	: August – September
Annual General Meeting	: October – November
Dividend Dispatch	: Within 30 days of annual general meeting.
Quarterly Results	: Normally before the end of following month, except 4 th quarter when audited annual results are declared within 3 months as permitted under the listing agreement.

(iii) Book Closure Date

October 11 to October 22, 2008 (both days inclusive).

(iv) Dividend Payment Details

Dividend, if declared : Will be paid on or around October 31, 2008

(v) Listing of equity shares on Stock Exchanges

The Company's shares are listed on the 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: - 507815
 National Stock Exchange of India Limited: - GILLETTE
 ISIN CODE: - INE322A01010

(vii) Stock Price Data

Monthly high and low quotation of shares traded on BSE and NSE during the financial year 2007-08.*

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
July 2007	955.00	891.00	960.00	892.05
August 2007	930.05	860.00	949.00	852.00
September 2007	905.70	851.05	910.10	852.05
October 2007	918.00	805.55	940.00	800.00
November 2007	889.95	810.00	895.00	801.55
December 2007	1,525.00	840.00	1548.40	828.00
January 2008	1,404.00	841.00	1384.95	834.00
February 2008	989.95	851.15	959.80	860.00
March 2008	980.00	808.50	979.00	800.00
April 2008	1,060.00	852.55	1045.00	850.00
May 2008	1,070.00	915.10	1070.00	920.15
June 2008	990.00	820.00	950.00	816.00

* source: www.bseindia.com and www.nseindia.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 year 2007-08:



Year - July 1, 2007 to June 30, 2008 (Source: www.bseindia.com)

(ix) Registrar and Share Transfer Agents

MAS Services 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 Ltd., Registrar and Share 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) Limited within 15 days.

During the financial year 2007-08, the Company had received 74 shareholder complaints, which were resolved expeditiously. The time taken to resolve shareholder complaints is 1 to 10 days. As on June 30, 2008, apart from one complaint, which was subsequently resolved, only those cases which are constrained by dispute or legal proceedings are pending.

There is NIL share transfer pending as on June 30, 2008.

(xi) Distribution of shareholding by size class as on June 30, 2008

No. of Shares held	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 - 500	14472	95.71	1082985	3.32
501 - 1000	336	2.22	246977	0.76
1001 - 2000	152	1.01	223803	0.69
2001 - 3000	43	0.28	105282	0.32
3001 - 4000	22	0.15	75716	0.23
4001 - 5000	24	0.16	112343	0.35
5001 - 10000	24	0.16	173957	0.53
10001 and above	47	0.31	30564154	93.80
Total	15120	100.00	32585217	100.00

Distribution of shareholding by ownership as on June 30, 2008

Category	Number of Shares held	% of Shares held
Indian & Foreign Promoters	28911849	88.73
Resident Individuals	2167633	6.64
Mutual Funds & UTI	429939	1.32
Financial Institutions/ Banks	8520	0.03
Foreign Institutional Investors	97592	0.30
Private Corporate Bodies	758192	2.33
NRIs	211492	0.65
Directors and their Relatives	0	0
TOTAL	32585217	100.00

(xii) Unclaimed/ Unpaid Dividends

The amount of unclaimed dividends for and upto the year ended 1999 has been transferred to the Investor Education and Protection Fund established by the Central Government. Pursuant to Section 205C of the Companies Act, 1956, those members who have not so far claimed their dividends for the said periods shall not be entitled to claim the same from the Company or the said Fund.

Final dividend for the financial years ended December 31, 2001 and subsequent years, which remain unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on the dates mentioned in the table below. Members who have not encashed their dividend warrants for the year ended December 31, 2001, or any subsequent year(s), are requested to seek issue of duplicate warrants on or before the due dates mentioned there against, by writing to the Company's RTA, M/s. MAS Services Limited.

Pursuant to Section 205A(5) of the Companies Act, 1956, the following unpaid dividends are due for transfer to the Investor Education and Protection Fund:

Dividend No.	Date of Declaration	For the year ended	Due Date for transfer to IEPF
9	07.06.2002	31.12.2001	14.07.2009
10	09.05.2003	31.12.2002	15.06.2010
11	29.04.2004	31.12.2003	05.06.2011
12	27.04.2005	31.12.2004	03.06.2012
13	29.04.2006	31.12.2005	05.06.2013
14 (Interim)	27.02.2007	30.06.2007	05.04.2014
15 (Final)	25.10.2007	30.06.2007	01.12.2014

(xiii) Dematerialisation of shares and liquidity

The shares of the Company are compulsory 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 June 30, 2008 a total of 27,683,263 shares constituting 84.96% of the share capital of the Company stand dematerialized and 11,353 shareholders are holding shares in the dematerialized form.

(xiv) 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.

(xv) Plant Locations

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

India Baddi Packing Centre
Plot no. 4, Industrial Area
Village Katha
Bhatoli Kalan
Baddi 173205
Dist. Solan,
Himachal Pradesh

(xvi) 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 with the Directors' Code of Conduct for the year ended June 30, 2008 and the Senior Management has complied with the Business Conduct Manual for the year ended June 30, 2008.

For GILLETTE INDIA LIMITED

S. Khosla
Managing Director

Mumbai
August 29, 2008

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 financial year ended June 30, 2008 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, except that:

- i. In terms of SEBI Circular no. SEBI/CFD/DIL/CG/1/2008/08/04 dated April 8, 2008, amending the conditions of corporate governance under clause 49 of the Listing Agreement with the stock exchanges; the Company did not have the required number of independent directors for the period from April 8, 2008 to June 30, 2008. We have been informed that subsequent to the year end, the Company has initiated necessary steps to comply with the said amendment.
- ii. In the absence of an independent director at one audit committee meeting held during the year, there was no quorum at the said meeting as required under the above mentioned clause 49 of the 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

Mumbai,
August 30, 2008

N.P. Sarda
Partner
Membership No. 9544