

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 the Board of Directors to help ensure that all stakeholders are protected against managers acting solely in their own best interest. Governance process has to ensure that the societal measures employed by the Company are utilized in a manner that meets with the stakeholders' aspirations and societal expectations. 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—at all levels, both internally and externally. Our actions and the actions of all our employees are governed by our Purpose, Values, and Principles (PVP). 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 Board of Directors, which help us maintain the highest standards of Corporate Governance. Our Audit Committee is comprised 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 standards. Our rigorous business process controls include ongoing programs of self-assessment, controls, as well as internal and external audits. Your Company has adopted a Code of Conduct for its Directors. 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. This Manual flows from our PVP which is the umbrella for our critical policy areas, which in turn create specific guidelines and standards. This Manual enables the Company's employees to make easier connections to relevant policies and the tools that support them. This Manual describes the Company's "Worldwide Business Conduct Standards". These standards flow from the following core values of the Company:

- Treat the Company's assets as you would treat your own;
- Behave with the Company's long term success in mind;
- Always do the right thing;
- Operate within the letter and spirit of law

Our reputation is earned by our conduct: what we say, what we do, the products we make, the services we provide, and the way we act and treat others. As conscientious citizens, we want to do what is right. For your Company 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. The Directors actively participate in the deliberations at these meetings.

The composition and other details of the Board of Directors as on June 30, 2009 are given below:

Name of the Director	Category	Designation	Other Directorships#		Membership of other Board Committees ##	
			Member	Chairman	Member	Chairman
Mr. S.K. Poddar	NED	Chairman	10	9	4	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	Director	14	None	9	5
Mr. C.R.Dua	ID	Director	5	None	3	None
Mr. Gurcharan Das	ID	Director	4	None	None	None
Mr. Akshay Poddar	NED	Director	8	None	5	1
Ms. Deborah Henretta	NED	Director	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	Director	None	None	None	None
Mr. Anil Kumar Gupta**	ID	Director	None	None	None	None

NED – Non Executive Director

ED – Executive Director

ID – Independent Director

* Retired as Alternate Director with effect from August 31, 2009.

** Appointed as Additional Director with effect from March 28, 2009.

Excludes directorships of private limited companies, foreign companies and alternate directorships, companies under Section 25 of the Companies Act, 1956, bodies corporate and membership of managing committee of various chambers/bodies.

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 2008-09, four (4) Board meetings were held on August 29, 2008, October 22, 2008, January 30, 2009 and April 28, 2009 respectively. The Annual General Meeting for the financial year ended June 30, 2008 was held on October 22, 2008.

(c) Directors' attendance record:

The attendance of directors at the board meetings and at the last Annual General Meeting held on October 22, 2008 was as under:

Name of Director	No. of Board Meetings attended	Whether attended the AGM held on October 22, 2008
Mr. S.K. Poddar	4	Yes
Mr. Shantanu Khosla	4	Yes
Mr. Subhash Bansal	2	Yes
Mr. B.S. Mehta	3	No
Mr. C.R. Dua	3	Yes
Mr. Gurcharan Das	4	Yes
Mr. Akshay Poddar	3	Yes
Ms. Deborah Henretta	NIL	No
Mr. M.K. Kumar*	NIL	No
Mr. Ashok Chhabra**	2	Yes
Mr. Jyoti Sagar	2	Yes
Mr. Anil Kumar Gupta #	1	N.A

* Alternate to Mr. Akshay Poddar

** Alternate to Ms. Deborah Henretta

Appointed as Additional Director with effect from March 28, 2009.

(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-16 of Schedule 17 to the Accounts in the Annual Report.

(e) Directors Remuneration:

In terms of the resolution passed at the 24th Annual General Meeting of the members of the Company held on October 22, 2008, all the non-executive directors are entitled to commission upto one per cent of the net profits of the Company for each financial year.

The remuneration of executive directors comprises salary, house rent allowance, perquisites, performance linked incentive, 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 2008-09 are as under:

Amount in Rs.

Name of Director	Relationship with other directors	Salary including Bonus + PF contribution	Perquisites	Commission	Total
Mr. S.K. Poddar	Father of Mr. Akshay Poddar	Nil	Nil	60,00,000	60,00,000
Mr. Shantanu Khosla	None	Nil*	Nil	Nil	Nil
Mr. Subhash Bansal	None	1,11,83,610	4,56,076	Nil	1,16,39,686
Mr. C.R.Dua	None	Nil	Nil	10,00,000	10,00,000
Mr. B.S. Mehta	None	Nil	Nil	10,00,000	10,00,000
Mr. Gurcharan Das	None	Nil	Nil	10,00,000	10,00,000
Mr. Akshay Poddar	Son of Mr. S.K. Poddar	Nil	Nil	10,00,000	10,00,000
Ms. Deborah Henretta	None	Nil	Nil	Nil	Nil
Mr. M.K. Kumar	None	Nil	Nil	Nil	Nil
Mr. Ashok Chhabra	None	Nil	Nil	Nil	Nil
Mr. Jyoti Sagar	None	Nil	Nil	838,356	838,356
Mr. Anil Kumar Gupta**	None	Nil	Nil	260,959	260,959

* Remuneration charged to the accounts in respect of the Managing Director: Rs.1.09,93,015/-.

** Appointed as Additional Director with effect from March 28, 2009.

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 nos. B-17 and B-18 of Schedule 17 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, Mr. B.S. Mehta, Mr. J. Sagar and Mr. G. Das. During the financial year 2008-09, four Audit Committee Meetings were held on August 29, 2008, October 22, 2008, January 30, 2009 and April 28, 2009 respectively. Mr. J. Sagar and Mr. G. Das were co-opted as members of the Audit Committee vide Board resolutions passed on October 22, 2008 and January 30, 2009 respectively.

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	3
Mr. S.K. Poddar	Member	Non-Executive Director	Business	4
Mr. B.S. Mehta	Member	Independent Director	Chartered Accountant	3
Mr. Jyoti Sagar	Member	Independent Director	Advocate	2*
Mr. Gurcharan Das	Member	Independent Director	Management Consultant	1**

* Mr. Jyoti Sagar was appointed member of the Audit Committee on October 22, 2008.

** Mr. Gurcharan Das was appointed member of the Audit Committee on January 30, 2009.

All the members of the Committee 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 Listing Agreement with the stock exchanges 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 term 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 the exercise; of judgment by management;
 - Qualifications in the draft audit report;
 - Significant adjustments arising out of audit;
 - The going concern assumption;
 - Compliance with accounting standards;
 - Compliance with the stock exchange regulations and legal requirements concerning the 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, 1956 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, being an Independent Director.

The scope of the Remuneration Committee includes finalising the remuneration packages for the 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:

- 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 the share transfer process and liaises with the regulatory authorities.

During the financial year, 16 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	16
Mr. Shantanu Khosla	16
Mr. Subhash Bansal	16

3. MANAGEMENT DISCUSSION AND ANALYSIS

Review of Economic Scenario and impact of Union Budget '09

As per the Economic Survey 2008-09 released by the Ministry of Finance, Govt. of India on July 2, 2009, despite global financial crises, India has still registered a growth of 6.7% though there has been a deceleration in said growth rate from the average growth rate of 8.8% during 2003-04 to 2007-08. The said Survey further observes that the Indian economy has shock absorbers that are likely to facilitate early revival of growth. India has a strong banking sector – the Banks are financially sound and well capitalized. The foreign exchange position remains comfortable and the external debt position has been in the comfort zone. The said Survey further observes that the deceleration of growth during 2008-09 was spread across all sectors except mining and quarrying, community, social and personal services. During 2008-09 the growth in exports was robust till August 2008. However due to recessionary trends in the developed markets where the demand has plummeted, the export growth declined sharply.

The Union Budget was announced by the Hon'ble Finance Minister (FM) on July 6, 2009 treading relatively cautious though solid path for social enlistment, infrastructure development and tax administration reforms. The FM has set a target of achieving a sustained annual growth rate of 9% with a medium term strategy, clearly setting out that this challenging task cannot be achieved in a single budget.

Some of the budget proposals are likely to benefit the FMCG sector in India. Mainly, higher disposable income, increased capital formation in rural areas through NREGA (National Rural Employment Guarantee Act) and Bharat Nirman, the promised jobs to millions will be the growth factor for the FMCGs. Rural focus, employment generation and infrastructure spending will improve rural income. Rural India accounts for more than 40% consumption for major FMCG categories. FMCG companies are witnessing a 40% growth in rural sales as against 25% in urban areas. Further, on account of low penetration, these companies are banking on rural areas for volume growth. Hence, continued focus on rural development would benefit the sector.

The FMCG sector reported strong growth last year. As per an A.C. Nielsen report, FMCG sales grew 16.2% YoY over April-May 2009, lower than the 19% YoY growth achieved in FY09. Price-cuts on account of lower inflation and excise duty reduction from 14% to 8% led the FMCG companies to reduce their product prices in a bid to boost volumes. The volume growth has continued to remain strong. As per FICCI, the FMCG industry is set to grow 20-30% in 2009-10, up from 10-20% in 2008-09. The growth would be driven by the launch of new products and increasing rural consumption.

Business Review

Personal Grooming

Your Directors are of the view that the personal grooming sector represents a sizable business opportunity for your Company. According to market research data, the Blades and Razors market alone is estimated at over Rs.1000 crores, and about 5 billion units in terms of volume. Your Company therefore has an integrated strategy that seeks to win with the consumers in this market landscape.

Oral Care

Manual toothbrushes continue to dominate the Oral Care market in India. According to market research data, the toothbrush market is estimated at over Rs.800 crores and growing at a rate of 7% per year. *Oral-B* continued to strengthen its leadership by growing its value share behind fundamental brand building initiatives.

Portable Power

The growing usage in the high and mid drain devices like toys and cameras and increased purchasing power in India indicate a huge potential in the coming years for alkaline batteries and thus for *Duracell*.

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

Business, Finance & Operational risks

The Company's risk management policy is in line with the parent company's global guidelines on risk management and 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 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' site and operations are periodically reviewed by the Company for managing risks, if any.

Regulatory and Compliance risks

Your Company operates within the letter and spirit of all applicable laws. General compliance with legal requirements is an important component of the *Worldwide Business Conduct Manual* and the same directs the following action from every employee:

- To obey all legal requirements at all times;
- To understand exactly what legal requirements apply to the work function;
- To consult the Legal Personnel if there are conflicting legal requirements in different jurisdictions;
- To strictly follow the directions from the Legal Personnel;
- To address and resolve, in a timely manner, any legal compliance issues that have been identified;
- Absolutely no violation of any law;
- To immediately report any instance of violations to the Legal Department.

Your Company has set in place the requisite mechanism for meeting with the compliance requirements, periodic monitoring of compliance to avoid any deviations and regular updations to keep pace with the regulatory changes.

Security Risks

Your Company has installed comprehensive security programs to protect employees and assets at all its offices and plants. Security measures are overseen by a specially designated Global Security Manager – South Asia and a reputed security agency has been appointed to guard our premises. There is also a system for continuous monitoring of security alerts across the country. Training is given regularly to all security guards who are on duty 24x7. Evacuation drills are conducted twice a year. A global policy is in place to issue travel advisories to all employees in case there is any adverse situation at any place in the world. If the situation warrants, travel bans are imposed.

HR Initiatives

The Company operates in a highly competitive environment vis-à-vis attracting the best talent for its operations and therefore the human resources management has assumed vital importance in your Company. Your 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 – Your 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. Your 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. Your 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 retention program. Your 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 help employees to plan their career goals and understand the skills needed to be built. Your Company's annual performance management system is very robust and clearly assesses and differentiates amongst employees on the basis of performance and potential. Your 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. Your Company is committed to providing meaningful, fast growing, international careers to employees and this is a key part of our retention efforts.

Your Company has been ranked 2nd most preferred employer as per A. C. Nielsen Survey and has also improved its standing on a majority of campuses. Internal surveys indicate that the various H.R initiatives undertaken during the year have received considerable appreciation across the organization and encouraged by this fact the priorities planned for the F.Y 2009-2010 by the H.R include initiating action on key capability areas, driving better employer-employee relationship/career guidance and many more.

Employee and Trade Relations related developments are covered in the Directors' Report.

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

Internal Controls & their adequacy

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.

4. SHAREHOLDERS

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

During the year, Mr. B.S Mehta and Ms. Deb Henretta, Directors, retire by rotation and being eligible, offer themselves for re-appointment. Mr. Anil Kumar Gupta was appointed as an Additional Director of the Company with effect from March 28, 2009.

Brief resumes of the Directors are given hereunder:

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

Presently, he is a Director of the following public companies: Atul Limited, Bharat Bijlee Limited, Century Enka Limited, CEAT Limited, Clariant Chemicals (India) Limited, Procter & Gamble Hygiene and Health Care Limited, Housing Development Finance Corporation Limited, IL&FS Investment Managers Limited, J.B Chemicals & Pharmaceuticals Limited, National Securities Depository Limited, Pidilite Industries Limited,

Sasken Communication Technologies Limited, SBI Capital Markets Limited, and Sudarshan Chemical Industries Limited.

Mr. Mehta is an Alternate Director in Uhde India Private Limited and a Director in Jumbo World Holdings Limited (Foreign Company).

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

Ms. Deborah Henretta, holds a Masters degree in Advertising Research and has held senior positions in Procter & Gamble since her joining the P&G Group in 1985. Ms. Deborah Henretta is the Group-President of Procter & Gamble, Asia. In her two decades' association with the P&G Group, Ms. Henretta has held significant key positions in Procter & Gamble locations around the globe. She was recognized as one of the "World's Powerful Women" for 2009 by the Forbes Magazine.

Presently, Ms. Henretta is also on the Board of Procter & Gamble Hygiene and Health Care Limited.

Mr. Anil Kumar Gupta is an Engineer from IIT, Delhi besides holding a PG Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. Mr. Gupta is an expert in the field of manufacturing and supply chain management. He has vast experience of over 34 years in India and abroad in the field of manufacturing and product supply and had held various senior management positions.

Mr. Gupta is not a Director in any other public limited company nor a member of any Committee.

(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), Dainik Navjyoti, 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. <http://www.pg-india.com/gillette2/index.html> on which 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 namely www.sebiedifar.nic.in.

v) An archived webcast of the proceedings of the Annual General Meeting will be available at our website viz. <http://www.pg-india.com/gillette2/index.html> 48 hours after the Annual General Meeting.

(c) Disclosures:

i) *Materially significant related party transactions:*
There are no material transactions during the year 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 any 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:*

The Company has complied with all mandatory requirements 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 an office to the Chairman for his use, during his visits, at the 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 endeavor 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
24th	22.10.2008	11.00 a.m.	2
23rd	25.10.2007	11.00 a.m.	1
22nd	29.04.2006	3.30 p.m.	1

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 2008-09.

(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 vide the *Worldwide Business Conduct Manual* has a Code of Conduct for Prevention of Insider Trading in the shares and securities of the Company, its suppliers or associate companies. This Code, among others, prohibits the purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company. The *Worldwide Business Conduct Manual* has been posted on the parent company's website at www.pg.com. The Company has during the year adopted the revised Insider Trading Code modified in terms of amendments notified by SEBI(Prohibition of Insider Trading) Regulations, 1992.

5. GENERAL SHAREHOLDERS INFORMATION:

(i) Annual General Meeting

The Annual General Meeting will be held on Tuesday, October 27, 2009 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 the following month, except 4th quarter when audited annual results are declared within 3 months as permitted under the Listing Agreement.

(iii) Book Closure Date

October 17 to October 27, 2009 (both days inclusive).

(iv) Dividend Payment Details

Dividend, if declared : Will be paid on or around November 4, 2009

(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 2008-09.*

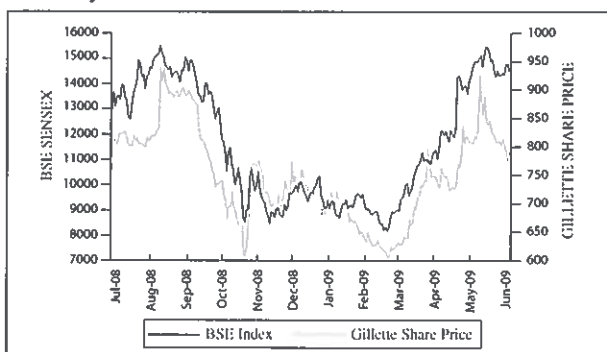
Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
July 2008	840.00	789.05	849.00	787.25
August 2008	961.70	801.75	964.60	800.70
September 2008	909.00	690.55	949.00	691.80
October 2008	750.55	520.00	795.85	520.00
November 2008	810.00	672.00	803.00	674.00
December 2008	790.00	687.25	798.80	666.00
January 2009	734.95	660.00	735.00	555.25
February 2009	705.00	616.05	709.60	615.00
March 2009	688.00	601.00	688.90	600.00
April 2009	814.00	650.00	820.00	575.25
May 2009	850.00	712.00	860.00	712.50
June 2009	958.65	766.75	963.95	765.00

* source: www.bseindia.com and www.nsc-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 year 2008-09:



Year - July 1, 2008 to June 30, 2009 (Source: www.bseindia.com)

(ix) Registrar and Share Transfer Agents

MAS Services Limited
T-34, 2nd floor, Okhla Industrial Area
Phase II, New Delhi - 110 020
Ph: 011-26387281-3 Fax: 011-26387384
E - Mail : info@masserv.com
Contact person: Mr. Sharwan Mangla

(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 2008-09, the Company had received 75 shareholder complaints, which were resolved expeditiously. The time taken to resolve shareholder complaints is 1 to 10 days. As on June 30, 2009, there are no complaints pending.

There are no pending share transfers as on June 30, 2009.

(xi) Distribution of shareholding by size class as on June 30, 2009

No. of Shares held	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% of Share Capital
1 - 500	15006	95.867	1088350	3.340
501 - 1000	335	2.140	247167	0.759
1001 - 2000	151	0.971	221629	0.680
2001 - 3000	43	0.275	104303	0.320
3001 - 4000	24	0.153	82142	0.252
4001 - 5000	23	0.147	108027	0.332
5001 - 10000	20	0.128	143608	0.441
10001 and above	50	0.319	30589991	93.877
Total	15652	100.00	32585217	100.00

Distribution of shareholding by ownership as on June 30, 2009

Category	Number of Shares held	% of Shares held
Indian & Foreign Promoters	28911849	88.73
Resident Individuals and others	2222453	6.82
Mutual Funds & UTI	154159	0.47
Financial Institutions/ Banks	2960	0.01
Foreign Institutional Investors	235875	0.72
Private Corporate Bodies	912729	2.80
NRIs	145192	0.45
Directors and their Relatives	0	0
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 has an agreement with the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) to provide trading facilities to the shareholders/ investors in the dematerialized form.

As on June 30, 2009 a total of 2,76,95,263 shares constituting 85% of the share capital of the Company stand dematerialized and 13062 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 issued any GDR/ADRs/ warrants or any convertible instruments till date.

(xiv) 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 year ended December 31, 2002 and the 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, 2002, 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 RTA.

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
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
16	22.10.2008	30.06.2008	28.11.2015

(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, 2009 and the Senior Management has complied with the Business Conduct Manual for the year ended June 30, 2009.

For GILLETTE INDIA LIMITED

S. Khosla
Managing Director

Mumbai
August 27, 2009

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, 2009 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

Mumbai,
August 27, 2009

N.P. Sarda
Partner
Membership No. 9544

