



Annual Report 2002



Dear Shareholders,

2002 was the year of turnaround. We completed in the year past the difficult part of a huge exercise of re-creating an organization into a nimble, focused entity, spending its money where it matters most to fast-track topline leading to healthy & profitable growth.

Low profit manufacturing activities and exit from the Geep business were not easy decisions to take. However, our commitment to laying the foundations for high paced profitable growth ensured that the hurdles that came along the way were met with determination.

A whole lot has been accomplished in 2002. The Company followed a three-pronged strategy of securing a financial turnaround, a strategic business turnaround and focusing on functional excellence with the objective of driving profitable growth.

Among the very many things the Company turned its attention to were issues such as rationalisation of product lines, manufacturing efficiencies, enhanced productivity, reduction in overheads, reduction in working capital expenses, resulting in lower interest costs, improvement in gross profit margins and a better performance in key financial ratios.

Three achievements of 2002 will have a lasting impact on the future of the Company : First, with the divestiture of non-core businesses, we will become a more profitable enterprise. Second, our focus on core businesses have been sharpened and the gains of financial restructuring are being used to increase our spends on marketing. This essentially means that the Company is focused on fewer product lines and is supporting them with larger spends. Third, the financial turnaround strategies have made us a debt free Company, slashed our working capital requirements and made us one of the most financially efficient entities in the country.

In 2003, the Company has embarked on the strategy of targeting the double edge segment after spending the past six years in launching and consolidating in the market the international Gillette product portfolio including Mach3, the Sensor range, SensorExcel for Women, Gillette Series and the New Gillette Series line of products.

The focus on 7 O'Clock arises from the Company's interest in growing the value of the market in the top end of the double edge segment. The double edge segment accounts for 97 per cent of the Indian blades and razors market and provides the catchment for upgrading to the twins and systems product. The Company has now strengthened its objective of continuously expanding the top end of the double edge segment in order to provide a constituency for ladder up the value chain to the high end systems products.

In essence, we re-looked at the fundamentals of the business in 2002. Gillette India enters 2003 with strong fundamentals, focussed goals of profitable sales growth and consolidation of the gains of the past year.

Best wishes,

(Signature)

Chairman

Chairman

Board of Directors

Mr. S. K. Poddar
Chairman

Mr. Zubair Ahmed
Managing Director

Mr. G. S. Gill

Mr. Peter Mee

Mr. Akshay Poddar

Mr. C. R. Dua

Mr. Abhey Yogrj

Mr. P. N. Dang

Mr. M. K. Kumar
(Alternate to Mr. Akshay Poddar)

Mr. V. N. Mathur
(Alternate to Mr. Peter Mee)

Mr. S. N. Talwar
(Alternate to Mr. G. S. Gill)

A GILLETTE-PODDAR JOINT VENTURE

GILLETTE INDIA LIMITED

Notice

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Gillette India Limited will be held on Friday, the 9th May, 2003 at 10.00 A.M. at SPA-65A, Bhiwadi Industrial Area, Bhiwadi (Distt. Alwar) Rajasthan - 301 019 to transact the following business :

Ordinary Business

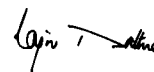
1. To receive and adopt the Audited Profit & Loss Account for the financial year ended 31st December, 2002 and the Balance Sheet as at that date together with the Reports of the Auditors and Directors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. P. N. Dang, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Akshay Poddar, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.

Special Business

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that Mr.C.R. Dua, who was appointed as an Additional Director by the Board of Directors of the Company under Section 260 of the Companies Act, 1956 and who holds such office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company."

By order of the Board



RAJIV MATHUR
Company Secretary

Place : Gurgaon
Date : 20th February, 2003

Notes

1. The relative Explanatory statement under Section 173 of the Companies Act, 1956 in respect of Special business under item 6 is annexed hereto.
2. A Member, entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead and such proxy need not be a member of the Company. Proxies, in order to be effective, must be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 6th May, 2003 to Friday, the 9th May, 2003 (both days inclusive).
4. Members/Proxy Holders are requested to bring their copies of the Annual Report to the meeting as no further copies would be made available.
5. Dividend on equity shares for the financial year ended 31st December, 2002, if declared at the meeting, will be payable to those Members whose names appear on the Register of Members as on 9th May, 2003 i.e. date of Annual General Meeting.
6. Members holding shares in physical form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agent, MAS Services Pvt. Ltd., AB-4, Safdarjung Enclave, New Delhi-110 029:
 - a) bank mandate with full particulars for remittance of dividend directly into their Bank Accounts, if declared at the meeting.
 - b) changes, if any, in their address at an early date.
 - c) apply for consolidation of folios, if shareholdings are under multiple folios.
 - d) quote ledger folio numbers in all their correspondence.
 - e) send their Share Certificates for consolidation.
 - f) request for nomination forms for making nominations as per amended provisions of the Companies Act, 1956.

Members holding shares in the dematerialised (electronic) form are requested to intimate the aforesaid changes directly to their Depository Participant, as applicable.

7. The Company has entered into an arrangement with HDFC Bank for opening of demat accounts for Members of the Company holding shares in physical form without any payment/charge with free dematerialisation and waiver of Folio maintenance charge in the 1st year. Members are requested to contact any branch of HDFC Bank across the Country for availing this facility.
8. The amount of unclaimed dividend for the financial years ended 31st March, 1992 & 31st March, 1993 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 so far not claimed their dividends for the said periods shall not be entitled to claim the same from the Company or the said fund.

9. Members are advised to avail of the facility for receipt of future dividends through Electronic Clearing Service (ECS) which is available at specified locations. Members holding shares in dematerialised mode are requested to contact their respective Depository Participants for availing ECS facility. Members holding shares in physical form and desirous of availing ECS facility are requested to write to the Company for details.

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956

Item No. 6

Mr. C. R. Dua was appointed as an Additional Director from that date by the Board of Directors of the Company at their Meeting held on 31st July, 2002 under Article 99 of the Articles of Association read with Section 260 of the Companies Act, 1956. Mr. C. R. Dua holds office upto the date of this Annual General Meeting.

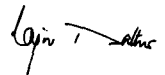
Mr. Dua is an Advocate with over 25 years of rich and varied experience in the Legal field. He is a Senior Partner of Dua Associates, a leading Law firm. Your Directors are confident that his presence on the Board shall be beneficial to the Company.

A notice has been received from a member proposing his candidature for the office of a Director.

The Board recommends the resolution for your approval.

None of the Directors except Mr. C. R. Dua is interested in the said resolution.

By order of the Board



RAJIV MATHUR
Company Secretary

Place : Gurgaon
Date : 20th February, 2003



DIRECTORS' REPORT TO THE MEMBERS

The Board of Directors have pleasure in presenting their Nineteenth Annual Report together with the Audited Accounts for the year ended 31st December, 2002.

Financial Results

	For the Financial Year Ended 31st December,	
	2002	2001
	Rs. Lacs	Rs. Lacs
Income (Sales & Other Income)	43365.73	51168.10
Profit before Interest & Depreciation	5733.57	6248.45
Less : Interest	549.57	1377.30
Depreciation	2054.79	3001.09
Profit before Exceptional Items & Tax	3129.21	1870.06
Exceptional Items	1384.18	6064.25
Profit/(Loss) before Tax	1745.03	(4194.19)
Provision for Tax	337.47	35.10
Provision for Deferred Tax-release/(charge)	(761.85)	1450.41
Profit/(Loss) after Tax	645.71	(2778.88)
Corporate Dividend Tax written back	74.78	60.61
Profit brought forward from previous year	891.72	4417.94
Balance available for appropriation	1612.21	1699.67
Which the Directors have appropriated as under :		
a) General Reserve	64.57	-
b) Proposed Dividend	896.09	733.17
c) Tax on proposed Dividend	-	74.78
Balance carried to Balance Sheet	651.55	891.72
	1612.21	1699.67

Dividend

Keeping in view the enhanced profitability of the Company, your Directors are pleased to recommend a Dividend of Rs.2.75 per share on the Share Capital as under :-

On 32,585,217 Equity shares @ Rs.2.75 per share	Rs. Lacs 896.09
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Operations

The key objective of your Company in 2002 was to put the business on a profitable growth path. Your Company followed a three-pronged strategy to achieve the objective by securing a financial turnaround, a strategic business turnaround and focus on functional excellence for driving profitable growth.

The financial turnaround strategies had an immediate objective of improvement in short term financial performance. On the other hand, the strategic turnaround was designed at a long term realignment of business. The process of setting business on the right course involved evaluation of each business category followed by development of strategic plans for each business. Advertisement and marketing spends were, thereafter, focused on pushing the right product category for improving market share.

The strategic thrust towards functional excellence was with the objective of creating an enduring, world class business organisation through specific initiatives in the areas of sales, manufacturing & quality, business management, human resources and finance with the objective of improving capabilities.

Better working capital management and improvement in operating efficiencies have resulted in reduction of net working capital by 56 per cent from Rs 156.20 Crore in fiscal 2001 to Rs 68.42 Crore in 2002. Core areas of better asset utilization and improved cash management included sharp reduction in receivables, outstandings, overdues and inventories.

Your Company recorded a 16.7 per cent drop in total expenditure from Rs 406.75 Crore in fiscal 2001 to Rs 338.75 Crore for 2002. Keeping in line with its strategic objective of freeing capital to increase its marketing spends on focussed product lines, advertising and sales promotion expenses increased by 11 per cent. Advertisement and sales promotion spends were at 9 per cent of sales, an increase of two percentage points over the previous year. However, your Company incurred a one time exceptional expenditure on account of divestiture of the Geep battery business and expenses on account of distribution and sales network realignment.

Interest costs for the year 2002 fell sharply by 60 per cent from Rs 13.77 Crore in fiscal 2001 to Rs 5.50 Crore in 2002 as a result of efficient asset management and improved cash generation. Your Company successfully closed the year 2002 as a debt free Company. Depreciation at Rs 20.55 Crore was lower by 31 per cent over the last fiscal on account of closure of the Manesar plant.

Your Company undertook a planned restructuring of its businesses including integration of its distribution network and Sales force coupled with better use of available infrastructure resulting in significant cost reductions and higher gross profit margins.

Your Directors are pleased to report a Profit before exceptional one-time expenses and tax of Rs 31.29 Crore as against Rs 18.70 Crore in fiscal 2001. The net profit stood at Rs 6.46 Crore as against a net loss of Rs 27.79 Crore in fiscal 2001.

Your Company attributes its strong performance of 2002 to the series of initiatives like rationalisation of product lines, achieving manufacturing efficiencies, reduction in overheads, significant improvement in working capital, lowering interest cost which all had a positive impact on the profitability of your Company. One of the key initiatives was divestiture of the Geep Battery business. These measures taken by your Company shall go a long way in establishing your Company on a profitable growth platform.

Your Directors would also like to highlight that the results of 2002 are strictly not comparable to those of 2001 on account of the discontinuation of the Duracell export business subsequent to the closure of the Manesar plant and the divestment of the Geep business. The discontinuation of Duracell exports has had an impact on sales.

Personal Grooming

Your Company's focus on business segments and top of the line products have resulted in strong growth in key segments.

SensorExcel grew by 16.4 per cent while Mach 3 grew by a whopping 54.2 per cent in unit terms. Though overall grooming sales showed a marginal decline of around 1.7 per cent, however, diversified operations comprising oral care, personal care and household products recorded an increase of 16.4 per cent. Sales of Personal Care continued to grow at over 2 per cent.

Your Company made history in 2002 by bringing the FIFA World Cup Champions Trophy to India for the first time ever on a countrywide tour meant to heighten the passion for the game and inspire Indian footballers to greater heights. The FIFA World Cup Champions Trophy is offered to official sponsors of the trophy for exhibition in select countries in the run up to the FIFA World Cup Champions tournament. The FIFA World Cup Champions Trophy was exhibited in New Delhi, Kolkata, Kochi and Mumbai.

Portable Power

Duracell batteries continued its position as the undisputed leader in the Alkaline battery business with an overall market share of 55.4 per cent in 2002, an increase of close to 2 per cent over the last fiscal. While the segment share of Duracell in the AA Alkaline segment was 54 per cent, the AAA Alkaline segment was 55.7 per cent for the year 2002.

However, during the year, keeping in view the market scenario for Zinc batteries in India and the Gillette global strategic focus on the alkaline segment, your Company had appointed an international firm of Business Consultants to evaluate the business potential and structure of Geep battery business.

To review further the findings of the report of the Consultants and analyse the various options detailed therein, your Directors had constituted a Review and Implementation Committee. The Committee after taking all aspects into account recommended divestment from the non alkaline battery business.

Based on the recommendations of the Committee, your Company decided to divest from the Geep battery business comprising Geep trade marks, designs, copyrights and all rights, titles & interests in sales and distribution network as a going concern. The Committee also recommended that the Company invite expressions of interest and bids to evaluate a sale of the Geep battery business through a limited bidding process.

Your Company has now completed the sale of the Geep battery business to Thanawala Group of Companies in end December. The employees in the sales and distribution network of the Geep Battery business were given the opportunity to transfer to Thanawala Group.

Industry Structure and Developments

The industry scenario in the male grooming category continues to be largely dominated by the lower end double edge segment which constitutes around 98 per cent of the entire market. Your Company is committed to upgrade the Consumer to superior quality twin blade products.

Gillette state-of-the-art products at the top end of the blades and razors segment continue to be unchallenged.

Outlook and Opportunities

The current environment offers growth opportunities to Companies like yours with the strength of powerful brands, high market share, quality standards and strong marketing fundamentals. With the 2003 budget

providing further the framework for a supportive environment, we believe that your Company will be able to further drive its products in key segments. Your Company today is ideally placed to take advantage of the measures taken in the year 2002 and your Directors are confident that year 2003 shall further provide impetus to the growth prospects of your Company.

Threats, Risks and Concerns

The biggest challenge for your Company is the fundamental structure of the market at the low end double edge segment. The value end of the market has grown rapidly, however, the double edge segment is highly price inelastic and quality indifferent. The changeover to high end systems products will be a process of gradual evolution rather than driven by technology at the top end. The overall value of the market has grown at a fairly fast pace over the past several years as Gillette's systems products found a willing audience at the top end of the market.

Current Operations

Your Company has introduced in the first quarter the first comprehensive range of the Premium New Series Product Range. The New Gillette Series restructures the portfolio to deliver relevant product benefits in each category : Skin benefit for Shave Preps and After Shave Gels users and choice of fragrance in respect of Splash and Deodorants.

New Gillette Series Shaving Preparations and After Shave Gels are designed specifically for the individual skin care and protection needs of men. The New Gillette Series Deodorants are premium, technologically advanced products that deliver long lasting fragrance and 24 hours protection.

Your Company in the first quarter of 2003 unveiled a whole new range of premium displays and POS of Duracell with its endeavour to clearly establish display leadership in the Alkaline batteries segment. The Duracell brand icon – the Duracell Bunny was launched in a new avatar – the Cricketing Bunny in order to foster a closer association of the bunny with the Indian consumers.

Brand Protection

Your Company has taken strong measures pursuant to the proliferation of counterfeit products and illegal imports that had impacted customer confidence. Your Company enjoys the perception of being the leader in the male personal grooming industry with a very strong brand recognition. In consequence, spurious and illegal imports with the Gillette brand name is a problem area for your Company.

In a recently commissioned survey, market research had indicated that a large percentage of the market was being serviced by counterfeits and grey imports of dubious quality or outright spurious products. The illegally operating grey market of Gillette products is a source of major revenue loss for your Company especially in the toiletries and battery businesses. Your Company is today aggressively pursuing brand protection measures including trade and consumer awareness against counterfeit and smuggled products.

Over the past few months, your Company has undertaken strong deterring measures in a number of markets in Delhi which were engaged in sale of counterfeit and other products acquired through the illegal channels and grey route. These measures have resulted in impounding of a significant quantity of counterfeit products.

In addition, your Company is actively using technology to help consumers distinguish genuine products. In the newly launched skin care range of Gillette personal care products i.e. Shave Foam, Shave Gels, After Shave Gels, After Shave Splash & Deodorant Spray, each product has a specially designed hologram strip on the import label which is the sign of a genuine Gillette import.

Corporate Governance

The Corporate Governance report forms part of this Annual Report.

Information Technology

After successful implementation of ERP and Wide Area Network (WAN) in 2001, your Company continued with its focus on standardization and upgradation of the Information Technology infrastructure in 2002. Your Directors take pleasure in reporting that your Company has started to leverage the benefits of integrated ERP to drive Business processes improvements and cost efficiencies in Financial, Logistics and Sales Management functions.

Directors' Responsibility Statement

- The Directors confirm that, in preparation of the Balance Sheet and the Profit & Loss Account of the Company, the applicable accounting standards have been followed.
- The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

Dematerialisation

Effective 17th January, 2000 the equity shares of your Company have been compulsorily traded in dematerialised form. As on 31st December, 2002, a total of 4.94 million equity shares representing 15.16 per cent of the Equity Share Capital have been dematerialised and 15,187 shareholders are holding shares in the dematerialised form.

Your Company has entered into an arrangement with HDFC Bank which shall provide opening of demat accounts for our Shareholders without any payment/charge. Your Directors urge you to avail of this benefit.

Insurance

All the assets of your Company including Plant & Machinery, Buildings, Equipment etc. have been adequately insured.

Directors

During the year, Mr. C. R. Dua was appointed as an Additional Director of the Company w.e.f. 31st July, 2002. Mr. Dua is an Advocate with over 25 years of rich and varied experience in the Legal field. He is a Senior Partner of Dua Associates, a leading Law firm.

Mr. M. K. Kumar resigned as a Director with effect from 6th August, 2002 and was appointed as an Alternate to Mr. Akshay Poddar w.e.f. 10th September, 2002. Mr. S. N. Talwar was appointed as an Alternate to Mr. G. S. Gill w.e.f. 28th October, 2002.

Mr. G. S. Gill, Director retires by rotation and does not offer himself for reappointment at the ensuing Annual General Meeting. Mr. Gill had a long association with the Company, going back to its inception and was instrumental in grounding Gillette's core businesses in India through his valuable contribution. Mr. Gill had also been the Managing Director of your Company from 1988 till 1992.

Your Directors place on record their deep appreciation for the services rendered by Mr. Gill during his association with the Company.

Mr. P. N. Dang and Mr. Akshay Poddar, Directors retire by rotation and being eligible, offer themselves for reappointment.

Auditors

M/s Bharat S. Raut & Co., Chartered Accountants, the retiring auditors have furnished a certificate of their eligibility for reappointment under Section 224 (1) of the Companies Act, 1956 and have indicated their willingness to continue in this capacity.

Internal Control Systems

Internal control systems have always been a key focus area for your Company. Internal audits in important areas impacting the business are carried out regularly. To supplement internal controls, your Company has during the year undertaken a comprehensive Internal Audit review.

Cost Auditor

Your Company has reappointed M/s R. J. Goel & Co. as the Cost Auditors for "Shaving Systems" manufactured at Bhiwadi plant, for the current Financial Year, subject to approval of the Central Government.

Energy & Foreign Exchange

The particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, are attached as Annexure to this report.

Human Resource Development

Your Company is continually taking initiatives to enhance the level of employee capability and engagement thereby driving achievement of business goals. The performance development process has been upgraded significantly to ensure improved alignment of individual objectives with organisation's goals, quarterly performance reviews to facilitate efficient execution of plans and focus on developing competencies that are critical for individual and organisation's success.

Various functional excellence initiatives have been undertaken by teams across the organisation to improve the efficiency of processes and systems, enhance the level of customer service and reduce waste.

Your Directors wish to place on record their appreciation for the valuable contribution made by employees who through their capability and a high level of engagement have enabled your Company to achieve these results.

As required by Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, a statement of information relating to employees forms part of this report. However, as permitted by Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all Members and other entitled persons, excluding the above statement. Those interested in obtaining a copy of the said statement may write to the Company Secretary at the Corporate Office and the same will be sent by post.

For and on behalf of the Board

Place : Gurgaon
Date : February 20, 2003

S. K. PODDAR
Chairman

ANNEXURE TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. Conservation of Energy

1. Measures taken

The Company has an efficient Energy Conservation task force which reviews and closely looks for opportunities for cost reduction.

Measures taken this year were :

- a) Replacement of conventional chokes with energy efficient high frequency electronic ballast in all fluorescent lamps.
- b) Replacement of Heatless Air Dryer with Refrigerated Air Dryer for compressed Air.
- c) Optimum utilisation of high-energy consumption equipment like Air Compressors, Chillers and Hardening Furnaces.

2. Additional investments/proposals

- i) Installation of Variable Frequency Drives in Moulding machines.
- ii) Energy saving

Efforts listed above have resulted in substantial savings without affecting processes.

3. Impact of 1 & 2

Energy consumption per million blades went down by approximately 6 per cent.

4. Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the scheme thereto.

Not applicable.

B. Technology Absorption

Efforts made in technology absorption as per Form B.

Not applicable.

C. Foreign Exchange Earnings and Outgo

1. Efforts and initiatives in relation to exports.

The Company's Products continue to be well accepted in Overseas Markets. Efforts are underway to further increase export of personal grooming products to other countries.

2. Earnings and Outgo

Rs. Lacs
31st December,
2002 2001

- a) Foreign Exchange earnings **1566.47** 6948.92
- b) Foreign Exchange outgo **5622.05** 8656.28

CORPORATE GOVERNANCE REPORT

1. Corporate Governance Philosophy

Corporate Governance practices followed by the Company are directed towards achieving business excellence to enhance shareholders value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places strong emphasis on business ethics. Governance practices developed by Gillette, complement those stipulated by Law.

2. Board of Directors

The Board of Directors of the Company comprises an optimum combination of Executive and Non Executive Directors headed by a Non Executive Chairman and more than one third of the Board are independent Directors. The independent Directors do not have any pecuniary relationships or transactions with the Company, promoters, management which may affect their judgement in any manner. The Directors are eminently qualified and experienced professionals in business, law, finance, Public enterprise & Corporate management. The Board meets at least once in a quarter to consider amongst other business, the quarterly performance of the Company and financial results. Directors attending the meeting actively participate in the deliberations at these meetings.

S. No.	Name of the Director	Category of Directorship	No. of Directorships of other Companies #	No. of Memberships in other Board Committees ##
1	Mr. S. K. Poddar	Non Executive Chairman	12	9 1
2	Mr. Zubair Ahmed	Managing Director	Nil	Nil
3	Mr. G. S. Gill 2	Non Executive	2	Nil
4	Mr. Peter Mee 3	Non Executive	Nil	Nil
5	Mr. Akshay Poddar	Non Executive	5	1
6	Mr. C. R. Dua 4	Non Executive 5	8	5
7	Mr. P. N. Dang	Executive	Nil	Nil
8	Mr. Abhey Yograj	Non Executive	4	Nil

Excludes Directorships of Private Limited Companies, Foreign Companies and Alternate Directorships.

Excludes Memberships in Private Limited Companies, Foreign Companies and Companies of Section 25 of the Companies Act, 1956.

1 Includes Chairmanship on 4 Committees.

2 Alternate Mr. S. N. Talwar w.e.f. 28th October, 2002.

3 Alternate Mr. V. N. Mathur w.e.f. 20th February, 2001.

Mr. M. K. Kumar resigned as a Director with effect from 6th August, 2002 and was appointed as an Alternate to Mr. Akshay Poddar w.e.f. 10th September, 2002.

4 Appointed as a Director with effect from 31st July, 2002.

5 Resigned as Director and Member of two Committees (including Chairman of one Committee) on 1st January, 2003 - pl. refer to Point No. 6 (Directors) of this report.

All Directors except Mr. S. K. Poddar and Mr. Akshay Poddar, being promoters, are Independent Directors.

During the Financial Year 2002, 5 Board meetings were held on 30th March, 2002, 29th April, 2002, 31st July, 2002, 10th September, 2002 and 28th October, 2002. The Annual General Meeting was held on 7th June, 2002. The attendance of the Directors in the meetings was :

S. No.	Name of the Director	Attendance at Board Meetings		Attendance at last Annual General Meeting
		No. of Meetings held during tenure	No. of Meetings Attended	
1	Mr. S. K. Poddar	5	5	Yes
2	Mr. Zubair Ahmed	5	5	Yes
3	Mr. G. S. Gill	5	1	No
4	Mr. Peter Mee *	5	5	Yes
5	Mr. Akshay Poddar	5	4	No
6	Mr. C. R. Dua	2	2	N/A
7	Mr. P. N. Dang	5	3	Yes
8	Mr. Abhey Yograj	5	5	Yes
9	Mr. M. K. Kumar	3	2	No

* includes meetings attended by Alternate Director.

3. Directors' Remuneration

a) Pecuniary Relationships:

None of the Directors of your Company have any pecuniary relationship or transactions with the Company except for attending Board meetings or Committees thereof. The details of sitting fee @ Rs. 5,000/- per meeting paid during the financial year 2002 is as under :

S.No.	Name of the Director	Sitting Fee paid (Rs.)
1.	Mr. S. K. Poddar	45000/-
2.	Mr. Akshay Poddar	20000/-
3.	Mr. M. K. Kumar	10000/-
4.	Mr. Abhey Yograj	45000/-
5.	Mr. C. R. Dua	10000/-
Total		130000/-

- b) The details of remuneration paid to Mr. Zubair Ahmed, Managing Director during the financial year 2002 as approved by the Board and Shareholders is as under :

	Rs.Lacs
Salary	73.68
Perquisites +	51.23
Total	124.91

- + Includes monetary value of rent free furnished accommodation and/or housing assistance, leave travel allowance, children's education, reimbursement of medical expenses, club fees, personal accident and medical insurance cover, Company's Car with driver allowance, telephone at residence etc., as per rules of the Company.

The Company has a Service agreement with Mr. Zubair Ahmed for a period of 5 years w.e.f. 1st September, 1998. No severance fee is payable to Mr. Ahmed.

The Company has not issued any Stock options to any of its Directors.

4. Committees of the Board

Audit Committee

In line with international best practices, an Audit Committee of the Board was constituted on 20th February, 2001. The Committee comprises three Non Executive Directors i.e. Mr. S. K. Poddar, Mr. Abhey Yograj and Mr. V. N. Mathur. Mr. V. N. Mathur has extensive financial & accounting knowledge and background. Mr. V. N. Mathur was elected as the Chairman of the Committee for its meeting held on 30th March, 2002, and 29th April, 2002. Mr. Abhey Yograj was elected as the Chairman of the Committee for its subsequent meetings held during the year. The terms of reference of the Audit Committee are in line with Clause 49 II (C) & (D) of the Stock Exchange listing Agreement and Section 292A of the Companies Act, 1956. The Committee acts as a link between the Management, Auditors and the Board of Directors of the Company and has full access to financial information.

During the year 2002, four Committee meetings were held on 30th March, 2002, 29th April, 2002, 31st July, 2002, and 28th October, 2002, and was attended by all members of the Committee. The quorum for the Committee is two members. The Committee amongst other financial matters discussed the following :

- (a) Unaudited financial results for 2nd & 3rd Quarter.
- (b) Audited financial results for the year ended 31st December, 2001.
- (c) Internal Audit plan for the year.
- (d) Internal Audit report of The Gillette Company on Revenue cycle & general Computer controls.
- (e) Internal Audit report of The Gillette Company on Warehousing and Distribution.
- (f) Review of Internal Audit reports of The Gillette Company.
- (g) Audit report on excise operations of the Bhiwadi factory.
- (h) Audit report on capitalisation of Corporate office.
- (i) Risk Management.
- (j) Legal Audit of Divisional Sales Office.
- (k) Compliances under Accounting Standards.
- (l) Compliances under Stock Exchange listing / SEBI guidelines.

The minutes of the Committee are placed before the Board. The Company Secretary is the Secretary of the Committee and has attended all its meetings.

Share Transfer and Shareholders / Investors Grievance Committee :

The Company has a Share Transfer and Shareholders / Investors Grievance Committee of the Board, which was constituted on 20th February, 2001 comprising Mr. Zubair Ahmed, Mr. V. N. Mathur, Mr. P. N. Dang and Mr. Akshay Poddar as members. The Chairman is elected amongst the members of the Committee. The various issues addressed in connection with Shareholders and Investors services and complaints are :

- a) Share Transfers :
 - i) Approve and register transfer and transmission of Shares in cases, where applicable.
 - ii) Sub-division/consolidation/replacement of Share Certificates.
 - iii) Issue of Duplicate Share Certificates in lieu of lost Share Certificates.
 - iv) Affix Common Seal on Share Certificates and maintain safe custody of 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 at regular intervals to effect Share Transfers. The Company Secretary is the Secretary of the Committee and has attended all its meetings. He addresses Shareholders complaints, oversees share transfer process and liaises with the regulatory authorities.

5. Management

- A. Management Discussion and Analysis Report forms part of Directors' Report on the Annual Accounts, more specifically under Operations, Industry Structure and Developments, Outlook and Opportunities, Threats, Risks and Concerns, Current Operations, Internal Control Systems and Human Resource Development.