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**Gillette**  
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**Gillette India Limited**

Annual Report 2007-2008



## Annual Report 2007-2008



Dear Shareholders,

It gives me great pleasure to share with you your Company's performance for the year 2007/08. Once again, we continued to grow across all our businesses – Blades & Razors, Oral care and Portable Power.

Your Company has always been known for the strength of its brands. *Mach3*, *Vector Plus*, *Oral-B* and *Duracell* are instantly recognizable global brands that Indian consumers trust and believe in for superior quality and value. Your Company has consistently made all efforts to ensure that this trust is upheld through a myriad of business challenges. In a year that was marked by inflationary pressures fed by rising cost of crude oil and other materials, it was even more important for consumers to believe that the products that they were buying, genuinely offered superior value.

As a result, your Company continued to register strong growth during the year ended June 30, 2008. The total sales (net of excise) at Rs.589 crores were up by 16% when compared to the sales of Rs.506 crores of last twelve months period ended June 30, 2007. Profit before tax (PBT) at Rs.168 crores were up by 20% when compared to PBT of Rs.140 crores of last corresponding period. When adjusted for exceptional items, Profit after tax (PAT) at Rs.107 crores grew 16% against PAT of Rs.92 crores of the previous corresponding period.

Our flagship business - Blades & Razor – grew by 15% on the back of impactful consumer initiatives by *Mach3* and *Vector Plus*. One of these initiatives was the launch of the iconic *Gillette Winners* platform in India of football sensation Thierry Henry, 13 times tennis grand slam winner Roger Federer, No. 1 golf player in the world Tiger Woods and our own Rahul Dravid. This elite platform became the driving force behind multi touchpoint marketing activities through the year covering a gamut of media including television, print, internet and radio.

*Vector Plus* continued to penetrate deeper into the hearts of Indian consumers and converted millions of the traditional double edge users to the superior systems by offering a revolutionary price point that will now allow men across India to have a tension free shave for 3 weeks at just Rs.10.

I believe that the future of our business lies in capturing the hearts and minds of adolescent boys on the verge of adulthood. *Vector Plus* is now reaching out to this population through a unique and innovative platform called *The Winning Edge*. This platform provides a common space for adolescents to learn how to groom themselves in anticipation of their lives ahead. A perfect platform to introduce them to the essential grooming equipment – Gillette: *THE BEST A MAN CAN GET*.

After a sterling performance last year, the Oral care business of your company continued to trail blaze its way up the growth ladder. *Oral-B* registered a strong growth of 27% further consolidating its position as the country's no. 2 toothbrush brand. *Oral-B* also strengthened its presence in the category via new product launches at compelling price points (Shiny Clean, Gum Protect) and ramped up distribution (present in over 10 lakh outlets).

Your Company continues to benefit from synergies resulting from its operational integration with P&G. Our Oral care brand, for example, grew its distribution by 67% between pre and post-operational integration and became the only Gillette brand to cross 1 million stores. *Vector Plus* razors too benefitted from the distribution strength of P&G and reached 64% more outlets compared to pre-operational integration. I am confident that your Company will continue to benefit from P&G's scale, its organizational and operational excellence.

Despite macroeconomic challenges like rising cost of crude oil and other input materials, the projected GDP growth rate of 8.7% remained in line with the targeted average annual growth rate envisioned in the 11th Five Year Plan. Macroeconomic fundamentals continue to inspire confidence and investment climate remains optimistic. The growth rate of per capita income in 2007-08 at 7.2% was an encouraging sign of consistency as it matches the average of five years to the current year. Of more relevance to your Company, the per capita private final consumption expenditure increased in line with per capita income. In fact, at 5.3% the growth rate is marginally higher than the 5 Year average. The shock failure and trouble at some of the largest firms in the U.S. coupled with the U.S. housing bubble have negatively impacted global liquidity and confidence in the financial markets all over. It has had an impact on liquidity in India but fortunately for us our banks and institutions appear safe. This would assist India in continuing to be one of the fastest growing economies in the world.

This environment bodes well for your Company as it assures us of a buoyant consumer market. I am confident that as we invest behind consumer propositions that delight, we will continue to reap the rewards of such a market.

I would like to thank all our employees and valued shareholders for their trust and support in the Company.

Mumbai  
September 18, 2008

  
S. K. Poddar  
Chairman

## BOARD OF DIRECTORS

Mr. S. K. Poddar  
Chairman

Mr. S. Khosla  
Managing Director

Mr. S. Bansal  
Whole-time Director

Mr. B. S. Mehta

Mr. C. R. Dua

Mr. G. C. Das

Mr. J. Sagar

Mr. A. Poddar  
(Alternate Mr. M. K. Kumar)

Ms. D. A. Henretta  
(Alternate Mr. Ashok Chhabra)

Mr. D. Acharya  
Company Secretary

*Gillette India Limited***DIRECTORS' REPORT TO THE MEMBERS**

The Board of Directors have pleasure in presenting their Twenty-fourth Annual Report together with the Audited Accounts for the financial year ended June 30, 2008.

**FINANCIAL RESULTS**

Your Directors draw the attention of the members to the financial results of the previous financial period, which was for eighteen months from January 1, 2006 to June 30, 2007. However, in order to better evaluate the financial performance of your Company, and help proper comparison, Directors have also presented the unaudited financial results for the twelve month period ended June 30, 2007.

(Figures in Rs. crores)

	2007-08	2006-07 (Unaudited results for comparison purpose only)	For the Extended Financial Period ended June 30, 2007
Sales (less excise duty)	588.84	505.61	683.04
Other Income	19.13	18.40	33.46
Profit before tax & exceptional items	167.74	140.19	173.51
Exceptional Items	14.45	80.59	42.46
Profit before Tax	182.19	220.78	215.97
Provision for Tax	(64.82)	(70.52)	(73.61)
Profit after Tax	117.37	150.26	142.36
Profit brought forward from previous year	125.04		62.93
Balance available for appropriation, which the Directors have appropriated as under:	242.41		205.29
a. Transfer to Contingency Reserve	6.00		—
b. General Reserve	11.75		14.50
c. Interim Dividend paid and tax thereon	—		37.16
d. Proposed dividend	40.73		24.44
e. Tax on proposed dividend	6.92		4.15
Balance carried to Balance-Sheet	177.01		125.04



## Annual Report 2007-2008

### DIVIDEND

Your Directors are pleased to recommend, subject to the approval of the members, a dividend @ 125% (Rs.12.50 per equity share of Rs.10 each) amounting to Rs.40.73 crores, for the financial year ended June 30, 2008.

### OPERATIONS

Your Company continued to register strong growth during the year ended June 30, 2008. The total sales (net of excise) at Rs.589 crores was up by 16% when compared to Rs.506 crores for the corresponding twelve month period ended June 30, 2007.

Profit before Tax and Exceptional Items at Rs.168 crores is up by 20% when compared to Profit before Tax and Exceptional Items of Rs.140 crores for the corresponding period ended June 30, 2007.

Profit after Tax (PAT) for the year under review is at Rs.117 crores. PAT for this year includes exceptional item of Rs.14 crores towards the sale of Company's immovable property at Mysore. This PAT is not comparable with the PAT of Rs.150 crores of the previous corresponding period, which includes exceptional item of Rs.38 crores on account of financial restructuring and reconstruction and Rs.42 crores on account of aforesaid sale of immovable property. When adjusted for these exceptional items, the PAT for the year at Rs.107 crores is up by 16% against Rs.92 crores for the previous corresponding period.

### PERSONAL GROOMING

Millions of men continued to get "*The Best A Man Can Get*" and in the process drove the Blades & Razor business to a strong double digit growth of 15%. In tune with Gillette's legacy, its flagship brands – *Gillette Mach3* and *Gillette Vector Plus* – delivered marketing programs rooted in the simple principles of consumer delight and holistic marketing.

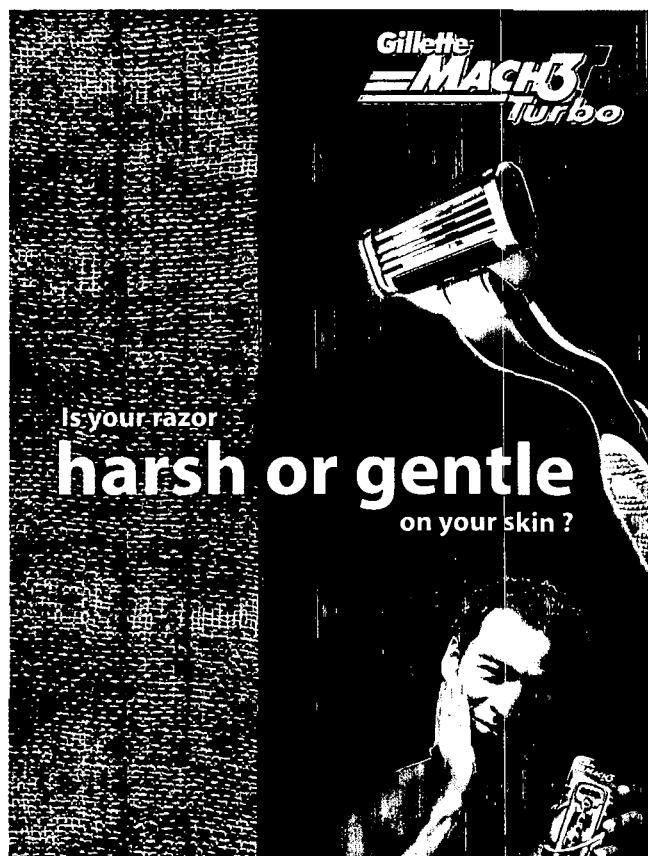
During the year under review, your Company launched the *Gillette Winners* program that had sport legends Roger Federer, Thierry Henry and Tiger Woods at the forefront. Keeping in mind the Indian consumer, the then Indian Cricket Captain, Rahul Dravid was made a part of this global platform. This platform was then used to drive a new campaign themed around the Winner's mantra of "*Be Your Best Today*". An impactful combination of advertising, PR, mall activation, radio, interactive marketing and in-store display was put together to engage the consumer with the Gillette philosophy.

The program was sustained over the period of a year via unique and interesting interventions like "*Challenge the Winners*" and "*Gillette Mach3 Comfort Challenge*". While the former rewarded consumers who won an online gaming contest (featuring the sport of choice of the Gillette icons) by arranging for them to fly to Australia and meet Rahul Dravid, the latter invited consumers to try the *Gillette Mach3* experience and share their feedback. The Comfort Challenge, first thrown by Rahul Dravid to Mahesh Bhupathi, tennis player and Rahul Bose, actor was taken by thousands of men, 99% of whom declared that the *Gillette Mach3* shave was indeed the most comfortable shave they ever had.

Your Company understands that before men can upgrade to a superior system of comfortable shaving with *Gillette Mach3*, they need to first convert from the traditional double edge blades to an entry level system. *Vector Plus* has been the key intervention to effect this change, as it is designed to suit the needs of Indian masses. The tension free shave offered by *Vector Plus* has grown the business year on year. Your Company further improved the *Vector Plus* proposition by re-pricing it to an extent where consumers could enjoy 3 weeks of tension free shave at only Rs.10/-. To celebrate this revolutionary offer, *Vector Plus* launched a 10 city Ten10 Gully Cricket Tournament. To make sure *Vector Plus* delighted consumers as much on style as on value, it introduced a trendy, all-red razor that appeal to young men who love a racy lifestyle. These efforts helped spur consumer demand, doubled the brand's penetration and further accelerated growth.

With an eye to build future business, *Vector Plus* invested in setting up a Grooming platform, *The Winning Edge*, to help youngsters "*Speak Good, Talk Good and Look Good*". The program works with trained counselors offering counsel and valuable tips to young men to get the winning edge with *Vector Plus*.

During the year under review, Personal Care business also recorded over 20% growth driven by increased preference for shaving gel over cream.



## Gillette India Limited

### ORAL CARE

Oral care business continued to trail blaze its way up and recorded an astounding 27% growth thereby further consolidating its position as the number 2 brand of the toothbrush market. The growth was fuelled by fundamentals and a focus on consumer needs. An innovative program that drove business was the "Free Dental Check Up" campaign where consumers could benefit from the expertise of professional dentists at no cost.



Further, Oral-B launched a new variant *Shiny Clean* priced at Rs.13 targeted at the value segment. With this new price point the average Indian consumer now has access to Oral-B's world class rounded bristle technology. Also, with *Shiny Clean*, Oral-B has expanded its reach to over 10 lakh stores around the country making it deeply penetrated and easily accessible. Another variant, *Oral-B Gum Protect*, was introduced to cater to consumers who needed soft brushes but at an affordable price. Again, this helped us meet an unmet consumer need and delight her. With the sustained advertising and innovating marketing programs, India also became the fastest growing business for Oral-B worldwide.

### PORTABLE POWER

Portable Power continued to grow sustainably with a robust 10% growth over last year. Much of this growth came on the back of a holistic marketing campaign and a growing consumer realization of the benefits of long lasting alkaline batteries like *Duracell*. Your Directors believe that purchase of *Duracell* brand battery is a great value proposition for consumers as it lasts upto 10 times longer at approximately three times the price of an ordinary zinc carbon battery. Your Company sees a very good business opportunity to upgrade consumers from ordinary zinc batteries to *Duracell* alkaline batteries.

### MANUFACTURING

The Directors have pleasure to inform you that during the year under review, Bhiwadi plant has embarked on new initiative called Integrated Work Systems (IWS) which builds capability and will further enhance the plant's operational efficiency. Bhiwadi plant also achieved the distinction of

having perfect safety record by ensuring zero accident, which is a measure of high morale and is a result of focus and sustained efforts by all employees. Your Directors take pleasure in informing you that your Company has achieved highest ever production in its history, which is 36% higher than last year.

Last year, we informed you that your Company successfully established the new manufacturing facility at tax free zone of Baddi, Himachal Pradesh. Your Directors take immense pleasure in informing that this new facility has not only been fully operationalized but also been able to achieve all key metrics in the very first year of operation.

### SHIKSHA: PADHEGA INDIA, BADHEGA INDIA

According to our partner CRY, over 200 million children in India are denied access to education. Close to 47% of India's habitation does not have a primary school. When it comes to children's education – there is no dearth of rather disappointing statistics. Program *Shiksha* – is your Company's attempt to help address these issues and work towards its vision of seeing every child in school. Singing the motto 'Padhega India, Badhega India' *Shiksha* truly believes that the secret to a brighter future of this country lies in the quality education of our children.

Over the last four years, *Shiksha* has been able to lead 87,000 children on the path of education with your Company and all the P&G group companies donating more than Rs.8 crores thereby reaching out to over 300 communities. This year's contribution of over Rs.3 crores has been the single largest contribution from your Company and P&G group companies in any year. This year was also memorable for unique executions like the *Shiksha* Time Capsule. A school bag full of items from present day education system was buried deep inside the earth to be opened 100 years later as a reminder of our times. Actress Esha Deol attended the ceremony and members of the media gave it wide coverage.

Each year *Shiksha* wins the hearts of not just the tiny lives it touches – but also of everyone that chooses to participate in it. Over the years we have had over 23 top celebrities from across the country volunteering their time to help generate awareness of the cause. Our biggest victory however remains the millions of consumers that believe in *Shiksha* and step



Shantanu Khosla, MD, along with film actresses Soha Ali Khan & Konkana Sen Sharma at the closure of Shiksha 2008.

**Annual Report 2007-2008**

forward to buy our brands in order to help lead children to education in their own little way. It may be just another drop in the ocean but it is one step closer to a brighter India.

**CORPORATE GOVERNANCE**

A separate report on Corporate Governance along with Auditors' Certificate on its compliance is annexed to this Report.

**SCHEME OF ARRANGEMENT**

During the year under review, the business restructuring exercise undertaken by your Company, pursuant to the Scheme of Arrangement under Section 391 of the Companies Act, 1956, duly sanctioned by the Hon'ble High Court of Rajasthan at Jaipur on August 22, 2006, was successfully concluded. Of the total reserves of Rs.85 crores, an amount of Rs.15.87 crores has now been transferred to the Amalgamation Reserve, forming part of the Capital Reserve.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956("the Act"), with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i. that in the preparation of the annual accounts for the financial year ended June 30, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or loss of the Company for the year under review;
- iii. that the Directors had 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.
- iv. that the Directors had prepared the accounts for the financial year ended June 30, 2008, on a "going concern" basis.

**DIRECTORS**

Mr. C.R. Dua and Mr. Akshay Poddar retire by rotation at the ensuing annual general meeting, and being eligible, offer themselves for re-appointment.

Mr. Jyoti Sagar was appointed as an Additional Director on the Board of Directors of the Company with effect from August 29, 2008. As an Additional Director, he holds office upto the date of the ensuing annual general meeting. A notice has been received from a member proposing his candidature as Director of the Company, liable to retire by rotation.

Appropriate resolutions for the appointment/ re-appointment of the aforesaid directors are being moved at the ensuing annual general meeting, which the Board recommends for your approval.

**AUDITORS**

The Auditors, M/s. Deloitte Haskins & Sells, Mumbai, retire at the ensuing annual general meeting and offer themselves for re-appointment.

**COST AUDITORS**

The Company has re-appointed M/s. R. J. Goel & Company as the Cost Auditors for "Shaving Systems" manufactured at Bhiwadi plant for the year ending June 30, 2009, subject to the approval of the Central Government.

**CONSERVATION OF ENERGY & FOREIGN EXCHANGE**

The information, in accordance with the provisions of Section 217(i)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgoings, are attached as Annexure to this Report.

**HUMAN RESOURCE DEVELOPMENT**

Your Company has continued to focus on building employee capability and commitment, critical for sustaining business growth and profitability. Competence enhancement initiatives to lead and manage change, develop team and to coach individuals have led to higher levels of employee productivity. The culture of innovation has been strengthened by building innovation skills and processes to facilitate developments and successful implementation of new ideas.

Proactive communication programs, employees' engagement activities and high quality HR service support has resulted in a high level of employee morale and commitment to your Company.

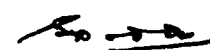
Your Directors wish to place on record their appreciation for the strong contribution made by employees who have through consistent and highly motivated performance enabled your Company to achieve these results.

The information as per Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules 1975 forms part of this Report. As per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the members of the Company excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Secretarial Officer at the registered office of the Company.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation of the services rendered by its suppliers, distributors, wholesalers, retailers, clearing and forwarding agents and all other business associates and acknowledge their efficiency and continued support in producing such healthy growth in the Company's business.

**For and on behalf of the Board**



**S.K. Poddar**  
Chairman

**Mumbai**  
**August 29, 2008**

**Gillette India Limited****ANNEXURE TO THE DIRECTORS' REPORT**

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

**A. CONSERVATION OF ENERGY**

The Company has an efficient energy conservation task force, which is actively involved in continuous monitoring of energy usage and its conservation.

## 1. Measures taken this year were-

- (a) As suggested by CII energy audit, conservation projects are in progress;
- (b) Optimizing the power consumption in Air Handling Units (AHUs) by installing AC variable drives which was started last year has been replicated to all the units in the plant;
- (c) Optimal utilization of chillers by effective modulation thereby reducing energy consumption;
- (d) Project of optimizing plant lighting to save energy is in progress;
- (e) Replaced conventional Lead Acid batteries on all Diesel Generating sets at Bhiwadi plant with energy efficient batteries;
- (f) Installed AC variable drive at sharpening exhaust to run at optimal frequency to save energy.

## 2. Additional investments / proposals –

- (a) Exploring alternate source of power
- (b) Improving power factor in the identified MCC's and reduce I<sup>2</sup>R (energy) losses.
- (c) Reduce compressed air leakages to optimize compressors usage.

**B. TECHNOLOGY ABSORPTION**

Efforts made in technology absorption as per Form B.

Not applicable

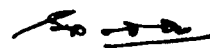
**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

## 1. Efforts and initiatives in relation to exports.

The Company's products continue to be accepted in overseas markets. Efforts are on to further increase exports of personal grooming products to other countries.

## 2. The particulars of foreign exchange earned/ utilized during the year are given in Schedule 17.B.11(j) and (h) to the Accounts, respectively.

For and on behalf of the Board



**S.K. Poddar**  
Chairman

**Mumbai**  
**August 29, 2008**



## 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.

**Gillette India Limited****(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 22<sup>nd</sup> 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 23<sup>rd</sup> 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.