

CORPORATE GOVERNANCE

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, Members and the Board of Directors to help ensure that all stake holders 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 level, 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 helps us maintain the highest standards of Corporate Governance. Our Audit Committee is comprised of Non-Executive 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, which 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 our employees, including key employees, of observing high standards of Corporate Governance through the Company's *Worldwide Business Conduct Manual (WBCM)*, which sets forth Management's commitment to conduct its business affairs with high ethical standards. WBCM flows from our PVP which is the umbrella for our critical policy areas, which in turn creates specific guidelines and standards. The WBCM enables the Company's employees to make easier connections to relevant policies and the tools that support them. The WBCM 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

The *Worldwide Business Conduct Manual* also details the policy statements, operating policies/procedures/practices and Internal controls being followed by the Company with specific emphasis on ethical behaviour of employees, compliance with all applicable laws in letter and spirit, ensuring accuracy of books and records, maintaining confidentiality of corporate data, avoidance of conflict of interest, fair dealings, fair competition, following best practices for safety and health of Company personnel, environmental protection, trading in securities and a host of special legal issues.

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 and employees, 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. As on date the Board comprises of Non-Executive Independent Chairman, Managing Director (Executive) and five Non-Executive Directors. Mr. Shantanu Khosla, Managing Director is involved in the day-to-day management of the Company while the Non-Executive Directors bring external perspective and independence to decision making. Mr. B. S. Mehta (Chairman), Mr. C. R. Dua, Mr. G. Das and Mr. A. K. Gupta are 'Non-Executive Independent Directors' as per Clause 49 I (A) of the Listing Agreement with the Stock Exchanges. All other Directors, except the Managing Director and the Non-Executive Independent Directors, are liable to retire by rotation. 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, 2014 are given below:

Name of the Director	Category	Designation	Other Directorships *	Membership of other Board Committees **	
				Member	Chairman
Mr. B. S. Mehta	NED/ID	Chairman	13	9	4
Mr. Shantanu Khosla	ED	Managing Director	2	2	Nil
Mr. C. R. Dua	ID	Director	6	3	Nil
Mr. Gurcharan Das	ID	Director	3	Nil	Nil
Mr. A. K. Gupta	ID	Director	1	2	Nil
Mr. Pramod Agarwal	NED	Director	1	Nil	Nil
Ms. Sonali Dhawan #	NED	Director	1	Nil	Nil

NED – Non-Executive Director

ED – Executive Director

ID – Independent Director

* Excludes directorships in private limited companies, bodies corporate, foreign companies, memberships of managing committees of various chambers/bodies and alternate directorships.

** Includes memberships of only audit committees and shareholders' grievance committees of public companies.

Ms. Sonali Dhawan was appointed as an Additional Director of the Company w.e.f. February 25, 2014

During the year, Mr. S. K. Poddar, Chairman ceased to be the Director of the Company with effect from December 26, 2013, and consequently ceased to be the Chairman of the Company. Mr. B. S. Mehta was appointed as the Chairman of the Company with effect from February 3, 2014.

Mr. Amit Vyas ceased to be the Company Secretary & Compliance Officer of the Company with effect from February 26, 2014. Ms. Jessica Rastogi was appointed as the Deputy Company Secretary & Compliance Officer with effect from March 26, 2014.

(b) Number of meetings of the Board:

During the Financial Year 2013-14, five (5) meetings of the Board were held on August 6, 2013, October 31, 2013, January 8, 2014, February 3, 2014 and May 6, 2014 respectively. The Annual General Meeting for the Financial Year ended June 30, 2013, was held on November 19, 2013.

(c) Directors' attendance record:

The attendance of Directors at the Board meetings and at the last Annual General meeting is as under:

Name of Director	No. of Board meetings held during the tenure	No. of Board meetings attended	Last Annual General Meeting (Whether Attended)
Mr. S. K. Poddar*	2	2	Yes
Mr. Shantanu Khosla	5	5	Yes
Mr. B. S. Mehta	5	5	No
Mr. C.R. Dua	5	3	No
Mr. Gurcharan Das	5	3	No
Mr. Akshay Poddar **	2	2	No
Mr. A. K. Gupta	5	5	Yes
Mr. Pramod Agarwal	5	2	No
Ms. Sonali Dhawan ***	1	1	Not Applicable

* Mr. S. K. Poddar ceased to be the Director of the Company w.e.f. December 26, 2013

** Mr. Akshay Poddar ceased to be the Director of the Company w.e.f. December 27, 2013

*** Ms. Sonali Dhawan was appointed as an Additional Director of the Company w.e.f. February 25, 2014

(d) Materially significant related party transactions having potential conflict with the interest of the Company

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 no. 39 forming part of the Financial Statements.

(e) Remuneration of Directors:

The Members of the Company at their 28th Annual General Meeting held on December 11, 2012, have accorded approval for payment of commission upto 1% of the net profits per annum in the aggregate to the Non-Executive Directors of the Company for a period of five years w.e.f. from January 1, 2013 by way of a Special Resolution. The aforesaid resolution empowered the Board of Directors to fix the quantum of commission payable to each of the Non-Executive Directors.

Pursuant to the said approval, the Board of Directors (comprising of non interested Directors) had accorded approval for payment of commission for the Financial Year 2013-14 to the tune of ₹ 71,19,970/- (exclusive of service tax of ₹ 8,80,030/-) in aggregate to the Non-Executive Directors of the Company. The said commission is within the limits of 1% of the net profits of the Company in the aggregate, as calculated as per the applicable provisions

of the Companies Act. The Non-Executive Directors are paid to compensate their valuable contribution to the Company owing to their wealth of experience and knowledge.

The application seeking the approval of Ministry of Corporate Affairs for waiver of commission paid in excess to the statutory limits, to the Non-Executive Directors for Financial Year 2011-12 has not been accorded to. Accordingly, the Directors have returned the proportionate amount(s) held by them under trust.

Mr. Shantanu Khosla was re-appointed as the Managing Director of the Company for a period of five years w.e.f. January 29, 2012 by the Members of the Company at their 28th Annual General Meeting held on December 11, 2012.

No fee/compensation is payable to the Directors on severance of their directorship with the Company.

The details of remuneration paid/provided to the Executive/Non-Executive Directors during the Financial Year 2013-14 are as under:

Name of Director	Relationship with other directors	Salary including Bonus + PF contribution	Perquisites	Commission	Service tax	Amount in ₹	
						Total	Shares held (Equity Shares, face value of ₹ 10/- each)
Mr. S. K. Poddar *	Father of Mr. Akshay Poddar	Nil	Nil	37,47,352	4,63,173	42,10,525	Nil
Mr. Shantanu Khosla	None	Nil [#]	Nil [#]	Nil	Nil	Nil	Nil
Mr. C. R. Dua	None	Nil	Nil	7,49,471	92,635	8,42,106	Nil
Mr. B. S. Mehta	None	Nil	Nil	7,49,471	92,635	8,42,106	Nil
Mr. Gurcharan Das	None	Nil	Nil	7,49,471	92,635	8,42,106	Nil
Mr. Akshay Poddar **	Son of Mr. S. K. Poddar	Nil	Nil	3,74,734	46,317	4,21,051	Nil
Mr. Anil Kumar Gupta	None	Nil	Nil	7,49,471	92,635	8,42,106	Nil
Mr. Pramod Agarwal	None	Nil	Nil	Nil	Nil	Nil	Nil
Ms. Sonali Dhawan ***	None	Nil ^{##}	Nil ^{##}	Nil	Nil	Nil	Nil

NOTE - No sitting fee is payable to any Director

Employee benefit expenses under Note 21 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 123 Lakhs (Previous Year: ₹ 127 Lakhs) cross charged from Procter & Gamble Hygiene and Health Care Ltd in terms of the common service agreement;

Employee benefit expenses under Note 21 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 13 Lakhs/- (Previous Year: Nil) cross charged from Procter & Gamble Home Products Limited Ltd in terms of the common service agreement;

* Mr. S. K. Poddar ceased to be the Director of the Company w.e.f. December 26, 2013;

** Mr. Akshay Poddar ceased to be the Director of the Company w.e.f. December 27, 2013;

*** Ms. Sonali Dhawan was appointed as an Additional Director of the Company w.e.f. February 25, 2014.

Stock Options

The Company has not issued stock options to any of its Directors. However, all employees of the Company are given the right to purchase shares of the ultimate holding 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 ultimate holding Company under its 'Employee Stock Option Plan'. Details as

regards the same are disclosed vide note no. 27 forming part of the Financial Statements.

(f) Committees of the Board:

(i) Audit Committee

The Audit Committee comprises of Mr. C. R. Dua (Chairman), Mr. B. S. Mehta (Member), Mr. Gurcharan Das (Member) and Mr. A. K. Gupta (Member). During

the Financial Year 2013-14, four Audit Committee meetings were held on August 6, 2013, October 31, 2013, February 3, 2014 and May 6, 2014 respectively.

Mr. Amit Vyas ceased to be the Secretary to the Audit Committee with effect from February 26, 2014. Effective March 26, 2014, Ms. Jessica Rastogi is the Secretary to the Audit Committee.

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

Name	Designation	Category	Profession	No. of meetings held during tenure	No. of meetings attended
Mr. C. R. Dua	Chairman	ID	Advocate	4	3
Mr. S. K. Poddar *	Member	NED	Business	2	2
Mr. B. S. Mehta	Member	ID	Chartered Accountant	4	4
Mr. Gurcharan Das	Member	ID	Management Consultant	4	3
Mr. A. K. Gupta**	Member	ID	Consultant	4	4

NED – Non-Executive Director

ED – Executive Director

ID – Independent Director

* *Mr. S. K. Poddar ceased to be the Director of the Company w.e.f. December 26, 2013*

** *Mr. A. K. Gupta was appointed as the Chairman of the Audit Committee Meeting held on October 31, 2013, and was authorised by the Board to attend the 29th Annual General Meeting as the Chairman of the Audit Committee*

All the committee members have extensive financial background and accounting knowledge. The Audit Committee plays the role as is contemplated under Section 292A of the Companies Act, 1956, read with the Listing Agreement as amended from time to time, with the Stock Exchanges. 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 should be 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 exercise of judgment by management

- Qualifications in draft Audit Report
 - Significant adjustments arising out of audit
 - The going concern assumption
 - Compliance with Accounting Standards
 - Compliance with Stock Exchange(s) regulations and legal requirements concerning Financial Statements
 - Related Party transactions
- (d) Reviewing with the management, external and internal Auditors, the adequacy of internal control system and the Company's statement on the same prior to endorsement by the Board;
 - (e) Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
 - (f) Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
 - (g) Discussion with the external auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;

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

The minutes of the Committee are placed before the Board.

(ii) Shareholders' Grievance Committee

The Shareholders' Grievance Committee comprises of Mr. Anil K. Gupta (Chairman) and Mr. Shantanu Khosla (Member). Ms. Jessica Rastogi is the Secretary to the Committee. During the Financial Year, four meetings were held on August 6, 2013, October 31, 2013, February 3, 2014 and May 6, 2014.

The role of the Committee is as follows:

- Resolving the grievances of the share holders of the Company including complaints related to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc.;
- Overseeing transfer/transmission of shares, issue of duplicate share certificates, and dematerialization/ dematerialization of shares.

The minutes of the Committee are placed before the Board.

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

Name	No. of Committee meetings held during the tenure	No. of Committee meetings attended
Mr. Anil K Gupta *	4	4
Mr. Shantanu Khosla	4	4
Mr. Akshay Poddar **	2	2

* Mr. A. K. Gupta was appointed as the Chairman of the Committee on February 3, 2014

** Mr. Akshay Poddar ceased to be the Director of the Company w.e.f. December 27, 2013, consequently he ceased to be the Chairman of the Committee.

During the Financial Year, the Company received 31 complaints from the Members of the Company. These complaints have been resolved to the satisfaction of the Members except for

disputed cases and sub-judice matters, which would be resolved on final disposal by Courts. There were no pending share transfers as on June 30, 2014.

3. SHAREHOLDERS

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

1. **Mr. Pramod Agarwal**, Non-Executive Director, is a Bachelor of Commerce from Kanpur University and a Post Graduate in Management from Indian Institute of Management, Ahmedabad. He is Vice President – Finance & Accounting for Global Hair Care & Color Business of Procter & Gamble based out of Geneva Switzerland. Mr. Agarwal is an expert in Finance with deep knowledge of the business in various geographies and product categories. Prior to the current role, he was the Vice President Finance & Accounting for Asia business and rich experience in pulling the business out of Asian economic crisis in 1997 as well as the global financial crisis in 2008 and enabled strong growth of P&G business in Asia.

Mr. Agarwal has an experience of over 27 years and has worked across multiple geographies including Thailand, Japan, Philippines, USA, Singapore and now in Switzerland.

Mr. Agarwal has been selected as Member of the Indian Institute of Management Ahmedabad Society.

Mr. Agarwal is also a Director on the Board of Procter & Gamble Hygiene and Health Care Limited.

Mr. Agarwal, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 30th Annual General Meeting.

2. **Mr. B. S. Mehta** is a graduate in commerce and a fellow member of the Institute of Chartered Accountants of India. Mr. Mehta is an accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He is a director on the boards of several prominent companies in India.

Mr. Mehta is also a director on the Board of Atul Limited, Bharat Bijlee Limited, Century Enka Limited, CEAT Limited, Housing Development Finance Corporation Limited, IL&FS Investment Managers Limited, J B Chemicals & Pharmaceuticals Limited, Pidilite Industries Limited, Sarsen Communication Technologies Limited, SBI

Capital Markets Limited, Procter & Gamble Hygiene and Health Care Limited, NSDL E-Governance Infrastructure Limited and Sudarshan Chemicals Industries Limited.

Mr. Mehta, meets the criteria of independence laid down in Section 149 of the Companies Act, 2013, and has furnished a declaration to the Company in this respect. Accordingly, the Board of Directors recommends the Members of the Company to appoint Mr. Mehta as the Non-Executive Independent Director for a period of five years in terms of Section 149 of the Companies Act, 2013, not being liable to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 30th Annual General Meeting.

3. **Mr. C. R. Dua** is the founder of Dua Associates which is one of the prominent law firms in India. He has been actively involved in the process of regulatory reforms in India consistent with India's multilateral trade policy commitments.

Mr. Dua has been a member of the Advisory Committee on Competition Advocacy and also of the Competition Commission Advisory Committee on Regulations of the Competition Commission of India. Mr. Dua is a founder member of the American Chamber of Commerce in India and continues to be an invited member on their Executive Board. He is a Member of the National Executive Committee of Federation of Indian Chambers of Commerce and Industry ("FICCI"). He is currently a Senior Vice President of The Society of Indian Law Firms ("SILF"). He is also a member of BNP Paribas Group India Advisory Board.

Mr. Dua is director on the Boards of Cabot India Limited, Pearl Global Industries Limited, Vodafone India Limited, Tractors & Farm Equipment Limited, TVS Motor Company Limited & Wimco Limited.

Mr. Dua, meets the criteria of independence laid down in Section 149 of the Companies Act, 2013, and has furnished a declaration to the Company in this respect. Accordingly, the Board of Directors recommends the Members of the Company to appoint Mr. Dua as the Non-Executive Independent Director for a period of five years in terms of Section 149 of the Companies Act, 2013, not being liable to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 30th Annual General Meeting.

4. **Mr. Gurcharan Das** is an author, management guru and public intellectual. Mr. Das graduated with honors from Harvard University and later attended Harvard Business School (AMP), where he is featured in three case studies. He is a Director on various Boards and is a regular speaker to the managements of the world's largest corporations. He has been on the juries of the McKinsey Award for the best Harvard Business Review article, the Milton Friedman award and the Templeton Prize.

Mr. Das is a Director on the Boards of Fortis Health Care Limited, Air India Limited and Berger Paints India Limited.

Mr. Das, meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 and has furnished a declaration to the Company in this respect. Accordingly, the Board of Director recommends the Members of the Company to appoint Mr. Das as the Non-Executive Independent Director for a period of five years in terms of Section 149 of the Companies Act, 2013, not being liable to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 30th Annual General Meeting.

5. **Mr. A. K. Gupta** is an Engineer from Indian Institute of Technology, Delhi besides holding Post Graduate 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 35 years in India and abroad in the field of manufacturing and product supply and had held various senior management positions.

Mr. Gupta is also a Director on the Board of Procter & Gamble Hygiene and Health Care Limited.

Mr. Gupta meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 and has furnished a declaration to the Company in this respect. Accordingly, the Board of Director recommends the Members of the Company to appoint Mr. Gupta as the Non-Executive Independent Director for a period of five years with effect in terms of Section 149 of the Companies Act, 2013, not being liable to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 30th Annual General Meeting.

6. **Ms. Sonali Dhawan** is a graduate from Lady Shriram College, with a B.Com (Hons.) in Business Studies. She holds Masters in Business Administration in Marketing from the Indian Institute of Management, Ahmedabad.

Ms. Dhawan joined Procter & Gamble in 1998. She has handled various roles in Marketing across different regions which include ASEAN, India & Australia. Through a career spanning 15 years, she brings with her a wealth of experience.

Ms. Dhawan is also a Director on the Board of Procter & Gamble Hygiene and Health Care Limited.

Ms. Dhawan was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from February 25, 2014. As an Additional Director she holds office upto the date of the 30th Annual General Meeting. A notice under Section 160 of the Companies Act, 2013 has been received from her proposing her candidature as the Non-Executive Director of the Company, liable to retire by rotation, along with a deposit of ₹ 1 Lakh. Resolution in respect of her appointment as the Non-Executive Director, liable to retire by rotation forms part of the Notice of the ensuing 30th Annual General Meeting

(b) Communication to Shareholders:

- (i) The Quarterly Results of the Company are announced within 45 days of completion of the Quarter, as prescribed under the Listing Agreement. Audited Annual Results are announced within 60 days of the end of Financial Year and are published in 'Business Standard' (English) and 'Dainik Lokjivan, Jaipur' (Hindi)
- (ii) The Company's results and official news releases are published on Company's website: www.pg.com/en_IN.
- (iii) Corporate presentations made to analysts and institutional investors during the Financial Year 2013-14, have been updated on the website of the Company: www.pg.com/en_IN.
- (iv) This Annual Report comprising of Notice calling the General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. for the Financial Year 2013-14, in electronic form, is being sent to the Members at the email address provided/updated by the Members with the Depository Participants/Registrar & Transfer Agents, as applicable.

(c) Disclosures:

- (i) *Materially significant related party transactions:*

There are no material transactions during the Financial Year that have a potential conflict with the interests of the Company.

- (ii) *Compliance by the Company:*

Minimum Public Shareholding requirement prescribed by the Securities and Exchange Board of India (SEBI)

In terms of the amendments to the Securities Contracts (Regulation) Rules, 2010, all listed companies (private sector) were required to achieve Minimum Public Shareholding of 25% by June 3, 2013. During the Financial Year, your Company has achieved compliance with Minimum Public Shareholding norm.

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

- (iii) *Whistle Blower policy:*

The Company follows a Whistle Blower Policy as laid down in its "Worldwide Business Conduct Manual". Any employee or other interested person can call on The Worldwide Business Conduct Helpline (previously called 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 Worldwide Business Conduct Helpline (previously called Alertline) is not staffed or monitored by Company personnel. All calls can be completed anonymous if the caller desires. The Worldwide Business Conduct Helpline can take calls in most languages spoken by the employees around the world.

Calls made to the Worldwide Business Conduct Helpline 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 Worldwide Business Conduct Helpline is accessible to all employees.

(iv) *CEO/CFO Certification:*

In terms of the requirement of Clause 49(V) of the Listing Agreement, the Managing Director and the Chief Financial Officer have made a certification to the Board of Directors in the prescribed format for the Financial 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) There are no audit qualifications in the Company's financial statements for the Financial Year 2013-14.
- (b) No specific training program was arranged for the Board Members. However, at the Board Meetings, detailed presentations are made by senior managerial personnel on the business related matters.
- (c) The Company has adopted a Whistle Blower Policy, as described above.

(d) General Meetings of Members:

AGM	DATE	TIME	VENUE	No. of special resolutions passed
29 th	19.11.2013	11.00 a.m.	All the three Annual General Meetings were held at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan - 301 019	1
28 th	11.12.2012	11.00 a.m.		3
27 th	31.10.2011	11.00 a.m.		1

At the previous 29th Annual General Meeting held on 19th November, 2013, the following Special Resolution was passed:

- i. Approval of Members under Section 309 of the Companies Act, 1956, subject to the approval of the Central Government, for waiver of recovery from the Non-Executive Directors, of the amounts of commission paid to them in excess of 1% of the net profits of the Company for the Financial Year ended June 30, 2013.

At the 28th Annual General Meeting held on 11th December, 2012, the following Special Resolutions were passed:

- i. Approval of Members under Section 309

of the Companies Act, 1956, subject to the approval of the Central Government, for waiver of recovery from the Non-Executive Directors, of the amounts of commission paid to them in excess of 1% of the net profits of the Company for the Financial Year ended June 30, 2012.

- ii. Approval of Members for payment of commission to the Non-Executive Directors of the Company for a period of five years with effect from January 1, 2013.
- iii. Approval of Members under Section 31 of the Companies Act, 1956 for Alteration of Articles of Association for enabling participation of Directors in Meetings through electronic mode.

At the 27th Annual General Meeting held on 31st October, 2011, the following Special Resolution was passed:

- i. Approval of Members under Section 309 of the Companies Act, 1956, subject to the approval of the Central Government, for waiver of recovery from the Non-Executive Directors, of the amounts of commission paid to them in excess of 1% of the net profits of the Company for the Financial Year ended June 30, 2011.

Postal Ballot

During the Financial Year, a Special Resolution for alteration of Articles of Association of the Company under Section 31 of the Companies Act, 1956 was passed by the Members of the Company through Postal Ballot.

The Board had appointed Mr. B. V. Dholakia, Practising Company Secretary, as the scrutinizer to conduct the Postal Ballot process in a fair and transparent manner.

The results of the postal ballot were declared on 24th December, 2013. Details of the voting pattern were as under:

Description of Resolution	No. of total valid Postal Ballot Forms/ e-votes received	Votes Cast (No. of Shares)	
		For	Against
Alteration of Articles of Association of the Company	585	1,17,29,287	6,069

Accordingly the said Resolution was approved by the Members of the Company, with requisite and overwhelming majority.

(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. The Code of Conduct has been posted on the Company's website at www.pg.com.com/en_IN.

(ii) Code of conduct for Prevention of Insider Trading:

The Board of the Company has adopted the Insider Trading Code modified in terms of amendments notified by SEBI under the SEBI (Prohibition of Insider Trading) Regulations, 1992 on November 19, 2008. The Insider Trading Code has been posted on the Company's website at www.pg.com.com/en_IN.

4. GENERAL SHAREHOLDERS INFORMATION:

(i) Annual General Meeting

The 30th Annual General Meeting will be held on **Monday, September 29, 2014 at 11.00 a.m.** at the Registered Office of the Company at SPA – 65A, Bhiwadi Industrial Area, Bhiwadi, (Dist. Alwar), Rajasthan - 301 019.

(ii) Financial Calendar

Financial Year	July to June
Accounts Finalization	August
Annual General Meeting	September – December
Dividend Dispatch	Within 30 days of Declaration
Quarterly Results	Normally within 45 days from end of quarter, except 4 th quarter when Audited Annual Results are declared within 60 Days from end of Financial Year as required under the Listing Agreement

(iii) Book Closure Date

Monday, September 15, 2014 to Monday, September 29, 2014 (both days inclusive)

(iv) Dividend Payment Details

Final Dividend, if declared : Will be paid on or before October 15, 2014

(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

BSE Limited: 507815
National Stock Exchange of India Limited: GILLETTE
ISIN CODE: INE322A01010

(vii) Stock Price Data

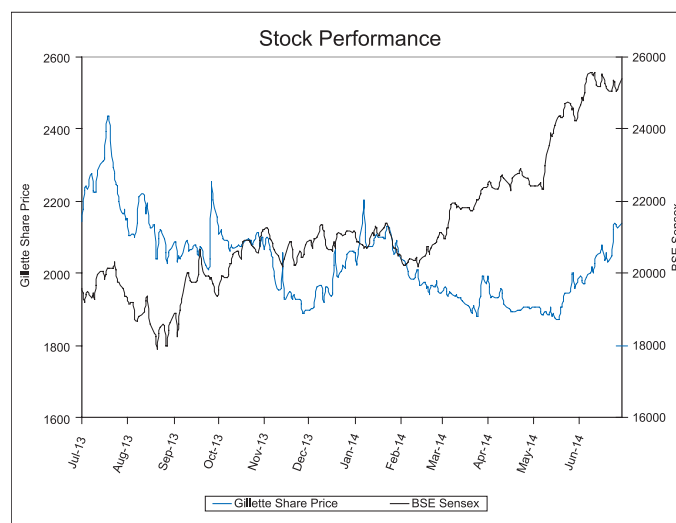
Monthly high and low quotation of shares traded on BSE and NSE during the Financial Year 2013-14.*

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July 2013	2,464.00	2,125.00	2,468.95	2,100.25
August 2013	2,235.00	2,005.00	2,299.90	2,010.00
September 2013	2,325.00	2,000.00	2,324.95	1,990.00
October 2013	2,199.60	2,017.00	2,196.95	2,041.00
November 2013	2,123.00	1,872.00	2,138.00	1,871.15
December 2013	2,114.00	1,885.00	2,148.00	1,885.00
January 2014	2,314.00	2,004.00	2,315.55	2,005.00
February 2014	2,081.00	1,930.00	2,078.00	1,927.00
March 2014	2,023.95	1,875.00	2,003.05	1,875.00
April 2014	2,008.00	1,882.05	2,010.05	1,880.10
May 2014	2,049.00	1,850.00	2,049.80	1,850.00
June 2014	2,158.00	1,960.00	2,162.20	1,950.00

* source: www.bseindia.com and www.nseindia.com
Note: High and low are in Rupees (₹) per traded share.

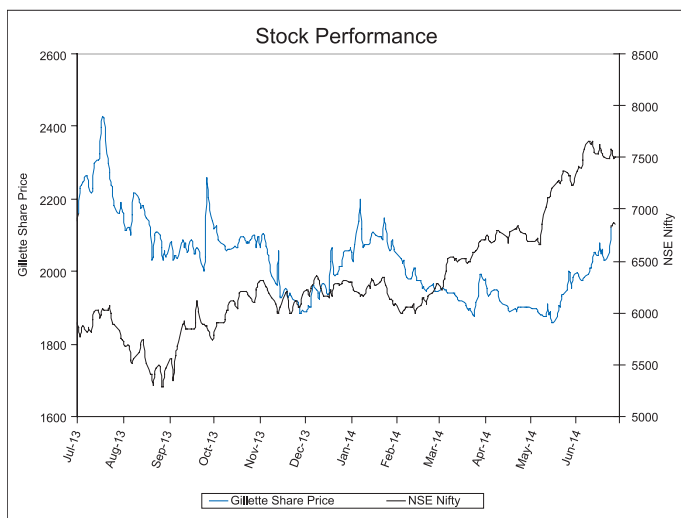
(viii) Performance in comparison to the BSE Sensex and NSE Nifty

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the Financial Year 2013-14:



Year – July 1, 2013 to June 30, 2014
(Source: www.bseindia.com)

The following chart shows the performance of the Company's share as compared to the NSE Nifty during the Financial Year 2013-2014:



Year – July 1, 2013 to June 30, 2014
(Source: www.nseindia.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 as per the listing agreement 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 2013-14, the Company had received 31 complaints from Members, which were resolved expeditiously. As on June 30, 2014, there were no complaints pending.

There were NIL share transfer pending as on June 30, 2014.

(xi) Distribution of shareholding by number of shares held as on June 30, 2014

No. of Shares held	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 – 500	17,453	95.93	10,85,919	3.33
501 – 1000	358	1.97	2,65,725	0.82
1001 – 2000	180	0.99	2,65,606	0.82
2001 – 3000	58	0.32	1,46,562	0.45
3001 – 4000	27	0.15	95,586	0.29
4001 – 5000	21	0.11	97,720	0.30
5001 – 10000	35	0.19	2,54,558	0.78
10001 and above	62	0.34	3,03,73,541	93.21
Total	18,194	100.00	3,25,85,217	100.00

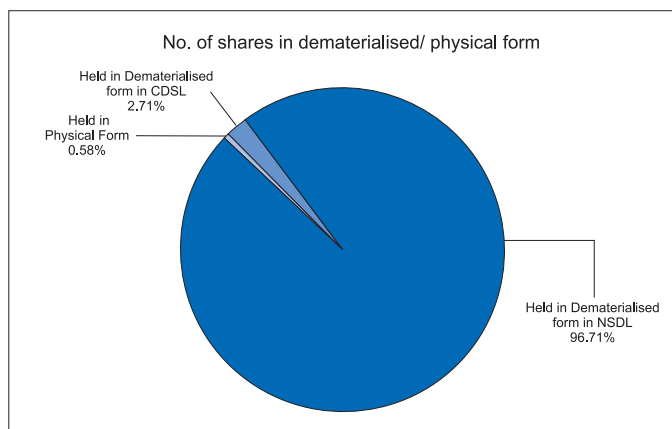
(xii) Distribution of shareholding by ownership as on June 30, 2014

Category	Number of Shares held	% of Shares held
Indian & Foreign Promoters	2,44,37,803	75.00
Resident Individuals and others	20,56,408	6.31
Mutual Funds & UTI	2,15,824	0.66
Financial Institutions/Banks	21,378	0.07
Foreign Institutional Investors	28,36,214	8.70
Private Corporate Bodies	23,14,688	7.10
NRIs	7,02,902	2.16
TOTAL	3,25,85,217	100.00

(xiii) Dematerialization of shares and liquidity

The Company's shares are required to be compulsorily traded on the Stock Exchange(s) in dematerialized form. As on June 30, 2014, the number of shares in dematerialized and physical mode is as under:

	No. of shares	% to total capital issued
Dematerialized form in NSDL	3,15,12,563	96.71
Dematerialized form in CDSL	8,82,896	2.71
Physical form	1,89,758	0.58
Total	3,25,85,217	100.00



(xiv) Shareholding of promoter/promoter group to be in dematerialized mode

In terms of Circular No- Cir/ISD/3/2011 dated June 17, 2011, SEBI has notified that the securities of Companies shall be traded in the normal segment of the Stock Exchanges, if and only if, the Company has achieved 100% of the Promoter's and Promoter group's shareholding in the dematerialized form. Accordingly, the Company has achieved 100% of the Promoter's and Promoter group's shareholding in the dematerialized form.

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

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

(xvi) Unclaimed/Unpaid Dividends

The amount of unclaimed dividends for and upto the Interim Dividend for the Year 2006-07 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.

Dividend for the Financial Year ended June 30, 2007 and subsequent years, which remain unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on the dates mentioned in the table below.

Members, who have not encashed their dividend warrants for the said Financial Years, are requested to seek issue of duplicate warrants on or before the due dates mentioned below, by writing to the Company's RTA, M/s. MAS Services Limited.

Dividend No.	Date of Declaration	For the Year ended	Due for transfer to IEPF
15	25.10.2007	30.06.2007	30.11.2014
16	22.10.2008	30.06.2008	28.11.2015
17	27.10.2009	30.06.2009	02.12.2016
18	18.11.2010	30.06.2010	24.12.2017
19	31.10.2011	30.06.2011	06.12.2018
20	11.12.2012	30.06.2012	16.01.2020
21	19.11.2013	30.06.2013	25.12.2020

Unclaimed interim dividend amount for the Financial Year 2006-07 of ₹ 7,46,630/- was transferred to the Investor Education and Protection Fund on April 12, 2014.

The details of dividends remaining unpaid for the aforementioned Previous Years are uploaded on the Company's website viz. www.pg.com.en_IN.

(xvii) Plant Locations

- (i) India Bhiwadi Manufacturing Centre**
SPA – 65A, Bhiwadi Industrial Area, Bhiwadi, (Dist. Alwar) Rajasthan – 301019
- (ii) India Baddi Packing Centre**
Plot no. 4, Industrial Area Village Katha, Bhatoli Kalan Baddi - 173205 Dist. Solan, Himachal Pradesh

(xviii) Addresses

- (i) For Correspondence:- Gillette India Limited**
P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (East) Mumbai - 400 099 Ph : 022-28266000; Fax 022-28267303
 - (ii) Registered Office:- Gillette India Limited**
SPA – 65A, Bhiwadi Industrial Area, Bhiwadi (Dist. Alwar) Rajasthan – 301019
- Compliance Officer:**
Ms. Jessica Rastogi,
Dy. Company Secretary & Compliance Officer
Ph : 022-28266000 Fax : 022-28267303
e-mail : rastogi.j@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 Financial Year ended June 30, 2014 and the Senior Management has complied with the Business Conduct Manual for the Financial Year ended June 30, 2014.

For **GILLETTE INDIA LIMITED**

sd/-

Shantanu Khosla
Managing Director

Mumbai
August 12, 2014

Auditors Certificate for Corporate Governance

To,
The Members
Gillette India Limited

We have examined the compliance of conditions of Corporate Governance by Gillette India Limited (the "Company") for the Financial Year ended June 30, 2014 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, except that:

As reported for the previous year ended June 30, 2013, the Company had provided and since paid excess commission amounting to ₹ 24 lakhs (including service tax of ₹ 3 lakhs). The Company's application to the Central Government for waiver is yet to be approved by the Central Government.

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 LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

(Shyamak R Tata)
(Partner)

MUMBAI, August 12, 2014 (Membership No. 038320)