Gillette India Limited

ANNUAL REPORT
2017-2018

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Board of Directors & Key Managerial Personnel

Mr. Bansidhar S. Mehta	Chairman
Mr. Madhusudan Gopalan	Managing Director
Mr. Karthik Natarajan	Whole-time Director
Mr. Chittranjan Dua	Director
Mr. Gurcharan Das	Director
Mr. Anil Kumar Gupta	Director
Mr. Narendra P. Sarda	Director
Mr. Pramod Agarwal	Director
Ms. Sonali Dhawan	Director
Mr. Gagan Sawhney	Chief Financial Officer
Mr. Ghanashyam Hegde	Company Secretary

Registered Office:

Gillette India Limited
(CIN: L28931MH1984PLC267130)
P&G Plaza, Cardinal Gracias Road,
Chakala, Andheri (East),
Mumbai – 400 099
Tel. No.: (022) 2826 6000 Extn: 7468
e-mail – investorgil.im@pg.com

Registrar & Share Transfer Agents:

Mas Services Limited
T-34, 2nd Floor,
Okhla Industrial Area, Phase II,
New Delhi – 110 020
Tel. No. – 011 2638 7281 / 82 / 83
Fax – 011 2638 7384
e-mail – info@masserv.com

Auditors:

Statutory Auditor:
Kalyaniwalla & Mistry LLP
Chartered Accountants

Secretarial Auditor:
Dholakia & Associates LLP
Company Secretaries

Listed on Stock Exchanges:

National Stock Exchange of India Limited
BSE Limited

Mr. B. S. Mehta
Chairman

Mr. Mehta is a graduate in commerce and a Fellow Member of The Institute of Chartered Accountants of India. He is a Chartered 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. Karthik Natarajan
Whole-time Director

Mr. Natarajan is a Chartered Accountant and has completed his Bachelor of Commerce from RA Podar College, Mumbai. Mr. Natarajan has been with P&G for over 18 years and is currently the Director, Finance & Accounting, India, Middle East & Africa. He has, over his experience at P&G, worked across multiple locations including India, US, China, Philippines and Singapore.

Mr. Gurcharan Das
Director

Mr. Das graduated with honors from Harvard University. He was CEO, Procter & Gamble India and later Managing Director, Procter & Gamble Worldwide (Strategic Planning). After a 30-year career, he took early retirement to become an author. He is on a number of Boards and is a regular speaker to the managements of the world's largest corporations.

Mr. N. P. Sarda
Director

Mr. Sarda is a Chartered Accountant and was the President of The Institute of Chartered Accountants of India in 1993-1994. He was a member on the Board of the erstwhile International Accounting Standards Committee, London in 1993-1995. He was also a member of IFRS Advisory Council, London during 2009 to 2011.

Ms. Sonali Dhawan
Director

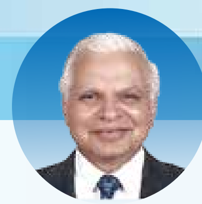
Ms. Dhawan is a graduate from Lady Shriram College, with a B.Com (Hons) in Business Studies. She completed her MBA in marketing from the Indian Institute of Management, Ahmedabad. She has been awarded as 'Marketer of the Year FMCG' by IAA awards in 2014 and had been rated twice as Number 7 in the IMPACT 50 most influential women in Marketing and Advertising.

Mr. Madhusudan Gopalan
Managing Director

Mr. Madhusudan Gopalan is an alumnus of IIM Calcutta who joined P&G in 1999. He has more than 18 years of experience working across business units and diverse geographies like India, US and ASEAN countries. Prior to this role, he was leading the P&G business in Indonesia where he led strong sales growth, share turn around, strong value creation and cash productivity.

Mr. C. R. Dua
Director

Mr. Dua is the founding partner of Dua Associates and is currently chairman of the firm and engaged in providing strategic advice and direction for its further growth and development. His experience covers a broad range of areas relating to corporate and commercial matters, corporate finance, securities, infrastructure and aspects of public policy and administration, governance and ethics.

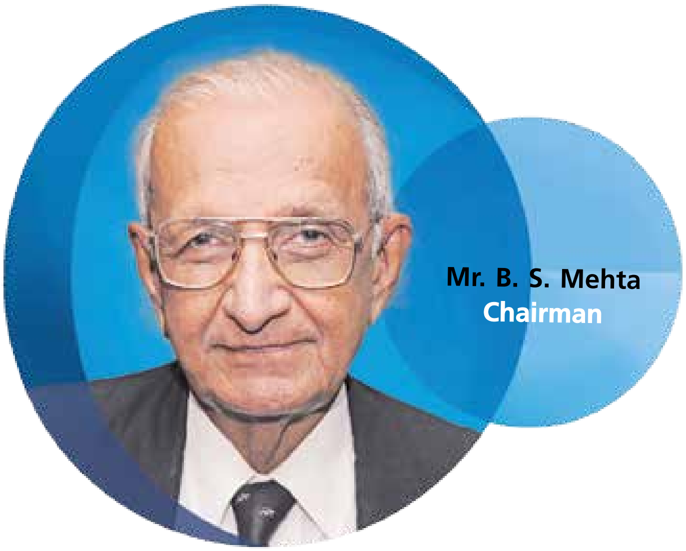


Mr. A. K. Gupta
Director

Mr. Gupta is an engineer from IIT New Delhi. He also holds a PG Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has a vast experience of over 40 years in India and abroad in the field of Manufacturing, Projects and Supply Chain Management.

Mr. Pramod Agarwal
Director

Mr. Agarwal is an MBA from Indian Institute of Management, Ahmedabad. After over 28 years of experience with P&G, he retired in 2016. He has worked in seven geographies – India, Thailand, Japan, Philippines, USA, Singapore and Switzerland. Mr. Agarwal has led several major changes which have had a lasting impact on the business and organization.



Dear Shareholders,

It gives me great pleasure to share with you the performance of your Company for the Financial Year 2017-18. During the Financial Year, the industry witnessed a transformation in the business environment with the rollout of the Goods and Services Tax (GST). The introduction of GST led to a uniform and integrated tax system across the country creating 'One Market' that benefits both consumers and businesses. While GST is a landmark reform, its implementation posed several short-term challenges to the industry creating a subdued trade sentiment. Your Company navigated through this macroeconomic shift with agility. This is reflected in our strong performance during the Financial Year. We delivered Sales of ₹1,677 crores up by 7% vs. a year ago on a comparable* basis and recorded a Profit After Tax (PAT) of ₹229 crores. Our continued focus on strengthening business fundamentals and improving productivity enabled us to achieve sustainable growth during this challenging period.

The overall outlook for the FMCG industry continues to remain positive. We are witnessing trends like increased disposable income, increased consumer spending, growing youth population and increased rural consumption which will fuel the growth of the FMCG sector in years to come. In this dynamic environment, your Company will continue to focus on sustainable balanced growth and create shareholder value.

Your Company strives to improve the lives of millions around us not just through our products but also through our citizenship efforts. As one of the world's largest consumer company, we have a responsibility and an opportunity to make a difference. Our aspiration is to be a positive force for good and for growth across each area of our Citizenship work – Community Impact, Gender Equality and Environment Sustainability.

In the area of community impact, our focus is to bring about a change through two main initiatives – our flagship CSR program *P&G Shiksha* and timely disaster relief. Through *P&G Shiksha*, we have supported over 1800 (+300 since last year) schools across the country that will impact the lives of over 1.4 million (+200,000 since last year) children. In addition to our focus on infrastructure, over the recent years, we have also identified and supported innovative learning to improve the learning outcomes like remedial learning and computer-based adaptive learning.

On the environmental sustainability front, we're making good progress as we are already on our way to achieving several goals that we set for 2020. Looking ahead, we have established broad-reaching Ambition 2030 goals aimed at enabling positive impacts on the environment while creating value for consumers and shareholders.

Lastly, I would also like to express my gratitude to all our consumers, customers, employees, business partners and YOU, our valued shareholders for your support and participation in the growth of your Company. We are keenly focused on creating value for our stakeholders. We will continue to innovate and bring superior products to consumers and sustainably grow the business.

B. S. Mehta
Chairman

* *Sales excluding GST/excise duties on sales further adjusted for other tax costs subsumed under GST and excluded from sales in the base.*

Dear Shareholders,

It gives me great pleasure to share with you the overall performance of your Company in 2017-18. It was a challenging year for the industry with market volatility and economic uncertainty. In a dynamic business environment, our ability to adapt to changes with agility enabled us to deliver sustainable growth. We continued to raise the bar across everything we do to continue to accelerate our sales growth further, improve productivity and empower our organization and culture to deliver sustained balanced growth.

Your Company delivered strong growth recording Sales of ₹1,677 crores and Profit After Tax (PAT) of ₹229 crores for the Financial Year 2017-18. Sales grew 7% versus year ago on comparable* basis. This growth was a result of strong brand fundamentals, strength of the portfolio and improved in-store execution.

In the Men's Grooming business, *Gillette* continues to be the market leader. Our irresistible superiority on product and commercial innovations continued to add millions of new users to the *Gillette* franchise. On *Gillette Mach3*, India's leading premium system razor, we strengthened brand fundamentals and step changed the go-to-market plans. *Gillette Guard,* our pioneering entry-level system, registered its strongest year on value, volume and share growth, since its launch in 2010, behind strong awareness, activation and go-to-market plans. In the brand's female portfolio, we launched a new product *'Simply Venus'*, a 3-blade disposable razor, catering to the grooming needs of female consumers. As a result of key interventions across the *Gillette* portfolio; this Financial Year we recorded our highest market share increase across the Blades and Razors category in a single Financial Year.

During the Financial Year, our Oral Care Business delivered extremely strong results and grew share as well as penetration. This Financial Year, we have strengthened our brand proposition behind meaningful innovations like *Cavity Defense Black* and the launch of India's first *Neem* infused toothbrush. These innovations coupled with extremely strong go-to-market execution were received extremely well by the consumers and trade helping us grow significantly ahead of the category.

* *Sales excluding GST/excise duties on sales further adjusted for other tax costs subsumed under GST and excluded from sales in the base.*

We also continue to drive positive change through our brands. *Oral B* partnered with dentists to promote oral health awareness via the free dental check-up program. *Gillette* continues to run the *'Safalta'* program for youngsters in the country to train and mentor them on soft-skills that help them secure employment.

As a responsible corporate citizen, we want to be a force for good and a force for growth, not just through our brands, but also through initiatives that bring about a positive change in the communities we operate in. Through our flagship CSR program *P&G Shiksha*, we have supported over 1,800 (+300 since last year) schools across the country that will impact the lives of over 1.4 million (+200,000 since last year) children. Over the recent years, we have identified and supported initiatives learning to improve the learning outcomes. Two years ago, *P&G Shiksha* entered into a partnership with Education Initiatives (EI) and Government of Rajasthan to implement *Mindspark*, a computer based adaptive learning solution that integrates pedagogy, teacher instruction and a learning management system to help students learn better. We were happy to see that post the intervention, the learning levels among students using *Mindspark* improved two-fold compared to the control group.

The FMCG sector continues to be one of the largest sectors contributing to the Indian economy. As the Indian economy stabilises, we will continue to focus on balanced growth behind brand fundamentals, strength of product portfolio and improved in-store execution.

Madhusudan Gopalan
Managing Director

REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 34th Annual Report and the Audited Financial Statements of the Company for the Financial Year ended June 30, 2018.

FINANCIAL RESULTS

(Figures in ₹ Crores)

	2017-18	2016-17
Revenue from operations	**1 677**	1 788
Profit before tax	**345**	374
Profit after tax	**229**	253

FINANCIAL YEAR

The Company continues to follow its Financial Year as July 1st to June 30th, pursuant to the approval received from the Company Law Board in terms of Section 2 (41) of the Companies Act, 2013.

DIVIDEND

Your Directors are pleased to recommend a final dividend of ₹ 23 per Equity Share for the Financial Year ended June 30, 2018.

BUSINESS PERFORMANCE

Your Company delivered another strong year with Sales of ₹ 1,677 crores and Profit After Tax (PAT) of ₹ 229 crores for the Financial Year 2017-18. Sales grew 7% versus year ago on comparable* basis. The reported sales were down 6% versus year ago due to changes in the treatment of indirect taxes post implementation of GST.

Both the Grooming and Oral Care businesses delivered strong comparable sales growth, ahead of market behind strong brand fundamentals, strength of the portfolio and improved in-store execution.

GROOMING

In the Men's Grooming business, *Gillette* continues to be the market leader. Our irresistible superiority on product and commercial innovations continued to add millions of new users to the *Gillette* franchise.

* *Sales excluding GST/excise duties on sales further adjusted for other tax costs subsumed under GST and excluded from sales in the base.*

On *Gillette Mach3*, India's leading premium system razor, we strengthened brand fundamentals and step changed the go-to-market plans. *Gillette Guard*, our pioneering entry-level system, registered its strongest year on value, volume and share growth, since its launch in 2010, behind strong awareness, activation and go-to-market plans.

In the brand's female portfolio, we launched a new product *'Simply Venus'*, a 3-blade disposable razor at an affordable price to cater to the grooming needs of female consumers. As a result of key interventions across the *Gillette* portfolio; this year we recorded our highest market share increase across the Blades and Razors category in a single Financial Year.

Gillette Double Edge blades continued to grow primarily led by *7-o'clock* and *Wilkinson Sword* brands.

ORAL CARE

After a challenging Financial Year 2016-17, *Oral-B* delivered extremely strong results in Financial Year 2017-18 growing volume share, value share and penetration for the brand. We had strong, broad based results across different brush tiers. In the premium tier we upgraded the packaging to establish superiority and corrected the price of our brushes to ensure we are intentionally up-tiering consumers from entry & mid-tier. We also expanded the trial of our *Electric rechargeable toothbrushes* working closely with our dentist partnership team and our e-commerce players. In mid-tier, we step changed our proposition behind meaningful innovations like *Cavity Defense Black* and the launch of India's first *Neem* infused toothbrush. These innovations coupled with extremely strong go-to-market execution were received extremely well by the consumers and trade helping us to grow significantly ahead of the category.

We continued to leverage our targeted trial programs and deeper distribution plans enabling more consumers to have access to superior *Oral-B* brushes.

Your Company continued its partnership with dentists, to promote oral health awareness via the free dental checkup program. *Oral-B* manual brushes continued to be the most recommended and used toothbrush brand among dentists in India *(based on survey of representative dentists sample in India)*.

CORPORATE SOCIAL RESPONSIBILITY

The only way to build a sustainable business is to improve lives

For your Company, sustainability means making every day better for people through how we innovate and how we act. As a responsible corporate citizen, we have built sustainability into the way we operate and grow our brands to conserve natural resources and make a difference to communities across the world. This strategy has inspired an enduring CSR strategy supported by two pillars – *P&G Shiksha* and *Timely Disaster Relief*. While *P&G Shiksha* provides children from underprivileged backgrounds with an access to a holistic education, your Company's disaster relief activities aim to rehabilitate and empower the victims of natural disasters by providing them with daily essential commodities and safe drinking water.

Through your Company's signature corporate sustainability program *P&G Shiksha*, till date we have supported over 1800 (+300 since last year) schools across the country that will impact the lives of over 1.4 million (+200,000 since last year) children, in partnership with a number of NGOs / organizations like — *Round Table India (RTI), Pratham, Education Initiatives*, amongst others. These partners serve as specialists, lending their expertise to particular aspects of the education system. For example, the NGO RTI is dedicated towards constructing educational infrastructure and supporting schools across India. Pratham has special expertise in remedial learning to help bring children up to speed with the learning levels in their curriculum. Education Initiatives (EI) has expertise in computer assisted learning software to improve learning levels among children.

Since its commencement in 2005, *P&G Shiksha* has also empowered consumers to contribute towards the education of underprivileged children by making conscious brand choices. This has enabled your Company to share a part of the sales towards this movement. *P&G Shiksha* has till date made a cumulative donation of over ₹ 80 crores towards building new schools, providing critical infrastructural amenities at existing schools or reviving non-operational government schools.

A key area of our intervention is *Remedial Learning*. We have partnered with *Pratham Education Foundation* to improve the learning outcomes and bridge the existing gap between current and existing learning levels. The results on remedial learning were phenomenal; we reached out to more than 670 schools and over 24,000 children; and saw the learning levels in the children rise at the end of the year following our interventions. Before the intervention, around 20% children in these schools were able to read and write as per their curriculum level, which increased to around 70% after our intervention. Similarly, there was more than a two-fold increase in the percentage of children who were able to do basic arithmetic after our intervention.

Two years ago, *P&G Shiksha* entered into a partnership with Education Initiatives (EI) and Government of Rajasthan to implement *Mindspark*, a computer based adaptive learning solution that integrates pedagogy, teacher instruction and a learning management system to help students learn better. The tool analyses the learning levels of the students in language and mathematics by presenting them with questions in increasing level of difficulty. On answering incorrectly, the student is provided a simple or detailed explanation, or is redirected to questions that strengthen the basic understanding. The program was implemented in 30 government schools in Rajasthan where over 6700 students spent over 10,000 hours learning using *Mindspark*. Post the intervention, the learning levels among students using *Mindspark* improved two-fold compared to the control group. The tool also provides teachers with information on the progress and learning levels of students which is used for effective classroom management and instruction.

The only way to build a sustainable business is to improve lives

Your Company continued to impact the communities around its plants in a holistic manner throughout the Financial Year. At about 20 km from the Bhiwadi Plant, in association with IBTADA, a local NGO, *P&G Shiksha* continues its association with a local school to promote the education of girl children in Gwalda village. The students are provided holistic support in the form of uniforms, library, meals, infrastructure, recreational activities & study tours. For the fourth consecutive year, the program was recognized with the prestigious *Bhamashah* award by the Rajasthan Government for outstanding contribution in promoting education and creating a transformational change in the lives of young girl children.

We are encouraged by the results on our new areas of focus in 2017-18 and *P&G Shiksha* is all set to build on and strengthen the its efforts in 2018-19. Since the government has highlighted 'quality of education' as one of the key focus areas for country's growth in the next decade, your Company is well poised to play an active role in the India Success Story.

Your Company has constituted a Corporate Social Responsibility Committee. The composition and terms of reference of the Corporate Social Responsibility Committee are provided in the Corporate Governance Report annexed to this report.

Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as Annexure I to this Report.

ENVIRONMENTAL SUSTAINABILITY AND CONSERVATION OF ENERGY

Environmental sustainability is embedded in our Purpose, Values, Principles, and our business. To improve lives, now and for generations to come, we ensure that our products, packaging and operations are safe for employees, consumers and the environment. We ensure this with a focus on technologies, processes and improvements that matter for the environment.

Your Company's Head Office at Mumbai reduced its annual energy consumption by over 23.5% over the last 15 years. Your Company's Bhiwadi and Baddi plants are 'zero waste to landfill' sites which means that there is no manufacturing discharge into the environment. The plants are leveraging technology, experts, employees and renewable sources of energy to reduce our overall footprint and make our operations more sustainable. In addition to this, the Bhiwadi plant took several employee engagement initiatives to further drive an energy saving mindset. In the last 5 years, all the footprints (energy & water usage per unit of production, emissions and waste generated per units of production) have been reduced by more than 50% through different interventions. We also engage with employees and surrounding communities to make a difference through awareness initiatives and tree plantation drives.

For your Company, sustainability inspires and guides everything. Moreover, we ensure environment friendly practices at our sites. These include reduction in power consumption, optimal water consumption and eliminating excess use of paper.

TECHNOLOGY ABSORPTION

i. **Efforts made towards technology absorption:**

- Usage of low pressure compressors; and
- Continued implementation of quality control/quality assurance procedures of products and processes were successfully adapted on commercial scale to utilize local raw materials and machinery; technical services for reliability, quality, cost savings and technology transfer from overseas.

ii. **Benefits derived like product improvement, cost reduction, product development or import substitution:**

- Usage of low pressure compressors resulted in cost reduction and saved electricity consumption

- The above efforts resulted in improving process efficiencies, consistent quality of our products, introduction of new products, import substitution and successful absorption of technology.

iii. Imported technology:

a. **Details of technology imported:** Double pitch double edge perforation tool & bruderer press, which gives double production on same speed, leading to improvement in productivity & reduction in cost

b. **Year of import:** 2017

c. **Whether the technology been fully absorbed:** Yes

iv. Expenditure on Research & Development:

Your Company has not incurred any expenditure on research and development during the Financial Year.

FOREIGN EXCHANGE EARNINGS & OUTGO

The details of foreign exchange earnings and outgo as required under Section 134 of the Companies Act, 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014 are mentioned below:

₹ in Lakhs

	For the year ended June 30, 2018	For the year ended June 30, 2017
Foreign Exchange earnings	27 823	15 264
Foreign Exchange outgo	50 786	40 616

RELATED PARTY TRANSACTIONS

Your Company has formulated a policy on related party transactions which is also available on Company's website at http://www.pg.com/en_IN/invest/gillette/corporate_governance/policy.shtml. This policy deals with the review and approval of related party transactions. All related party transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for related party transactions which are of repetitive nature, entered in the ordinary course of business and at arm's length. All related party transactions are subjected to independent review by external chartered accountancy firm to confirm compliance with the requirements under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details of material related party transaction entered into during the Financial Year 2017-18 are given below:

Name of Related Party	**Procter & Gamble International Operations S.A., Singapore Branch**
Nature of transaction	Import of Finished Goods
Amount of transaction during Financial Year 2017-18	₹ 376.33 Crores

The above transaction was approved by the Shareholders by passing an Ordinary Resolution through Postal Ballot on January 8, 2018. The Promoter shareholders abstained from voting on the said resolution.

All related party transactions entered during the Financial Year were in ordinary course of the business and on arm's length basis. The disclosure of related party transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable to your Company.

LOANS AND GUARANTEES GIVEN AND INVESTMENTS MADE

The Company has not given any loans, guarantees or made any investments during the Financial Year.

PUBLIC DEPOSITS

Your Company has not accepted any Public Deposits under Chapter V of the Companies Act, 2013, during the Financial Year.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has constituted Internal Complaints Committees ('ICC'). During the Financial Year, no complaints with allegations of sexual harassment were filed with the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Sections 134 (3) (c) of the Companies Act, 2013, with respect to the Directors' Responsibilities Statement, it is hereby confirmed:

i. that in the preparation of the Annual Accounts for the Financial Year ended June 30, 2018, 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 Financial 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, 2013, 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, 2018, on a "going concern" basis;

v. that the Directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and

vi. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

BUSINESS RESPONSIBILITY REPORT

A separate report on Business Responsibility has been appended as Annexure II to this Report.

CORPORATE GOVERNANCE

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

EXTRACT OF ANNUAL RETURN

The extract of annual return in Form MGT 9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the website of the Company at http://www.pg.com/en_IN /invest/gillette/.

MANAGEMENT & PERSONNEL

The strength of business over the past few years and resilience in this particular year due to multiple economic headwinds in the country demonstrates the core strengths of our employees to stay reality based and influence the course of business. Financial Year 2017-18 was a year of overall strong growth in many categories. Our productivity continues to be best-in-class with major progress in Leadership and Talent Development.

The statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure III to the Report.

The information as per Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. As per the provisions of first proviso to Section 136 (1) of the Companies Act 2013, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the Financial Year, Mr. Al Rajwani ceased to be the Director and Managing Director of the Company effective June 30, 2018 consequent to his retirement after 37 years of service with the P&G group. Subsequently, Mr. Madhusudan Gopalan was appointed as Director and Managing Director of the Company effective July 1, 2018.

Ms. Sonali Dhawan, Director, retires by rotation and, being eligible, offers herself for re-appointment at the ensuing 34th Annual General Meeting of the Company.

Ms. Flavia Machado shall cease to be the Company Secretary and Compliance Officer of the Company effective September 17, 2018. Mr. Ghanashyam Hegde has been appointed as the Company Secretary and Compliance Officer of the Company effective September 18, 2018.

Brief resume of Ms. Dhawan, being Director proposed to be reappointed at the ensuing 34th Annual General Meeting and the details of the Directorships held in other companies are given in the Corporate Governance section of the Annual Report.

Appropriate resolution for the re-appointment of Ms. Dhawan is being moved at the ensuing 34th Annual General Meeting, which the Board recommends for your approval.

The Independent Directors of your Company have given Certificate of Independence to your Company stating that they meet the criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details of training and familiarization programmes and Annual Board Evaluation process for Directors have been provided under the Corporate Governance Report.

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for Key Managerial Personnel and other employees has been appended as Annexure IV to this Report. The same is also available on the website of the Company at http://www.pg.com/en_IN/invest/gillette/corporate_governance /policy.shtml.

AUDITORS

Kalyaniwalla & Mistry LLP were appointed as Statutory Auditors of your Company at the 33rd Annual General Meeting held on November 15, 2017 for a term of five consecutive years.

The Report given by Kalyaniwalla & Mistry LLP, Statutory Auditors on the financial statements of the Company for Financial Year ended June 30, 2018 is part of the Annual Report. There has been no qualification, reservation or adverse remark given by the Auditors in their Report.

POLICIES

Your Company has adopted policies on related party transactions, corporate social responsibility, vigil mechanism, nomination and remuneration, materiality of events and dividend distribution policy, which are available on the website of the Company at http://www.pg.com/en_IN/invest/gillette/corporate_governance/policy.shtml. The dividend distribution policy has also been appended as Annexure V to this Report.

The details of the policies are provided in the Corporate Governance section annexed to this Report.

SECRETARIAL AUDIT

Secretarial Audit was carried out by Dholakia & Associates LLP, Company Secretaries for the Financial Year 2017-18. There were no qualifications, reservation or adverse remarks given by Secretarial Auditors of the Company. The Secretarial Audit report has been appended as Annexure VI to this Report.

SECRETARIAL STANDARDS

During the Financial Year, your Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

TRADE RELATIONS

The Directors wish to thank the retailers, wholesalers, distributors, suppliers of goods & services, clearing and forwarding agents and all other business associates and acknowledge their efficiency and continued support in promoting such healthy growth in the Company's business.

ACKNOWLEDGEMENT

We are grateful to The Procter & Gamble Company USA and its subsidiaries for their invaluable support in terms of access to the latest information/knowledge in the field of research & development for products, ingredients and technologies; timely inputs to exceptional marketing strategies; and the goodwill of its world-renowned trademarks and superior brands. We are proud to acknowledge this unstinted association that has vastly benefited the Company.

On behalf of the Board of Directors

B. S. Mehta
Chairman

Mumbai
August 23, 2018

ANNEXURE I

Annual Report on Corporate Social Responsibility

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline of the Company's CSR policy

Doing the right thing is the foundation of P&G Purpose, Values, and Principles. It is naturally woven into the way we work every day — paying competitive wages, working consistently with our retailers and suppliers, preventing conflicts of interest, ensuring consumer privacy and maintaining financial stewardship. This approach to business is at the heart of all we do at P&G. Doing the right thing also includes investing in the communities in which we live, work, and serve. At its core, P&G's Social Responsibility efforts aim to improve lives.

Companies Act, 2013 ("Act") highlights the importance of Corporate Social Responsibility ("CSR") as a strategic tool for sustainable growth of the people, the communities we operate in and the Company as a whole. In line with the global principles followed by the P&G group and the terms of Act, the CSR policy on is broadly framed taking into account the following:

1. We believe it is essential to run our business responsibly, and our operating practices reflect this commitment.
2. P&G is focused on making every day better for people and the planet through our innovations and our actions;
   - i) Environment by – Conservation of Resources, Using Renewable Resources, Generating Worth from Waste;
   - ii) Social by – providing the comforts of home, improving health and hygiene of people, social and cultural development, imparting education, training and social awareness.

The Corporate Social Responsibility activities to be undertaken by the Company, include, but are not limited to the following:

a. Social and Cultural development by:
   - Imparting education, training (vocational and skill based) and creating social awareness;
   - Awareness programs on girl education;
   - Empowerment of women for education/ health & self-employment;
   - Empowerment of differentially abled children and their self-development;
   - Skill development and generation of employment by locally driven initiatives;
   - Promoting preventive health care and sanitation by providing health and hygiene products;
   - Making available safe drinking water;
   - Promoting sports and cultural activities;
   - Creating awareness and development of infrastructure for sports and cultural activities;
   - Measures for the benefit of armed forces veterans, war widows and their dependents; and
   - Relief and support to victims of natural calamities in any part of the Country.

b. Ensuring Environmental Sustainability by:
   - Conservation of resources by design and manufacture of products that maximize the conservation of resources;
   - Utilization of renewable energy and renewable or recycled materials; and
   - Generating Worth from Waste.

c. Any other objectives as mentioned under Section 135 of the Companies Act, 2013 and / or relevant Rules and Schedules.

The Corporate Social Responsibility Policy is available on the website of the Company at http://www.pg.com/en_IN/invest/gillette/corporate_governance/policy.shtml.

The composition of the CSR Committee as on date:

Mr. A. K. Gupta	Chairman
Mr. Gurcharan Das	Member
Mr. Madhusudan Gopalan	Member
Ms. Sonali Dhawan	Member

2. Average net profit of the Company for last three Financial Years – ₹ **316.03 Crores**
3. Prescribed CSR expenditure (2% of amount as in item 2) – ₹ **6.32 Crores**
4. Details of CSR spent during Financial Year:
    a) Total amount spent for the Financial Year – ₹ **6.32 Crores**
    b) Amount unspent, if any – **Not applicable**
    c) Manner in which the amount was spent during the Financial Year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify State & district where projects/ programs were undertaken	Amount outlay (budget) project or program-wise (₹ in Crores)	Amount spent on the projects or programs			Cumulative expenditure upto the reporting period (₹ in Crores)	Amount spent: Direct or through implementing agency
					Total (₹ in Crores)	Direct expenditure	Overheads		
1	P&G Shiksha: Pratham's Read India Program	Education: Remedial Learning	UP, Rajasthan, MP, HP, Telangana, Uttarakhand	2.5	2.5	93%	7%	2.5	Implementing agency: Pratham Education Foundation
2	P&G Shiksha: Build & Support Schools through Round Table India Trust	Education: Infrastructure Interventions	PAN-India	1.67	1.67	100%	Nil	1.67	Implementing agency: Round Table India Trust
3	P&G Shiksha: Supporting communities around our plants	Education: Interventions in a Girls' School near Bhiwadi Plant	Bhiwadi (Rajasthan)	0.35	0.35	95%	5%	0.35	Implementing agency: IBTADA
4	P&G Shiksha: Supporting remedial learning via digital learning	Education: Support remedial learning leveraging digital platforms	Rajasthan & MP & Chattisgarh	1.8	1.8	90%	10%	1.8	Direct with the help of Educational Initiatives (EI)

5. In case the Company has failed to spend two percent of the average net profit of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report: **Not applicable**

6. The CSR Committee confirms that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and policy of the Company.

Madhusudan Gopalan
Managing Director

A. K. Gupta
Chairman of the CSR Committee

ANNEXURE II

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Details
1.	Corporate Identity Number (CIN)	L28931MH1984PLC267130
2.	Name of the Company	Gillette India Limited
3.	Registered address	P & G Plaza, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai 400099
4.	Website	www.pg.com/en_IN
5.	E-mail id	investorgil.im@pg.com
6.	Financial Year reported	July 1, 2017 to June 30, 2018
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Blades & razors (NIC 25931) Oral care (NIC 20235) Toiletries (NIC 20237)
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	1. Blades and Razors 2. Oral care Products 3. Toiletries
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (b) Number of National Locations	 None The Company's business and operations are spread across the country. Details of location of plants are given below: **<u>Plant locations</u>** **Bhiwadi Plant** SPA – 65A, Bhiwadi Industrial Area, Bhiwadi, (Dist. Alwar) Rajasthan – 301019 **Baddi Plant** Plot no. 4, Industrial Area, Village Katha, Bhatoli Kalan Dist. Solan, Baddi - 173205 Himachal Pradesh
10.	Markets served by the Company	The Company's products have a national presence and some of the products are also exported to other countries.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars	Details
1.	Paid up Capital	₹ 32.59 Crores
2.	Total Turnover	₹ 1 677Crores
3.	Total profit after taxes	₹ 229 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 6.32 Crores (2.76% of profit after tax)
5.	List of activities in which expenditure in 4 above has been incurred	Refer CSR Report for detailed list of activities which is appended as Annexure I to the Directors' Report

SECTION C: OTHER DETAILS

Sr. No.	Particulars	Details
1.	Does the Company have any Subsidiary Company/ Companies?	The Company does not have any Subsidiary Company.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such Subsidiary Company(s)	Not applicable as the Company does not have any Subsidiary Company.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?	Your Company's Sustainability Guidelines for External Business Partners set our expectations with our supply base with regard to Social and Environmental Responsibility. We actively seek business relationships with partners that share these values, and that promote high standards within their own supply chains. Our risk-based audit program supports this effort by assessing partners through third-party audits, and identifying and remediating issues. We strive to effect change in our supply base when we identify improvement opportunities, and this is an important way we fulfill our purpose. We want to build a robust system of External Business Partners that is fully integrated and synchronized with your Company's business and values.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

The Corporate Social Responsibility Committee of the Company is responsible for the Business Responsibility policies of the Company.

Details of the Directors responsible for implementation of the Business Responsibility policies:

1.	**DIN Number**	02588131	08158357	00032103	06808527
2.	**Name**	Mr. A. K. Gupta	Mr. M. Gopalan	Mr. G. C. Das	Ms. S. Dhawan
3.	**Designation**	Independent Director	Managing Director	Independent Director	Non-executive Director

2. Principle-wise (as per NVGs) BR Policy/Policies

All successful and sustainable companies have one thing in common – good governance practices. Your Company believes in *"Doing right Thing, Everytime"*. 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). Your Company reinforces responsibilities on 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. 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; and
- Operate within the letter and spirit of law.

Business Responsibility Principles:

Principle 1: Ethics, Transparency and Accountability (P1)	Principle 6: Environment Protection (P6)
Principle 2: Safe Products & Products Lifecycle Sustainability (P2)	Principle 7: Policy Advocacy (P7)
Principle 3: Employees' Well-being (P3)	Principle 8: Inclusive Growth (P8)
Principle 4: Stakeholder Engagement (P4)	Principle 9: Customer Value (P9)
Principle 5: Human Rights (P5)	

(a) Details of compliance:

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for the relevant Principle?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards?	The World-wide business conduct manual and the Human Rights policy statement apply UN guiding principles on Business & Human Rights								
4.	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified Committee of the Board/ Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	www.pg.com/en_IN								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

3. Governance related to Business Responsibility

The Corporate Social Responsibility Committee and the Board of Directors assess the Business responsibility performance annually. The Business Responsibility Report shall be issued annually along with the Annual Report of the Company. The Business Responsibility Report can be viewed at www.pg.com/en_IN.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

Your Company is committed to being a good corporate citizen and doing the right thing. Our Purpose, Values and Principles (PVP) are the foundation of the Company. Our objective is to create industry-leading value by maintaining and enhancing our strong corporate reputation through a strong ethics and compliance culture. We operate within the spirit and letter of the law, maintaining high ethical standards wherever we conduct business. We believe that good governance practices contribute to better results for shareholders. We maintain governance principles, policies and practices that support management accountability. These are in the best interest of the Company and our shareholders, and they are consistent with the Company's Purpose, Values and Principles. Company reinforces responsibilities on all its 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. The Sustainability Guidelines for External Business Partners explain the global standards to be followed by the external business partners in their daily business activities on behalf of the Company. External business partners and their suppliers are expected to share your Company's commitment to these standards.

The Company being a part of the Procter & Gamble group is guided by 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*, 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 is not staffed or monitored by the Company personnel. All calls can be completed anonymous if the caller desires. The *Helpline* can take calls in most languages spoken by employees around the world. Calls made to the *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 concerns. The *Worldwide Business Conduct Helpline* is accessible to all employees. In compliance with the requirement under the SEBI Listing Regulations, 2015 and Section 177 of the Companies Act, 2013 and the Rules made thereunder, the Company has adopted the whistle blowing policy as the vigilance mechanism for Directors and employees to report genuine concerns or grievances such as unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Audit Committee oversees the vigil mechanism and number of cases reported alongwith the status report and action taken (if any) are reported to the Committee. During the Financial Year, 17 complaints were received and same were dealt with in accordance with the *Worldwide Business Conduct Manual*.

Principle 2 : Safety and Sustainability throughout the life cycle

In order to improve lives, now and for generations to come, we ensure that our products, packaging and operations are safe for employees, consumers and the environment. We ensure this with a focus on technologies, processes and improvements that matter for the environment. Product quality and safety are of the utmost importance to your Company. Our customers choose your Company because we provide products of superior quality and value that improve the lives of the world's consumers. Just as we provide safe, quality products, we expect our suppliers to assure the quality and safety of the products and services they provide to us.

Your Company strives to deliver products with an improved environmental profile. To reduce the environmental impact of our products your Company uses life cycle analysis to understand where the biggest impact exists, so we know where to focus our innovation. Our deep understanding of the consumer enables us to develop sustainable products that will delight the consumer, without tradeoffs in price or performance.

Your Company is focused on the environmental performance of our entire supply chain, including our own manufacturing facilities, our suppliers, and the logistics of our finished products. Your Company is focused on creating efficiencies in energy, water, waste, and emissions.

Our sustainability work goes beyond the core of our manufacturing operations, extending to a holistic end-to-end view of opportunities. We deliver strong results across the supply chain, ranging from manufacturing to finished product logistics – engaging our suppliers throughout the process

- ***Manufacturing:*** Between the procurement of raw materials and the creation of a product, we strive to reduce waste, water, energy, and CO_2 through systemic conservation efforts. We apply smart eco-design through innovative construction process improvements. And, we re-use, where feasible, giving new life to what was once waste.
- ***Finished Product Logistics:*** In the logistics stage, we reduce waste in customization by applying more sustainable designs. We have also optimized our

transportation efficiency by making changes to the rate, route, mode and method of transportation. We have focused on eliminating inefficiencies such as loading and unloading delays, rush transport up-charges, dead legs (empty trucks) and P&G production line stops.

- ***Supplier Engagement:*** We collaborate closely with suppliers across the entire supply chain. We have implemented a supplier sustainability scorecard, which assesses the environmental footprint of our suppliers, enabling P&G to partner and help reduce the environmental impact along the supply chain.

Your Company ensures that it meets all applicable legislative and regulatory requirements related to product quality, safety and labeling.

Principle 3: Employee Well-Being

For your Company, people are its most valuable asset. Accordingly, we are committed to the highest standards of safety to protect the employees as well as external parties who work at or visit the Company sites.

Your Company ensures fair employment practices and also encourages employee Engagement and Participation by-

- Ensuring Health and Safety of all the employees
- Providing Safe work environment by avoiding violence and harassment
- Encouraging diverse workforce, non-discriminated opportunities
- Freedom of forming Association
- Continuous Learning, etc.

It has various Employee Centric policies in its place and thereby resulting in low turnover, high work force and better organization to work with.

Your Company forbids the use of child or forced labor in any of its operations or facilities. Your Company fully respects and follows all applicable labour laws.

Your Company respects every employee's right to choose to join or not to join a trade union, or to have recognized employee representation in accordance with applicable law.

As on June 30, 2018, your Company had a total of 621 permanent employees, 15 permanent women employees. 465 persons were engaged on temporary / contractual basis. During the Financial Year under review, the Company did not receive any complaints relating to child labour, forced labour, involuntary labour, sexual harassment or discriminatory employment. All the employees and persons engaged on temporary / contractual basis were given safety & skill up-gradation training.

Principle 4 : Stakeholder Engagement & Relation

Your Company actively engages with various internal & external stakeholders, including employees, consumers, customers, shareholders, external business partners and the government.

Your Company believes that only way to build a sustainable business is to improve lives. It engages with disadvantaged, vulnerable and marginalized stakeholders through its Corporate Social Responsibility initiatives, which include *P&G Shiksha* and *Timely Disaster Relief*.

Principle 5 : Human Rights Protection

Our core values as a Company include treating everyone with respect. We have a strong non-discrimination policy and have zero tolerance for unlawful discrimination. The coalition advocates for all employees, regardless of race, religion, gender, sexuality, age or disability. We respect everyone's right to be who they are, and want all employees to feel safe, included and able to bring their whole selves to work.

The Human Rights Policy statement extends to all the employees and all stakeholders associated with the Company. No complaints with respect to Human Rights violation were received by the Company during the Financial Year.

Principle 6 : Environment

Protecting the earth is both a responsibility and a business opportunity. Our goal is to create brands that enable consumers to make more sustainable choices. We have integrated sustainability into our business practices, operations, innovation, brand building and culture. The environment sustainability guidelines of the Company cover both the Company and other people associated with the Company. The details on Environmental Sustainability initiatives can be viewed at http://www.pg.com/en_IN/sustainability/environmental-sustainability.shtml.

Environmental sustainability is embedded in our Purpose, Values, Principles, and our business. To improve lives, now and for generations to come, we ensure that our products, packaging and operations are safe for employees, consumers and the environment. We ensure this with a focus on technologies, processes and improvements that matter for the environment.

As we are on the way of achieving many of our 2020 environmental sustainability goals, during the last year, your company announced its broad reaching global environmental sustainability goals for 2030 titled Ambition 2030. As a responsible corporate citizen, Environmental sustainability is one of our focus areas and we continue to positively impact the communities we operate in. P&G's Ambition 2030 environmental sustainability goals aim to enable and inspire positive impact while creating value for the Company, our partners, and consumers.

The framework for our goals spans across four areas – brands, our supply chain, society and employees. They seek to address two of the world's most pressing environmental challenges – finite resources and growing consumption. Our vision is to bring about a positive difference by aiming to use 100% renewable or recyclable materials for our products and packaging; cut our greenhouse gas emissions by half, power our plants with 100% renewable energy; source at least 5 billion litres of water from circular sources and design products that delight consumers while maximizing the conservation of resources.

As a part of the World Environment Day celebrations 2018 held in India, your Company was among the few companies to be invited to pledge its support to environmental sustainability in the presence of the dignitaries including Hon. Prime Minister of India Mr. Narendra Modi; Mr. Erik Solheim, UN Environment Executive Director and Under-Secretary-General of the United Nations, Dr. Harsh Vardhan, Ministry of Science & Technology, Ministry of Environment, Forest and Climate Change and Ministry of Earth Sciences. Our Managing Director Mr. Madhusudan Gopalan announced your Company's broad-reaching environmental sustainability goals designed to enable responsible consumption and sustainable manufacturing:

a. All our brands will enable responsible consumption through packaging that is 100% recyclable or reusable by 2030

b. By 2030, 100% of our manufacturing sites will cut greenhouse gas emissions in half as compared to our 2010 baseline. Globally, the Company will source at least 5 billion litres of water by re-using the water we use in our existing operations.

As we aspire to make a difference, we recognize that it will take partnerships and collaboration to make meaningful progress and our brands will develop innovations to take responsible consumption to the next level.

Your Company's Head Office at Mumbai reduced its annual energy consumption by over 23.5% over the last 15 years. Your Company's Bhiwadi and Baddi plants are 'zero waste to landfill' sites which means that there is no manufacturing discharge into the environment. The plants are leveraging technology, experts, employees and renewable sources of energy to reduce our overall footprint and make our operations more sustainable. In addition to this, the Bhiwadi plant took several employee engagement initiatives to further drive an energy saving mindset. In the last 5 years, all the footprints (energy & water usage per unit of production, emissions and waste generated per units of production) have been reduced by more than 50% through different interventions. We also engage with employees and surrounding communities to make a difference through awareness initiatives and tree plantation drives.

For your Company, sustainability inspires and guides everything. Moreover, we ensure environment friendly practices at our sites. These include reduction in power consumption, optimal water consumption and eliminating excess use of paper.

Principle 7 : Business Policy & Advocacy

Your Company is a member of following trade and chamber of association, through which advocacy was conducted in listed areas:

– Federation of Indian Chambers of Commerce & Industry

- Confederation of Indian Industry
- Feminine and Infant Hygiene Association of India
- American Chamber of Commerce in India
- India Home & Personal Care Industry Association

Some of the key issues on which your Company engaged with the Government in 2017-18 include:

- Solid Waste Management rules
- Plastic Waste Management rules
- GST implementation
- Standard packaging rules

Principle 8 : Inclusive growth and Equitable development

Your Company believes that the only way to build a sustainable business is to improve lives. For your Company sustainability means making every day better for people through how we innovate and how we act. As one of the world's largest consumer products Company, we have both a responsibility and an opportunity to do the right thing and create change. This strategy has inspired an enduring CSR strategy supported by two pillars – *P&G Shiksha* and *Timely Disaster Relief*. While *P&G Shiksha* provides children from underprivileged backgrounds with an access to a holistic education, our disaster relief activities aim to rehabilitate and empower the victims of natural disasters by providing them with daily essential commodities and safe drinking water.

The Company has undertaken CSR initiatives during the Financial Year amounting to ₹ 6.32 Crores which are detailed in the CSR report which is appended as Annexure I to the Directors' Report.

Principle 9 : Customer Value and Responsibility

We are committed to providing products and services that can help improve the lives of our consumers. In developing and marketing our products, we adopt a *"Consumer Is Boss"* approach to ensure that we delight consumers by launching new products and product improvements that genuinely meet their needs. We actively encourage consumers to contact us because we want to hear about our consumers' experiences with our products.

Our aspiration is to serve the world's consumers better than our best competitors, in every category and every country where we choose to compete — creating superior shareholder value in the process. Innovation is at the heart of P&G's business. It differentiates our brands vs. competition and prevents commoditization of our categories and brands. It's how we delight consumers, create value with retail partners, and create new businesses. P&G combines "what's needed" with "what's possible," conducting hundreds of consumer research studies each year to understand what people need and want, in order to create superior value and product experience every day.

ANNEXURE III

Statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i. Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year:

Name of Director	Designation	Salary ₹ in lakhs	Commission ₹ in lakhs	Sitting Fees ₹ in lakhs	Total ₹ in lakhs	Ratio
Mr. Al Rajwani*	MD	137.84	—	—	**137.84**	20.19
Mr. K. Natarajan**	WTD	63.12$	—	—	**63.12**	9.24
Mr. B. S. Mehta	ID	—	11.00	2.60	**13.60**	1.99
Mr. C. R. Dua	ID	—	11.00	2.90	**13.90**	2.04
Mr. G. C. Das	ID	—	11.00	3.20	**14.20**	2.08
Mr. A. K. Gupta	ID	—	11.00	3.80	**14.80**	2.17
Mr. N. P. Sarda	ID	—	11.00	2.60	**13.60**	1.99
Mr. P. Agarwal	NED	—	—	—	—	—
Ms. S. Dhawan	NED	—	—	—	—	—

* *Mr. Al Rajwani received remuneration from Procter & Gamble Hygiene and Health Care Limited, and the Company reimburses towards the same in proportion to its Net Outside Sales. Mr. Rajwani ceased to be Director and Managing Director effective June 30, 2018.*

** *Mr. Natarajan received remuneration from P&G Dubai. Certain components of his remuneration have been charged to the Company during the Financial Year.*

$ *The above amount is inclusive of amount which has been cross charged to Procter & Gamble Hygiene and Health Care Limited and Procter & Gamble Home Products Private Limited in proportion to their respective Net outside Sales.*

ii. % increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year:

Designation	Name of Employee	% increase / (decrease) in remuneration
Managing Director	Mr. Al Rajwani	(26%)
Company Secretary	Ms. Flavia Machado	27.00%
Chief Financial Officer	Mr. Gagan Sawhney	8.50%

iii. The % increase in the median remuneration of employees in the Financial Year – 7.6%

iv. The number of permanent employees on the rolls of Company – 621.

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentage increase made in the salaries of employees other than the managerial personnel in the Financial Year was 9% whereas the increase in salaries paid to managerial personnel was 14%. The average increase every year is an outcome of company's market competitiveness as against peer group companies.

vi. We affirm that the remuneration is as per the remuneration policy of the Company.

ANNEXURE IV

Nomination & Remuneration Policy and its Framework

1. CHARTER

This charter governs the formation and operation of the Nomination and Remuneration Committee (the 'Committee') of Gillette India Limited (the 'Company').

2. INTRODUCTION

The Company believes in conducting its affairs in a non-discriminatory and transparent manner by adopting highest standards of professionalism and good corporate governance practices. The Company believes that a good corporate governance system is necessary to ensure its long term success. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board and/or the Committees of the members of the Board.

3. FORMATION OF COMMITTEE

The Nomination and Remuneration Committee of the Company was constituted on August 12, 2014 consisting of 3 Directors. The Committee and Nomination and Remuneration Policy (the 'Policy') is in compliance with all applicable provisions of the Companies Act, 2013, particularly Section 178 read together with the applicable rules thereto and Clause 49 of the Listing Agreement.

4. CONSTITUTION OF THE COMMITTEE

4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

4.2 Term of the Committee shall be continued unless terminated by the Board of Directors.

4.3 Chairman of the Committee shall be an Independent Director. The Chairperson of the Company may be appointed as a member of the Committee but shall not be the Chairman of the Committee.

5. QUORUM & MEETINGS

Minimum two (2) members shall constitute a quorum for a Committee meeting. In the event only two (2) members are present, the unanimous vote of the two (2) members shall constitute an act of the Committee. In case of an equality of votes, the Chairman shall have a second or casting vote. Where the Committee comprises of more than two (2) members, the act of a majority of the members present will constitute an act of the Committee.

The Committee shall meet at least twice in a Financial Year, with additional meetings when circumstances require, as determined by the Committee Chairman.

6. MINUTES

Minutes of each meeting will be prepared by or under the direction of the Company Secretary. The Company Secretary shall maintain a permanent record of the minutes of the meeting/s, and shall distribute minutes to members of the Committee as also directors who are not members of the Committee.

7. REPORTING AND DISCLOSURE

The Company Secretary or any other person nominated by the Board shall apprise the Board at its next meeting or earlier, if required by the law, of all material matters and recommendations proposed by the Committee from time to time.

Membership of the Committee, brief description of term of reference, programs under corporate social responsibility and attendance of the member of the Committee during the year shall be disclosed in the Annual Report.

8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

9. FUNCTIONS OF THE COMMITTEE

9.1 **Corporate Governance:** To ensure that the Board is comprised of directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of Corporate Governance;

9.2 **Board diversity:** review the composition of the Board and devise a policy on Board diversity;

9.3 **Appointment Criteria:** To formulate criteria for determining qualifications, positive attributes and independence of a director and to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend the Board of their appointment and removal;

9.4 **Appointment of Independent Directors:** To formulate the criteria for evaluation of independent directors on the Board;

9.5 **Remuneration Policy:** To review and recommend to the Board the overall strategies in relation to executive and non-executive remuneration policies; and

9.6 **Performance evaluation:** To carry out evaluation of every director’s performance.

10. REVIEW

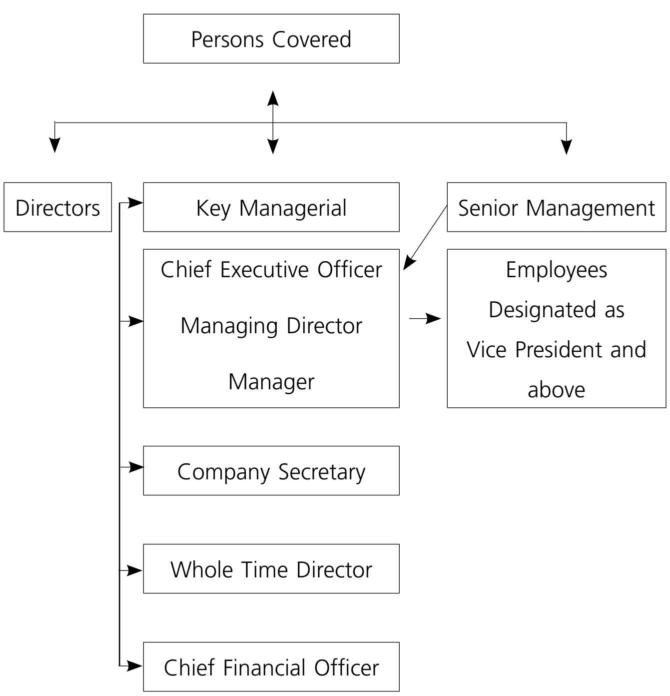
The Committee shall review and reassess the framework and the Policy, on an annual basis and obtain the approval of the Board of Directors, for any changes / amendment in the framework / policy.

NOMINATION AND REMUNERATION POLICY

1. PREFACE

The Nomination and Remuneration Policy (‘Policy’) for members of the Board of Directors, Key Managerial Personnel and Senior Management of the Company is designed to attract, motivate and retain leadership members in a competitive and international market. The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

2. POLICY IS APPLICABLE TO:



3.1 GUIDING PRINCIPLES – Key Management Personnel Compensation

Our fundamental and overriding objective is to create value for our shareholders at leadership levels on a consistent long-term basis. To accomplish this goal, the global guidelines on executive compensation programs provide the following guiding principles:

1. *Emphasize Pay for Performance*

   Aligning incentives with business strategies to reward executives who achieve or exceed Company, business unit, and individual goals, while discouraging excessive risk-taking by removing any incentive to focus on a single performance goal to the detriment of others.

2. *Pay Competitively*

   Set target compensation opportunities to be competitive with other multinational corporations of similar size, value, and complexity.

3. *Focus on Long-Term Success*

   Include equity as a cornerstone of our executive pay programs and by using a combination of short-term and long-term incentives to ensure a strong connection between Company performance and actual compensation realized.

3.2 GUIDING PRINCIPLES – Compensation to Independent Directors

1. *Ensure compliance with local laws*

   Compensation to Independent Directors cannot exceed the threshold provided under local law as per the Companies Act.

2. *Pay Competitively in line with peer companies*

   Target compensation to be competitive with other corporations of similar size, value, and complexity.

   The Company will undertake periodic exercise to benchmark the pay-out of key peer / same sector companies.

4. REMUNERATION OF EXECUTIVE DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT ("EXECUTIVE EMPLOYEE")

The Human Resources department will determine remuneration criteria and recommend the same to the Board, using the above guiding principles.

i. **SALARY** – Each executive employee will be entitled to receive a salary which will be competitive and based on executive's responsibilities and performance;

ii. **SHORT TERM INCENTIVES** – Based on the achievement of an individual, pre-defined financial and strategic business targets presented by the Committee and ratified by the Board of Directors;

iii. **LONG TERM INCENTIVES** – Each Executive Employee will be entitled to receive long term incentives, as per the global guidelines and as recommended by the Management, from time to time;

iv. **SEVERANCE PAY AND PENSION CONTRIBUTION** – As per employment terms;

v. **OTHER BENEFITS** – Executive employees will be entitled to insurance policy (s), pension scheme and such other benefits as the Company may provide from time to time.

5. RATIFICATION OF REMUNERATION TO KEY MANAGEMENT PERSONNEL

The committee will bi-annually ratify the remuneration of the Key Management Personnel.

6. MAXIMUM MANAGERIAL REMUNERATION

The total managerial remuneration payable by the Company, to its directors, including managing director and whole-time director and non executive directors shall be within the limits as prescribed under the law.

7. REMUNERATION OF INDEPENDENT DIRECTOR

The Company will remunerate Independent Directors in a manner designed to attract and maintain high quality Board members. Independent Directors are paid remuneration by way of commission and/or sitting fees. The Company may pay a sitting fee per meeting to Independent Directors for attending Board meetings within the limits prescribed under law. Further, if the shareholders approve, commission may be paid to Independent Directors including Independent Directors within the statutory monetary limits. Such commission is paid on a uniform basis to reinforce the principle of collective responsibility.

The remuneration of Independent Directors is consistent with and supportive of maintaining the Independent Director's independence.

8. POLICY AND PROCEDURE FOR SELECTION AND APPOINTMENT OF NEW DIRECTORS

(A) The selection criteria for the appointment and re-appointment of directors will normally be based on an analysis of the composition of the existing Board, its skill and experience and its independence requirements.

Factors to be considered when reviewing a potential candidate for Board appointment include without limitation:

- The skills, experience, expertise and personal qualities that will best complement Board effectiveness;
- The capability of the candidate to devote the necessary time and commitment to the role. This involves a consideration of matters such as other Board or executive appointments;
- Potential conflicts of interest, and independence in accordance with the Companies Act, 2013 and the SEBI Regulations, as specified and applicable from time to time.

(B) Each director will prior to their appointment provide to the Company sufficient information to allow the Board to adequately assess the independence of the director. Directors should ensure that updated information is provided to the Board if the circumstances relating to the assessment of their independent status changes.

(C) The identification of potential directorial candidates may be assisted by the use of external search organisations as appropriate.

9. EVALUATION

9.1 Evaluation of Key Managerial Personnel

- The Managing Director performs the evaluation of performance on an annual basis.
- The Managing Director does a review of the performance based on the efforts put in by the employee, results achieved against the goals set, and impact of external / internal factors.
- The performance review will also include the review of remuneration of the KMP.

9.2 Evaluation of Independent Directors

The performance evaluation of Independent Directors shall be done by the Board, excluding the Director being evaluated, basis the contributions made to the Board deliberations in the Board meetings.

10. REVIEW AND DISCLOSURE

10.1 The Company shall disclose in the Board's report, the ratio of the remuneration of each director, to the median employee's remuneration and such other details as prescribed under law.

10.2 The Company discloses in its Annual Report all elements of remuneration package of individual directors summarized under major groups details of fixed component and performance linked incentives together with material terms, service contracts like notice period, severance fees (if any) and stock option details (if any).

10.3 The Board is responsible for approving the remuneration strategy for directors, executive and senior management. In determining whether to approve the relevant level of remuneration, the Board is to consider the recommendations from the Committee, prevailing market conditions, performance by the individual and the business strategies and objectives of the Company. The Board shall disclose the remuneration of senior executives in the Company's Annual Report. The Human Resources department of the Company will monitor the day to day compliance with this Policy.

ANNEXURE V

Dividend Distribution Policy

In India, regulatory framework as laid down under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, requires the Company to put in place policy framework for distribution of dividend. Accordingly, the Board of Directors of Gillette India Limited ("the Company") have formally adopted the following written policy.

This policy documents the principles for distribution of dividends for the Equity Shareholders of the Company.

Principles for considering dividend are as follows:

The Board of Directors will consider appropriate dividend periodically in a manner in which it:

1. Rewards the Shareholders with **sustainable returns**;
2. Retains **sufficient capital** that allows the Company to explore business opportunities.

The Board of Directors will forward the dividend recommendation for the approval of the Shareholders.

The dividend distribution shall be made in accordance with the applicable provisions of the Companies Act, 2013; Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends, as in force and as amended from time to time.

Periodicity –

The Company shall declare its Annual Dividend at its Annual General Meeting every year, as per recommendation by the Board of Directors. The Board may declare any interim dividend(s), based on management review during the Financial Year.

Accounting Year –

The Company shall account for dividend (including dividend distribution tax) in the year in which it is approved in the Annual General Meeting and the interim dividend in the year in which it is approved in Board meeting. This is subject to any regulatory requirements.

Disclosure –

This policy shall be disclosed on the website of the Company.

ANNEXURE VI

SECRETARIAL AUDIT REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with modifications as deemed necessary, without changing the substance of format given in MR-3]

To,
The Members,
Gillette India Limited
P & G Plaza, Cardinal Gracias Road, Chakala,
Andheri East, Mumbai - 400 099

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Gillette India Limited (CIN L28931MH1984PLC267130)** (hereinafter called the "Company") for the Financial Year ended 30th June, 2018. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

A. In expressing our opinion it must be noted that:–

i. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis of our opinion.

iii. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.

iv. Wherever required, we have discussed with the management of the company, relied on the legal opinion and the management representation pertaining to compliance of laws, rules and regulations, happening of events, etc.

v. The compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

vi. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

B. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 30th June, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-process (duly evolved) and compliance-mechanism in place to the extent and as applicable to the Company in the manner and subject to the reporting made hereinafter:

C. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 30th June, 2018 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment only as the Company has neither made any Overseas Direct Investment nor obtained External Commercial Borrowings during the audit period.

V. A. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

(c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

B. The Company has not undertaken any of the activities during the audit period as envisaged in the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and hence are not relevant for the purpose of audit:–

   (a) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

   (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; and

   (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

VI. The following Acts and Rules made thereunder pertaining to Company's business are applicable to the Company:

   (a) Drugs and Cosmetics Act, 1940;

   (b) The Legal Metrology Act, 2009 and

   (c) The Legal Metrology (Packaged Commodities) Rules, 2011.

D. We have also examined compliance with the applicable clauses of the following:

   i. Secretarial Standards in respect of Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

   ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

   During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

E. We further report that,—

   I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.

   II. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

   III. Majority decision is carried through and there was no instance of any director expressing any dissenting views.

   IV. The Company is in the process of filing Form IEPF 4 pursuant to sub-section 6 of Section 124 of the Act in respect of the Unclaimed Dividend for the Financial Year 2009-2010.

F. We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

G. We further report that during the audit period none of the following events has taken place:

   I. Public / Rights / Preferential Issue of Shares / Debentures / Sweat equity etc.

   II. Redemption / buy back of securities.

   III. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.

   IV. Merger / Amalgamation / Reconstruction, etc.

   V. Foreign Technical Collaborations.

For **DHOLAKIA & ASSOCIATES LLP**
(Company Secretaries)

Sd/-

CS Bhumitra V. Dholakia
Designated Partner
FCS - 977
CP No. - 507

Place : Mumbai
Date : 23rd August, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Economy and markets

As per reports, India's GDP is estimated to have increased by 6.6% in Financial Year 2017-18 and is expected to grow to 7.3% in 2018-19. While India continues to be one of the fastest growing economies in the world, the business environment for the FMCG industry in the country remains challenging. During the last fiscal, the tax regime in the country saw a major transformation with the implementation of GST and the subsequent round of tax slab reductions. This led to trade uncertainty and a subdued economic sentiment. Along with the macroeconomic changes in the country, the FMCG industry is facing challenges arising from the global geopolitical and economic scenario like the rise in crude oil prices and the rupee depreciation.

Opportunities, risk and outlook

While the overall operating environment continues to be dynamic, it offers opportunities and poses some unique challenges to the industry.

The consumer lifestyle, preferences and shopping habits are now changing more than ever before. The digital boom and increased use of mobile phones have given rise to a new marketplace that is now available on a consumer's fingertip. The booming e-commerce industry has transformed the way companies communicate and has led to the emergence of newer tools of influencing and advertising to consumers. To capitalize on these opportunities, it will be imperative for companies to address some of the near-term challenges. Sustaining their competitive advantage against increasing competition and strengthening the supply chain to increase penetration in the expanding market will be critical to their success.

The overall outlook remains positive for the FMCG sector with opportunities like increased disposable income, increased consumer spending, growing youth population and increased rural consumption. Your Company is well positioned to sustain and improve its performance and leverage the available opportunities, address challenges and overcome the risks.

Performance Overview

The discussion on financial performance of the Company and its various businesses is elaborated in the Directors' Report.

Risk Management

Your Company has set up a Risk Management Committee. The Company has also adopted a Risk Management Policy.

Business, Finance & Operational risks

The Company's risk management policy is in line with the parent Company's global guidelines and as such adequate measures have been adopted by the Company to anticipate, plan and mitigate the spectrum of risks it faces. On business risks (competition, consumer preferences and technology changes) the Company undertakes a Competition Response Model program. For financing risks, it has a robust operational contingency and legal plan. It also undertakes Business Contingency Plan for key vendors and natural disasters. The Company also has adequate Insurance coverage to protect the value of its assets. This coverage duly covers any risks relating to business interruption resulting from property damage and legal liability resulting from property damage or personal injury.

The Company has in place a very stringent and responsive system under which all its distributors and vendors are assessed before being selected.

Regulatory and Compliance risks

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

- To obey all legal requirements at all times;
- To understand exactly what legal requirements apply to the work function;
- To consult the legal personnel if there are conflicting legal requirements in different jurisdictions;

- To strictly follow the directions from the legal personnel;
- To address and resolve, in a timely manner, any legal compliance issues that have been identified;
- Absolutely no violation of any law; and
- To immediately report any instance of violations to the Legal Department.

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

Security Risks

Your Company has implemented comprehensive security programs supported by latest technology and trained manpower to protect employees and assets, at all its offices and plants. During the Financial Year no major security breaches or incidents occurred at any of the Company's plants. A comprehensive security risk assessment is carried out regularly and adequate security measures are implemented to cater to changing security scenario. Your Company has installed the best of the security measures and processes to protect its personnel and assets.

Internal Auditor

During the Financial Year, the Board of Directors had appointed Ms. Garima Maheshwari, Chartered Accountant as the Internal Auditor of the Company for the Financial Year 2017-18.

Internal Controls & their adequacy

Your Company has strong Internal Controls Environment and Risk Assessment / Management systems. These systems enable Company to comply with Internal Company policies, procedures, standard guidelines and local laws to help protect Company's assets and confidential information against financial losses and unauthorized use. The robust controls environment at your Company is efficiently managed through:

- **Controls Self Assessments (CSAs)** are performed regularly across business processes. The organization does detail process reviews to evaluate process compliances versus standards. This enables organization to proactively identify control weaknesses and initiate actions to sustainably mitigate them.
- **Stewardship and Global Internal Audit (GIA) Reviews** led by a team of three fulltime Internal Controls experts, ensure that all key processes i.e. selling, revenue, distribution, trade & marketing spends, vendor payments, and plant operations are reviewed and assessed at frequent intervals. The observations and findings are shared with senior management for implementing quality action plans to strengthen overall controls environment in these processes. The assessments of High risks and SOX Compliance areas are assessed by an independent internal audit department lead by the Company's Global Internal Audit team. This team comprises of certified internal controls experts who has internal controls experiences across the different markets that the Company operates in.
- **Governance and Stewardship Boards** comprises of the Managing Director, Group Chief Financial Officer, Chief Human Resource Officer and Chief Legal Officer. The Board looks at enterprise level current and potential risks and works plans to eliminate / mitigate them.

During the Financial Year under review, the Global Internal Audit (GIA) performed Audits of key areas covering Selling, Account receivable and Order Shipping and billing and system accesses, Controls were rated largely strong for key processes. Local management has executed quality action plans to remediate all the findings reported by GIA during their engagement.

HR Initiatives

The Company operates in a highly competitive environment vis-à-vis attracting the best talent for its operations and therefore the human resources management function has assumed vital importance in the Company. The Company focuses on attracting, motivating and retaining the best talent. Its people systems like talent supply, performance management and talent development are robust and competitive. We have put in place robust HR programs to ensure that the organization is geared up to deliver the future.

Attracting & Retaining Talent: India continues to be a key source for Global talent and an Employer of Choice in India. Given our build from within strategy and our focus on our core campus programs coupled with our innovative programs ensures we continue to be an Employer of Choice in our Core Campuses and beyond. We are ranked in the Top 10 Employers in the Annual Nielsen Campus Survey.

Developing Talent: Our policies on leadership pipeline, talent planning, mentoring and diversity & inclusion policies continue to ensure that we attract and retain the best talent. Our New hires into the company are given a thorough on-boarding through our *'i-LEAD Program'* and *'SPARK- Sales New Hire Program'* to ensure that they are early contributors in their roles and feel valued. The Company's performance management system, is robust and drives the employees to perform at their *PEAK*. It clearly assesses and differentiates employees on the basis of performance. We have established a *CARE* program to build the capability of our people managers. With our focus on inclusive development, we were recognized by *Working Mothers Magazine* as one of the Best Companies for Women in India . We have a robust talent management process to ensure we build world class leaders. This is supported by a strong Learning & Development program, leveraging internal and external experts to ensure our people are exposed and learn from the very best. The number of employees as on June 30, 2018 was 621.

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

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Your Directors are pleased to present the Corporate Governance Report:

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 levels when Management is acting as if they are long-term investors in the Company.

Your Company has a strong history of operating with integrity at all levels, both internally and externally. Our actions and the actions of all our employees are governed by our *Purpose, Values and Principles (PVP)*. Our commitment to operate responsibly is reflected in the steps we have in place to ensure rigorous financial discipline and Corporate Governance.

Your Company has a highly experienced Board of Directors, which helps us maintain the highest standards of Corporate Governance. Our Audit Committee is comprised of Independent Directors, with appropriate financial skills to provide good oversight. We have in place strong internal controls, to ensure compliance with all relevant regulations and standards. Our rigorous business process controls include ongoing programs of self-assessment, controls, as well as internal and external audits. Your Company has adopted a Code of Conduct for its Directors, which is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct.

Further, your Company reinforces responsibilities on all its 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. This Manual flows from our PVP which is the umbrella for our critical policy areas, which in turn create specific guidelines and standards. This Manual enables the Company's employees to make easier connection to relevant policies and the tools that support them. This Manual describes the Company's *"Worldwide Business Conduct Standards"*. These standards flow from the following core values of the Company:

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

The WBCM 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.

BOARD OF DIRECTORS

(a) Composition of the Board:

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors. As on date, the Board comprises of a Non-Executive Independent Chairman, a Managing Director (Executive), a Whole-time Executive Director and six other Non-Executive Directors.

The Non-Executive Independent Directors bring external perspective and independence to decision making. Mr. B. S. Mehta (Chairman), Mr. C. R. Dua, Mr. G. C. Das and Mr. A. K. Gupta, were appointed as Non-Executive Independent Directors for a period of five years effective September 29, 2014 by the Members at the 30th Annual General Meeting. Mr. Narendra P. Sarda was appointed as Non-Executive Independent Director for a period of five years effective August 29, 2015 by the Members at the 31st Annual General Meeting. All the Independent Directors have provided certificate of independence to the Company stating that they meet the criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 *("the SEBI Listing Regulations, 2015")*. Mr. Al Rajwani resigned from the Company as the Director and Managing Director effective June 30, 2018 consequent to his retirement after 37 years of service with the P&G group. Mr. Madhusudan Gopalan has succeeded him as the Director and Managing Director of the Company effective July 1, 2018. All other Directors, except the Managing Director and the Non-Executive Independent Directors, are Directors liable to retire by rotation.

The composition of the Board of Directors and other Directorships held as on date are given below:

Name of the Director	Category	Designation	Directorships in other Companies*	Membership of Board Committees of other Companies**	
				Member	Chairman
Mr. B. S. Mehta	NED/ID	Chairman	5	5	2
Mr. M. Gopalan#	ED	Managing Director	2	2	—
Mr. C. R. Dua	NED/ID	Director	14	2	—
Mr. G. C. Das	NED/ID	Director	3	—	—
Mr. A. K. Gupta	NED/ID	Director	1	2	—
Mr. N. P. Sarda	NED/ID	Director	1	1	—
Mr. P. Agarwal	NED	Director	2	—	—
Ms. S. Dhawan	NED	Director	2	—	—
Mr. K. Natarajan	ED	Whole-time Director	1	—	—

NED – Non-Executive Director
ED – Executive Director
ID – Independent Director
* *Includes directorships in private companies and companies registered under Section 8 of the Companies Act, 2013 and excludes directorships in foreign companies*
** *Includes memberships of only Audit Committee and Stakeholders' Relationship Committee of Public Companies*
\# *Mr. M. Gopalan was appointed as Director and Managing Director of the Company effective July 1, 2018*

(b) Number of meetings of the Board:

Four (4) meetings of the Board of Directors were held during the period July 1, 2017 to June 30, 2018. These meetings were held on August 24, 2017, November 13, 2017, February 9, 2018, and May 11, 2018.

(c) Directors' attendance record:

The attendance of the 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. B. S. Mehta	4	4	Yes
Mr. Al Rajwani*	4	3	Yes
Mr. N. P. Sarda	4	4	Yes
Mr. C. R. Dua	4	4#	Yes
Mr. G. C. Das	4	4@	No
Mr. A. K. Gupta	4	4	Yes
Mr. P. Agarwal	4	4	Yes
Ms. S. Dhawan	4	3	No
Mr. K. Natarajan	4	4	No

* *Mr. Al Rajwani ceased to be Director and Managing Director effective June 30, 2018.*
\# *Mr. C. R. Dua attended the Board Meeting held on May 11, 2018 via video-conferncing.*
@ *Mr. G. C. Das attended the Board Meeting held on November 13, 2017 via video-conferencing.*

(d) Separate meeting of Independent Directors:

The Independent Directors of the Company met separately without the presence of Non-Independent Directors or management representatives on May 11, 2018 to review the performance of Non-Independent Directors; the Board & the Chairperson of the Company, and to assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

(e) Related Party Transactions:

The Company has adopted Related Party Transaction Policy ('RPT Policy') to ensure that all Related Party Transactions entered into by the Company shall be in the best interest of the Company and in accordance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, 2015. The RPT Policy is available on the Company's website at http://www.pg.com/en_IN/invest/gillette/corporate_governance/policy.shtml.

The Company obtains prior approval of the Audit Committee for all related party transactions. Prior omnibus approval of the Audit Committee is obtained for all related party transactions which are of repetitive nature. All related party transactions are reviewed by external chartered accountant firm to ensure transactions are in ordinary course of business, at arm's length and are in compliance with the RPT Policy of the Company. All related party transactions are placed before the Audit Committee for quarterly review.

Details of material related party transaction entered into during the Financial Year 2017-18 are given below:

Name of Related Party	**Procter & Gamble International Operations S.A., Singapore Branch**
Nature of transaction	Import of Finished Goods
Amount of transaction during Financial Year 2017-18	₹ 376.33 Crores

The above transaction was approved by the Shareholders by passing an Ordinary Resolution through Postal Ballot on January 8, 2018. The Promoter shareholders abstained from voting on the said resolution.

There are no other material pecuniary relationships / significant transactions made by the Company with its Promoters, Directors or management, or their relatives etc. which have potential conflict with the interests of the Company at large.

Transactions with related parties are disclosed in Note 32 forming part of the Financial Statements.

(f) Remuneration of Directors:

The Members of the Company at their 33rd Annual General Meeting held on November 15, 2017, had 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 effective January 1, 2018 by way of a Special Resolution. The said resolution had also empowered the Board of Directors to fix the quantum of commission payable to each of the Non-Executive Directors and to also determine the period for which said commission is payable. In view of the above, the Board of Directors have accorded approval for payment of Annual Commission of ₹ 11 Lakhs to each of the Non-Executive Independent Directors for the Financial Year 2017-18. The said commission is within the limits of 1% of the net profits of the Company in the aggregate, as calculated as per applicable statutory provisions. The Non-Executive Directors are paid to compensate their valuable contribution to the Company owing to their wealth of experience and knowledge.

No fee/compensation is payable to the Directors on severance of Directorship of the Company.

Details of the remuneration paid / provided to the Directors of the Company during the Financial Year ended June 30, 2018 are given below:

Amount in ₹

Name of Director	Relationship with other Directors	Salary	Commission	Sitting Fees	Shares held (Equity Shares of ₹ 10/- each)
Mr. B. S. Mehta	None	—	11,00,000	2,60,000	—
Mr. Al. Rajwani	None	—$	—	—	—
Mr. C. R. Dua	None	—	11,00,000	2,90,000	—
Mr. G. C. Das	None	—	11,00,000	3,20,000	—
Mr. A. K. Gupta	None	—	11,00,000	3,80,000	—
Mr. N. P. Sarda	None	—	11,00,000	2,60,000	—
Mr. P. Agarwal	None	—	—	—	10
Ms. S. Dhawan	None	—$$	—	—	—
Mr. K. Natarajan	None	63,11,796$$$	—	—	—
TOTAL		—	55,00,000	15,10,000	—

$ *₹ 138 Lakhs being Company's contribution to remuneration of Mr. Rajwani has been cross charged from Procter & Gamble Hygiene and Health Care Limited in terms of the common service agreement*

$$ *₹ 59 Lakhs being Company's contribution to remuneration of Ms. Dhawan has been cross charged from Procter & Gamble Home Products Private Limited in terms of the common service agreement*

$$$ *Mr. Karthik Natarajan received remuneration from P&G Dubai. Certain components of the remuneration have been charged to the Company during the year. Above mentioned remuneration includes* amount *cross charged to Procter & Gamble Hygiene and Health Care Limited and Procter & Gamble Home Products Private Ltd in terms of the common service agreement.*

Stock Options

The Company does not have any Stock Option Plan for its employees. However, all employees of the Company including its Managing Director 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 Option of the Ultimate Holding Company under its Employee Stock Option Plan. Details as regards the same are disclosed vide Note 31 forming part of the Financial Statements.

(g) Committees of the Board:

Audit Committee

The Audit Committee presently comprises of Mr. C. R. Dua (Chairman), Mr. B. S. Mehta (Member), Mr. G. C. Das (Member), Mr. A. K. Gupta (Member), Mr. N. P. Sarda (Member) and Mr. Madhusudan Gopalan (Member). The Audit Committee met on August 24, 2017, November 13, 2017, February 9, 2018 and May 11, 2018. The attendance of the members at the Audit Committee during Financial Year 2017-18 is as under:

Directors	Designation	Category	Profession	No. of meetings held during tenure	No. of meetings attended
Mr. C. R. Dua	Chairman	NED/ID	Legal Advisory	4	4#
Mr. B. S. Mehta	Member	NED/ID	Chartered Accountant	4	4
Mr. G. C. Das	Member	NED/ID	Management Consultant	4	4@
Mr. A. K. Gupta	Member	NED/ID	Consultant	4	4
Mr. N. P. Sarda	Member	NED/ID	Chartered Accountant	4	4
Mr. Al Rajwani*	Member (erstwhile)	ED	Service	4	3

NED – Non-Executive Director
ID – Independent Director
ED – Executive Director

\# *Mr. Dua attended the Audit Committee meeting held on May 11, 2018 via video-conferencing*

@ *Mr. Das attended the Audit Committee meeting held on November 13, 2017 via video-conferencing*

* *Mr. Al Rajwani ceased to be Director and Managing Director of the Company effective June 30, 2018 and consequently ceased to be Member of the Audit Committee effective June 30, 2018*

The Audit Committee plays the role as is contemplated under Section 177 of the Companies Act, 2013 read with the SEBI Listing Regulations, 2015.

The Audit Committee powers include the following:

a) to investigate any activity within its terms of reference;

b) to seek information from any employee;

c) to obtain outside legal or other professional advice; and

d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee role includes the following:

i. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

ii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

iii. Approval or any subsequent modification of transactions of the Company with related parties;

iv. Scrutiny of inter-corporate loans and investments;

v. Valuation of undertakings or assets of the Company, wherever it is necessary;

vi. Evaluation of internal financial controls and risk management systems;

vii. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

viii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

ix. Examination and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
   - Changes, if any, in accounting policies and practices and reasons for the same;
   - Major accounting entries involving estimates based on the exercise of judgment by management;
   - Significant adjustments made in the financial statements arising out of audit findings;
   - Compliance with listing and other legal requirements relating to financial statements;
   - Disclosure of any related party transactions; and
   - Qualifications in the draft audit report.

x. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

xi. Monitoring the end use of funds raised through public offers and related matters and reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

xiv. Discussion with internal auditors of any significant findings and follow up there on;

xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

xviii. To review the functioning of the Whistle Blower mechanism;

xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

xx. Reviewing any other areas which may be specified as role of the Audit Committee under the SEBI Listing Regulations, 2015, the Companies Act, 2013 and other statutes, as amended from time to time.

The minutes of the Committee are placed before the Board.

Stakeholder Relationship Committee

The Stakeholder Relationship Committee presently comprises of Mr. A. K. Gupta (Chairman), Mr. Madhusudan Gopalan (Member) and Ms. Sonali Dhawan (Member). During the Financial Year, four meetings were held on August 24, 2017, November 13, 2017, February 9, 2018 and May 11, 2018.

Directors	No. of meetings held during tenure	No. of meetings attended
Mr. A. K. Gupta	4	4
Mr. Al Rajwani* (Erstwhile Member)	4	3
Ms. Sonali Dhawan	4	2

* *Mr. Al Rajwani ceased to be Director and Managing Director of the Company effective June 30, 2018 and consequently ceased to be Member of the Stakeholder Relationship Committee effective June 30, 2018*

The role of the Committee is as follows:

- Resolving the grievances of the security 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 / rematerialization of shares.

During the Financial Year, the Company received 17 complaints from Members. These complaints have been resolved. There were no pending complaints as on June 30, 2018.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee presently comprises of Mr. G. C. Das (Chairman), Mr. A. K. Gupta (Member), Mr. C. R. Dua (Member) and Ms. Sonali Dhawan (Member). During the Financial Year, three meetings were held on August 24, 2017, February 9, 2018 and May 11, 2018.

Directors	No. of meetings held during tenure	No. of meetings attended
Mr. G. C. Das	3	2
Mr. C. R. Dua	3	3#
Mr. A. K. Gupta	3	3
Ms. Sonali Dhawan	3	3

\# *Mr. C. R. Dua attended the Nomination and Remuneration Committee meetings held on May 11, 2018 via video-conferencing.*

The role of the Committee is as follows:

- Formulation of criteria for determining qualifications, positive attributes and independence of Directors;
- Formulation of evaluation criteria for performance evaluation of Independent Directors and the Board;
- Recommendation to the Board of a Policy, relating to the remuneration of Directors, key managerial personnel and senior management;
- Identification of persons who are qualified to become directors and who may be appointed in senior management and recommendation to the Board their appointment and removal;

- Carrying out evaluation of every Director's performance;
- Devise a policy on Board diversity; and
- Any other role & responsibility, as may be mandated by any statutory legislation, from time to time.

The Company has adopted Nomination and Remuneration Policy. The Nomination and Remuneration Policy is in compliance with all applicable provisions of the Companies Act, 2013, particularly Section 178 read together with the applicable rules thereto and Regulation 19 of the SEBI Listing Regulations, 2015. The Policy is designed to attract, motivate and retain leadership members in a competitive and international market. The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders. The Policy is available on the website of the Company at http://www.pg.com/en_IN/invest/gillette/corporate_governance /policy.shtml. This Policy is also annexed to the Directors' report as Annexure IV.

The Company has also adopted a Board Diversity Policy which is based on the principle that the Company's Board of Directors should have a balance of skills, experience and diversity of perspectives appropriate to the Company's business. The Company recognizes that a Board composed of appropriately qualified people with a broad spectrum of experience relevant to the business is important for effective corporate governance and sustained commercial success of the Company. The Company aims to achieve a sustainable and balanced development by building a diverse and inclusive culture.

The Committee carries out an evaluation of performance of individual Directors. Feedback was sought by way of structured questionnaires covering various aspects in line with the Guidance Note on Board evaluation issued by the Securities and Exchange Board of India vide its circular dated January 5, 2017 and performance evaluation was carried out based on the responses received from the Directors.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee presently comprises of Mr. A. K. Gupta (Chairman), Mr. Madhusudan Gopalan (Member), Mr. G. C. Das (Member) and Ms. Sonali Dhawan (Member). During the Financial Year, three meetings were held on August 24, 2017, November 13, 2017 and February 9, 2018.

Directors	No. of meetings held during tenure	No. of meetings attended
Mr. A. K. Gupta	3	3
Ms. Sonali Dhawan	3	1
Mr. Al Rajwani* (Erstwhile Member)	3	2
Mr. G. C. Das	3	2#

Mr. G. C. Das attended the Corporate Social Responsibility Committee meeting held on November 13, 2017 via video-conferencing.

* *Mr. Al Rajwani ceased to be Director and Managing Director of the Company w.e.f. June 30, 2018 and consequently ceased to be Member of the Corporate Social Responsibility Committee w.e.f. June 30, 2018.*

The role of the Committee is as follows:

- Formulation and recommendation to the Board, a Policy which shall indicate the activities to be undertaken by the Company;
- Recommendation of the amount of expenditure to be incurred on the CSR activities;
- Monitoring the CSR Policy of the Company from time to time;
- Formulation and monitoring of implementation of business responsibility policies; and
- Annual assessment of the business responsibility performance and reporting.

The Company has adopted a Corporate Social Responsibility Policy ('CSR Policy'). In line with the global principles followed by the P&G group and the terms of the Companies Act, 2013, the CSR policy is broadly framed taking into account the following:

- We believe it's essential to run our business responsibly, and our operating practices reflect this commitment.
- We are focused on making every day better for people and the planet through our innovations and our actions:

i Environment by – Conservation of Resources, Using Renewable Resources, Generating Worth from Waste.

ii Social by – providing the comforts of home, improving health and hygiene of people, social and cultural development, imparting education, training and social awareness.

Risk Management Committee

The Company has constituted a Risk Management Committee to monitor and the review the Risk Management Policy and plans of the Company. The Committee presently comprises of Mr. Madhusudan Gopalan (Chairman), Mr. C. R. Dua (Member), Mr. Karthik Natarajan (Member), Mr. P. Agarwal (Member), Mr. G. C. Das (Member), Mr. S. S. Rathore (Member) and Mr. G. Sawhney (Member). During the Financial Year, one meeting was held on February 9, 2018.

The attendance at meeting of the Risk Management Committee is as follows:

Name of Member	No. of meetings held during tenure	No. of meetings attended
Mr. Al Rajwani* *(Erstwhile Chairman)*	1	1
Mr. C. R. Dua	1	1
Mr. G. C. Das	1	1
Mr. Karthik Natarajan	1	1
Mr. Pramod Agarwal	1	1
Mr. Shailyamanyu Singh Rathore	1	1
Mr. Gagan Sawhney	1	1

* *Mr. Al Rajwani ceased to be Director and Managing Director of the Company w.e.f. June 30, 2018 and consequently ceased to be Member of the Risk Management Committee w.e.f. June 30, 2018.*

The Company has adopted a Risk Management Policy, which aims to create a standard, structured and efficient approach to identify, assess and mitigate risks. Our Company meetings are structured to plan, asses and mitigate risks. These include annual & monthly business planning meetings as well as specific category and go-to-market assessments.

Cash & Investment Committee

The Company has constituted a Cash & Investment Committee, comprising of Mr. P. Agarwal (Chairman), Mr. C. R. Dua (Member), Mr. A. K. Gupta (Member) and Mr. K. Natarajan (Member). During the Financial Year, no meetings were held.

The role of the Committee is as follows:

Assessment and recommendation to the Board the best possible utilization of cash generated by the Company, on basis of following primary considerations:

i) protecting long term growth of the Company;

ii) maximizing return to the shareholders; and

iii) ensuring risk free investments choices.

(h) Familiarization programme for Independent Directors:

The familiarization programme aims at familiarizing the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates and business model of the Company. The familiarization programme is available on the Company's website at http://www.pg.com/en_IN/invest/gillette/corporate_governance /index.shtml.

The Company conducts presentations at meetings of the Board and meeting of various Committees of the Board periodically to familiarize the Independent Directors with the business performance, business strategy, operations and functions of the Company. Such presentations help the Independent Directors to understand the Company's strategy, business model, operations, market, competition, organization structure, risk analysis and such other areas.

The Company updates the Independent Directors on changes in relevant laws / regulations from time to time. Each member of the Board, including the Independent Directors, are given any information relating to the Company, whenever they so request. Independent Directors have the freedom to interact with the Company's management.

In case of appointment of new Independent Director on the Board of the Company, the Company would:

- Issue a formal letter of appointment containing roles and responsibilities at the time of appointment;
- Provide introductory documents including Annual Report, Board committee framework, codes of conducts as may be applicable to the Director, various Policies and procedures adopted by the Company.

(i) Annual Evaluation of the Directors:

The Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of structured questionnaires covering various aspects in line with the Guidance Note on Board evaluation issued by the Securities and Exchange Board of India vide its circular dated January 5, 2017 and performance evaluation was carried out based on the responses received from the Directors.

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

Ms. Sonali Dhawan is a graduate from Lady Shriram College, with a B.Com (Hons.) in Business Studies. She has completed her MBA 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. She has been awarded as 'Marketer of the Year FMCG' by IAA awards in 2014 and has been rated as Number 7 in the IMPACT 50 most influential women in Marketing and Advertising for two consecutive years.

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

Ms. Dhawan, retires by rotation and being eligible, offers herself for re-appointment at the forthcoming 34th Annual General Meeting**.**

COMMUNICATION TO SHAREHOLDERS

(i) The quarterly results of the Company are announced within 45 days of completion of the quarter or within the time as prescribed by the Securities & Exchange Board of India. Audited Annual Results are announced within 60 days of the end of Financial Year or within the time as prescribed by the Securities & Exchange Board of India which are published in the Business Standard, Mumbai Lakshadeep and the Asian Age.

(ii) The Company's results and official news releases are published on Company's website: www.pg.com/en_IN.

(iii) No presentations were made to Analysts and Institutional Investors during the course of the Financial Year.

(iv) This Annual Report alongwith Notice calling the General Meeting, for the Financial Year 2017–18, in electronic form, is being sent to the Members at the email address provided / updated by the Members with the Depository Participants / RTA, as applicable and by courier to the Members who have not registered their email address with the Company.

STATUTORY COMPLIANCE

The Company was compliant with applicable requirements prescribed by the regulatory and statutory authorities 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.

GENERAL MEETINGS

AGM	Date	Time	Venue	No. of special resolutions passed
33rd	15.11.2017	11:00 a.m.	Y. B. Chavan Pratisthan, Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021	1
32nd	30.11.2016	10:00 a.m.		—
31st	26.10.2015	3:30 p.m.		1

i. At the 33rd Annual General Meeting held on November 15, 2017, the following Special Resolution was passed:

Payment of commission to the Non-Executive Directors of the Company for a period of Five Years with effect from January 1, 2018

ii. At the 31st Annual General Meeting held on October 26, 2015, the following Special Resolution was passed:

Appointment of Mr. Narendra P. Sarda as Non-Executive Independent Director of the Company.

POSTAL BALLOT

During the Financial Year, an Ordinary Resolution for approval of material related party transactions was passed by the non-promoter shareholders of the Company through Postal Ballot on January 8, 2018. Promoter shareholders abstained from voting on the said resolution. The Board had appointed Mr. B. V. Dholakia, Practicing 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 January 10, 2018. Details of the voting pattern were as under:

Description of Resolution: Approval of material related party transactions under Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	No. of Votes (Physical ballots and e-voting)	Votes Cast (No. of Shares)	% of Valid Votes
No. of total valid Postal Ballot Forms / e-votes received	282	25,12,440	100.00
Assented to the resolution	264	24,89,290	99.08
Dissented to the resolution	18	23,150	0.92

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

CEO / CFO CERTIFICATION

A Compliance certificate in accordance with requirement of Regulation 17(8) of the SEBI Listing Regulations, 2015, was provided to the Board of Directors in the prescribed format for the Financial Year 2017-18, which was reviewed by the Audit Committee and taken on record by the Board.

ADOPTION OF DISCRETIONARY REQUIREMENTS

The Company has adopted following discretionary requirements of Regulation 27(1) of the SEBI Listing Regulations, 2015:

a. There are no audit qualifications in the Company's financial statements for the Financial Year 2017-18.

b. The Company has appointed separate persons as Chairman and Managing Director of the Company.

WHISTLE BLOWER POLICY

The Company being a part of the P&G group is guided by 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 the 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* is not staffed or monitored by the Company personnel. All calls can be completed anonymous if the caller desires. The *Helpline* can take calls in most languages spoken by employees around the world.

Calls made to the *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 concerns.

The *'Worldwide Business Conduct Helpline'* is accessible to all employees.

In compliance with the requirement under the SEBI Listing Regulations, 2015 and Section 177 of the Companies Act, 2013 and the Rules made thereunder, the Company has adopted the whistle blowing policy as the vigilance mechanism for Directors and employees to report genuine concerns or grievances such as unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

The Audit Committee oversees the vigil mechanism and number of cases reported alongwith the status report and action taken (if any) are reported to the Committee. No personnel has been denied access to the Audit Committee.

The Vigil Mechanism is available on the Company's website at http://www.pg.com/en_IN/invest/gillette/ corporate_governance/policy.shtml.

CODE OF CONDUCT

(i) Code of Conduct for Directors:

The Company has in place a Code of Conduct for its Directors and senior management. This Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct.

The Board Members and Senior Management Personnel have affirmed their compliance with the Code of Conduct and a Managing Director certificate to that effect is annexed to this Corporate Governance Report. The Code of Conduct has been posted on the Company's website at http://www.pg.com/en_IN/invest/gillette/corporate_governance/code_of_conduct.shtml.

(ii) Code of Conduct for Prohibition of Insider Trading:

The Board of the Company has adopted the Code of Conduct for prevention of Insider Trading SEBI (Prohibition of Insider Trading) Regulations, 2015. The code has been posted on the Company's website at http://www.pg.com/en_IN/invest/ gillette/corporate_governance/code_of_conduct.shtml.

GENERAL SHAREHOLDER INFORMATION

I Annual General Meeting

The 34th Annual General Meeting will be held on **Friday, November 30, 2018 at 11.00 a.m.** at Y. B. Chavan Pratisthan, Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021.

II Financial Calendar

Presently, the Company follows July-June Financial Year. The Financial Results are declared within timelines as prescribed by the Securities & Exchange Board of India.

III **Book Closure Dates:** Saturday, November 24, 2018, to Friday, November 30, 2018 (both days inclusive).

The said book closure is for payment of dividend.

IV **Dividend Payment Date:** On or before December 21, 2018.

V Listing of Equity Shares on Stock Exchange

The Company's shares are listed on the BSE Limited, Mumbai and the National Stock Exchange of India Limited. Listing fees as prescribed have been paid to the respective Stock Exchanges.

VI Stock Code

BSE, Mumbai — Code : 507815

National Stock Exchange of India — Code : GILLETTE

The dematerialization ISIN Code is INE322A01010

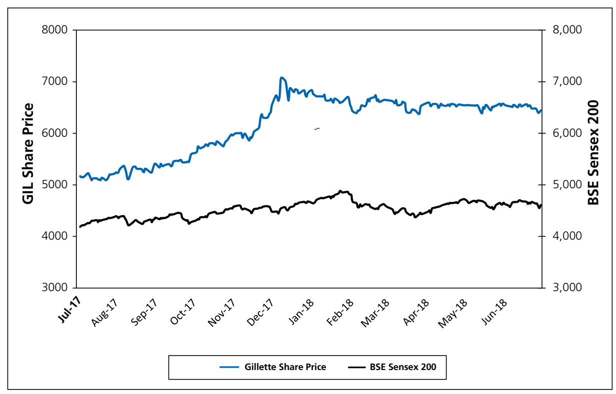
VII Stock Price Data

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July – 2017	5250.00	5025.50	5279.95	5005.25
August – 2017	5450.00	5001.55	5447.00	5012.55
September – 2017	5656.00	5260.00	5699.85	5262.30
October – 2017	6013.00	5585.45	6027.00	5570.70
November – 2017	6550.85	5808.70	6558.85	5840.00
December – 2017	7196.90	6450.00	7100.00	6409.20
January – 2018	6905.30	6549.35	6890.00	6523.10
February – 2018	6825.00	6221.00	6848.00	6140.00
March – 2018	6725.00	6340.80	6729.00	6306.05
April – 2018	6635.85	6420.00	6644.00	6456.20
May – 2018	6610.00	6354.00	6628.95	6355.60
June – 2018	6590.85	6371.00	6597.55	6344.00

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

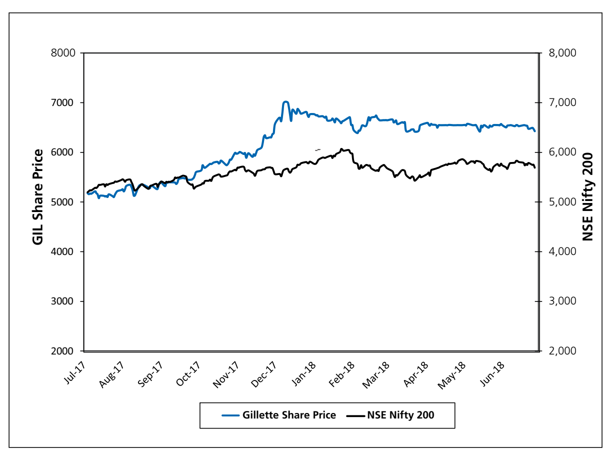
VIII Stock Performance in comparison to the BSE Sensex and NSE Nifty

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the Financial Year 2017-18:



(Source: www.bseindia.com)

The following chart shows the performance of the Company's shares as compared to the NSE Nifty during the Financial Year 2017-18:



(Source: www.nseindia.com)

IX Registrar and Transfer Agents

Mas Services Limited
T-34, 2nd floor, Okhla Industrial Area
Phase II, New Delhi – 110 020
Ph: 011-26387281/82/83 Fax: 011-26387384
E - Mail : info@masserv.com
Contact person: Mr. Sharwan Mangla

X Share Transfer System

All Shares sent for transfer in the physical form are registered by the Registrar and Share Transfer Agents as per the terms of the the SEBI Listing Regulations, 2015. Shares under objection are returned within two weeks.

All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within two weeks.

XI Distribution of shareholding by size class as on June 30, 2018

Shareholding	Shareholders		Shares	
	Number	% to Total	Number	% to Total
Upto 500	24 784	97.12	11 34 986	3.48
501 – 1000	357	1.40	2 55 902	0.79
1001 – 2000	179	0.70	2 52 138	0.77
2001 – 3000	74	0.29	1 83 823	0.57
3001 – 4000	26	0.10	91 138	0.28
4001 – 5000	22	0.09	1 01 077	0.31
5001 – 10000	35	0.14	2 48 042	0.76
10001 and above	42	0.16	3 03 18 111	93.04
TOTAL	**25 519**	**100.00**	**3 25 85 217**	**100.00**

XII Distribution of shareholding by ownership as on June 30, 2018

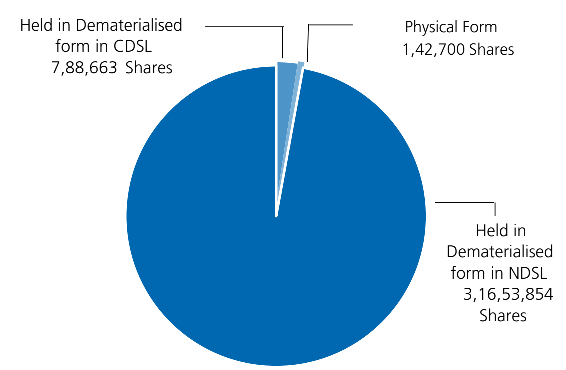
Category	Number of Shares held	% of Shares held
Foreign & Indian promoters	2 44 37 803	75.00
Resident Individuals and others	19 15 814	5.88
Mutual Funds	13 55 596	4.16
Financial Institutions / Banks	5 72 020	1.75
Foreign Institutional Investors	16 05 617	4.93
Private Bodies Corporate	25 22 086	7.74
NRIs	1 76 281	0.54
TOTAL	**3 25 85 217**	**100.00**

XIII Dematerialization of shares and liquidity

The Company's shares are required to be compulsorily traded in the stock exchanges in dematerialised form. As on June 30, 2018, the number of shares in dematerialized and physical mode is as under:

Particulars	No. of shares	% to total capital issued
Held in dematerialised form in CDSL	7 88 663	2.42
Held in dematerialised form in NSDL	3 16 53 854	97.14
Held in physical form	1 42 700	0.44
Total	**3 25 85 217**	**100.00**

Shares held in demat/physical form as on June 30, 2018



XIV As on date, the Company has not issued GDR/ADR/ warrants or any convertible instruments.

XV Unclaimed / Unpaid Dividends

The amount of the unclaimed dividend for and upto the Financial Year ended June 30, 2010, has been transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Those Members who have not claimed their dividend for the said periods shall not be entitled to claim the same either from the Company or from the said fund.

Final dividend for the Financial Year ended June 30, 2011 and for the subsequent years, which remain unpaid or unclaimed, will be due for transfer to the IEPF of the Central Government on the dates mentioned in the table below. Members who have not encashed their dividend warrants for these years are requested to seek issue of duplicate warrants on or before the due dates mentioned therein, by writing to the Company's RTA, M/s Mas Services Limited.

For the Financial Year ended	Date of Declaration	Due for transfer to IEPF
30.06.2011	31.10.2011	06.12.2018
30.06.2012	11.12.2012	16.01.2020
30.06.2013	19.11.2013	25.12.2020
30.06.2014	29.09.2014	04.11.2021
30.06.2015	26.10.2015	01.12.2022
Interim 2015-16	12.10.2015	17.11.2022
30.06.2016	30.11.2016	06.01.2024
Interim 2016-17	06.05.2017	11.06.2024
30.06.2017	15.11.2017	21.12.2024

During the Financial Year 2017-18, unclaimed final dividend amount for the Financial Year ended June 30, 2010 amounting to ₹ 6 87 825/- was transferred to the IEPF on January 11, 2018. The details of unpaid/unclaimed dividend as on date of previous Annual General Meeting, i.e., November 15, 2017 have been posted on the website of the Company, viz., www.pg.com/en_IN.

XVI Plant Locations:

(i) Bhiwadi Plant
SPA – 65A, Bhiwadi Industrial Area,
Bhiwadi, Dist. Alwar
Rajasthan – 301019

(ii) Baddi Plant
Plot no. 4, Industrial Area
Village Katha, Bhatoli Kalan
Dist. Solan
Baddi – 173205
Himachal Pradesh

XVII Addresses for Correspondence:
Compliance Officer
Company Secretary
Gillette India Limited
P&G Plaza, Cardinal Gracias Road,
Chakala, Andheri (East)
Mumbai – 400 099
Ph : 022-28266000;
Fax : 022-28267337
Email Id: investorgil.im@pg.com

Declaration

As provided under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members have confirmed compliance with the Directors' Code of Conduct for the Financial Year ended June 30, 2018 and the Senior Management has complied with the Business Conduct Manual for the Financial Year ended June 30, 2018.

For ***GILLETTE INDIA LIMITED***

Madhusudan Gopalan
Managing Director

Mumbai,
August 23, 2018

Independent Auditor's Certificate on Corporate Governance

TO THE MEMBERS OF
GILLETTE INDIA LIMITED

This Certificate is issued in accordance with the terms of our Engagement Letter dated July 26, 2018.

This certificate is issued with regard to compliance of conditions of Corporate Governance by **Gillette India Limited** ('the Company') for the year ended on June 30, 2018 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ('Listing Regulations').

Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management, including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We conducted our verification in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI which includes the concept of test check and materiality.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations as applicable during the year ended June 30, 2018.

We further 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.

Restriction on use

This certificate has been issued at the request of the Company solely for confirming the compliance of conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 and is not to be used for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Regn. No.: 104607W / W100166

Daraius Z. Fraser
Partner
M. No.: 42454

Place : Mumbai
Date : August 23, 2018.

INDEPENDENT AUDITORS' REPORT

To the Members of
Gillette India Limited

Report on Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Gillette India Limited** ("the Company"), which comprise the Balance Sheet as at June 30, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the Ind AS financial statements).

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant Rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at June 30, 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended June 30, 2017, included in these Ind AS financial statements have been audited by the predecessor auditor whose report for the year ended June 30, 2017 expressed an unmodified opinion on those audited financial statements vide their audit report dated August 24, 2017.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

   e) On the basis of the written representations received from the Directors as on June 30, 2018, taken on record by the Board of Directors, none of the Directors is disqualified as on June 30, 2018, from being appointed as a Director in terms of section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 35 to the Ind AS financial statements.

      ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Regn. No.: 104607W / W100166

Daraius Z. Fraser
Partner
M. No. 42454

Place : Mumbai
Date : August 23, 2018.

ANNEXURE – "A" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the Members of the Company on the Ind AS Financial Statements for the year ended June 30, 2018.

1. Fixed Assets:

   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b) As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies reported on such verification are not material and have been properly dealt with in the books of account.

   c) According to the information and explanations given to us, the title deeds, comprising all the immovable properties of buildings, other than self-constructed buildings, are held in the name of the Company. In respect of immovable properties of land that have been taken on lease and disclosed as non-current / current assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

2. The inventory has been physically verified by the Management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.

3. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act.

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act, with respect to investments made, guarantees given and securities provided.

5. According to the information and explanations given to us, the Company has not accepted deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Act and the rules framed thereunder apply.

6. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Act.

7. According to the information and explanations given to us and records of the Company examined by us, in our opinion:

   a) the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess, profession tax and other material statutory dues, as applicable, with the appropriate authorities and there are no undisputed amounts payable in arrears as at June 30, 2018 for a period of more than six months from the date they became payable.

   b) there are no dues of income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax and goods and services tax which have not been deposited with the appropriate authorities on account of any dispute, other than the following:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates*	Amount Involved (₹ in lakhs)**
The Central Excise Act, 1944	Excise Duty	Appellate Authority - up to Commissioners/ Revisional authorities level	1994-95 to 1997-98, 2002-03 to 2016-17	30 416
		Customs, Excise and Service Tax Appellate Tribunal	1994-95 to 1998-99, 2002-03 to 2007-08	164
		High Court	1990-91	9
		Supreme Court	2000-01	6
Sales Tax and Laws as per statutes applicable in various states	Sales Tax and VAT	Appellate Authority - up to Commissioners/ Revisional authorities level	1999-00 to 2016-17	4 463
		Tribunal	1997-98, 1999-00, 2002-03, 2005-06 to 2010-11	36
		High Court	2005-06	60
Customs Act, 1962	Customs Duty	Appellate Authority - up to Commissioners/ Revisional authorities level	2000-01, 2005-06, 2006-07, 2012-13	1 582
		Tribunal	1995-96	27
Finance Act, 1994	Service Tax	Appellate Authority - up to Commissioners/ Revisional authorities level	2001-02, 2004-06, 2007-08 to 2015-16	2 626
		Tribunal	2010-11 to 2013-14	81

* Period denotes the financial year April to March

** includes penalty and interest on taxes, wherever applicable

8. The Company has not taken any loans or borrowings from financial institutions, banks or government nor has issued any debentures.

9. The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) or term loans during the year.

10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11. According to the information and explanations given to us and based on our examination of the records, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations give to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into any non-cash transactions with Directors or persons connected with him.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Regn. No.: 104607W / W100166

Daraius Z. Fraser
Partner
M. No. 42454

Place : Mumbai
Date : August 23, 2018.

ANNEXURE – "B" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the Members of the Company on the Ind AS Financial Statements for the year ended June 30, 2018.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of Gillette India Limited ("the Company") as of June 30, 2018, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the "Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditure of the company are being made only in accordance with authorizations of Management and Directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at June 30, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Regn. No.: 104607W / W100166

Daraius Z. Fraser
Partner
M. No. 42454

Place : Mumbai
Date : August 23, 2018.

Balance Sheet as at June 30, 2018

	Notes	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
ASSETS			
Non-current assets			
Property, plant and equipment	4	26 441	21 409
Capital work-in-progress	4	4 037	6 334
Financial assets			
(i) Loans	6	2 114	2 575
Deferred tax assets (Net)	15	1 640	1 901
Non-current tax assets (Net)		16 731	15 902
Other non-current assets	10	2 519	1 879
Total non-current assets		**53 482**	**50 000**
Current assets			
Inventories	8	20 015	22 238
Financial assets			
(i) Trade receivables	5	17 604	13 027
(ii) Cash and cash equivalents	9 (a)	23 515	11 402
(iii) Bank balances other than (ii) above	9 (b)	148	163
(iv) Loans	6	500	414
(v) Other financial assets	7	366	2 263
Other current assets	10	5 270	339
Total current assets		**67 418**	**49 846**
Total assets		**1 20 900**	**99 846**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	3 259	3 259
Other equity	12	66 159	46 802
Total equity		**69 418**	**50 061**
Liabilities			
Non-current liabilities			
Provisions	14	3 547	3 381
Total non-current liabilities		**3 547**	**3 381**
Current liabilities			
Financial liabilities			
(i) Trade payables			
Due to micro and small enterprises	16	634	575
Due to others	16	32 296	31 698
(ii) Other financial liabilities	13	1 597	2 231
Provisions	14	22	171
Current tax liabilities (Net)	17	8 388	6 809
Other current liabilities	18	4 998	4 920
Total current liabilities		**47 935**	**46 404**
Total liabilities		**51 482**	**49 785**
Total equity and liabilities		**1 20 900**	**99 846**

See accompanying notes to the financial statements

In terms of our report attached
For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No.: 104607W / W100166

Daraius Z. Fraser
Partner
M. No. 42454

Place: Mumbai
Date: August 23, 2018

For and on behalf of Board of Directors

B. S. Mehta
Chairman

Madhusudan Gopalan
Managing Director

G. Sawhney
Chief Financial Officer

Flavia Machado
Company Secretary

Statement of Profit and Loss for the year ended June 30, 2018

	Notes	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Income			
Revenue from operations	19	1 67 685	1 78 824
Other income	20	1 275	3 782
Total income		**1 68 960**	**1 82 606**
Expenses			
Cost of raw and packing materials consumed	21	14 132	37 345
Purchases of stock-in-trade (Traded Goods)		53 096	43 299
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	2 086	(2 040)
Excise duty		—	5 464
Employee benefits expense	23	11 791	10 972
Finance costs	24	746	674
Depreciation expense	4	4 229	3 835
Other expenses	25	48 420	45 625
Total expenses		**1 34 500**	**1 45 174**
Profit before tax from operations		**34 460**	**37 432**
Tax expense			
Current tax	26.1	11 447	12 122
Deferred tax	26.1	108	2
Income tax expense		**11 555**	**12 124**
Profit for the year		**22 905**	**25 308**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss:			
Re-measurement of the defined benefit plans	29.2(B)	441	(1 173)
Income tax effect	26.2	(153)	406
Total other comprehensive income for the year		**288**	**(767)**
Total comprehensive income for the year		**23 193**	**24 541**
Earnings per equity share	28		
– Basic (in ₹)		70.29	77.67
– Diluted (in ₹)		70.29	77.67
Face Value of Equity Share (in ₹)		10.00	10.00

See accompanying notes to the financial statements

In terms of our report attached
For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No.: 104607W / W100166

Daraius Z. Fraser
Partner
M. No. 42454

Place: Mumbai
Date: August 23, 2018

For and on behalf of Board of Directors

B. S. Mehta
Chairman

Madhusudan Gopalan
Managing Director

G. Sawhney
Chief Financial Officer

Flavia Machado
Company Secretary

Statement of Cash Flows for the year ended June 30, 2018

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
A. Cash Flows from Operating Activities		
Profit before tax	**34 460**	**37 432**
Adjustments for:		
Depreciation expense	4 229	3 835
Loss on disposal of property, plant and equipment	523	366
Finance costs	746	674
(Recovery) for doubtful receivables (net)	(6)	(14)
Interest income	(1 056)	(3 651)
Net unrealised foreign exchange loss / (gain)	303	(96)
Expense recognised in respect of equity settled share based payments	87	100
Operating profit before working capital changes	**39 286**	**38 646**
Working capital adjustments		
(Increase) in trade receivables	(4 466)	(2 053)
Decrease in financial assets	2 275	550
Decrease in inventories	2 223	2 217
(Increase) / decrease in other assets	(5 571)	562
Increase / (decrease) in trade and other payables	40	(494)
(Decrease) in provisions	(16)	(163)
Cash generated from operations	**33 771**	**39 265**
Income taxes paid (net of refund)	(10 059)	(14 468)
Net cash generated from operating activities	**23 712**	**24 797**
B. Cash Flows from Investing Activities		
Payment to acquire property, plant and equipment	(8 106)	(9 375)
Proceeds from sale of property, plant and equipment	—	3 621
Loans realised	—	7 000
Loans given	—	(3 000)
Interest received	415	3 212
Increase / (decrease) in earmarked balances	15	(89)
Net cash (used in) / generated from investing activities	**(7 676)**	**1 369**

Statement of Cash Flows for the year ended June 30, 2018 (contd.)

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
C. Cash Flows from Financing Activities		
Dividend paid on equity shares	(3 259)	(56 698)
Dividend distribution tax	(664)	(11 544)
Interest paid	—	(168)
Net cash (used in) financing activities	**(3 923)**	**(68 410)**
Net increase / (decrease) in cash and cash equivalents	**12 113**	**(42 244)**
Cash and cash equivalents at the beginning of the year	**11 402**	**53 646**
Cash and cash equivalents at the end of the year (refer note 9(a))	**23 515**	**11 402**

Note:

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) – Statement of Cash Flows.

See accompanying notes to the financial statements

In terms of our report attached

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No.: 104607W / W100166

Daraius Z. Fraser
Partner
M. No. 42454

Place: Mumbai
Date: August 23, 2018

For and on behalf of Board of Directors

B. S. Mehta
Chairman

Madhusudan Gopalan
Managing Director

G. Sawhney
Chief Financial Officer

Flavia Machado
Company Secretary

Statement of Changes in Equity for the year ended June 30, 2018

a. Equity share capital

	Amount ₹ in lakhs
Balance as at July 1, 2016	**3 259**
Changes in equity share capital during the year	—
Balance as at June 30, 2017	**3 259**
Changes in equity share capital during the year	—
Balance as at June 30, 2018	**3 259**

b. Other equity

	Attributable to the equity share holders of the Company						
	Reserves & surplus						
	General reserve	Securities premium reserve	Share options outstanding account	Retained earnings	Capital Reserve	Contingency reserve	Total
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Balance as at July 1, 2016	**14 323**	**3 290**	**198**	**49 803**	**12 589**	**10 200**	**90 403**
Profit for the year	—	—	—	25 308	—	—	25 308
Items of OCI for the year, net of tax							
Remeasurement benefit of defined benefit plans	—	—	—	(767)	—	—	(767)
Total comprehensive income for the year	**—**	**—**	**—**	**24 541**	**—**	**—**	**24 541**
Payment of dividends (refer note 39)	—	—	—	(56 698)	—	—	(56 698)
Payment of dividend distribution tax	—	—	—	(11 544)	—	—	(11 544)
Transfer from retained earnings	—	—	—	(2 700)	—	2 700	—
Recognition of share-based payments	—	—	100	—	—	—	100
Balance as at June 30, 2017	**14 323**	**3 290**	**298**	**3 402**	**12 589**	**12 900**	**46 802**
Profit for the year	—	—	—	22 905	—	—	22 905
Items of OCI for the year, net of tax							
Remeasurement benefit of defined benefit plans	—	—	—	288	—	—	288
Total comprehensive income for the year	**—**	**—**	**—**	**23 193**	**—**	**—**	**23 193**
Payment of dividends (refer note 39)	—	—	—	(3 259)	—	—	(3 259)
Payment of dividend distribution tax	—	—	—	(664)	—	—	(664)
Recognition of share-based payments	—	—	87	—	—	—	87
Balance as at June 30, 2018	**14 323**	**3 290**	**385**	**22 672**	**12 589**	**12 900**	**66 159**

See accompanying notes to the financial statements

In terms of our report attached

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No.: 104607W / W100166

Daraius Z. Fraser
Partner
M. No. 42454

Place: Mumbai
Date: August 23, 2018

For and on behalf of Board of Directors

B. S. Mehta
Chairman

Madhusudan Gopalan
Managing Director

G. Sawhney
Chief Financial Officer

Flavia Machado
Company Secretary

Notes to Financial Statements for the year ended June 30, 2018

1. Corporate information

Gillette India Limited ('the Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. Its ordinary shares (Equity) are listed on two recognised stock exchanges in India. The registered office of the Company is located at P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (E), Mumbai - 400099.

The Company is engaged in manufacturing and selling of branded packaged fast moving consumer goods in the grooming and oral care businesses. The Company's products are sold through retail operations including mass merchandisers, grocery stores, membership club stores, drug stores, department stores and high frequency stores. The Company has its manufacturing locations at Bhiwadi in Rajasthan and Baddi in Himachal Pradesh, apart from third party manufacturing locations spread across India.

2. Significant accounting policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standard (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain items that are measured at fair values at the end of the reporting period, as explained in accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurement that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2.

In addition, for the financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Summary of significant accounting policies

a. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. Revenue is reduced for rebates and other similar allowances.

The Company's revenue till June 30, 2017 includes recovery of excise duty flows to the Company on its own account. This is for the reason that it is the liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax / value added tax (VAT) and Goods and Services tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a. the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

b. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c. the amount of revenue can be measured reliably;

d. it is probable that the economic benefits associated with the transaction will flow to the Company; and

e. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is recorded using the Effective Interest Rate (EIR). Interest income is included in other income in the Statement of Profit and Loss.

b. Leasing

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company as a lessee

Assets held under finance leases are initially recognised at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a financial lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs (refer note 2.3(d)).

Rental expenses from operating leases is generally recognised on a straight-line basis over the lease term of the relevant lease. Where the rentals are structured solely to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rental arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to Financial Statements for the year ended June 30, 2018

c. Foreign currencies

The financial statements are presented in Indian Rupee (₹ in lakhs), which is also the Company's functional currency.

Transaction and balances

Transactions in currencies other than the Company's functional currency i.e. (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period which they arise.

d. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

e. Employee benefits

i) Post-employment Benefits

a) Defined Contribution Plans:

The Company has Defined Contribution Plans for post employment benefits charged to the Statement of Profit and Loss, in the form of:

— Superannuation Fund as per Company policy administered by the Life Insurance Corporation of India.

— State Defined Contribution Plans: Employer's Contribution to Employees' State Insurance.

b) Defined Benefit Plans:

Funded Plan: The Company has Defined Benefit Plan for post employment benefits in the form of

— Gratuity for all employees administered through a trust, which is administered through trustees and / or Life Insurance Corporation of India, where one of the group company is also the participant.

— Provident Fund for all permanent employees is administered through a trust. The Provident Fund is administered by trustees of an independently constituted common trust recognised by the Income Tax authorities where two other group Companies are also participants. Periodic contributions to the Fund are charged to revenue and when services are rendered by the employees. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and notified interest rate by the Government.

Unfunded Plan: The Company has unfunded Defined Benefit Plans in the form of Post Retirement Medical Benefits (PRMB) and Compensated Absences (plant technicians) as per its policy.

Liability for the above defined benefit plans is provided on the basis of valuation, as at the Balance Sheet date, carried out by independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate at the beginning of the year to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

ii) Liability for Compensated Absences and Leave Travel Allowance which are in the nature of short term benefits is provided for as per company rules based on the undiscounted amount of benefits expected to be paid in exchange of services rendered.

iii) Termination benefits and long service awards in terms of Company policy are recognised as an expense as and when incurred.

f. Share-based payment arrangements

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The Procter & Gamble Company, USA has an "Employee Stock Option Plan (ESOP)" whereby the specified employees covered by the plan are granted an option to purchase shares of the Ultimate Holding Company i.e. - The Procter & Gamble Company, USA at a fixed price (grant price) for a fixed period of time. The difference between the market price and grant price on the exercise of the stock options issued by the Ultimate Holding Company to the employees of the Company is charged in the year of exercise by the employees. Parent Company will recharge an amount equal to spread as on date of exercise of options.

The cost of equity-settled transactions is recognised in employee benefits expense (refer note 2.3(e)), together with a corresponding increase in equity (other reserves) over the period in which the service and performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. Recharge to parent company to the extent of fair value of options will be debited in equity reserves and any excess recharge above the fair value of options will be recognised as equity distribution from the Company.

Employee share purchase plan

The Procter & Gamble Company, USA has an "International Stock Ownership Plan (ISOP)" (employee share purchase plan) whereby specified employees of its subsidiaries have been given a right to purchase shares of the Ultimate Holding Company i.e. The Procter and Gamble Company, USA. Every employee who opts for the scheme contributes by way of payroll deduction up to a specified percentage (upto 15%) of base salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 2.5% of his base salary) and charged to employee benefit expenses.

Notes to Financial Statements for the year ended June 30, 2018

The expenses related ISOP are recognised immediately in the Statement of Profit and Loss since there are no vesting conditions attached to the scheme.

The expense in the Statement of Profit and Loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

g. Taxation

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

Provision for current tax for the Company's financial year ended on June 30 is based on the results of the period July 1 to March 31 (later part of the fiscal year ended March 31) and for the balance and for the period April 1 to June 30 (beginning of the next fiscal year) as per the provisions of the Income Tax Act, 1961 and other applicable tax laws. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

h. Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at acquisition cost less accumulated depreciation and accumulated impairment losses,if any. Freehold land is not depreciated. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Cost of Property, plant and equipment which are not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful life, using straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The management's estimate of useful lives are in accordance with Schedule II to the Act, other than certain assets which are based on the Company's expected usage pattern supported by technical assessment.

The estimated useful life of certain property, plant and equipment of the Company are as follows:

Asset Class	**Useful lives**
Buildings	20 - 30 years
Plant & machinery	10 - 15 years
Furniture and fixtures	3 - 15 years
Office equipment	3 - 15 years
Vehicles	4 - 8 years
Moulds & Dies	3 - 15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item if property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

i. Impairment of property, plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its own carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal is recognised immediately in the Statement of Profit and Loss.

Notes to Financial Statements for the year ended June 30, 2018

j. Inventories

Inventories consist of raw and packing materials, stores and spares, work-in-progress, stock-in-trade and finished goods. Inventories are valued at lower of cost and net realisable value after providing for obsolescence and other losses where considered necessary. Cost of inventories is determined on weighted average basis. Cost of manufactured finished goods and work-in-progress includes material cost determined on weighted average basis and also includes an appropriate portion of allocable overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in the Notes. Contingent liabilities are disclosed for (1) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements as this may result in the recognition of income that may never be there.

l. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liabilities (other than financial asset and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial asset and financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

m. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

a) The asset is held within a business model whose objective is to hold assets in order or collect contractual cash flows; and

b) The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that does not meet the above conditions are subsequently measured at fair value.

Effective interest method

The effective interest is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount in initial recognition.

Income is recognised on an effective interest basis for debt instruments. Interest income is recognised in the Statement of Profit and Loss and is included in the "Other income" line item.

Impairment of financial assets

The Company applies expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

For trade receivables or any contractual right to receive cash, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience with adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all of the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the Statement of Profit and Loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost, the exchange differences are recognised in the Statement of Profit and Loss.

n. Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liability or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

Financial liabilities that are not held-for-trading and are not designated as at fair value through profit or loss are measured at amortised cost at the end of the subsequent accounting period. The carrying amount of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "Finance costs" line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, (where appropriate), a shorter period, to the net carrying amount in initial recognition.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instrument and are recognised in the Statement of Profit and Loss.

Derecognition

The Company derecognises a financial liability when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

o. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

p. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

q. Earnings Per Share

Basic earnings per share is computed by dividing the profit for the year after tax for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit / loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

r. Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

s. Recent accounting pronouncements

Standards issued but not yet effective

Ind AS 115 Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017, notifying Ind AS 115, 'Revenue from Contracts with Customers'. The Standard is applicable to the Company with effect from 1st July, 2018.

This standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supercede the current revenue recognition standards Ind AS 18 Revenue and Ind AS 11 Construction Contracts when it becomes effective. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Company has completed its preliminary evaluation of the possible impact of Ind AS 115 based on which no significant impact is expected, other than additional disclosures as required by the new standard.

3. Critical accounting judgments and key sources of estimation uncertainty

3.1 Critical judgments in applying accounting policies

In the application of the Company's accounting policies, which are described in note 2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to Financial Statements for the year ended June 30, 2018

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Useful lives of property, plant and equipment

As described at 2.3 (h) above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

b. Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The management of the Company determines appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in note 30.

c. Defined benefit obligation

The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in note 23, 'Employee benefits expense'.

d. Income taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions (refer note 26).

Notes to Financial Statements for the year ended June 30, 2018

4. Property, plant and equipment and capital work-in-progress

	Buildings ₹ in lakhs	Plant & equipment ₹ in lakhs	Furniture and fixtures ₹ in lakhs	Office equipment ₹ in lakhs	Vehicles ₹ in lakhs	Moulds & Dies ₹ in lakhs	Total ₹ in lakhs
Gross Block							
At July 1, 2016	2 191	14 518	262	898	44	1 757	19 670
Additions	806	5 452	41	396	5	1 126	7 826
Disposals	(14)	(1 460)	(14)	(67)	(14)	(230)	(1 799)
At June 30, 2017	**2 983**	**18 510**	**289**	**1 227**	**35**	**2 653**	**25 697**
Additions	672	6 348	443	990	51	1 188	9 692
Disposals	—	(447)	(6)	(2)	—	—	(455)
Adjustment / Reclassification (Refer note c below)	5	2077	20	71	14	245	2 432
At June 30, 2018	**3 660**	**26 488**	**746**	**2 286**	**100**	**4 086**	**37 366**
Accumulated depreciation							
At July 1, 2016	107	879	86	266	6	516	1 860
Depreciation charge for the year	147	3 064	30	238	10	346	3 835
Disposals	(5)	(1 087)	(12)	(59)	(14)	(230)	(1 407)
At June 30, 2017	**249**	**2 856**	**104**	**445**	**2**	**632**	**4 288**
Depreciation charge for the year	175	3 395	61	323	10	265	4 229
Disposals	—	(23)	(1)	—	—	—	(24)
Adjustment / Reclassification (Refer note c below)	5	2 077	20	71	14	245	2 432
At June 30, 2018	**429**	**8 305**	**184**	**839**	**26**	**1 142**	**10 925**
Net carrying amount							
At June 30, 2018	**3 231**	**18 183**	**562**	**1 447**	**74**	**2 944**	**26 441**
At June 30, 2017	**2 734**	**15 654**	**185**	**782**	**33**	**2 021**	**21 409**
At July 1, 2016	**2 084**	**13 639**	**176**	**632**	**38**	**1 241**	**17 810**

	At June 30, 2018 ₹ in lakhs	At June 30, 2017 ₹ in lakhs
Capital work-in-progress	4 037	6 334
	4 037	**6 334**

Notes:

(a) None of the above assets are mortgaged / hypothecated as security by the Company.

(b) The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in note 34.

(c) Adjustments comprise of reclassification between the gross block and accumulated depreciation.

Notes to Financial Statements for the year ended June 30, 2018

5. Trade receivables

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Unsecured, considered good	17 604	13 027
Doubtful	274	278
	17 878	**13 305**
Less: Allowance for doubtful receivables	(274)	(278)
	17 604	**13 027**

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Movement in the allowance for doubtful receivables

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Balance at the beginning of the year	278	209
Amounts written off during the year (net)	2	83
Changes in allowance for doubtful receivables	(6)	(14)
Balance at end of the year	**274**	**278**

6. Loans

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Unsecured considered good		
Non-current		
Security deposits	143	241
Loans to related parties (refer note (a), (c) and note 32)	18	27
Loan to employees (refer note (c))	1 953	2 307
	2 114	**2 575**
Current		
Security deposits	165	22
Loans to related parties (refer note (b), (c) and note 32)	15	20
Loan to employees (refer note (c))	320	372
	500	**414**

Notes:

(a) Non-current loans to related parties includes loan to key managerial personnel ₹ 18 lakhs (June 30, 2017 : ₹ 27 lakhs).

(b) Current loans to related parties includes loan to key managerial personnel ₹ 15 lakhs (June 30, 2017: ₹ 20 lakhs).

(c) Loans given to employees / key managerial personnel as per the Company's policy are not considered for the purposes of disclosure under Section 186 (4) of the Act.

7. Other financial assets

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Current		
Due from related parties (refer note 32)	135	2 163
Interest accrued on deposits with banks	19	16
Other receivables (includes receivable from vendors)	212	84
	366	**2 263**

8. Inventories

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Inventories (lower of cost and net realisable value)		
Raw materials (including packing materials)	2 787	2 621
Work-in-progress	555	890
Finished goods	3 680	4 709
Stock-in-trade [Includes in transit ₹ 7 189 lakhs (June 30, 2017: ₹ 7 144 lakhs in transit)]	10 982	11 704
Consumable stores and spares	2 011	2 314
	20 015	**22 238**

(a) The cost of inventories recognised as an expense during the year is disclosed in note 21, 22 and 25.

(b) The cost of inventories recognised as an expense includes ₹ Nil lakhs (during 2016-2017: ₹ 542 lakhs) in respect of write-downs of inventory to net realisable value. There has been no reversal of such write down in current and previous years.

9(a). Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting year as shown in the Statement of Cash Flows can be reconciled to the related items in the Balance Sheet as follows:

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Balances with banks:		
– In current accounts	2 961	2 764
– Deposits with original maturity of less than three months	20 554	8 638
Cash and cash equivalents as per Balance Sheet	**23 515**	**11 402**
Cash and cash equivalents as per Statement of Cash Flows	**23 515**	**11 402**

Notes to Financial Statements for the year ended June 30, 2018

9(b). Other bank balances

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Earmarked accounts		
– Unclaimed / Unpaid dividend account	144	159
– Other earmarked accounts (deposits with sales tax authorities)	1	1
Bank deposits with original maturity more than 3 months	3	3
	148	**163**

10. Other assets

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Non-current		
Prepaid expenses	726	743
Advance to employees (refer note (a) below)	25	23
Other loans and advances (refer note (b) below)	1 768	1 113
	2 519	**1 879**
Current		
Prepaid expenses	16	16
Other loans and advances (including advance to vendors)	16	18
Advance to employees (refer note (a) below)	4	2
Balances with government authorities (includes Service Tax and Cenvat credit receivable)	5 234	303
	5 270	**339**

(a) Advances given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186 (4) of the Act.

(b) Includes amounts deposited with Excise, Sales Tax and other authorities as demanded, pending resolution of disputes.

11. Equity share capital

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Authorised share capital:		
3 30 00 000 fully paid equity shares of ₹ 10 each	3 300	3 300
	3 300	**3 300**
Issued and subscribed share capital:		
3 25 85 217 fully paid equity shares of ₹ 10 each	3 259	3 259
	3 259	**3 259**

11.1 Fully paid equity shares

	Number of shares	Share Capital ₹ in lakhs
Balance at July 1, 2016	3 25 85 217	3 259
Movements	—	—
Balance at June 30, 2017	**3 25 85 217**	**3 259**
Movements	—	—
Balance at June 30, 2018	**3 25 85 217**	**3 259**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

No shares are bought back by the Company during the period of 5 years immediately preceding the Balance Sheet date.

No shares are alloted as fully paid up by way of bonus shares during the period of 5 years immediately preceeding the Balance Sheet date.

No shares are reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

No shares are alloted as fully paid up pursuant to contracts without being payment received in cash during the period of 5 years immediately preceeding the Balance Sheet date.

11.2 Details of shares held by ultimate holding company / holding company and / or their subsidiaries / associates

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Ultimate Holding Company		
The Procter & Gamble Company, USA	—	—
Holding Company		
Procter & Gamble Overseas India BV, The Netherlands	1 307	1 307
Subsidiaries of the Ultimate Holding Company		
Wella India Haircosmetics Private Limited	—	663
Gillette Diversified Operations Private Limited	1 136	198
Gillette Products Private Limited	—	199
Mining Consultants (India) Private Limited	—	64
Nexus Mercantile Private Limited	—	13

Notes to Financial Statements for the year ended June 30, 2018

11.3 Details of shareholders holding more than 5% equity shares in the company

	As at June 30, 2018		As at June 30, 2017	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Equity shares of ₹ 10 each fully paid				
Procter & Gamble Overseas India BV, The Netherlands	1 30 73 465	40.12	1 30 73 465	40.12
Wella India Haircosmetics Private Limited	—	—	66 27 254	20.34
Gillette Diversified Operations Private Limited	1 13 64 338	34.88	19 79 433	6.07
Gillette Products Private Limited	—	—	19 87 280	6.10

12. Other equity

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Reserves & surplus		
General reserve	14 323	14 323
Securities premium reserve	3 290	3 290
Share options outstanding account	385	298
Retained earnings	22 672	3 402
Capital reserve	12 589	12 589
Contingency reserve	12 900	12 900
	66 159	**46 802**

12.1 General reserve

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Balance at the beginning of year	14 323	14 323
Transferred from surplus in Statement of Profit and Loss	—	—
Balance at the end of year	**14 323**	**14 323**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the Statement of Profit and Loss.

12.2 Securities premium reserve

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Balance at the beginning of year	3 290	3 290
Movements	—	—
Balance at the end of year	**3 290**	**3 290**

The amount received in excess of face value of the equity shares is recognised in securities premium reserve. The reserve is utilised in accordance with the provisions of the Act.

12.3 Share options outstanding account

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Balance at the beginning of year	298	198
Arising on share-based compensation	87	100
Balance at the end of year	**385**	**298**

The above reserve relates to share options granted by the Ultimate Holding Company to specific employees of its subsidiaries under its employee stock option plan. Further information about share-based payments to employees is set out in note 31.

12.4 Retained earnings

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Balance at the beginning of year	3 402	49 803
Profit attributable to the owners of the Company	22 905	25 308
Other comprehensive income arising from remeasurement of defined benefit obligation (net of income tax)	288	(767)
Payment of interim / final dividend on equity shares (refer note 39)	(3 259)	(56 698)
Dividend distribution tax	(664)	(11 544)
Transfer to contingency reserve	—	(2 700)
Balance at the end of year	**22 672**	**3 402**

This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefits obligation. This Reserve can be utilised in accordance with the provisions of the Act.

In November 2017, dividend of ₹ 10 per share (total dividend including tax thereon ₹ 3 923 lakhs) was paid to holders of fully paid equity shares. In December 2016, the final dividend paid was ₹ 20 per share (total dividend including tax thereon ₹ 7 844 lakhs).

In June 2017, an interim dividend of ₹ 154 per share (total dividend including tax thereon ₹ 60 398 lakhs) was paid to holders of fully paid equity shares.

Notes to Financial Statements for the year ended June 30, 2018

12.5 Capital reserve

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Balance at the beginning of year	12 589	12 589
Movements	—	—
Balance at the end of year	**12 589**	**12 589**

The above reserve represents the difference between value of the net assets transferred to the Company in the course of business combinations / amalgamations and the consideration paid for such combinations / amalgamations and capital grant received from its erstwhile parent.

12.6 Contingency reserve

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Balance at the beginning of year	12 900	10 200
Transferred from retained earnings	—	2 700
Balance at the end of year	**12 900**	**12 900**

The Company had in earlier years filed a writ petition in the High Court of Himachal Pradesh at Shimla challenging the premature withdrawal of Excise duty exemption for packing / repacking activities at its Baddi Manufacturing Facility. The High Court has since passed an order on April 24, 2008 in favour of the Company and has struck down the notification withdrawing the excise exemption. The Excise department has preferred an appeal on October 31, 2009 with the Hon'ble Supreme Court of India against the said order of the High Court. The Company has, as a matter of prudence, created a Contingency Reserve of ₹ 12 900 lakhs (Previous Year: ₹ 12 900 lakhs) by way of appropriation of profits to the extent of excise duty payable (net of Cenvat credit) on dispatches made from the Baddi plant. Accordingly, during the current year, profit of ₹ Nil lakhs (Previous Year: ₹ 2 700 lakhs) have been appropriated. This Reserve will be reviewed as and when this litigation is finally decided. The appropriation has been made till March 9, 2017, being the last date of excise exemption.

13. Other financial liabilities

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Current		
Payables for property, plant and equipment	1 453	2 072
Unclaimed / Unpaid dividends*	144	159
	1 597	**2 231**

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

14. Provisions

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Employee benefits (refer note (i) below)	3 569	3 552
Other provisions (refer note (ii) below)	—	—
	3 569	**3 552**
Current	22	171
Non-current	3 547	3 381
	3 569	**3 552**

Other provisions

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Balance at the beginning of year	—	270
Additional provision recognised	—	—
Reduction arising from payments	—	270
Balance at the end of year	**—**	**—**

(i) The provision for employee benefits includes gratuity, post retirement medical benefits (PRMB) and compensated absences. The increase / decrease in the carrying amount of the provision for the current year results from benefits being paid in the current year. For other disclosures refer note 29.

(ii) Others provisions was in respect of probable litigation made by the Company for disputes based on its assessment of the amount it estimates to incur/meet such obligation. The same was settled during the previous year.

15. Deferred tax assets (Net)

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Deferred tax assets	2 117	2 389
Deferred tax liabilities	(477)	(488)
	1 640	**1 901**

Deferred tax assets / (liabilities) in relation to:

2017-2018	Opening Balance ₹ in lakhs	Recognised in profit or loss ₹ in lakhs	Recognised in other comprehensive income ₹ in lakhs	Closing Balance ₹ in lakhs
On fiscal allowances in property, plant and equipment	(488)	11	—	(477)
Voluntary retirement scheme	216	160	—	376
Allowance for doubtful debts	67	23	—	90
Disallowance u/s 43 B of the Income Tax Act, 1961	1 154	(302)	(153)	699
Other temporary differences	952	—	—	952
	1 901	**(108)**	**(153)**	**1 640**

Notes to Financial Statements for the year ended June 30, 2018

2016-2017	**Opening Balance**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**Closing Balance**
	₹ in lakhs	**₹ in lakhs**	**₹ in lakhs**	**₹ in lakhs**
On fiscal allowances in property, plant and equipment	(555)	67	—	(488)
Voluntary retirement scheme	232	(16)	—	216
Allowance for doubtful debts	52	15	—	67
Disallowance u/s 43 B of the Income Tax Act, 1961	819	(71)	406	1 154
Other temporary differences	949	3	—	952
	1 497	**(2)**	**406**	**1 901**

16. Trade payables

	As at June 30, 2018	**As at June 30, 2017**
	₹ in lakhs	**₹ in lakhs**
Due to micro and small enterprises (refer note 36)	634	575
Due to others	32 296	31 698
	32 930	**32 273**

17. Current tax liabilities (Net)

	As at June 30, 2018	**As at June 30, 2017**
	₹ in lakhs	**₹ in lakhs**
Income tax payable	8 388	6 809
	8 388	**6 809**

18. Other current liabilities

	As at June 30, 2018	**As at June 30, 2017**
	₹ in lakhs	**₹ in lakhs**
Superannuation	—	7
Taxes and other liabilities (including statutory remittances, excise and sales tax payable)	4 998	4 913
	4 998	**4 920**

Notes to Financial Statements for the year ended June 30, 2018

19. Revenue from operations

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Sale of products*	1 67 667	1 78 779
Other operating revenues		
Scrap sales	18	38
Others – sale of raw material	—	7
	1 67 685	**1 78 824**

* Sale of products for current year is net of Goods and Services Tax (GST). However, previous year is gross of excise duty.

20. Other Income

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Interest income earned on:		
Bank deposits	418	2 600
Loan to related parties (refer note 32)	—	217
Income tax refund	638	834
Other financial assets carried at amortised cost	87	94
	1 143	**3 745**
Other non-operating income (net of expenses directly attributable to such income)		
Write-back of liabilities no longer required	66	37
Miscellaneous Income	66	—
	132	**37**
Total	**1 275**	**3 782**

21. Cost of raw and packing materials consumed

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Inventories at the beginning of year	2 621	7 045
Add: Purchases	14 298	32 921
	16 919	**39 966**
Less: Inventories at the end of year	2 787	2 621
Cost of raw and packing materials consumed	**14 132**	**37 345**

Notes to Financial Statements for the year ended June 30, 2018

22. Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Inventories at the beginning of year:		
Finished Goods	4 709	3 876
Stock-in-Trade	11 704	10 807
Work-in-Progress	890	580
	17 303	**15 263**
Inventories at the end of year:		
Finished Goods	3 680	4 709
Stock-in-Trade	10 982	11 704
Work-in-Progress	555	890
	15 217	**17 303**
Net Decrease/(Increase)	**2 086**	**(2 040)**

23. Employee benefits expense

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Salaries and wages*	8 428	7 448
Contribution to provident and other funds (refer note 29)	981	935
Share-based payment to employees (refer note 31)	271	305
Staff welfare expense	430	736
Reimbursement of employee cost cross charged by related parties (refer note 37)	1 681	1 548
	11 791	**10 972**

* Salaries and Wages includes ₹ 1 914 lakhs (Previous year: ₹ 208 lakhs) for expenditure on Voluntary Retirement Scheme.

24. Finance costs

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Interest costs:		
Interest expense on trade payables (refer note 36)	173	61
Interest on income tax	—	100
Interest on entry tax	337	377
Net interest on the net defined benefit liability (refer note 29)	236	136
	746	**674**

25. Other expenses

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Consumption of store and spares	1 794	1 729
Processing charges	3 421	3 774
Power and fuel	1 473	1 406
Freight, transport, warehousing and distribution charges	6 267	4 457
Rent	1 184	835
Turnover and Resale Tax	438	81
Rates and taxes	2	17
Insurance	57	79
Repairs and maintenance		
Plant and machinery	105	348
Buildings	5	1
Others	291	121
Trade incentives	3 924	4 125
Advertising expenses	17 795	18 912
Royalty	1 032	1 284
Business process outsourcing expenses	2 619	1 932
Travelling and conveyance	827	472
Communication costs	200	263
Computer expenses	252	171
Legal and professional fees	1 396	1 139
Directors commission	55	55
Payment to auditors (refer note 25.1)	112	154
Exchange differences (net)	782	10
Inventory written off (net of Insurance claims recovered)	479	526
(Recovery) for doubtful receivables (net)	(6)	(14)
Loss on sale of property, plant and equipment (net)	523	366
Miscellaneous expenses	2 787	2 588
Reimbursement of expenses shared by related parties (refer note 37)	606	794
	48 420	**45 625**

25.1 Payments to auditors:

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
(a) To statutory auditors		
For audit	92	123
For other services	16	19
Reimbursement of expenses	4	12
	112	**154**

25.2 Expenditure incurred and paid during the year for corporate social responsibility	632	434

Notes to Financial Statements for the year ended June 30, 2018

26. Income tax expense

26.1 Income tax recognised in the Statement of Profit and Loss

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Current tax		
In respect of the current year	11 447	12 286
In respect of prior years	—	(164)
	11 447	**12 122**
Deferred tax		
In respect of the current year	108	(162)
In respect of prior years	—	164
	108	**2**
Total income tax expense recognised in the current year	**11 555**	**12 124**

The income tax expense for the year can be reconciled to the accounting profit as follows:

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Profit before tax	34 460	37 432
Income tax expense calculated at 34.692% (2016-2017: 34.608%)	11 955	12 954
Effect of allowances	—	(296)
Effect of expenses that are not deductible in determining taxable profits	138	31
Effect of income that is exempt from taxation	(538)	(565)
	11 555	**12 124**
Income tax expense recognised in the statement of profit and loss	**11 555**	**12 124**

The tax rate used for 2017-18 is a weighted average of the corporate tax rate of 34.608% applicable till March 31, 2018 and 34.944% applicable from April 1, 2018. The tax rate used for 2016-17 is the corporate tax rate of 34.608% applicable under the Indian laws.

26.2 Income tax recognised in other comprehensive income

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Deferred tax		
Arising on expense recognised in other comprehensive income	153	(406)
Remeasurement of defined benefit obligations	**153**	**(406)**
Total income tax recognised in other comprehensive income not to be reclassified to statement of profit and loss	**153**	**(406)**

27. Segment information

27.1 Products from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered. The directors of the Company have chosen to organise the Company around differences in products. No operating segments have been aggregated in arriving at the reportable segments of the Company.

Specifically, the Company's reportable segments under Ind AS 108 are as follows:

- The grooming segment, produces and sells shaving system and cartridges, blades, toiletries and components.
- The oral care segment, produces and sells tooth brushes and oral care products.

27.2 Segment revenues and results

	Segment revenue		Segment profit	
	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Grooming	1 33 137	1 44 065	29 322	30 164
Oral Care	34 548	34 759	4 414	4 558
Total	**1 67 685**	**1 78 824**	**33 736**	**34 722**
Add / (Less): unallocated corporate expenses net of unallocated income			195	(398)
Other income			1 275	3 782
Finance costs			(746)	(674)
Profit before tax			**34 460**	**37 432**

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016-2017: Nil lakhs).

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 2.3(o). Segment profit represents the profit before tax earned by each segment without allocation of unallocated corporate expenses net of unallocated income, other income as well as finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

27.3 Segment assets and liabilities

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Segment assets		
Grooming	61 798	56 076
Oral Care	6 504	7 138
Total segment assets	**68 302**	**63 214**
Unallocated	52 598	36 632
Total assets	**1 20 900**	**99 846**

Notes to Financial Statements for the year ended June 30, 2018

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Segment liabilities		
Grooming	26 974	27 581
Oral Care	7 409	6 764
Total segment liabilities	**34 383**	**34 345**
Unallocated	17 099	15 440
Total liabilities	**51 482**	**49 785**

For the purpose of monitoring segment performance and allocating resources between segments:

a) All assets are allocated to reportable segments other than loans, other financial assets and income and deferred tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

b) All liabilities are allocated to reportable segments other than other financial liabilities and current tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to the segment cost ratio.

27.4 Other segment information

	Depreciation expense		Capital expenditure	
	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Grooming	4 224	3 809	8 106	9 375
Oral Care	—	—	—	—
	4 224	**3 809**	**8 106**	**9 375**

27.5 Geographical information

The Company operates in two principal geographical areas – India (country of domicile) and outside India.

The Company's revenue from external customers by location of operations and information about its segment assets by location of assets are detailed below:

	Revenue from external customers		Segment assets	
	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
India	1 54 480	1 66 897	68 302	63 214
Outside India	13 205	11 927	—	—
	1 67 685	**1 78 824**	**68 302**	**63 214**

There are no transactions with single external customer which amounts to 10% or more of the Company's revenue.

28. Earnings per share

	Year ended June 30, 2018 ₹ per share	Year ended June 30, 2017 ₹ per share
Basic and diluted earnings per share		
Total basic earnings per share (face value ₹ 10)	70.29	77.67
Total diluted earnings per share (face value ₹ 10)	70.29	77.67

Notes to Financial Statements for the year ended June 30, 2018

28.1 Basic and Diluted earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic and diluted earnings per share are as follows:

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Profit for the year attributable to owners of the Company	22 905	25 308
Earnings used in calculation of basic and diluted earnings per share	**22 905**	**25 308**

	Year ended June 30, 2018	Year ended June 30, 2017
Weighted average number of equity shares for the purposes of basic and diluted earnings per share	**3 25 85 217**	**3 25 85 217**

29. Employee benefit plans

29.1 Defined contribution plans

The Company operates defined contribution superannuation fund and employees' state insurance plan for all qualifying employees of the Company. Where employees leave the plan, the contributions payable by the Company is reduced by the amount of forfeited contributions.

The employees of the Company are members of a state-managed employer's contribution to employees' state insurance plan and superannuation fund which is administered by the Life Insurance Corporation of India. The Company is required to contribute a specific percentage of payroll costs to the contribution schemes to fund the benefit. The only obligation of the Company with respect to the contribution plan is to make the specified contributions.

The total expense recognised in the statement of profit and loss of ₹ 70 lakhs (for the year ended June 30, 2017: ₹ 92 lakhs) for superannuation fund represent contributions payable to these plans by the Company at rates specified in the rules of the plans. As at June 30, 2018, contributions of ₹ Nil lakhs (as at June 30, 2017: ₹ 7 lakhs) due in respect of 2017-2018 (2016-2017) reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting periods.

29.2 Defined benefit plans

a) Gratuity Plan (Funded)

The Company sponsors funded defined benefit gratuity plan for all eligible employees of the Company. The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered trust, which is administered through trustees and / or Life Insurance Corporation of India, where one of the group company is also the participant. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

b) Provident Fund (Funded)

Provident Fund for all permanent employees is administered through a trust. The provident fund is administered by trustees of an independently constituted common trust recognised by the Income Tax authorities where one of the group company is also a participant. Periodic contributions to the fund are charged to revenue. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and notified interest rate by the Government. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

Notes to Financial Statements for the year ended June 30, 2018

c) *Post Retirement Medical Benefit (PRMB) (Unfunded)*

The Company provides certain post-employment medical benefits to employees. Under the scheme, employees get medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade at the time of retirement. Employees separated from the Company as part of early separation scheme are also covered under the scheme. The liability for post retirement medical scheme is based on an independent actuarial valuation.

d) *Compensated absences for Plant technicians (Unfunded)*

The Company also provides for compensated absences for plant technicians which allows for encashment of leave on termination / retirement of service or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an actuarial valuation carried out at the end of the year.

These plans typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality rate of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plans liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase on the salary of plan participants will increase the plans liability.

In respect of the plans, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at June 30, 2018. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

A. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuations as at	
	June 30, 2018	**June 30, 2017**
Discount rate:		
Gratuity plan (funded)	8.00%	7.00%
Compensated absence plan (unfunded)	8.00%	7.00%
Post retirement medical benefit (PRMB) (unfunded)	8.00%	7.00%
Expected rate of salary increase		
Gratuity plan (funded)	9.00%	9.00%
Compensated absence plan (unfunded)	9.00%	9.00%
Post retirement medical benefit (PRMB) (unfunded)	NA	NA
Average longevity at retirement age for current beneficiaries of the plan (years)		
Post retirement medical benefit (PRMB) (unfunded)	20.68	18.37

B. Amounts recognised in the statement of profit and loss in respect of these defined benefit plans are as follows:

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Gratuity Plan (Funded)		
Service costs:		
Current service cost	292	241
Net interest expense	203	108
Components of defined benefit costs recognised in the statement of profit and loss (A)	**495**	**349**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(23)	—*
Actuarial (gains) / losses arising from changes in assumptions	(457)	758
Actuarial (gains) / losses arising from changes in experience adjustments	55	419
Components of defined benefit costs recognised in other comprehensive income (B)	**(425)**	**1 177**
Total (C=(A+B))	**70**	**1 526**
* denotes amount less than ₹ 50 000		
Compensated absence plan (Unfunded)		
Service costs:		
Current service cost	66	48
Net interest expense	26	21
Immediate recognition of (gains) / losses – other long term employee benefit plans	(70)	52
Components of defined benefit costs recognised in the statement of profit and loss (D)	**22**	**121**
Post retirement medical benefit (PRMB) (Unfunded)		
Service costs:		
Current service cost	6	5
Net interest expense	7	7
Components of defined benefit costs recognised in the statement of profit and loss (E)	**13**	**12**
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in assumptions	(12)	19
Past service cost – plan amendments	(45)	—
Actuarial (gains) / losses arising from changes in experience adjustments	41	(23)
Components of defined benefit costs recognised in other comprehensive income (F)	**(16)**	**(4)**
Total (G=(E+F))	**(3)**	**8**
Total defined benefit costs recognised in the statement of profit and loss	**530**	**482**
Total defined benefit costs recognised in other comprehensive income	**(441)**	**1 173**

The current service cost for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The net interest expense for the year is included in the 'Finance costs' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

Notes to Financial Statements for the year ended June 30, 2018

C. The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Gratuity Plan (Funded)		
Present value of funded defined benefit obligation	4 241	4 613
Fair value of plan assets	(1 259)	(1 701)
Net liability arising from defined benefit obligation	**2 982**	**2 912**
Compensated absence plan (Unfunded)		
Present value of funded defined benefit obligation	361	391
Net liability arising from defined benefit obligation	**361**	**391**
Post retirement medical benefit (PRMB) (Unfunded)		
Present value of funded defined benefit obligation	91	98
Net liability arising from defined benefit obligation	**91**	**98**

D. Movement in the present value of the defined benefit obligation are as follows:

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Gratuity Plan (Funded)		
Opening defined benefit obligation	4 613	3 426
Current service cost	292	241
Interest cost	302	249
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in assumptions	(457)	758
Actuarial (gains) / losses arising from changes in experience adjustments	55	419
Benefits paid	(564)	(480)
Closing defined benefit obligation	**4 241**	**4 613**
Compensated absence plan (Unfunded)		
Opening defined benefit obligation	391	275
Current service cost	66	48
Interest cost	26	21
Immediate recognition of (gains) / losses – other long term employee benefit plans	(70)	52
Benefits paid	(52)	(5)
Closing defined benefit obligation	**361**	**391**
Post retirement medical benefit (PRMB) (Unfunded)		
Opening defined benefit obligation	98	91
Current service cost	6	5
Interest cost	7	7
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in assumptions	(12)	19
Past service cost – plan amendments	(45)	—
Actuarial (gains) / losses arising from changes in experience adjustments	41	(23)
Benefits paid	(4)	(1)
Closing defined benefit obligation	**91**	**98**

E. Movement in the fair value of the plan assets are as follows:

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Gratuity Plan (Funded)		
Opening fair value of plan assets	1 701	2 040
Interest Income	99	141
Remeasurement gain / (loss):		
Return on plan assets (excluding amounts included in net interest expense)	23	—*
Benefits paid	(564)	(480)
Closing fair value of plan assets	**1 259**	**1 701**

* denotes amount less than ₹ 50 000

F. The fair value of the plan assets for plan at the end of the reporting year is as follows:

	Gratuity Plan (Funded)	
	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Life Insurance Corporation of India	1 259	1 701
Total	**1 259**	**1 701**

The Company's Plan Assets in respect of Gratuity, alongwith one of the group company, is funded through the group scheme of the Life Insurance Corporation of India.

The actual return on plan assets was ₹ 122 lakhs (for the year ended June 30, 2017: ₹ 141 lakhs).

Significant actuarial assumptions of the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Gratuity Plan (Funded)

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 203 lakhs (increase by ₹ 220 lakhs) (as at June 30, 2017: decrease by ₹ 233 lakhs (increase by ₹ 253 lakhs)).

If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 217 lakhs (decrease by ₹ 202 lakhs) (as at June 30, 2017: increase by ₹ 247 lakhs (decrease by ₹ 230 lakhs)).

Compensated absence plan (Unfunded)

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 18 lakhs (increase by ₹ 19 lakhs) (as at June 30, 2017: decrease by ₹ 21 lakhs (increase by ₹ 23 lakhs)).

If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 19 lakhs (decrease by ₹ 18 lakhs) (as at June 30, 2017: increase by ₹ 22 lakhs (decrease by ₹ 21 lakhs)).

Post retirement medical benefit (PRMB) (Unfunded)

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 5 lakhs (increase by ₹ 6 lakhs) (as at June 30, 2017: decrease by ₹ 10 lakhs (increase by ₹ 11 lakhs)).

If the expected medical inflation rate increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 5 lakhs (decrease by ₹ 5 lakhs) (as at June 30, 2017: increase by ₹ 10 lakhs (decrease by ₹ 9 lakhs)).

Notes to Financial Statements for the year ended June 30, 2018

The sensitivity analysis presented above may not be representative of the actual change of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method as the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

29.3 Provident Fund

The Provident Fund assets and liabilities are managed by "Gillette India Limited Provident Fund" in line with The Employees' Provident Fund and Miscellaneous Provisions Act, 1952.

The plan guarantees minimum interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Company or retirement, whichever is earlier. The benefit vests immediately on rendering of the services by the employee. In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumptions provided below, there is no shortfall as at June 30, 2018.

The Company's contribution to Provident Fund ₹ 619 lakhs (Previous Year: ₹ 602 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense (refer note 23).

The details of the "Gillette India Limited Provident Fund" and plan assets position as at June 30, 2018 is given below:

Particulars	As at June 30, 2018	As at June 30, 2017
	₹ in lakhs	₹ in lakhs
Present value of benefit obligation at period end	179	185
Plan assets at period end, at fair value, restricted to asset recognized in Balance Sheet	179	185

Assumptions used in determining the present value obligation of the interest rate guarantee under the Projected Unit Credit Method (PUCM):

	Valuations as at	
	June 30, 2018	June 30, 2017
Discounting Rate	8.00%	7.00%
Expected Guaranteed interest rate	8.55%*	8.65%*

* Rate mandated by EPFO

30. Financial instruments

30.1 Capital management

The Company manages its capital to ensure that it will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. Equity share capital and other equity are considered for the purpose of group's capital management.

The Company is not subject to any externally imposed capital requirements.

The Company's risk management committee manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares.

30.2 Categories of financial instruments

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Financial assets		
Measured at amortised cost		
(i) Trade receivables	17 604	13 027
(ii) Cash and cash equivalents	23 515	11 402
(iii) Bank balances other than (ii) above	148	163
(iv) Loans	2 614	2 989
(v) Other financial assets	366	2 263
Financial liabilities		
Measured at amortised cost		
(i) Trade payables	32 930	32 273
(ii) Other financial liabilities	1 597	2 231

30.3 Financial risk management objectives

The Company's overall policy with respect to managing risks associated with financial instruments is to minimise potential adverse effects of financial performance of the Company. The policies for managing specific risks are summarised below.

30.4 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities as at		Assets as at	
	As at June 30, 2018 ₹ in lakhs	As at July 1, 2017 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
USD	10 876	8 636	4 492	2 357
EUR	200	315	—	—
JPY	51	315	—	—
GBP	23	87	—	—
AUD	55	21	—	—
TRY	17	21	—	—
SEK	—	—	—	4
IDR	7	—	—	—

30.4.1 Foreign currency sensitivity analysis

The Company is mainly exposed to the currencies stated above.

The following table details impact to profit or loss of the Company by sensitivity analysis of a 10% increase and decrease in the respective currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change on foreign currency rates.

Notes to Financial Statements for the year ended June 30, 2018

If the relevant foreign currency strengthens/weakens by 10% against the functional currency of the Company, profit or loss will increase (decrease) by:

	Increase / (decrease) at + 10%		Increase / (decrease) at – 10%	
	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
USD	(638)	(628)	638	628
EUR	(20)	(32)	20	32
JPY	(5)	(32)	5	32
GBP	(2)	(9)	2	9
AUD	(6)	(2)	6	2
TRY	(2)	(2)	2	2
SEK	—	—*	—	—*
IDR	(1)	—	1	—

* denotes amount less than ₹ 50 000

30.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company performs ongoing credit evaluation of the counterparty's financial position as a means of mitigating the risk of financial loss arising from defaults. The Company only grants credit to creditworthy counterparties.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics as disclosed in Note 5 to the financial statements.

30.6 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company does not have interest bearing borrowings, it is not exposed to risk of changes in market interest rates. The Company has not used any interest rate derivatives.

30.7 Other price risk management

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. The Company is not exposed to pricing risk as the Company does not have any investments in equity instruments and bonds.

30.8 Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company maintains adequate highly liquid assets in the form of cash to ensure necessary liquidity.

The table below analyse financial liabilities of the Company into relevant maturity groupings based on the reporting period from the reporting date to the contractual maturity date:

	Less than 1 Year ₹ in lakhs	Between 1 to 5 Years ₹ in lakhs	Over 5 years ₹ in lakhs	Total ₹ in lakhs	Carrying Value ₹ in lakhs
As at June 30, 2018					
Trade Payables	32 930	—	—	32 930	32 930
Other financial liabilities	1 597	—	—	1 597	1 597
Provisions	22	3 547	—	3 569	3 569
Other Current Liabilities	4 998	—	—	4 998	4 998

	Less than 1 Year ₹ in lakhs	Between 1 to 5 Years ₹ in lakhs	Over 5 years ₹ in lakhs	Total ₹ in lakhs	Carrying Value ₹ in lakhs
As at June 30, 2017					
Trade Payables	32 273	—	—	32 273	32 273
Other financial liabilities	2 231	—	—	2 231	2 231
Provisions	171	3 381	—	3 552	3 552
Other Current Liabilities	4 920	—	—	4 920	4 920

30.9 Fair value measurements

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

31. Share-based payments

a) International Stock Ownership Plan (Stocks of the Ultimate Holding Company)

The Gillette Company, USA (TGC) had a "Global Employee Stock Ownership Plan" (employee share purchase plan) whereby specified employees of its subsidiaries have been given a right to purchase shares of TGC. Every employee who opted for the scheme contributed by way of payroll deduction up to a specified percentage (upto 15%) of his gross salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 2.5% of gross salary). Such contribution is charged under employee benefits expense. Subsequent to the worldwide merger of Aquarium Acquisition Corporation (wholly owned subsidiary of the Procter & Gamble Company, USA) with TGC on October 1, 2005, the shares of TGC got delisted from the New York Stock Exchange and the share purchase plan has been adopted by the Procter & Gamble Company, USA.

The shares of TGC (till September 30 2005) / The Procter & Gamble Company, USA are listed with New York Stock Exchange of USA and are purchased on behalf of the employees at market price on the date of purchase. During the year 3132.44 shares (Previous year: 2525.04 shares) were purchased by employees at weighted average fair value of ₹ 5 473.25 (Previous year: ₹ 5 205.58) per share. The Company's contribution during the year on such purchase of shares amounting to ₹ 48 lakhs (Previous year: ₹ 42 lakhs) has been charged under employee benefits expense under Note 23.

b) Employees Stock Options Plan (Stocks of the Ultimate Holding Company)

The Gillette Company, USA (TGC) had an Employees Stock Options Scheme whereby specified employees of its subsidiaries covered by the plan were granted an option to purchase shares of the Parent Company i.e. The Gillette Company, USA at a fixed price (grant price) for a fixed period of time. Subsequent to the worldwide merger of Aquarium Acquisition Corporation (wholly owned subsidiary of the Procter & Gamble Company, USA) with The Gillette Company, USA on October 1, 2005, the shares of The Gillette Company got delisted from the New York Stock Exchange. Upon this change in control the 2005 Gillette Option award got automatically converted into P&G options at the established conversion ratio of 0.975 shares in the Procter and Gamble Company, USA for every share held in the Gillette Company. The shares of the Gillette Company (till September 30, 2005) / The Procter & Gamble Company, USA were/are listed with New York Stock Exchange of USA. The options were issued to Key Employees of the Company with Exercise price equal to the market price of the underlying shares on the date of the grant. The Grants issued are vested after 3 years / 5 years and have a 5 years / 10 years life cycle.

The expense recognised for employee services received during the year is shown in the following table:

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Expense arising from equity-settled share-based payment transactions	223	263
Total expense arising from share-based payment transactions	**223**	**263**

There were no cancellations or modifications to the awards in June 30, 2018 or June 30, 2017.

Notes to Financial Statements for the year ended June 30, 2018

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year (excluding SARs):

	As at June 30, 2018 Number	As at June 30, 2018 WAEP (in $)	Estimated fair value of Options Granted in ₹	As at June 30, 2017 Number	As at June 30, 2017 WAEP (in $)	Estimated fair value of Options Granted in ₹
Outstanding at July 1	85 515	87.15	—	88 690	84.67	—
Granted during the year						
28-Feb-18	789	78.52	775	—	—	—
15-Sep-16	—	—	—	354	88.06	583
28-Feb-17	—	—	—	6 129	91.07	687
28-Feb-17	—	—	—	1 403	91.07	5 705
Exercised during the year	(9 106)	89.52	—	(7 157)	88.33	—
Expired during the year	—	—	—	(3 231)	—	—
Forfeited during the year	—	—	—	(673)	—	—
Outstanding at June 30	**77 198**	**78.06**		**85 515**	**87.15**	
Exercisable at June 30	46 153	78.06		39 177	87.15	

The weighted average share price at the date of exercise of these options was $ 89.52 (June 30, 2017: $ 88.33).

The weighted average remaining contractual life for the share options outstanding as at June 30, 2018 was 5.20 (June 30, 2017: 5.69) years.

The weighted average fair value of options granted during the year was ₹ 775 (June 30, 2017: ₹ 1 575).

These fair values for share options granted during the year were calculated using binomial lattice-based model. The following tables list the inputs to the models used for the plans for the years ended June 30, 2018 and June 30, 2017, respectively:

	As at June 30, 2018	As at June 30, 2017
Dividend yield (%)	3.12%	3.21%
Expected volatility (%)	17.92%	15.08%
Risk-free interest rate (%)	2.82%	2.55%

32. Related party disclosures

The Group Companies of The Procter & Gamble Company, USA include, among others, Gillette Worldwide Holding LLC; Procter & Gamble India Holdings BV; Procter & Gamble Iron Horse Holding BV; Procter & Gamble Eastern Europe LLC; Procter & Gamble Nordic LLC; Procter & Gamble Global Holding Limited; Procter & Gamble Luxembourg Global SARL; Procter & Gamble International SARL; Procter & Gamble India Holdings Inc.; Procter & Gamble International Operations, SA; Gillette Group (Europe) Holdings, BV; Procter & Gamble Canada Holding BV; Procter & Gamble Overseas Canada, BV.

(a) Related party where control exists:

Relationship	Name of the Company
Ultimate Holding Company	The Procter & Gamble Company, USA
Holding Company	Procter & Gamble India Holdings B.V., Netherlands (upto March 30, 2017).

(b) Other parties with whom transactions have taken place during the year.

(i) Fellow Subsidiaries

S. No.	Name of the Company	S. No.	Name of the Company
1.	The Procter & Gamble Distributing LLC	16.	Procter & Gamble Polska SP.Z O.O
2.	The Procter & Gamble US Business Services Company	17.	Procter & Gamble Europe SA Singapore Branch
3.	The Gillette Company LLC	18.	Procter & Gamble Bangladesh Private Limited
4.	Procter & Gamble Do Brasil S/A	19.	Closed Joint Stock Company Petersburg Products International Zao St.Petersburg
5.	Wella India Haircosmetics Pvt. Ltd	20.	Procter & Gamble Indochina Company Limited
6.	Procter & Gamble (China) Sales Co., Ltd.	21.	Procter & Gamble Europe SA
7.	Nexus Mercantile (India) Pvt Ltd	22.	Procter & Gamble Middle East FZE
8.	Mining Consultants (India) Private Limited	23.	Procter & Gamble International Operations Sa-Rohq
9.	Gillette Products Private Limited	24.	Gillette Diversified Operations Pvt Ltd
10.	Gillette (Shanghai) Ltd	25.	Procter & Gamble Australia Pty Ltd
11.	Procter & Gamble Hygiene & Health Care Limited	26.	Procter & Gamble International Operations SA Singapore Branch
12.	Procter & Gamble Tuketim Mallari Sanayi A.S.	27.	Gillette Poland International Sp. Z
13.	Procter & Gamble International Operations SA	28.	Procter & Gamble South African Trading (Pty) Ltd
14.	Procter & Gamble Home Products Private Limited	29.	Procter & Gamble (Guangzhou) Ltd.
15.	Pt Procter & Gamble Home Products Indonesia	30.	Procter & Gamble International Operations S.A. Dubai Branch

(ii) Investing company in respect of which the Company is an associate:

S. No.	Name of the Company
1.	Wella India Haircosmetics Private Limited #

Also being a fellow subsidiary Company

(iii) Key Management Personnel of the Company:

S. No.	Name	Designation
1.	Mr. Al Rajwani	Managing Director (upto June 30, 2018)
2.	Mr. Madhusudan Gopalan	Managing Director (w.e.f.July 1, 2018)
3.	Mr. Karthik Natarajan	Chief Financial Officer (upto December 31, 2017)
4.	Mr. Gagan Sawhney	Chief Financial Officer (w.e.f. January 1, 2018)
5.	Mr. Karthik Natarajan	Whole time director (w.e.f. January 23, 2018)
6.	Ms. Sonali Dhawan	Non-executive Director
7.	Mr. Pramod Agarwal	Non-executive Director

Note: Related parties have been identified by the management.

Notes to Financial Statements for the year ended June 30, 2018

(c) Details of related party transactions between the Company and its related parties are as under:

₹ in lakhs

S. No.	Nature of Transactions	For the year ended June 30	Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Managerial Personnel
1.	Purchase of Goods	2018	—	39 392	—
		2017	—	32 882	—
2.	Purchase of Equipment / Assets / Spares	2018	—	3 981	—
		2017	—	4 187	—
3.	Sale of Products	2018	—	11 929	—
		2017	—	10 414	—
4.	Sale of Capital goods	2018	—	—	—
		2017	—	3 595	—
5.	Loans Given	2018	—	—	—
		2017	—	3 000	—
6.	Loans Realised	2018	—	—	14
		2017	—	7 000	7
7.	Interest Income	2018	—	—	2
		2017	—	217	2
8.	Recovery of Expenses Cross charged	2018	371	1 890	—
		2017	164	3 807	—
9.	Expenses cross-charged	2018	142	1 386	—
		2017	191	4 951	—
10.	Reimbursement of expenses shared by group cos. (Income)	2018	—	372	—
		2017	—	199	—
11.	Reimbursement of expenses shared by group cos. (Expense)	2018	—	3 107	—
		2017	—	2 541	—
12.	Business Process Outsourcing expenses	2018	2 050	588	—
		2017	—	1 698	—
13.	Processing Charges	2018	—	780	—
		2017	—	1 051	—
14.	Royalty	2018	—	1 032	—
		2017	—	1 141	—
15.	Computer Expenses	2018	—	219	—
		2017	—	169	—
16.	Rent expenses	2018	—	434	—
		2017	—	334	—
17.	Dividend Remitted / Paid	2018	1 307	1 136	—
		2017	22 748	19 774	—
18.	Managerial Remuneration	2018	—	—	465
		2017	—	—	587

₹ in lakhs

S. No.	Nature of Transactions	For the year ended June 30	Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Managerial Personnel
19.	**Outstanding as at June 30th**				
	Loans	**2018**	—	—	33
		2017	—	—	47
	Interest Income Accrued	**2018**	—	—	—
		2017	—	—	—
	Trade and other receivables	**2018**	—	4 405	—
		2017	—	4 201	—
	Trade payables	**2018**	671	17 672	—
		2017	263	10 192	—

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Outstanding balances at the year-end are unsecured and interest fee and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment of receivables relating to amounts owed by related parties in the current year or prior years. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(d) Disclosure in respect of material transactions of the same type with related parties during the year:

₹ in lakhs

S. No.	Nature of Transactions	Year ended June 30, 2018	Year ended June 30, 2017
1.	**Purchase of Goods**		
	Procter & Gamble International Operations SA Singapore Br	37 633	28 927
	Others	1 758	3 955
2.	**Purchase of Equipment / Assets / Spares**		
	The Procter & Gamble Distributing LLC	3 929	3 446
	The Gillette Company LLC	—	701
	Others	52	40
3.	**Sale of Products**		
	Procter & Gamble International Operations SA Singapore Br	7 257	7 527
	Procter & Gamble Bangladesh Pvt. Ltd	2 463	2 366
	Others	2 209	521
4.	**Sale of Capital goods**		
	The Procter & Gamble Distributing LLC	—	3 595
	Others	—	—*
5.	**Loans Given**		
	Procter & Gamble Home Products Private Ltd	—	3 000
6.	**Loans Realised**		
	Procter & Gamble Home Products Private Ltd	—	6 000
	Gillette Diversified Operations Pvt. Ltd	—	1 000
7.	**Interest Income**		
	Procter & Gamble Home Products Private Ltd	—	201
	Gillette Diversified Operations Pvt. Ltd	—	16

Notes to Financial Statements for the year ended June 30, 2018

₹ in lakhs

S. No.	Nature of Transactions	Year ended June 30, 2018	Year ended June 30, 2017
8.	**Recovery of Expenses Cross charged**		
	Procter & Gamble Home Products Private Ltd	1 192	2 456
	Procter & Gamble Hygiene and Health Care Limited	352	942
	The Procter & Gamble Company, USA	371	164
	Others	346	409
9.	**Expenses cross-charged**		
	Procter & Gamble Home Products Private Ltd	738	4 220
	Procter & Gamble Hygiene and Health Care Limited	147	670
	The Procter & Gamble Company, USA	142	191
	Others	502	61
10.	**Reimbursement of expenses shared by group cos. (Income)**		
	Procter & Gamble Home Products Private Ltd	103	115
	Procter & Gamble Hygiene and Health Care Limited	268	84
11.	**Reimbursement of expenses shared by group cos. (Expense)**		
	Procter & Gamble Hygiene and Health Care Limited	1 594	2 188
	Procter & Gamble Home Products Private Ltd	1 513	353
12.	**Business Process Outsourcing expenses**		
	Procter & Gamble International Operations SA	—	1 199
	Procter & Gamble International Operations SA-ROHQ	588	499
	The Procter & Gamble Company, USA	2 050	—
13.	**Processing Charges**		
	Gillette Diversified Operations Private Ltd	780	1 051
14.	**Royalty**		
	The Gillette Company LLC	1 032	1 141
15.	**Computer Expenses**		
	The Procter & Gamble US Business Services Company	219	169
16.	**Rent expenses**		
	Procter & Gamble Home Products Private Ltd	434	334
17.	**Dividend Remitted/Paid**		
	Procter & Gamble Overseas India BV, The Netherlands	1 307	20 133
	Procter & Gamble India Holdings B.V., Netherlands	—	2 615
	Wella India Haircosmetics Private Limited	663	11 531
	Others	474	8 243

* denotes amount less than ₹ 50 000

(e) Compensation of key management personnel

The remuneration of directors and other key management personnel during the year was as follows:

₹ in lakhs

	Year ended June 30, 2018	Year ended June 30, 2017
Short-term benefits	244	318
Post-employment benefits	221	254
Share-based payments	—	15
	465	**587**

(f) Other transactions with key management personnel

₹ in lakhs

	Year ended June 30, 2018	Year ended June 30, 2017
Loan realised	14	7
Interest Income	2	2

Notes:

1. Disclosure required under 186(4) of the Companies Act, 2013 for loans given:

₹ in lakhs

Name	Relations	Year ended June 30, 2018	Year ended June 30, 2017
Intercorporate loans			
Procter & Gamble Home Products Private Ltd	Fellow Subsidiary	—	3 000

Above intercorporate loans have been given for general business purposes for meeting their working capital requirements.

33. Operating lease arrangements

Company as a lessee

33.1 Leasing arrangements

The Company has taken on lease guesthouses for accommodation of employees and office premises and warehouses with an option of renewal at the end of the lease term and escalation clause in some of the cases. These leases can be terminated with a prior notice as per terms and conditions of the respective lease agreements.

33.2 Payments recognised as an expense

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Minimum lease payments	1 184	891
	1 184	**891**

33.3 Non-cancellable operating lease commitments

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Not later than one year	44	241
Later than one year but not later than five years	—	—
Later than five years	—	—
Total	**44**	**241**

34. Commitments

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for	475	546
	475	**546**

Notes to Financial Statements for the year ended June 30, 2018

35. Contingent liabilities

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
Claims against company not acknowledged as debts:		
(a) Income tax matters	41 348	41 348
(b) Sales tax matters		
(i) Non submission of "C" Forms / "F" Forms	3 775	2 295
(ii) Other sales tax matters	788	571
(c) Excise duty, service tax and customs duty matters		
(i) Denial of excise duty benefits at excise exempt location of which the Company has a right to claim Cenvat credit of ₹ 16 034 lakhs (July 30, 2016: ₹ 16 034 lakhs, July 1, 2015: ₹ 12 822 lakhs)	30 320	24 783
(ii) Denial of Cenvat credit	21	25
(iii) Service tax matters	2 707	2 516
(iv) Customs valuation disputes	1 528	1 528
(v) Other excise, service tax and customs matters	283	300
(d) Other matters		
(i) Other claims – The Company is a party to various legal proceedings in the normal course of business	169	692
(ii) Demand from Delhi Development Authority	3 424	3 424
	84 363	**77 482**

36. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006

	As at June 30, 2018 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	634	575
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	263	90
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	5 423	1 967
Principal paid beyond the appointed date	5 423	1 967
Interest paid in terms of Section 16 of the Act	—	—
(d) The amount of interest due and payable for the year	173	61
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	263	90
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	8	8

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

37. (a) Reimbursement / (Recovery) of expenses cross charged to related parties include payment / recoveries on account of finance, personnel, secretarial, administration and planning services rendered under common services agreement of the Company with Procter & Gamble Hygiene and Health Care Limited and Procter & Gamble Home Products Private Limited. (refer note 38).

37. (b) Certain expenses in the nature of employee costs, relocation costs and other expenses are cross charged by the Company to its fellow subsidiaries at actual. Similar expenses incurred by fellow subsidiaries are cross charged to the Company at actual.

38. (a) Managerial Remuneration

The computation of managerial remuneration excludes an amount of ₹ 197 lakhs (Previous year: ₹ 276 lakhs) in respect of managerial personnel cross-charged from Procter & Gamble Hygiene and Health Care Limited and Procter & Gamble Home Products Private Limited in terms of common services agreement referred to in note 37 (a) above.

38. (b) Commission to Non-Executive Directors

During the current year, an aggregate amount of ₹ 55 lakhs (Previous Year: ₹ 55 lakhs) has been provided as commission payable to the Non-Executive Directors which is within the overall limits of commission payable to such directors under Schedule V to the Companies Act, 2013.

39. Dividend

	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs
Dividend on equity shares paid during the year		
Final dividend for the FY 2016-17: ₹ 10 (Previous year for FY 2015-16: ₹ 20) per equity share of ₹ 10 each	3 259	6 517
Dividend distribution tax on final dividend	664	1 327
Interim dividend for the FY 2017-18: ₹ Nil (Previous year for FY 2016-17: ₹ 154) per equity share of ₹ 10 each	—	50 181
Dividend distribution tax on interim dividend	—	10 217
TOTAL	**3 923**	**68 242**

Proposed Dividend:

The Board of Directors at its meeting held on August 23, 2018 have recommended a payment of final dividend of ₹ 23 per equity share of face value of ₹ 10 each for the financial year ended June 30, 2018. The same amounts to ₹ 9 035 lakhs including dividend distribution tax of ₹ 1 541 lakhs.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

40. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

41. Approval of financial statements

The financial statements were approved for issue by the Board of Directors on August 23, 2018.

Signatures to Notes 1 to 41

For and on behalf of Board of Directors

B. S. Mehta
Chairman

Madhusudan Gopalan
Managing Director

G. Sawhney
Chief Financial Officer

Flavia Machado
Company Secretary

Place: Mumbai
Date: August 23, 2018

TEN YEAR FINANCIAL HIGHLIGHTS

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16^	2016-17^	**2017-18^**
YEAR END FINANCIAL POSITION (₹ Crores)										
Net Fixed Assets	91	123	159	189	200	233	219	266	277	**305**
Net Worth	491	571	600	619	649	643	742	937	501	**694**
SUMMARY OF OPERATIONS (₹ Crores)										
Gross Sales	673	861	1073	1249	1459	1766	1984	1863	1788	**1677**
Profit before Tax	177	213	134	117	138	81	246	328	374	**345**
Profit after Tax	113	137	86	76	87	51	158	214	253	**229**
Dividend	40.73	48.88	48.88	48.88	48.88	48.88	48.88	*64.78	*566.98	**32.59**
PER SHARE DATA										
EPS (₹)	34.72	42.07	26.44	23.24	26.75	15.78	48.53	65.73	77.67	**70.29**
Dividend (%)	125	150	150	150	150	150	150	199	1740	**100**
NUMBER OF SHARES										
Shares (lakhs)	325.85	325.85	325.85	325.85	325.85	325.85	325.85	325.85	325.85	**325.85**

Note:

The above results include Duracell Discontinued Operations.

^ Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. Hence these numbers are not comparable with previous years

* includes interim dividend

NOTES

Our Purpose, Values and Principles

OUR PURPOSE

We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come.

CONSUMERS

P&G BRANDS

P&G PEOPLE

OUR VALUES

Integrity

Leadership

Ownership

Passion for Winning

Trust

OUR PRINCIPLES

We show respect for all individuals.

The interests of the Company and the individual are inseparable.

We are strategically focused on our work.

Innovation is the cornerstone of our success.

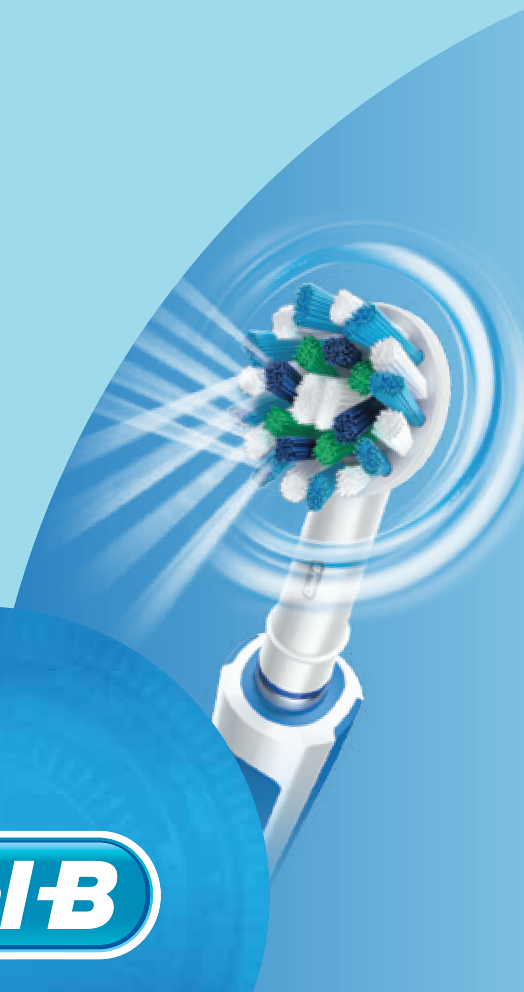
We are externally focused.

We value personal mastery.

We seek to be the best.

Mutual interdependency is a way of life.

Oral-B



Gillette India Limited

P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai - 400099.
Tel. : (91-22) 2826 6000 Fax : (91-22) 2826 7337

GILLETTE INDIA LIMITED

CIN: L28931MH1984PLC267130

Registered Office: P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (E), Mumbai – 400 099.

Website: www.pg.com/en_IN • Tel.: (91-22) 2826 6000 • Fax: (91-22) 2826 7337

NOTICE

NOTICE is hereby given that the Thirty-Fourth Annual General Meeting of the Members of the Company will be held on **Friday, November 30, 2018** at **11.00 a.m.** at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai 400 021 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at June 30, 2018 and the Statement of Profit and Loss for the Financial Year ended on that date, together with the Reports of the Auditors and Directors thereon.

2. To declare Final Dividend for the Financial Year ended June 30, 2018.

3. To appoint a Director in place of Ms. Sonali Dhawan (DIN 06808527), who retires by rotation and being eligible, offers herself for re-appointment.

By Order of the Board of Directors

Gagan Sawhney
Chief Financial Officer

Mumbai
August 23, 2018

Registered Office:

P&G Plaza,
Cardinal Gracias Road,
Chakala, Andheri (East),
Mumbai – 400 099

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY (IES) TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.** Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. A Proxy Form is annexed to this Report.

2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting. Proxies submitted on behalf of Corporate Members must be supported by relevant Board Resolution / authority etc.

3. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

4. The Register of Members and the Share Transfer books of the Company will remain closed from **Saturday, November 24, 2018, to Friday, November 30, 2018** (both days inclusive), for the purpose of determining the names of Members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.

5. The final dividend on Equity Shares for the Financial Year ended June 30, 2018, as recommended by the Directors, if approved at the Annual General Meeting, will be paid on or before December 21, 2018.

   (a) To all beneficial owners, in respect of shares held in dematerialized form, as per details furnished by the Depositories for this purpose as at the close of business hours on November 23, 2018;

   (b) To all Members, in respect of shares held in physical form, whose names shall appear on the Company's Register of Members as on November 30, 2018.

6. In line with the Securities and Exchange Board of India ("SEBI") directives, the Company is required to update bank details of the Members of the Company to enable usage of the electronic mode of remittance such as ECS [LECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS)], NEFT for distributing dividends and other cash benefits to its Members.

   In this regard, Members holding shares in electronic form are requested to furnish their bank details to their Depository Participants ("DPs"). Members holding shares in physical form are requested to furnish their bank details, alongwith a photocopy of a blank cancelled cheque pertaining to your bank account to the Registrar and Share Transfer Agent ("RTA"), M/s. Mas Services Limited.

7. Members holding shares in the physical form are requested to intimate the following directly to the Company's RTA, M/s. Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase – II, New Delhi – 110 020 Tel: (022) 26387281/82/83, Fax: (022) 26387384, e-mail: info@masserv.com.

   (a) Bank Mandate with full particulars for remittance of dividend directly into their Bank Accounts, if declared at the Meeting;

   (b) Intimate changes, if any, in their address / name, bank details, NECS/ECS, mandates, nominations, power of attorney etc. at an early date;

   (c) Apply for consolidation of folios, if shareholdings are under multiple folios in identical names or joint holding in the same order of names;

   (d) Send their share certificates for consolidation, and

   (e) Request for nomination forms for making nominations, as per the format prescribed under the Companies Act, 2013.

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

8. SEBI has mandated submission of Permanent Account Number ("PAN") for all transactions in the securities market. Members who are holding shares in dematerialized form are requested to submit their PAN details to their respective DP. Members holding shares in physical form can submit their PAN details to Company's RTA, M/s. Mas Services Limited.

9. Members are requested to note that effective December 5, 2018, transfer of shares held in physical form will not be accepted as per the amended SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

10. In the case of dematerialized Shares, the Company is obliged to print Bank details on the dividend warrants, as are furnished by the National Securities

Depository Limited ("NSDL") and the Central Depositories Services (India) Limited ("CDSL") ("the Depositories") to the Company and the Company cannot entertain any request for deletion/change of Bank details without confirmation from the Depositories. In this regard, Members are advised to contact their DPs and furnish them the particulars of any change(s) desired.

11. Non-resident Indian Members are requested to immediately inform the Company or its RTA or the concerned DP, as the case may be, about the following:

    (a) The change in the residential status on return to India for permanent settlement;

    (b) The particulars of the NRE account with a Bank in India, if not furnished earlier.

12. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the Meeting.

13. The Ministry of Corporate Affairs has notified provisions relating to unpaid / unclaimed dividend under Sections 124 and 125 of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016. As per these Rules, dividends which are not encashed / claimed by the shareholder for a period of seven consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. The new IEPF Rules mandate the companies to transfer the shares of shareholders whose dividends remain unpaid / unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. Hence, the Company urges all the shareholders to encash / claim their respective dividend during the prescribed period. The details of the unpaid / unclaimed amounts lying with the Company as on 15th November, 2017 (date of last Annual General Meeting) are available on the website of the Company www.pg.com/en_IN. The shareholders whose dividend/ shares as transferred to the IEPF Authority can now claim their shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority http://iepf.gov.in/IEPFA/refund.html.

14. Members are requested to contact the Company's RTA, M/s. Mas Services Limited, for claiming the unclaimed dividends. The detailed dividend history and due dates for transfer to IEPF are provided in the "Corporate Governance" section of the Annual Report.

15. Members are requested to address all correspondences, including Share Transfer documents and dividend matters to the Company's RTA, M/s. Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase – II, New Delhi – 110 020 Tel: (022) 26387281/82/83, Fax: (022) 26387384, e-mail: info@masserv.com.

    Members are requested to quote their ledger folio numbers in all their correspondence to enable the Company to provide better services to the Members.

16. This Annual Report alongwith Notice convening Annual General Meeting is being sent in the electronic form to all the Members who have furnished their e-mail ids to the Company or updated / provided their e-mail id's to their respective DPs. Members may kindly note that as Members of the Company they are entitled to be furnished, free of cost a printed copy of the Annual Report of the Company, upon receipt of

requisition at any time. The communications / documents issued by the Company would also be made available on the Company's website: www.pg.com/en_IN. Members holding shares in physical form, who have not registered/updated their respective e-mail ids, are requested to intimate their respective e-mail ids to info@masserv.com. Members holding shares in dematerialized form, who have not registered/updated their respective e-mail ids, are requested to do so with their respective DPs.

17. In compliance with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of Section 108 of the Companies Act, 2013 and the Rules framed there under, Members may cast their votes electronically, through the e-voting services, on all the resolutions set forth in this Notice. The e-voting period commences on Sunday, November 25, 2018 at 9:00 a.m. and ends on Thursday, November 29, 2018 at 5:00 p.m. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on November 23, 2018, may cast their vote electronically. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by a Member, he shall not be allowed to change it subsequently. The Company has appointed Mr. B. V. Dholakia, Practising Company Secretary and in his absence Mr. Nrupang Dholakia, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

Procedure For E-Voting

A. The Company has entered into an arrangement with National Securities Depository Limited ("NSDL") for facilitating e-voting for the Annual General Meeting. The instructions for e-voting are as under:

a) In case of Members receiving an e-mail from NSDL:

(i) Open the PDF file 'GIL e-voting.pdf' attached to the e-mail, using your Client ID / Folio No. as password. The PDF file contains your User ID and Password for e-voting. Please note that the Password provided in PDF is an 'Initial Password'.

(ii) Launch an internet browser and open https://www.evoting.nsdl.com/

(iii) Click on Shareholder - Login.

(iv) Insert 'User ID' and 'Initial Password' as noted in step (i) above and click 'Login'.

(v) Password change menu will appear. Change the Password with a new Password of your choice. Please keep a note of the new Password. It is strongly recommended not to share your Password with any person and take utmost care to keep it confidential.

(vi) Home page of e-voting will open. Click on e-Voting - Active E-voting Cycles.

(vii) Select 'EVEN' of Gillette India Limited.

(viii) Now you are ready for e-voting as 'Cast Vote' page opens.

(ix) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'Confirm' when prompted.

(x) Upon confirmation, the message 'Vote cast successfully' will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) For the votes to be considered valid, the Institutional shareholders (other than individuals, HUF, NRI etc) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority Letter etc together with attested specimen signatures of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at gilagm2018@dholakia-associates.com with a copy marked to evoting@nsdl.co.in.

b) In case of Shareholders receiving physical copy of the Notice of Annual General Meeting and Attendance Slip

(i) Initial Password is provided at the bottom of the Attendance Slip.

(ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast vote.

B. In case of any queries, you may refer to the 'Frequently Asked Questions' ("FAQs") and 'e-voting user manual' available at the Downloads section of NSDL's e-voting website www.evoting.nsdl.com.

C. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for casting vote.

D. Facility for voting through polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by e-voting shall be able to exercise their right at the meeting.

E. The Members who have cast their vote by e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

F. The results along with the Scrutinizer's Report, shall be placed on the website of the Company.

Members may kindly note that no gifts in any form shall be given to any Member and the Company will not entertain any requests in this regard.

By Order of the Board of Directors

Gagan Sawhney
Chief Financial Officer

Mumbai
August 23, 2018

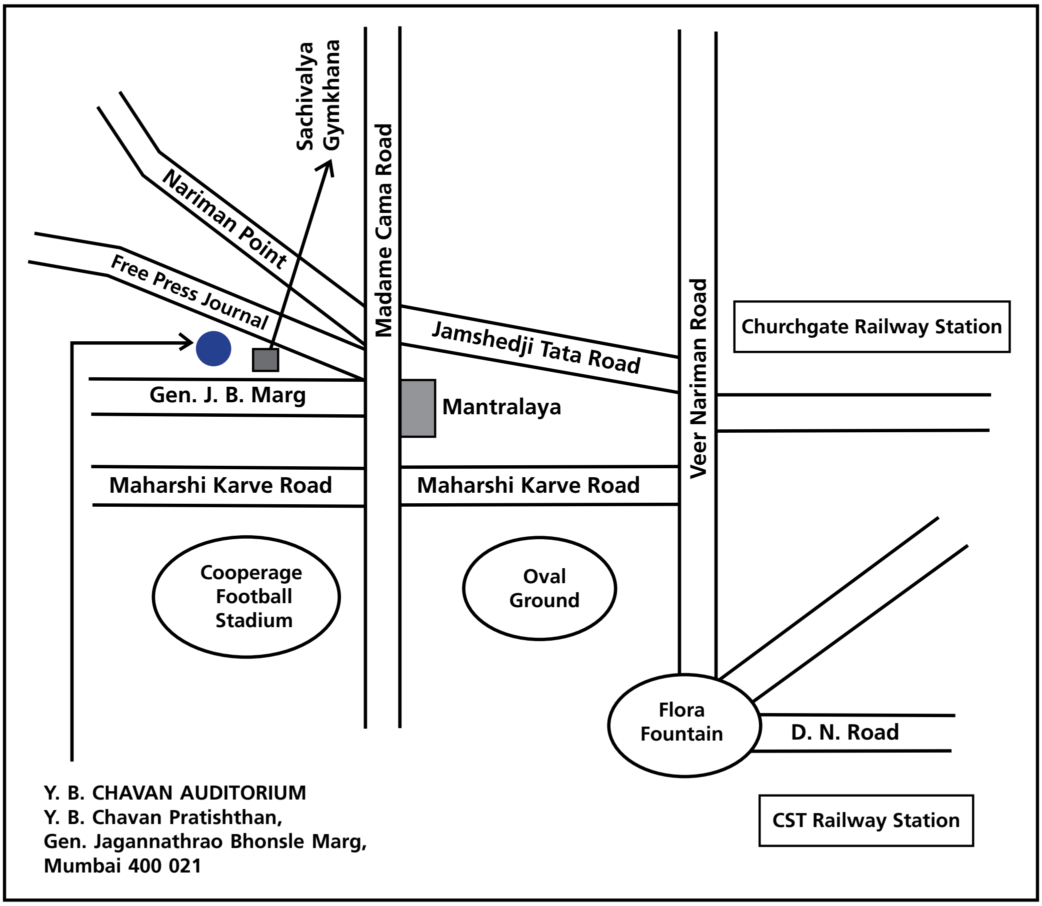
Registered Office:

P&G Plaza,
Cardinal Gracias Road,
Chakala, Andheri (East),
Mumbai – 400 099

Details of Director proposed to be re-appointed at the forthcoming 34th Annual General Meeting

Resolution at Item No.	3
Name of Director	**Ms. Sonali Dhawan**
Age	42 years
Date of appointment on the Board	May 08, 2015
Expertise in specific field	M.B.A. in Marketing
Names of other Companies in which she holds Directorships	1. Procter & Gamble Hygiene and Health Care Limited 2. The Indian Society of Advertisers
Chairman/Member of the Committee(s) of the Board of Directors of the Company	Member of Committees: 1. Stakeholder Relationship Committee 2. Nomination & Remuneration Committee 3. Corporate Social Responsibility Committee
Chairman/Member of the Committee(s) of Board of Directors of other Companies in which she is a Director	Procter & Gamble Hygiene and Health Care Limited – Corporate Social Responsibility Committee (Member)
Shareholding in the Company	Nil

Route Map for venue of the 34th Annual General Meeting of Gillette India Limited



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