

## 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 30<sup>th</sup> 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 31<sup>st</sup> 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-conferencing.

@ 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](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:

<b>Name of Related Party</b>	<b>Procter &amp; Gamble International Operations S.A., Singapore Branch</b>
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 33<sup>rd</sup> 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:

Name of Director	Relationship with other Directors	Salary	Commission	Sitting Fees	Amount in ₹
					Shares held (Equity Shares of ₹ 10/- each)
Mr. B. S. Mehta	None	—	11,00,000	2,60,000	—
Mr. Al. Rajwani	None	— <sup>\$</sup>	—	—	—
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	— <sup>\$\$</sup>	—	—	—
Mr. K. Natarajan	None	63,11,796 <sup>\$\$\$</sup>	—	—	—
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 <sup>#</sup>
Mr. B. S. Mehta	Member	NED/ID	Chartered Accountant	4	4
Mr. G. C. Das	Member	NED/ID	Management Consultant	4	4 <sup>@</sup>
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 <sup>#</sup>
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](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 <sup>#</sup>

# 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* ( <i>Erstwhile Chairman</i> )	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. Shailymanyu 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, assess 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](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 34<sup>th</sup> 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](http://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
33 <sup>rd</sup>	15.11.2017	11:00 a.m.	Y. B. Chavan Pratisthan,	1
32 <sup>nd</sup>	30.11.2016	10:00 a.m.	Gen. Jagannathrao Bhonsle Marg,	—
31 <sup>st</sup>	26.10.2015	3:30 p.m.	Mumbai – 400 021	1

- i. At the 33<sup>rd</sup> 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 31<sup>st</sup> 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:

- There are no audit qualifications in the Company's financial statements for the Financial Year 2017-18.
- 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](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](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](http://www.pg.com/en_IN/invest/gillette/corporate_governance/code_of_conduct.shtml).

## GENERAL SHAREHOLDER INFORMATION

### I Annual General Meeting

The 34<sup>th</sup> Annual General Meeting 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.

### 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

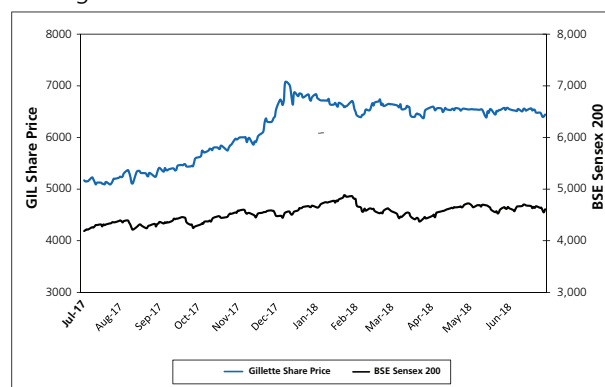
Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July – 2017	5250.00	5025.50	5279.95	5005.25
August – 2017	5450.00	5001.55	5447.00	5012.55
September – 2017	5656.00	5260.00	5699.85	5262.30
October – 2017	6013.00	5585.45	6027.00	5570.70
November – 2017	6550.85	5808.70	6558.85	5840.00
December – 2017	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](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com))

Note: High and low are in Rupees (₹) per traded share.

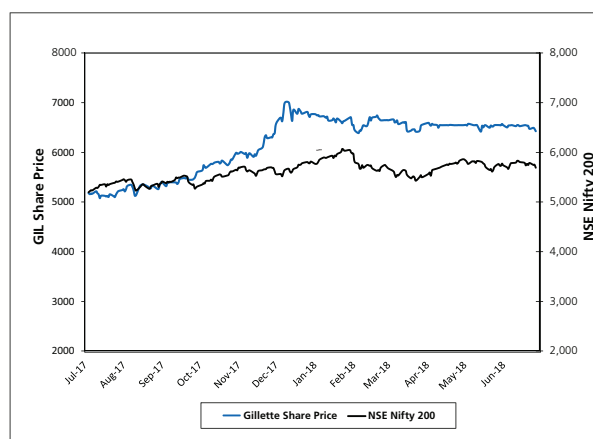
## VIII Stock Performance in comparison to the BSE Sensex and NSE Nifty

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](http://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](http://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
<b>TOTAL</b>	<b>25 519</b>	<b>100.00</b>	<b>3 25 85 217</b>	<b>100.00</b>

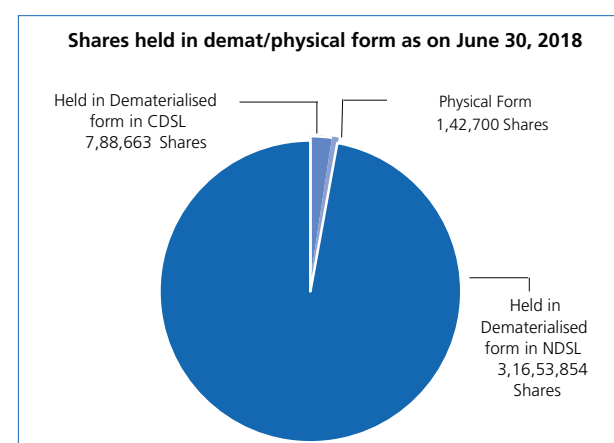
**XII Distribution of shareholding by ownership as on June 30, 2018**

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
<b>TOTAL</b>	<b>3 25 85 217</b>	<b>100.00</b>

**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
<b>Total</b>	<b>3 25 85 217</b>	<b>100.00</b>



**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](http://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](mailto: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.**