

## CORPORATE GOVERNANCE

### 1. CORPORATE GOVERNANCE PHILOSOPHY

Your Directors are pleased to give below the Corporate Governance report:

We believe that Corporate Governance is the interaction of the Management, Members and the Board of Directors to help ensure that all stakeholders are protected against Managers acting solely in their own best interest. Governance process has to ensure that the societal measures employed by the Company are utilized in a manner that meets with the stakeholders' aspirations and societal expectations. Corporate Governance consists of laws, policies, procedures, and most importantly, practices that ensure the well being of the assets of the Company. Corporate Governance is at its highest level, when Management is acting as if they are long-term investors in the Company.

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

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

Further, your Company reinforces responsibilities of all our employees, including key employees, of observing high standards of Corporate Governance through the Company's "*Worldwide Business Conduct Manual*", which sets forth the 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 connections 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 "*Worldwide Business Conduct Manual*" also details the policy statements, operating policies/procedures/practices and Internal controls being followed by the Company with specific emphasis on ethical behaviour of Employees, compliance with all applicable laws in letter and spirit, ensuring accuracy of books and records, maintaining confidentiality of corporate data, avoidance of conflict of interest, fair dealings, fair competition, following best practices for safety and health of Company personnel, environmental protection, trading in securities and a host of special legal issues.

Our reputation is earned by our conduct: what we say, what we do, the products we make, the services we provide, and the way we act and treat others. As conscientious citizens and employees, we want to do what is right. For your Company, this is the only way to do business.

### 2. BOARD OF DIRECTORS

#### (a) Composition of the Board:

The Board of Directors of the Company comprises an optimum combination of Executive and Non-Executive Directors headed by a Non-Executive Chairman. The Independent Directors do not have any material pecuniary relationships or transactions either with the Company or with the promoters/management that may affect their judgment in any manner. The Directors are experienced and eminent professionals in business, law, finance, public enterprise and corporate management. The Board meets at least once in a quarter to review, amongst other business, the quarterly performance of the Company and Financial Results. Directors actively participate in the deliberations at these meetings.

The composition and other details of the Board of Directors during the Financial Year ended June 30, 2012 are given below:

Name of the Director	Category	Designation	Other Directorships #		Membership of other Board Committees ##	
			Member	Chairman	Member	Chairman
Mr. S. K. Poddar	NED	Chairman	12	8	1	1
Mr. Shantanu Khosla	ED	Managing Director	2	1	1	1
Mr. B. S. Mehta	ID	Director	14	1	7	5
Mr. C. R. Dua	ID	Director	6	None	3	None
Mr. Gurcharan Das	ID	Director	4	None	None	None
Mr. Akshay Poddar	NED	Director	11	None	7	2
Ms. Deborah Henretta*	NED	Director	1	None	None	None
Mr. Jyoti Sagar	ID	Director	None	None	None	None
Mr. Anil Kumar Gupta	ID	Director	None	None	None	None
Mrs. Nayantara Bali \$	NED	Director	None	None	None	None
Mr. Pramod Agarwal**	NED	Alternate to Ms. D. Henretta	1	None	None	None

NED – Non-Executive Director

ED – Executive Director

ID – Independent Director

# Excludes directorships of Private Limited Companies, Foreign Companies and Alternate Directorships and Companies under Section 25 of the Companies Act, 1956.

## Includes memberships of only Audit Committees and Share Transfer and Investor Grievance Committees of Public Limited Companies.

\$ Mrs. Nayantara Bali was appointed as a Director of the Company w.e.f. August 26, 2011.

\* Ms. Deborah Henretta ceased to be a Director of the Company w.e.f. August 1, 2012.

\*\* Mr. Pramod Agarwal was appointed as an Alternate Director to Ms. D. Henretta w.e.f. February 2, 2012, Mr. Agarwal ceased to be an Alternate Director on cessation of Ms. D. Henretta, w.e.f. August 1, 2012. Mr. Agarwal was subsequently appointed as an Additional Director of the Company w.e.f. August 1, 2012.

**(b) Number of Board Meetings:**

During the Financial Year 2011-12, four (4) Board Meetings were held on August 26, 2011, October 31, 2011, February 2, 2012 and May 4, 2012 respectively. The Annual General Meeting for Financial Year ended June 30, 2011 was held on October 31, 2011.

**(c) Directors' attendance record:**

The attendance of Directors at the Board Meetings and at the last Annual General Meeting is as under:

Name of Director	No. of Board Meetings attended	Last AGM attendance
Mr. S. K. Poddar	4	Attended
Mr. Shantanu Khosla	4	Attended
Mr. B. S. Mehta	4	Attended
Mr. C. R. Dua	1	Attended
Mr. Gurcharan Das	2	Attended
Mr. Akshay Poddar	4	Attended
Ms. Deborah Henretta*	NIL	Not Attended
Mr. Jyoti Sagar	1	Not Attended
Mr. Anil Kumar Gupta	4	Attended
Mrs. Nayantara Bali #	2	Attended
Mr. Pramod Agarwal***	2	Not Attended

# Mrs. Nayantara Bali was appointed as a Director of the Company w.e.f. August 26, 2011.

\* Ms. Deborah Henretta ceased to be a Director of the Company w.e.f. August 1, 2012.

\*\*\* Mr. Pramod Agarwal was appointed as an Alternate Director to Ms. D. Henretta w.e.f. February 2, 2012, Mr. Agarwal ceased to be an Alternate Director on cessation of Ms. D. Henretta, w.e.f. August 1, 2012. Mr. Agarwal was subsequently appointed as an Additional Director of the Company w.e.f. August 1, 2012.

**(d) Material significant related party transactions:**

There are no material pecuniary relationships/significant transactions made by the Company

with its Promoters, Directors or Management, their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large.

Transactions with related parties are disclosed in Note no. 38 forming part of the Financial Statements.

**(e) Remuneration of Directors:**

A Special Resolution was passed by the Members of the Company at the 24<sup>th</sup> Annual General Meeting held on October 22, 2008, thereby according approval for payment of commission upto 1% of the net profits per annum (maximum permissible by the Companies Act, 1956) in the aggregate to the Non-Executive Directors of the Company. The said resolution had also empowered the Board of Directors and/or a Committee thereof to fix the quantum of commission payable to each of the Non-Executive Directors and to also determine the period for which the said commission is payable. The said Special Resolution is effective for a period of five years w.e.f. January 1, 2008 upto December 31, 2012. The Board of Directors of the Company at their Meeting held on August 23, 2012 have accorded approval (including ratification) for payment of commission for the Financial Year 2011-2012 to the tune of ₹ 1,60,00,000 (Rupees One Crore Sixty Lakhs Only) in the aggregate to all the Non- Executive Directors of the Company.

In respect of the current year, the aggregate amount of Commission of ₹ 1,60,00,000 (exclusive of service tax of ₹ 9,88,800) payable to the Non-Executive Directors of the Company and charged for the Financial Year 2011-2012 in the

financial statements as is stated above, exceeds the maximum amount payable based on 1% of the net profits of the Company amounting to ₹ 1,21,63,895 for the Financial Year ended June 30, 2012, by an amount of ₹ 38,36,105 (excluding service tax of ₹ 9,88,800). The payment of the said excess amount of ₹ 38,36,105, is subject to approval of the Members of the Company, by way of a Special Resolution at the forthcoming 28<sup>th</sup> Annual General Meeting of the Company and is also subject to approval of the Central Government.

Mr. Shantanu Khosla has been re-appointed as the Managing Director of the Company for a period of five years with effect from January 29, 2012 by the Board of Directors at the meeting held on May 4, 2012. He is also the Managing Director of Procter & Gamble Hygiene and Health Care Limited (PGHH) and Procter & Gamble Home Products Limited (PGHP).

Your Company has applied to the Central Government for seeking its approval under Section 316(4) of the Companies Act, 1956 to enable Mr. Khosla to act as the Managing Director of Gillette India Limited, Procter & Gamble Hygiene and Health Care Limited (PGHH) and Procter & Gamble Home Products Limited (PGHP). Therefore, Mr. Khosla's re-appointment as the Managing Director of your Company is subject to the approval of Central Government and that of the Members of the Company at the 28<sup>th</sup> Annual General Meeting.

Mr. Shantanu Khosla will be drawing his remuneration from Procter & Gamble Hygiene and Health Care Limited (PGHH) and your Company will contribute in proportion to the Company's Net Outside Sales. The details of remuneration paid/provided to the Executive/Non-Executive Directors during the Financial Year 2011-12 are as under:

Name of Director	Relationship with other directors	Salary including Bonus + PF contribution	Perquisites	Commission #	Amount in ₹
					Total
Mr. S.K. Poddar	Father of Mr. Akshay Poddar	Nil	Nil	10,000,000	10,000,000
Mr. Shantanu Khosla	None	Nil*	Nil*	Nil	Nil*
Mr. C.R. Dua	None	Nil	Nil	1,000,000	1,000,000
Mr. B.S. Mehta	None	Nil	Nil	1,000,000	1,000,000
Mr. Gurcharan Das	None	Nil	Nil	1,000,000	1,000,000
Mr. Akshay Poddar	Son of Mr. S.K. Poddar	Nil	Nil	1,000,000	1,000,000
Ms. Deborah Henretta	None	Nil	Nil	Nil	Nil
Mr. Jyoti Sagar	None	Nil	Nil	1,000,000	1,000,000
Mr. A. K. Gupta	None	Nil	Nil	1,000,000	1,000,000
Mr. Pramod Agarwal	None	Nil	Nil	Nil	Nil
Mrs. Nayantara Bali	None	Nil	Nil	Nil	Nil

# The above Commission excludes service tax amounting to ₹ 9,88,800/-.

\* Remuneration charged to the accounts in respect of the Managing Director ₹ 96,97,401/-.

NOTE - No sitting fee is payable to any Director.

The term of the Managing Director (MD) is for a period of five years from the date of appointment. No fee/compensation is payable to the Directors on severance of their directorship with the Company.

The Company has not issued stock options to any of its Directors. 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 options of the ultimate holding Company under its ‘Employee Stock Option Plan’. Details as regards the same are disclosed vide note no. 27 forming part of the Financial Statements.

**Number of Shares held by Non-Executive Directors:**

Name	No. of Shares
Mr. S. K. Poddar (included in the Promoter Group)	3,23,480
Mr. Akshay Poddar (included in the Promoter Group)	76,923

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

Name	Designation	Category	Profession	No. of meetings attended	No. of meetings held
Mr. C. R. Dua	Chairman	Independent Director	Advocate	1	4
Mr. S. K. Poddar	Member	Non-Executive Director	Business	4	4
Mr. B. S. Mehta	Member	Independent Director	Chartered Accountant	4	4
Mr. Jyoti Sagar	Member	Independent Director	Advocate	1	4
Mr. Gurcharan Das	Member	Independent Director	Management Consultant	2	4
Mr. A. K. Gupta	Member	Independent Director	Consultant	4	4

All the members have extensive financial background and accounting knowledge. The terms of reference of the Audit Committee are in line with revised clause 49 II (C) and (D) of the Listing Agreement with the Stock Exchange(s) and Section 292A of the Companies Act, 1956. The Audit Committee inter alia, provides reassurance to the Board on the existence of an effective internal control environment. The quorum for the Committee is two members, who are Independent Directors.

**(f) Committees of the Board:**

**(i) Audit Committee**

The Audit Committee comprises of Mr. C.R. Dua (Chairman), Mr. S.K. Poddar, Mr. B.S. Mehta, Mr. Jyoti Sagar, Mr. Gurcharan Das and Mr. A.K. Gupta. During the Financial Year 2011-12, Four Audit Committee meetings were held on August 26, 2011, October 31, 2011, February 2, 2012 and May 4, 2012 respectively.

Mr. Amit Vyas\* is the Secretary to the Audit Committee.

*\*Mr. Amit Vyas was appointed as the Secretary to the Audit Committee with effect from December 1, 2011. Prior to Mr. Vyas, Mr. Deepak Acharya was discharging the role of the Company Secretary.*

The term of reference of Audit Committee is as per the Audit Charter which amongst other things includes the following:

- (a) Overseeing the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment

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

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

The minutes of the Committee are placed before the Board. The Company Secretary is the Secretary of the Committee.

**(ii) Share Transfer and Shareholders'/ Investors' Grievance Committee**

The Shareholders' Committee comprises of Mr. Akshay Poddar, Mr. Anil K. Gupta and Mr. Shantanu Khosla.

Mr. Akshay Poddar is the Chairman of the Committee. The various issues addressed in connection with shareholders and investors' services and complaints are:

*Share Transfers:*

- (a) Approve and register transfer and transmission of shares, wherever applicable; Sub-division/consolidation/rematerialisation of share certificates; Issue of duplicate share certificates in lieu of lost share certificates; Affix Common Seal on Share Certificates and maintain safe custody of the Common Seal.
- (b) Shareholders'/Investors' complaints pertaining to:
- (i) Non receipt of shares after transfer/ annual report/dividend.
  - (ii) Other matters related to or arising out of shareholders'/investors' services.

The minutes of the Committee are placed before the Board. The present quorum for this Committee is two members. The Committee meets regularly to effect share transfers and for other related

matters as referred in point (a) and (b) above. The Company Secretary is the Compliance Officer who regularly addresses Shareholder’s complaints, oversees share transfer process and liaises with the regulatory authorities.

During the Financial Year under review, 20 meetings of the Committee were held. The attendance of each member of the Committee is given below:

Name	No. of Committee meetings attended	No. of Committee meetings held
Mr. Akshay Poddar	20	20
Mr. Shantanu Khosla	20	20
Mr. Anil K Gupta*	18	20

\* *Mr. Anil K Gupta has been inducted as a Member of Shareholders’/Investors’ Grievance Committee at the Board Meeting held on August 26, 2011.*

**3. SHAREHOLDERS**

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

**Mr. Shantanu Khosla** was appointed as the Managing Director of the Company for a period of five years w.e.f. January 29, 2007 i.e. till January 28, 2012. At the Meeting of the Board of Directors’ held on May 4, 2012, Mr. Khosla was re-appointed as the Managing Director of the Company w.e.f. January 29, 2012 for a period of five years. The said re-appointment is subject to the approval of the Members of the Company at the 28<sup>th</sup> Annual General Meeting and of the Central Government.

Mr. Khosla is a B.Tech (Mechanical Engineering) with post graduation in Business Management (MBA). He has been with P&G since 1983. Mr. Khosla has over the period gained valuable experience by leading and managing P&G’s international businesses in UK, Malaysia, Japan and Singapore.

Mr. Khosla is also the Managing Director of Procter & Gamble Hygiene and Health Care Limited and Procter & Gamble Home Products Limited.

**Mr. Pramod Agarwal** was appointed as an Alternate Director to Ms. Deborah Henretta at the Meeting of the Board of Directors held on February 2, 2012. Consequent to resignation of Ms. Deborah Henretta from Directorship of the Company, with effect from

August 1, 2012, Mr. Pramod Agarwal ceased to be an Alternate Director, from the said date.

Mr. Pramod Agarwal was appointed as an Additional Director of the Company by the Board of Directors by circular resolution dated July 20, 2012, with effect from August 1, 2012. He holds office till the date of 28<sup>th</sup> Annual General Meeting of the Company.

Mr. Agarwal is a Bachelor of Commerce from Kanpur University and a Post Graduate Diploma holder in Management from Indian Institute of Management, Ahmedabad. He is an expert in Finance and is the Vice President – Finance & Accounting Asia of P&G International Ops SA.

Mr. Agarwal has been with Procter & Gamble since 1987 and has worked across multiple geographies including Thailand, Japan, Philippines, USA and Singapore. Mr. Agarwal has worked on a variety of businesses including Hair care, Laundry and Feminine care. Mr. Agarwal will assume responsibility as Vice President Finance for Global Hair Care & Color business based out of Geneva starting October 1, 2012.

Presently, Mr. Agarwal is also a Director of Procter & Gamble Hygiene and Health Care Limited.

**Mr. Banshi S. Mehta**, Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 28<sup>th</sup> Annual General Meeting.

Mr. Mehta is a leading practicing Chartered Accountant and is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Mehta is the Chief Mentor of M/s. Banshi S. Mehta & Company, Chartered Accountants and specializes in the areas of taxation and financial management.

Presently, he is a Director of the following Public Limited Companies: Atul Limited, Bharat Bijlee Limited, Century Enka Limited, CEAT Limited, Clariant Chemicals (India) Limited (Previously known as Color-Chem Limited), Procter & Gamble Hygiene and Health Care Limited, Housing Development Finance Corporation Limited, IL&FS Investment Managers Limited (Previously known as IL&FS Venture Corporation Limited), J.B Chemicals & Pharmaceuticals Limited, National Securities Depository Limited,

Pidilite Industries Limited, Sasken Communication Technologies Limited, SBI Capital Markets Limited and Sudarshan Chemical Industries Limited.

**Mr. Anil K. Gupta**, Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 28<sup>th</sup> Annual General Meeting.

Mr. Gupta is an Engineer from IIT, Delhi besides holding a PG Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. Mr. Gupta is an expert in the field of manufacturing and supply chain management. He has vast experience of over 37 years in India and abroad in the field of manufacturing and product supply and had held various senior management positions.

Mr. Gupta is not a Director on the Board of any other Public Limited Company.

**(b) Communication to Shareholders:**

- (i) The Quarterly Results of the Company are announced within 45 days of completion of the Quarter, as prescribed under the Listing Agreement. Audited Annual Results are announced within 60 days of the end of Financial Year and are published in 'Business Standard' (English) and 'Dainik Lokjivan, Jaipur' (Hindi)
- (ii) Half yearly reports are not sent to each household of the shareholders at present.
- (iii) 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).
- (iv) The Quarterly Financial Results and Shareholding Pattern are also posted on Corp Filing website viz. <http://www.corpfiling.co.in>.
- (v) No presentations were made to analysts and institutional investors during the Year under review.
- (vi) Your Company has taken requisite steps to ensure compliance with the **Circular No. 17/2011 dated April 24, 2011 and Circular No. 18/2011 dated April 29, 2011** issued by the Ministry of Corporate Affairs, propagating the 'Green Initiative'.

This initiative involves paperless compliances by serving documents on the Members through the electronic mails (e-mails). Specific details of the steps taken by the Company in this regard are given in the notes to the Notice convening the 28<sup>th</sup> Annual General Meeting of the Company.

- (vii) The recorded version of the proceedings of the 28<sup>th</sup> Annual General Meeting would be webcast at the Company's website [www.pg.com/en\\_IN](http://www.pg.com/en_IN)

**(c) Disclosures:**

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

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

- (ii) *Compliance by the Company:*

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

- (iii) *Whistle Blower policy:*

The Company follows a Whistle Blower Policy as laid down in its "Worldwide Business Conduct Manual". Any employee or other interested person can call on the Worldwide Business Conduct Helpline (previously called Alertline), twenty-four hours a day, seven days a week, to report any concerns about violations of the Company's Worldwide Business Conduct Standards.

The Worldwide Business Conduct Helpline (previously called Alertline) is not staffed or monitored by the Company personnel. All calls can be completed anonymous if the caller desires. The Worldwide Business Conduct Helpline can take calls in most languages spoken by the employees around the world.

Calls made to the Worldwide Business Conduct Helpline are reported to the Company’s Corporate Security and Legal personnel, who will ensure appropriate investigation and follow-up of all calls. Callers are given a confidential identification number so they can inquire about the status of their reported concern.

The Worldwide Business Conduct Helpline was accessible to all employees.

*(iv) CEO/CFO Certification:*

In terms of the requirement of Clause 49(V) of the Listing Agreement, the Managing Director (CEO) and the Chief Financial Officer (CFO) have made a certification to the Board of Directors in the prescribed format for the Financial Year under review, which has been reviewed by the Audit Committee and taken on record by the Board.

*(v) Compliance with mandatory and adoption of non-mandatory requirements:*

The Company has complied with all mandatory requirements and with the following non-mandatory requirements of Clause 49 of the Listing Agreement.

*Compliance with Non Mandatory Requirements*

- (a) (i) The Company has provided an office to the Chairman for his use, during his visits, at the Corporate Office at Mumbai.
- (ii) The Board of Directors ensures that the person being appointed as an Independent Director has the requisite qualifications and experience which would be of value to the Company.
- (b) There are no audit qualifications in the Company’s Financial Statements for the Financial Year under reference.
- (c) No specific training program(s) was arranged for the Board Members.
- (d) The Board comprises of professionals with expertise in their respective fields. They

endeavor to keep themselves updated with changes in global economy and legislation. Moreover, at the Board Meetings, detailed presentations are made by senior managerial personnel on the business related matters.

- (e) The Company has not adopted any mechanism for evaluating individual performance of Non-Executive Directors.
- (f) The Company follows a Whistle Blower Policy as laid down in its “Worldwide Business Conduct Manual”.

**(d) General Meetings of Members:**

AGM	DATE	TIME	VENUE	No. of special resolutions passed
27 <sup>th</sup>	31.10.2011	11.00 a.m.	All the three Annual General Meetings were held at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan 301 019	1
26 <sup>th</sup>	18.11.2010	11.00 a.m.		—
25 <sup>th</sup>	27.10.2009	11.00 a.m.		—

At the previous Annual General Meeting held on 31<sup>st</sup> October, 2011, a Special Resolution under Section 309 of the Companies Act, 1956 was passed by the Shareholders of the Company according approval (subject to the approval of the Central Government) for waiver of recovery from the Non-Executive Directors, of the amounts of commission paid to them in excess of 1% of the net profits of the Company for the Financial Year ended June 30, 2011.

**Postal Ballot**

No postal ballot was undertaken during the Financial Year.

**(e) Code of conduct:**

**(i) Code of conduct for Directors and Senior Management**

The Company has adopted a Code of Conduct for its Directors and Senior Management. The Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct and it is applicable to all Directors and Senior Management of the Company.



The Board Members and Senior Management Personnel have affirmed their compliance with the Code of Conduct and a CEO certificate to that effect is annexed to this Corporate Governance Report. The Code of Conduct has been posted on the Company's website at [www.pg.com.com/en\\_IN](http://www.pg.com.com/en_IN).

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

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

**4. GENERAL SHAREHOLDERS INFORMATION:**

**(i) Annual General Meeting**

The Annual General Meeting will be held on **Tuesday, December 11, 2012 at 11.00 a.m.** at the Registered Office of the Company at SPA – 65A, Bhiwadi Industrial Area, Bhiwadi, (Dist. Alwar), Rajasthan - 301 019.

**(ii) Financial Calendar**

Financial Year	July to June
Accounts Finalization	August
Annual General Meeting	October – November
Dividend Dispatch	Within 30 days of the Annual General Meeting
Quarterly Results	Normally before the end of 45 days, except 4 <sup>th</sup> quarter when Audited Annual Results are declared within 60 Days as permitted under the Listing Agreement

**(iii) Book Closure Date**

Saturday, December 1, 2012 to Tuesday, December 11, 2012 (both days inclusive).

**(iv) Dividend Payment Details**

Final Dividend, if declared: Will be paid on or before December 18, 2012

**(v) Listing of equity shares on Stock Exchanges**

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

**(vi) Stock Code**

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

**(vii) Stock Price Data**

Monthly high and low quotation of shares traded on BSE and NSE during the Financial Year 2011-12.\*

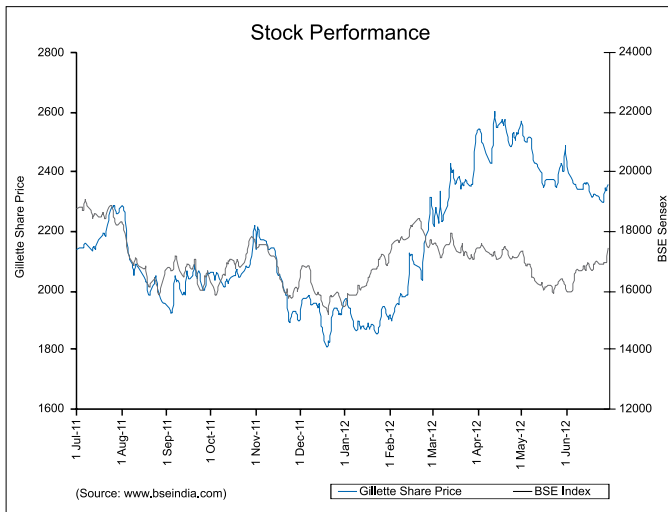
MONTH	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July 2011	2,314.85	2,085.00	2,400.00	2,081.10
August 2011	2,295.00	1,926.00	2,319.90	1,811.00
September 2011	2,100.00	1,900.00	2,100.00	1,910.00
October 2011	2,238.75	2,006.25	2,237.00	1,950.00
November 2011	2,228.95	1,865.00	2,226.50	1,887.00
December 2011	2,089.90	1,771.15	2,048.00	1,782.10
January 2012	1,988.00	1,840.00	1,978.00	1,833.00
February 2012	2,427.40	1,872.00	2,424.00	1,854.10
March 2012	2,542.95	2,201.00	2,780.50	2,197.00
April 2012	2,624.35	2,416.00	2,650.00	2,426.50
May 2012	2,580.00	2,305.20	2,580.95	2,310.10
June 2012	2,514.50	2,225.20	2,530.00	2,290.50

\* source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

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

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

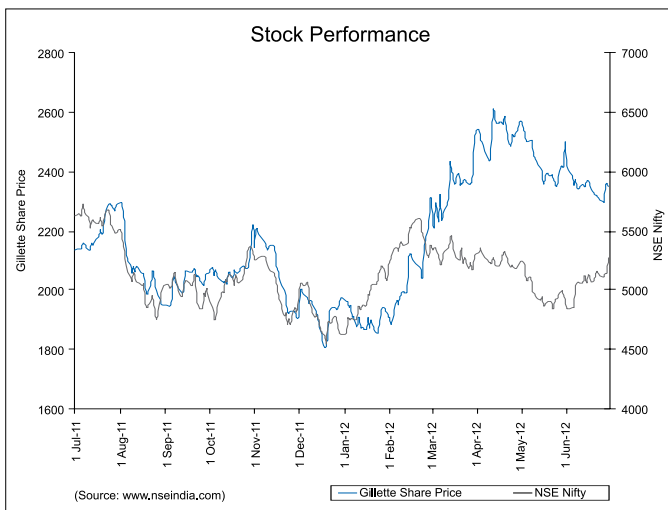
The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the Financial Year 2011-12:



Year – July 1, 2011 to June 30, 2012

(Source: www.bseindia.com)

The following chart shows the performance of the Company’s share as compared to the NSE Nifty during the Financial Year 2011-2012:



Year – July 1, 2011 to June 30, 2012

(Source: www.nseindia.com)

**(ix) Registrar and Share Transfer Agents**

MAS Services Limited  
 T-34, 2nd floor, Okhla Industrial Area  
 Phase II  
 New Delhi - 110 020  
 Ph: 011-26387281-3; Fax: 011-26387384  
 E-Mail : info@masserv.com  
 Contact person: Mr. Sharwan Mangla

**(x) Share Transfer System and Shareholders Complaints**

The Company’s share transfers are handled by MAS Services Ltd., Registrar and Share Transfer Agents (RTA). The shares received in physical mode by the Company/RTA are transferred as per the listing agreement provided the documents are complete and shares under transfer are not under dispute. Confirmation in respect of the request for dematerialization of shares is sent to the respective depositories - National Securities Depository Limited/Central Depository Services (India) Limited within 15 days.

During the Financial Year 2011-12, the Company had received 71 shareholder complaints, which were resolved expeditiously. As on June 30, 2012, there are no complaints pending.

There is NIL share transfer pending as on June 30, 2012.

**(xi) Distribution of shareholding by size class as on June 30, 2012**

No. of Shares held	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 – 500	14,697	96.00	9,82,772	3.02
501 – 1000	306	2.00	2,21,370	0.68
1001 – 2000	140	0.91	2,05,953	0.63
2001 – 3000	52	0.34	1,31,235	0.40
3001 – 4000	22	0.14	77,537	0.24
4001 – 5000	16	0.11	76,182	0.23
5001 – 10000	24	0.16	1,85,199	0.57
10001 and above	52	0.34	307,04,969	94.23
<b>Total</b>	<b>15,309</b>	<b>100.00</b>	<b>325,85,217</b>	<b>100.00</b>

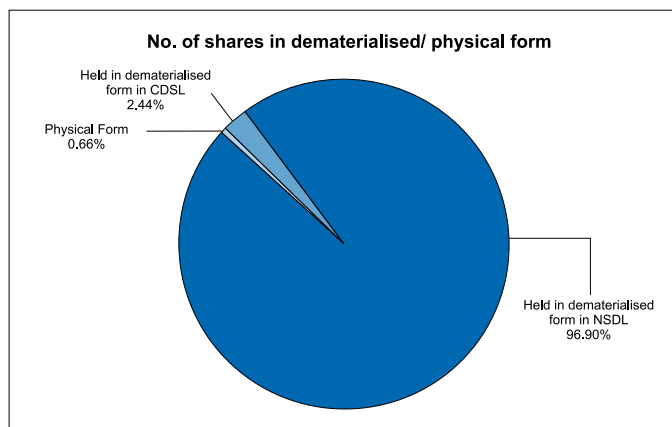
**(xii) Distribution of shareholding by ownership as on June 30, 2012**

Category	Number of Shares held	% of Shares held
Indian & Foreign Promoters	28,922,849	88.76
Resident Individuals and others	1,945,052	5.97
Mutual Funds & UTI	497,700	1.53
Financial Institutions/Banks	4,860	0.01
Foreign Institutional Investors	282,114	0.87
Private Corporate Bodies	793,575	2.44
NRIs	139,067	0.43
Directors and their Relatives	0	0
<b>Total</b>	<b>32,585,217</b>	<b>100.00</b>

**(xiii) Dematerialization of shares and liquidity**

The Company's shares are required to be compulsorily traded on the stock exchanges in dematerialized form. As on June 30, 2012 the number of shares in dematerialized and physical mode is as under:

	No. of shares	% to total capital issued
Held in dematerialized form in NSDL	315,76,634	96.90
Held in dematerialized form in CDSL	794,092	2.44
Physical	214,491	0.66
<b>Total</b>	<b>325,85,217</b>	<b>100.00</b>

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

In terms of Circular No- Cir/ISD/3/2011 dated June 17, 2011, SEBI has notified that the securities of Companies shall be traded in the normal segment

of the Stock Exchanges, if and only if, the Company has achieved 100% of the Promoter's and Promoter group's shareholding in the dematerialized form. Accordingly, the Company has achieved 100% of the Promoter's and Promoter group's shareholding in the dematerialized form during the Financial Year.

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

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

**(xvi) Unclaimed/Unpaid Dividends**

The amount of unclaimed dividends for and upto the Financial Year ended 2004 has been transferred to the Investor Education and Protection Fund established by the Central Government. Pursuant to Section 205C of the Companies Act, 1956, those members who have not so far claimed their dividends for the said periods shall not be entitled to claim the same from the Company or the said Fund.

Final dividend for the Financial Year ended December 31, 2005 and for the subsequent years, which remain unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on the dates mentioned in the table below.

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

Dividend No.	Date of Declaration	For the year ended	Due for transfer to IEPF
13	29.04.2006	31.12.2005	04.06.2013
14*	27.02.2007	30.06.2007	04.04.2014
15#	25.10.2007	30.06.2007	30.11.2014
16	22.10.2008	30.06.2008	28.11.2015
17	27.10.2009	30.06.2009	02.12.2016
18	18.11.2010	30.06.2010	24.12.2017
19	31.10.2011	30.06.2011	06.12.2018

\* Interim Dividend

# Final Dividend

During the Financial Year 2011-12, unclaimed final dividend amount for the Financial Year ended December 31, 2004 of ₹ 6,14,436/- was transferred to the Investor Education and Protection Fund on June 28, 2012.

The details of dividends remaining unpaid for the aforementioned Previous Years are uploaded on the Company's website viz. [www.pg.com.en\\_IN](http://www.pg.com.en_IN).

**(xvii) Plant Locations**

**India Bhiwadi Manufacturing Centre**

SPA – 65A, Bhiwadi Industrial Area,  
Bhiwadi, (Dist. Alwar)  
Rajasthan - 301 019

**India Baddi Packing Centre**

Plot no. 4, Industrial Area  
Village Katha, Bhatoli Kalan  
Baddi 173 205, Dist. Solan,  
Himachal Pradesh

**(xviii) Addresses**

**(i) For Correspondence:**

**Gillette India Limited**

P&G Plaza, Cardinal Gracias Road,  
Chakala, Andheri (East)  
Mumbai - 400 099

Ph : 022-28266000; Fax : 022-66939696

**(ii) Registered Office:**

**Gillette India Limited**

SPA – 65A, Bhiwadi Industrial Area,  
Bhiwadi, (Dist. Alwar)  
Rajasthan - 301 019

**Compliance Officer:**

Mr. Amit Vyas,

Company Secretary

Ph : 022-28266000; Fax : 022-66939696

e-mail : [vyas.a@pg.com](mailto:vyas.a@pg.com)

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**Declaration**

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members have confirmed compliance with the Directors' Code of Conduct for the Financial Year ended June 30, 2012 and the Senior Management has complied with the Business Conduct Manual for the Financial Year ended June 30, 2012.

For **GILLETTE INDIA LIMITED**

Mumbai  
August 23, 2012

**Shantanu Khosla**  
Managing Director

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**Auditors' Certificate on compliance of conditions of Corporate Governance under clause 49 of the Listing Agreement.**

To,  
The Members  
Gillette India Limited

We have examined the compliance of conditions of Corporate Governance by Gillette India Limited (the "Company") for the Financial Year ended June 30, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement, except that:

- i) The non-compliance noted in respect of Clause 49 (I)(C) wherein the gap between the meeting held on April 25, 2011, of the Board and the meeting held on August 26, 2011 is in excess of four months by one day.
- ii) As stated in Para (e) under 'Board of Directors' to the Corporate Governance report of the Company, excess commission paid to the

Non-executive directors amounting to ₹ 48,24,905 (including service tax amounting to ₹ 9,88,000) which is subject to the approval of the Members at the ensuing Annual General Meeting of the Company and the Central Government

- iii) As stated in Para (e) under 'Board of Directors' to the Corporate Governance report of the Company, the re-appointment of the Managing Director of the Company, which is subject to approval by the Central Government as required by sub-section (4) of Section 316 of the Companies Act, 1956 and the shareholders at the ensuing Annual General Meeting of the Company.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No. 117366W)

**K. A. Katki**

Partner

Mumbai, August 23, 2012

Membership No. 038568