

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Your Directors are pleased to give below 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.

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 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. 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 *"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.

BOARD OF DIRECTORS

(a) Composition of the Board

The Board of Directors of the Company comprises an optimum combination of Executive and Non-Executive Directors. As on date, the Board comprises of Non-Executive Independent Chairman, Managing Director (Executive) and five other Non-Executive Directors. Mr. Shantanu Khosla, Managing Director is involved in the day-to-day management of the Company while the Non-Executive Directors bring external perspective and independence to decision making. Mr. R. A. Shah (Chairman), Mr. B. S. Mehta and Mr. A. K. Gupta are 'Non-Executive Independent Directors' as per Clause 49 I (A) of the Listing Agreement with the Stock Exchanges. As per Article 131 of the Articles of Association of the Company, The Procter & Gamble Company, USA has the right to designate one or more of the Members of the Board as Managing Director(s) of the Company. All other Directors, except the Managing Director and the Non-Executive Independent Directors, are Directors liable to retire by rotation.

The composition and other required details of the Board of Directors as on June 30, 2014 are given below:

Name of the Director	Category	Designation	Other Directorships *	Membership of other Board Committees**	
				Member	Chairman
Mr. R. A. Shah	NED/ID	Chairman	12	8	3
Mr. S. Khosla	ED	Managing Director	2	2	Nil
Mr. B. S. Mehta	NED/ID	Director	13	9	4
Mr. A. K. Gupta	NED/ID	Director	1	2	1
Mr. P. Agarwal	NED	Director	1	Nil	Nil
Mr. S. Singh#	NED	Director	Nil	Nil	Not Applicable
Ms. S. Dhawan##	NED	Director	1	Nil	Not Applicable

NED – Non Executive Director

ED – Executive Director

ID – Independent Director

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

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

Mr. S. Singh was appointed as an Additional Director of the Company w.e.f. March 15, 2014

Ms. S. Dhawan was appointed as an Additional Director of the Company w.e.f. May 7, 2014

(b) Number of Board meetings

Four (4) meetings of the Board were held during the period July 1, 2013 to June 30, 2014. These meetings were held on August 14, 2013, November 1, 2013, February 3, 2014 and May 7, 2014. The Annual General Meeting for the Financial Year ended June 30, 2013 was held on December 9, 2013.

(c) Directors' attendance record and Directorships held

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

Name of Director	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Last AGM (Whether attended)
Mr. R. A. Shah	4	4	Yes
Mr. S. Khosla	4	4	Yes
Mr. B. S. Mehta	4	4	Yes
Mr. A. K. Gupta	4	4	Yes
Mr. P. Agarwal	4	—	No
Mr. A. Vyas*	3	3	No
Mr. S. Singh#	1	—	Not Applicable*
Ms. S. Dhawan§	1	1	Not Applicable§

* Mr. A. Vyas ceased to be a Director of the Company w.e.f. February 26, 2014

Mr. S. Singh was appointed as an Additional Director of the Company w.e.f. March 15, 2014

§ Ms. S. Dhawan was appointed as an Additional Director of the Company w.e.f. May 7, 2014

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

There are no material pecuniary relationships/significant transactions made by the Company with its Promoters, Directors or management, their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note No. 38 forming part of the Financial Statements.

(e) Remuneration of Directors

The Members of the Company at their 47th Annual General Meeting held on November 23, 2011 had passed a Special Resolution according approval for payment of commission to the Non-Executive Independent Directors of the Company upto a maximum of 1% of the net profits of the Company per annum in the aggregate, for a period of 5 years w.e.f July 1, 2011. 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 Independent Directors and to also determine the period for which the said commission is payable. In view of the above, the Board of Directors had accorded approval for payment of Annual Commission of ₹ 10 Lacs to each of the Non-Executive Independent Directors for the Financial Year 2013-14. The said commission is within the limits of 1% of the net profits of the Company in the aggregate, as calculated as per

Procter & Gamble Hygiene and Health Care Limited

applicable statutory provisions. The Non-Executive Independent Directors are paid to compensate their valuable contribution to the Company owing to their wealth of experience and knowledge.

Mr. Shantanu Khosla was re-appointed as the Managing Director of the Company for a period of five years w.e.f. June 1, 2012 by the Members of the

Company at their 48th Annual General Meeting held on December 6, 2012 on such terms and conditions as the Board may consider appropriate, provided, that the terms of remuneration of Mr. Khosla shall not exceed the statutory ceilings.

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, 2014 are given below:

Name of Director	Relationship with other Directors	Salary including Bonus + PF contribution (₹)	Perquisites (₹)	Commission (₹)	Service Tax	Total Cost to Company (₹)	Shares held (Equity Shares of ₹ 10/- each)
Mr. R. A. Shah	None	—	—	10,00,000	1,23,600	11,23,600	11,406 [@]
Mr. S. Khosla	None	6,93,85,743 [§]	—	—	—	—	67
Mr. B. S. Mehta	None	—	—	10,00,000	1,23,600	11,23,600	3,799
Mr. A. K. Gupta	None	—	—	10,00,000	1,23,600	11,23,600	—
Mr. P. Agarwal	None	—	—	—	—	—	—
Mr. A. Vyas [#]	None	— ^{§§}	—	—	—	—	—
Mr. S. Singh [*]	None	— ^{§§§}	—	—	—	—	—
Ms. S. Dhawan [§]	None	— ^{§§§§}	—	—	—	—	30

[§] Employee benefit expenses under Note No. 22 to the Financial Statements includes expenses in respect of managerial personnel of ₹ 532 Lakhs (Previous Year: ₹ 574 Lakhs) cross charged to Gillette India Ltd and Procter & Gamble Home Products Limited.

^{§§} Employee benefit expenses under Note No. 22 to the Financial Statements includes expenses in respect of managerial personnel of ₹ 11 Lakhs (Previous Year : ₹ 13 Lakhs) cross charged from Gillette India Limited in terms of the common service agreement.

^{§§§} Employee benefit expenses under Note No. 22 to the Financial Statements includes expenses in respect of managerial personnel of ₹ 2 Lakhs (Previous Year : Nil) cross charged from Gillette India Limited in terms of the common service agreement.

^{§§§§} Employee benefit expenses under Note No. 22 to the Financial Statements includes expenses in respect of managerial personnel of ₹ 8 Lakhs (Previous Year : Nil) cross charged from Procter & Gamble Home Products Limited and Procter & Gamble Hygiene and Health Care Limited in terms of the common service agreement.

[@] There was an increase in shareholding of Mr. R. A. Shah, due to transmission of 5856 shares from Late Mrs. Shah.

[#] Mr. A. Vyas ceased to be a Director of the Company w.e.f. February 26, 2014.

^{*} Mr. S. Singh was appointed as an Additional Director of the Company w.e.f. March 15, 2014.

[§] Ms. S. Dhawan was appointed as an Additional Director of the Company w.e.f. May 7, 2014.

NOTE : No sitting fee is paid to any Director.

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 No. 27 forming part of the Financial Statements.

(f) Committees of the Board

Audit Committee

The Audit Committee comprises of Non-Executive Independent Directors namely Mr. R. A. Shah (Chairman), Mr. B. S. Mehta (Member) and Mr. A. K. Gupta (Member). The Audit Committee met on August 14, 2013, November 1, 2013, February 3, 2014 and May 7, 2014.

Directors	Designation	Category	Profession	No. of Meetings held during tenure	No. of Meetings attended
Mr. R. A. Shah	Chairman	NED/ID	Solicitor	4	4
Mr. B. S. Mehta	Member	NED/ID	Chartered Accountant	4	4
Mr. A. K. Gupta	Member	NED/ID	Consultant	4	4
Mr. A. Vyas*	Member	NED	Service	3	3

NED – Non Executive Director

ED – Executive Director

ID – Independent Director

* Mr. A. Vyas ceased to be a Director of the Company w.e.f. February 26, 2014.

Ms. Preeti Bishnoi is the Secretary to the Committee.

The Audit Committee plays the role as is contemplated under Section 292A of the Companies Act, 1956 read with the Listing Agreement as amended from time to time, with the Stock Exchanges. The quorum for the Committee is two members, who are independent directors.

The powers of Audit Committee 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 role of Audit Committee includes the following:

- (a) Overseeing 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.
- (b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- (c) Reviewing with management the Annual Financial Statement/s before submission to the Board, focusing primarily on:
 - Matters required being included in the Directors' Responsibility Statement to be included in the Board's report in terms of Section 217(2AA) of the Companies Act, 1956
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in draft Audit Report
 - Significant adjustments arising out of audit
 - The going concern assumption
 - Compliance with accounting standards
 - Compliance with Stock Exchange(s) and Legal requirements concerning Financial Statements
 - Any related party transactions i.e. transactions of the Company of material nature, with Promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large
- (d) Reviewing with the management, the Quarterly Financial Statements before submission to the Board for approval.

- (e) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- (f) Reviewing the adequacy of internal audit function, 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.
- (g) Discussion with internal auditors of any significant findings and follow up thereon.
- (h) 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.
- (i) Discussion with external auditors before the audit commences about nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- (j) Reviewing the Company's financial and management policies.
- (k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, Members (in case of non payment of declared dividends) and creditors.
- (l) Reviewing the functioning of the Whistle Blower mechanism.
- (m) Carrying out any other function as required in the terms of reference of the Audit Committee in the Listing Agreement as may be amended from time to time.

The minutes of the Committee are placed before the Board.

Shareholders' Grievance Committee

The Shareholders' Grievance Committee comprises of Mr. Shailymanyu Singh (Chairman), Mr. Anil Kumar Gupta (Member) and Mr. Shantanu Khosla (Member). Ms. Preeti Bishnoi is the Secretary to the Committee. During the Financial Year, four meetings were held on August 14, 2013, November 1, 2013, February 3, 2014 and May 7, 2014.

Directors	No. of Meetings held during tenure	No. of Meetings attended
Mr. S. Khosla	4	4
Mr. A. K. Gupta*	1	1
Mr. S. Singh**	1	Nil
Mr. A. Vyas***	3	3

* Mr. A. K. Gupta was inducted as a Member of the Shareholders' Grievance Committee on March 15, 2014.

** Mr. S. Singh was inducted as Member and appointed as the Chairman of the Shareholders' Grievance Committee on March 15, 2014.

*** Mr. A. Vyas ceased to be a Director of the Company w.e.f. February 26, 2014 and consequently ceased to be the Chairman of the Shareholders' Grievance Committee w.e.f. February 26, 2014.

The role of the Committee is as follows:

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

During the Financial Year, the Company received 93 complaints from Members. These complaints have been resolved to the satisfaction of the Members except for disputed cases and sub-judice matters, which would be resolved on final disposal by Courts. There were no pending share transfers as on June 30, 2014.

(g) Disclosures regarding appointment/re-appointment of Directors

- i. **Mr. Pramod Agarwal**, Non-Executive Director, is a Bachelor of Commerce from Kanpur University and a Post Graduate in Management from Indian Institute of Management, Ahmedabad. He is Vice President – Finance & Accounting for Global Hair Care & Color Business of Procter & Gamble based out of Geneva, Switzerland. Mr. Agarwal is an expert in Finance with deep knowledge of the business in various geographies and product categories. Prior to the current role, he was the Vice President – Finance & Accounting for

Asia business and rich experience in pulling the business out of Asian economic crisis in 1997 as well as the global financial crisis in 2008 and enabled strong growth of P&G business in Asia.

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

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

Mr. Agarwal is also a Director on the Board of Gillette India Limited.

Mr. Agarwal, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 50th Annual General Meeting.

- ii. **Mr. R. A. Shah**, Chairman of the Company is a leading Solicitor and a senior partner of M/s. Crawford Bayley & Co., a firm of Solicitors and Advocates. He specializes in a broad spectrum of corporate laws. Mr. Shah has been associated with the Company since its inception.

Mr. Shah is the Chairman of Clariant Chemicals (India) Limited, Godfrey Phillips India Limited and Pfizer Limited. He is the Vice-Chairman of Colgate Palmolive India Limited. Mr. Shah is also a Director in Abbott India Limited, The Bombay Dyeing and Manufacturing Company Limited, BASF India Limited, Century Enka Limited, Deepak Fertilizers & Petrochemicals Corporation Limited, Lupin Limited, Wockhardt Limited and Atul Limited.

Mr. Shah is also a Committee Member of Bombay Chamber of Commerce and Indo German Chamber of Commerce.

Mr. Shah meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 and has furnished a declaration to the Company in this respect. Accordingly, the Board of Directors recommends the Members of the Company to appoint Mr. Shah as the Non-Executive Independent Director for a period of five years in terms of Section 149 of the Companies Act, 2013, not being liable

to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 50th Annual General Meeting.

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

Mr. Mehta is also a Director on the Board of Atul Limited, Bharat Bijlee Limited, Century Enka Limited, CEAT Limited, Housing Development Finance Corporation Limited, IL&FS Investment Managers Limited, J B Chemicals & Pharmaceuticals Limited, Pidilite Industries Limited, Sasken Communication Technologies Limited, SBI Capital Markets Limited, Gillette India Limited, NSDL E-Governance Infrastructure Limited and Sudarshan Chemicals Industries Limited.

Mr. Mehta meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 and has furnished a declaration to the Company in this respect. Accordingly, the Board of Directors recommends the Members of the Company to appoint Mr. Mehta as the Non-Executive Independent Director for a period of five years in terms of Section 149 of the Companies Act, 2013, not being liable to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 50th Annual General Meeting.

- iv. **Mr. A. K. 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 35 years in India and abroad in the field of manufacturing and product supply and had held various senior management positions.

Mr. Gupta is also a Director on the Board of Gillette India Limited.

Mr. Gupta meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 and has furnished a declaration to the Company in this respect. Accordingly, the Board of Directors recommends the Members of the Company to appoint Mr. Gupta as the Non-Executive Independent Director for a period of five years in terms of Section 149 of the Companies Act, 2013, not being liable to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 50th Annual General Meeting.

- v. **Mr. Shailyamanyu Singh** graduated in Law from Maharishi Dayanand University, Rohtak, and completed his Masters of Law from Bond University, Australia. He is a fellow member of the Center for American and International Law, Texas.

Previously, Mr. Singh has also practiced independently. During his private practice tenure, he was also appointed as a member of the Disciplinary Committee of the Bar Council of India for a six month term. Mr. Singh has been associated with Procter & Gamble for last six years and has held various positions in legal department.

Mr. Singh was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from March 15, 2014. As an Additional Director he holds office upto the date of the 50th Annual General Meeting. A notice under Section 160 of the Companies Act, 2013 has been received from him proposing his candidature as the Non-Executive Director of the Company, liable to retire by rotation, along with a deposit of ₹ 1 Lakh. Resolution in respect of his appointment as the Non-Executive Director, liable to retire by rotation forms part of the Notice of the ensuing 50th Annual General Meeting.

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

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

Ms. Dhawan is also a Director on the Board of Gillette India Limited.

Ms. Dhawan was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from May 7, 2014. As an Additional Director she holds office upto the date of the 50th Annual General Meeting. A notice under Section 160 of the Companies Act, 2013 has been received from her proposing her candidature as the Non-Executive Director of the Company, liable to retire by rotation, along with a deposit of ₹ 1 Lakh. Resolution in respect of her appointment as the Non-Executive Director, liable to retire by rotation forms part of the Notice of the ensuing 50th Annual General Meeting.

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 Sixty days of the end of Financial Year which are published in The Economic Times, 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 comprising of Notice calling the General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. for the Financial Year 2013-14, in electronic form, is being sent to the Members at the email address provided/updated by the Members with the Depository Participants/Registrar and Share Transfer Agent, as applicable.

Statutory Compliance

The Company has complied with all applicable requirements prescribed by the regulatory and statutory authorities including Stock Exchanges and SEBI on all matters related to capital markets and no strictures or penalty was imposed on the Company in past three years.

General Meetings

AGM	Date	Time	Venue	No. of special resolutions passed
49 th	December 9, 2013	3.30 p.m.	All the three Annual General Meetings were held at Y. B. Chavan Pratisthan, Gen. Jagannathrao Bhonsle Marg, Mumbai-400 021	—
48 th	December 6, 2012	3.30 p.m.		—
47 th	November 23, 2011	3.30 p.m.		1

At the 47th Annual General Meeting held on November 23, 2011, a Special Resolution under Section 309(4) of the Companies Act, 1956, was passed by the Members of the Company according their approval for payment of Commission to Non-Executive Independent Directors of the Company upto one percent of the net profits of the Company per annum in the aggregate for a period of five years with effect from July 1, 2011.

Postal Ballot

No postal ballot was undertaken during the Financial Year ended June 30, 2014.

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 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.

CEO/CFO Certification

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

Adoption of non-mandatory requirements

The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement:

- There are no audit qualifications in the Company’s financial statements for the Financial Year 2013-14.
- No specific training program was arranged for the Board Members. However, at the Board Meetings, detailed presentations are made by senior managerial personnel on the business related matters.
- The Company has adopted a Whistle Blower Policy, as described above.

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 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/en_IN

(ii) Code of Conduct for Prohibition of Insider Trading

The Board of Directors 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

GENERAL SHAREHOLDER INFORMATION

I. Annual General Meeting

The 50th Annual General Meeting will be held on **Wednesday, September 24, 2014 at 10.30 a.m.** at Y. B. Chavan Pratisthan, Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021.

II. Financial Calendar

The Company follows July-June Financial Year. The Unaudited Financial Results in respect of every Quarter beginning from July are declared in the month following the quarter except for the last quarter, for which the Audited Financial Results are declared by August, as permitted under the Listing Agreement.

III. Book Closure Dates: Wednesday, September 10, 2014, to Wednesday, September 24, 2014 (both days inclusive).

The said book closure is for payment of dividend.

IV. Dividend Payment Date: On or around October 10, 2014.

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 Limited, Mumbai - Code : 500459

National Stock Exchange of India Ltd - Code : PGHH

The dematerialization ISIN Code is **INE 179A01014**

VII. Stock Price Data

(₹)

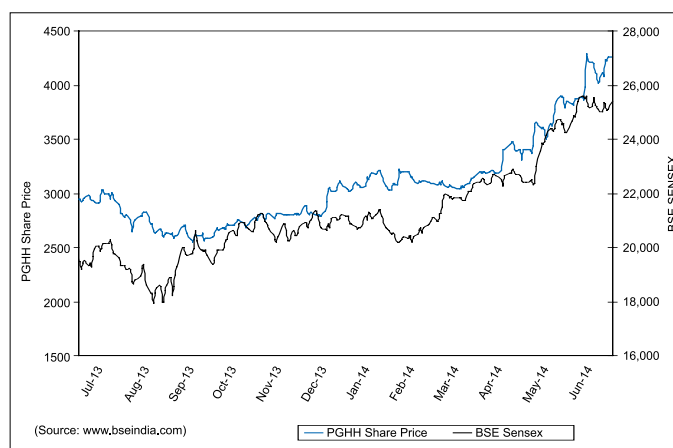
Month	BSE Ltd		National Stock Exchange of India Ltd.	
	High	Low	High	Low
July – 2013	3,090.00	2,705.00	3,135.00	2,679.95
August – 2013	2,984.00	2,551.00	2,895.00	2,355.00
September – 2013	2,775.00	2,542.05	2,788.00	2,505.25
October – 2013	2,858.90	2,611.00	2,869.95	2,600.00
November – 2013	2,856.95	2,727.30	2,875.00	2,735.00
December – 2013	3,187.00	2,760.00	3,184.20	2,755.05
January – 2014	3,240.00	3,000.05	3,253.00	3,000.05
February – 2014	3,325.00	3,051.00	3,329.95	3,042.00
March – 2014	3,224.00	3,010.00	3,220.00	3,010.20
April – 2014	3,500.00	3,155.00	3,519.00	3,133.40
May – 2014	4,400.00	3,315.00	3,945.00	3,105.10
June – 2014	4,344.30	3,804.00	4,338.00	3,760.00

(Source: www.bseindia.com & www.nseindia.com)

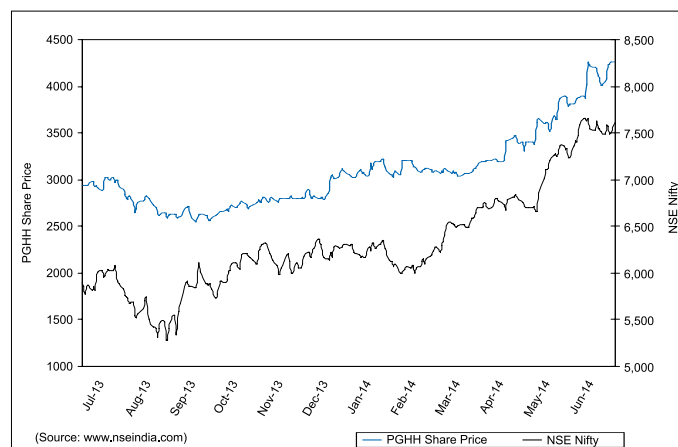
Note: High and low are in Rupees (₹) per traded share

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 2013-14:



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



IX. Registrar & Transfer Agents

Link Intime Private Limited
 C-13, Pannalal Silk Mills Compound,
 L.B.S. Marg,
 Bhandup (West),
 Mumbai - 400 078
 Tel – (022) 2596 7799
 Fax – (022) 2594 6969
 e-mail – rnt.helpdesk@linkintime.co.in

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 Listing Agreements. 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 15 days.

XI. Distribution of shareholding by size class as on June 30, 2014

Share holding	Shareholders		Shares	
	Number	% to Total	Number	% to Total
Upto 500	20,889	92.36	17,79,040	5.48
501 – 1000	967	4.28	6,85,092	2.11
1001 – 2000	445	1.97	6,18,923	1.91
2001 – 3000	110	0.49	2,71,217	0.84
3001 – 4000	51	0.23	1,81,522	0.56
4001 – 5000	34	0.15	1,54,449	0.48
5001 – 10000	47	0.21	3,16,876	0.98
10001 and above	74	0.33	2,84,53,617	87.66
TOTAL	22,617	100.00	3,24,60,736	100.00

Distribution of shareholding by ownership as on June 30, 2014

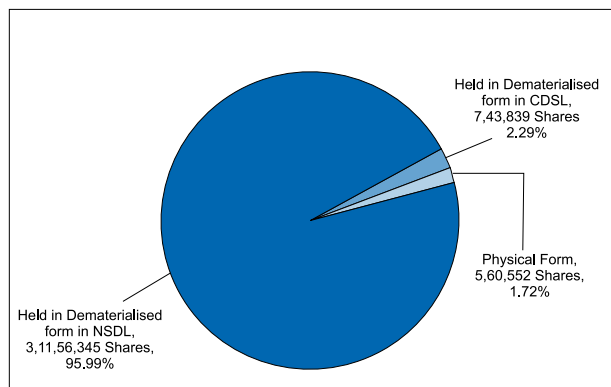
Category	Number of Shares held	% of Shares held
Foreign & Indian promoters	2,29,29,773	70.64
Resident Individuals and others	40,27,284	12.41
Mutual Funds & UTI	29,51,790	9.09
Financial Institutions/Banks	1,57,418	0.48
Insurance Companies	8,75,429	2.70
Foreign Institutional Investors	7,84,796	2.42
Private Corporate Bodies	5,96,616	1.84
NRIs & Foreign Nationals	1,20,351	0.37
Directors and their relatives	17,279	0.05
TOTAL	3,24,60,736	100.00

XII. Dematerialization of shares and liquidity

The Company's shares are required to be compulsorily traded in the Stock Exchange(s) in dematerialised form. As on June 30, 2014, 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 NSDL	3,11,56,345	95.99
Held in dematerialised form in CDSL	7,43,839	2.29
Held in Physical form	5,60,552	1.72
TOTAL	3,24,60,736	100.00

Shares held in demat/physical form as on June 30, 2014



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

XIV. Unclaimed/Unpaid Dividends

The amount of the unclaimed dividend for and upto the Financial Year ended June 30, 2006, 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 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, 2007 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 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 Link Intime India Private Limited.

Dividend No.	Date of Declaration	For the Financial Year ended	Due for transfer to IEPF
54	12.10.2007	30.06.2007	17.11.2014
55	10.10.2008	30.06.2008	15.11.2015
56	15.10.2009	30.06.2009	20.11.2016
57	08.10.2010	30.06.2010	13.11.2017
58	23.11.2011	30.06.2011	29.12.2018
59	06.12.2012	30.06.2012	11.01.2020
60	09.12.2013	30.06.2013	14.01.2021

During the Financial Year 2013-14, unclaimed final dividend amount for the Financial Year ended June 30, 2006 of ₹ 17,33,375/- was transferred to the Investor Education and Protection fund on December 5, 2013.

The Ministry of Corporate Affairs ("MCA") had issued the Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 vide its Notification no.G. S. R. 352(E) dated May 10, 2012, pursuant to which the Company has filed the details of unpaid/unclaimed dividend as on date of previous Annual General Meeting, i.e., December 9, 2013 with MCA as required. The said details have also been posted on the website of the Company, viz., www.pg.com/en_IN.

XV. Plant Locations

Goa Plants:

- 173, 314, 315, Kundaim Industrial Estate, Kundaim, Goa - 403 115
- Plot 2, GDDIDC Honda, Bhuipal, Sattari, Goa - 403 506

Baddi Plants:

- Khasara. No. 1808-09, Village-Doria, Export Park, Thana, Near Indo Farm, PO. Baddi, Tehsil: Nalagarh, Dist. Solan Himachal Pradesh - 173 205
- Village Katha, Near Charak Pharma, PO. Baddi, Tehsil: Nalagarh, Dist. Solan Himachal Pradesh -173 205

XVI. Address for Correspondence

Ms. Preeti Bishnoi
 Company Secretary & Compliance Officer
 Procter & Gamble Hygiene and Health Care Limited,
 P&G Plaza,
 Cardinal Gracias Road,
 Chakala, Andheri (East),
 Mumbai 400 099.
 Tel: (91-22) 2826 6000,
 Fax (91-22) 2826 7303.
 Email: bishnoi.p@pg.com

Declaration

As provided under Clause 49 of the Listing Agreement with Stock Exchange(s), the Board Members have confirmed compliance with the Directors' Code of Conduct for the year ended June 30, 2014 and the Senior Management has complied with the Business Conduct Manual for the year ended June 30, 2014.

For **Procter & Gamble Hygiene
and Health Care Limited**

Mumbai
August 12, 2014

sd/-
Shantanu Khosla
Managing Director

Auditors' Certificate on Compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement

To

The Members of

Procter & Gamble Hygiene and Health Care Limited

We have examined the compliance of conditions of Corporate Governance by Procter & Gamble Hygiene and Health Care Limited (the "Company"), for the year ended on June 30, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

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

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366WW-100018)

Shyamak R. Tata
Partner
Membership No. 038320

MUMBAI, August 12, 2014