

CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

We have a highly experienced Board of Directors, which helps us maintain the highest standards of Corporate Governance. Our Audit Committee is comprised of 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 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 creates 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. The Directors actively participate in the deliberations at these meetings.

The composition and other details of the Board of Directors as on June 30, 2013 are given below:

Name of the Director	Category	Designation	Other Directorships #	Membership of other Board Committees ##	
				Member	Chairman
Mr. S. K. Poddar	NED	Chairman	12	2	2
Mr. Shantanu Khosla	ED	Managing Director	2	2	1
Mr. B. S. Mehta	ID	Director	14	9	5
Mr. C. R. Dua	ID	Director	6	3	None
Mr. Gurcharan Das	ID	Director	4	None	None
Mr. Akshay Poddar	NED	Director	10	6	1
Mr. A. K. Gupta	ID	Director	1	1	1
Mr. Pramod Agarwal*	NED	Director	1	None	None

NED – Non-Executive Director

ED – Executive Director

ID – Independent Director

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

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

* Mr. P. Agarwal ceased to be an Alternate Director to Ms. D. Henretta w.e.f. August 1, 2012 consequent to cessation of Ms. D. Henretta as a Director of the Company. Mr. Agarwal was appointed as an Additional Director of the Company w.e.f. August 1, 2012 and held office till the date of the 28th Annual General Meeting held on December 11, 2012. He was then appointed as a Director liable to retire by rotation under Section 255 of the Companies Act, 1956 at the said Annual General Meeting.

(b) Number of Board Meetings:

During the Financial Year 2012-13, four (4) Board Meetings were held on August 23, 2012, November 1, 2012, February 7, 2013 and April 25, 2013 respectively. The 28th Annual General Meeting for the Financial Year ended June 30, 2012 was held on December 11, 2012.

(c) Directors' attendance record:

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

Name of Director	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Last AGM attendance, whether attended
Mr. S. K. Poddar	4	4	Yes
Mr. Shantanu Khosla	4	4	Yes
Mr. B. S. Mehta	4	3	No
Mr. C. R. Dua	4	4	Yes
Mr. Gurcharan Das	4	3	No
Mr. Akshay Poddar	4	4	No
Mr. Jyoti Sagar*	1	1	No
Mr. A. K. Gupta	4	4	Yes
Ms. Nayantara Bali**	3	1#	Yes
Ms. D. Henretta ***	—	—	No
Mr. Pramod Agarwal ****	4	2##	No

* Mr. Jyoti Sagar resigned from Directorship of the Company w.e.f. October 11, 2012.

** Ms. Nayantara Bali resigned from Directorship of the Company w.e.f. March 13, 2013.

*** Ms. D. Henretta resigned from Directorship of the Company w.e.f. August 1, 2012.

**** Mr. P. Agarwal ceased to be an Alternate Director to Ms. D. Henretta w.e.f. August 1, 2012 consequent to cessation of Ms. D. Henretta as a Director of the Company. Mr. Agarwal was appointed as an Additional Director of the Company w.e.f. August 1, 2012 and held office till the date of the 28th Annual General Meeting held on December 11, 2012. He was then appointed as a Director liable to retire by rotation under Section 255 of the Companies Act, 1956 at the said Annual General Meeting.

Ms. N Bali participated in the Meeting held on February 7, 2013 through Video-conferencing.

Mr. P. Agarwal participated in the Meeting held on April 25, 2013 through Video-conferencing.

(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. 39 forming part of the Financial Statements.

(e) Remuneration of Directors:

The Members of the Company at their 24th Annual General Meeting held on October 22, 2008, had accorded 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 by way of a Special Resolution. The aforesaid Special Resolution was effective for a period of five years w.e.f. January 1, 2008 upto December 31, 2012. A fresh Special Resolution was passed by the Members at their 28th Annual General Meeting held on December 11, 2012 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 for a period of five years w.e.f. January 1, 2013. The aforesaid resolution had also empowered the Board of Directors to fix the quantum of commission payable to each of the Non-Executive Directors.

Pursuant to the said approval, the Board of Directors (comprising of non interested Directors) at their meeting held on February 7, 2013 accorded approval for payment of commission for the Financial Year 2012-2013 to the tune of ₹ 1,60,00,000/- in aggregate to the Non-Executive Directors of the Company. In respect of the Financial Year ended June 30, 2013, an aggregate amount of ₹ 1,52,79,570/- (service tax of ₹ 18,88,555/-)

has been paid as commission to the Non-Executive Directors of the Company.

However, on the finalization and audit of the annual Financial Statements of the Company for the Financial Year ended June 30, 2013, it emanated that the amount of the said commission, that is ₹ 1,52,79,570/- and service tax of ₹ 18,88,555/- which aggregates to ₹ 1,71,68,125/- exceeds the maximum payable amount of ₹ 1,47,21,180/- (which is 1% of the net profits) by ₹ 24,46,945/-. The payment of the said excess amount of ₹ 24,46,945/- is subject to approval of the Members of the Company by way of a Special Resolution at the forthcoming 29th Annual General Meeting of the Company and of the Central Government.

Mr. Khosla was re-appointed as the Managing Director of the Company for a period of five years w.e.f. January 29, 2012 by the Members of the Company at their 28th Annual General Meeting held on December 11, 2012. Mr. Khosla is also the Managing Director of Procter & Gamble Hygiene and Health Care Limited (PGHH) and Procter & Gamble Home Products Limited (PGHP). The Central Government has vide letter no. SRNB41469/4/2012 dated January 10, 2013 accorded approval for Mr. Khosla's functioning as the Managing Director of your Company and as that of PGHH and PGHP. Mr. Khosla draws his remuneration from PGHH and your Company contributes in proportion to the Company's Net Outside Sales.

The details of remuneration paid/provided to the Directors during the Financial Year 2012-13 are as under:

Name of Director	Relationship with other directors	Salary including Bonus + PF contribution	Perquisites	Commission	Service tax on commission	Amount in ₹
						Total
Mr. S. K. Poddar	Father of Mr. Akshay Poddar	Nil	Nil	1,00,00,000	12,36,000	1,12,36,000
Mr. Shantanu Khosla	None	Nil*	Nil*	Nil	Nil	Nil
Mr. C. R. Dua	None	Nil	Nil	10,00,000	1,23,600	11,23,600
Mr. B. S. Mehta	None	Nil	Nil	10,00,000	1,23,600	11,23,600
Mr. Gurcharan Das	None	Nil	Nil	10,00,000	1,23,600	11,23,600
Mr. Akshay Poddar	Son of Mr. S. K. Poddar	Nil	Nil	10,00,000	1,23,600	11,23,600
Mr. Jyoti Sagar **	None	Nil	Nil	2,79,570	34,555	3,14,125
Mr. A. K. Gupta	None	Nil	Nil	10,00,000	1,23,600	11,23,600
Ms. Nayantara Bali ***	None	Nil	Nil	Nil	Nil	Nil
Mr. Pramod Agarwal ****	None	Nil	Nil	Nil	Nil	Nil
Ms. D. Henretta *****	None	Nil	Nil	Nil	Nil	Nil

* Remuneration cross charged from Procter & Gamble Hygiene and Health Care Ltd to accounts in respect of Managing Director ₹ 1,27,71,480/-

** Mr. Jyoti Sagar resigned from Directorship of the Company w.e.f. October 11, 2012

*** Ms. Nayantara Bali resigned from Directorship of the Company w.e.f. March 13, 2013

**** Mr. P. Agarwal ceased to be an Alternate Director to Ms. D. Henretta w.e.f. August 1, 2012 consequent to cessation of Ms. D. Henretta as a Director of the Company. Mr. Agarwal was appointed as an Additional Director of the Company w.e.f. August 1, 2012 and held office till the date of the 28th Annual General Meeting held on December 11, 2012. He was then appointed as a Director liable to retire by rotation under Section 255 of the Companies Act, 1956 at the said Annual General Meeting.

***** Ms. D. Henretta resigned from Directorship of the Company w.e.f. August 1, 2012.

NOTE - No sitting fee is payable to any Director.

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 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.

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

Name	Designation	Category	Profession	No. of meetings held	No. of meetings attended
Mr. C. R. Dua	Chairman	ID	Advocate	4	4
Mr. S. K. Poddar	Member	NED	Business	4	4
Mr. B. S. Mehta	Member	ID	Chartered Accountant	4	3
Mr. Jyoti Sagar*	Member	ID	Advocate	1	1
Mr. Gurcharan Das	Member	ID	Management Consultant	4	3
Mr. A. K. Gupta	Member	ID	Consultant	4	4

* Mr. Jyoti Sagar resigned from Directorship of the Company w.e.f. October 11, 2012.

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 Agreements with the Stock Exchanges 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 should be Independent Directors.

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

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

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

(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. Gurcharan Das and Mr. A. K. Gupta. During the Financial Year 2012-13, Four Audit Committee meetings were held on August 23, 2012, November 1, 2012, February 7, 2013 and April 25, 2013 respectively.

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

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' Grievance Committee comprises of Mr. Akshay Poddar, Mr. A. 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. Mr. Amit Vyas, Company Secretary is the Compliance Officer. He regularly addresses Shareholders' complaints, oversees share transfer process and liaises with the regulatory authorities.

During the Financial Year under review, 8 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	8	8
Mr. Shantanu Khosla	8	8
Mr. A. K. Gupta	8	8

3. SHAREHOLDERS

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

1. **Mr. Gurcharan Das**, Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 29th Annual General Meeting.

Mr. Das is an author, management guru and public intellectual. He was CEO, Procter & Gamble India and later Managing Director, Procter & Gamble Worldwide (Strategic Planning).

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

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

2. **Mr. C. R. Dua**, Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 29th Annual General Meeting.

Mr. Dua is the founder of Dua Associates which is one of the prominent law firms in India with presence in eight cities namely Delhi, Gurgaon, Mumbai, Chennai, Bangalore, Pune, Hyderabad and Chandigarh. Mr. Dua therefore has a vast breadth of experience in the fields of corporate law, mergers and acquisitions, privatisations, project finance, public issues, entry strategies, foreign investment, corporate structuring/restructuring, infrastructure projects and commercial aspects of doing business in India. He has been actively involved in the process of regulatory reforms in India consistent with India's multilateral trade policy commitments.

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

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

(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.
- (iv) No presentations were made to analysts and institutional investors during the Financial Year 2012-13.
- (v) 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).

Accordingly, this Annual Report comprising of Notice calling the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. for the Financial Year 2012-13, 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.

- (vi) The recorded version of the proceedings of the 29th Annual General Meeting would be webcast at the Company's website 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:***Minimum Public Shareholding requirement prescribed by the Securities and Exchange Board of India (SEBI)**

In terms of the amendments to the Securities Contracts (Regulation) Rules, 2010 (SCRR), all listed companies (private sector) were required to achieve Minimum Public Shareholding (MPS) of 25% by June 3, 2013. Your Company is also required to comply with the MPS requirement as its public shareholding is less than 25%. Accordingly a proposal for ensuring compliance with the MPS requirement was submitted to SEBI. However, the said proposal was rejected by SEBI, as in SEBI's opinion it was not in line with the means/methods prescribed under Rule 19A of SCRR. Post which, the Company appealed against SEBI's order to the Securities Appellate Tribunal (SAT). The Hon'ble SAT upheld SEBI's decision by dismissing the aforesaid appeal. Subsequent to the dismissal of the SAT appeal, SEBI passed an order against the Company, in relation to the MPS requirement on July 5, 2013. The Company had informed the details of the Order to the Stock Exchanges. A copy of the said order is also available on the Company's website at www.pg.com/en_IN. Presently, your Company is taking necessary steps for ensuring compliance with the MPS requirement.

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

(iii) Whistle Blower Policy:

The Company follows a Whistle Blower Policy as laid down in its "Worldwide Business Conduct Manual". Any employee

or other interested person can call on the Worldwide Business Conduct Helpline (previously called Alertline), twenty-four hours a day, seven days a week, to report any concerns about violations of the Company's Worldwide Business Conduct Standards.

The Worldwide Business Conduct Helpline (previously called Alertline) is not staffed or monitored by 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
28 th	11.12.2012	11.00 a.m.	All the three Annual General Meetings were held at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan – 301 019	3
27 th	31.10.2011	11.00 a.m.		1
26 th	18.11.2010	11.00 a.m.		—

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

- i. Approval of Members under Section 309 of the Companies Act, 1956, subject to the approval of the Central Government, for waiver of recovery from the Non-Executive Directors, of the amounts of commission paid to them in excess of 1% of the net profits of the Company for the Financial Year ended June 30, 2012.
- ii. Approval of Members for payment of commission to the Non-Executive Directors of the Company for a period of Five Years with effect from January 1, 2013.

- iii. Approval of Members under Section 31 of the Companies Act, 1956 for Alteration of Articles of Association for enabling participation of Directors in Meetings through electronic mode.

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

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

Postal Ballot

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.

(ii) Code of conduct for Prevention of Insider Trading

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

4. GENERAL SHAREHOLDERS INFORMATION:

(i) Annual General Meeting

The Board at its meeting held on August 6, 2013 had authorised Mr. S. Khosla, Managing Director to fix the date, time and venue of the 49th Annual General Meeting. Accordingly, Mr. S. Khosla, in consultation with the Board has decided that the Annual General Meeting will be held on Tuesday, November 19, 2013 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 – December
Dividend Dispatch	Within 30 days of the Annual General Meeting
Quarterly Results	Normally within 45 days, except 4 th quarter when Audited Annual Results are declared within 60 days as required under the Listing Agreement

(iii) Book Closure Date

Tuesday, November 5, 2013 to Tuesday, November 19, 2013 (both days inclusive).

(iv) Dividend Payment Details

Final Dividend, if declared : Will be paid on or before November 28, 2013.

(v) Listing of equity shares on Stock Exchanges

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

(vi) Stock Code

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

(vii) Stock Price Data

Monthly high and low quotation of shares traded on BSE and NSE during the Financial Year 2012-13.

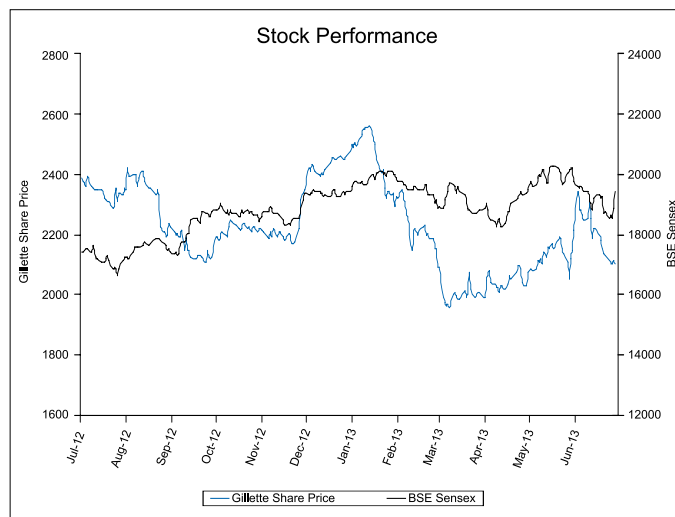
MONTH	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July 2012	2460.00	2260.00	2451.00	2250.00
August 2012	2484.00	2170.00	2449.00	2162.35
September 2012	2289.95	2100.00	2259.90	2092.00
October 2012	2332.95	2150.00	2270.00	2131.00
November 2012	2394.00	2165.55	2387.60	2149.95
December 2012	2483.00	2335.00	2483.00	2340.05
January 2013	2600.00	2287.00	2569.90	2270.00
February 2013	2380.75	1981.35	2385.00	1849.95
March 2013	2143.80	1951.10	2156.70	1942.45
April 2013	2199.95	1990.05	2177.00	2001.00
May 2013	2352.80	1951.15	2349.80	2039.00
June 2013	2424.00	2095.05	2424.00	2100.00

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

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

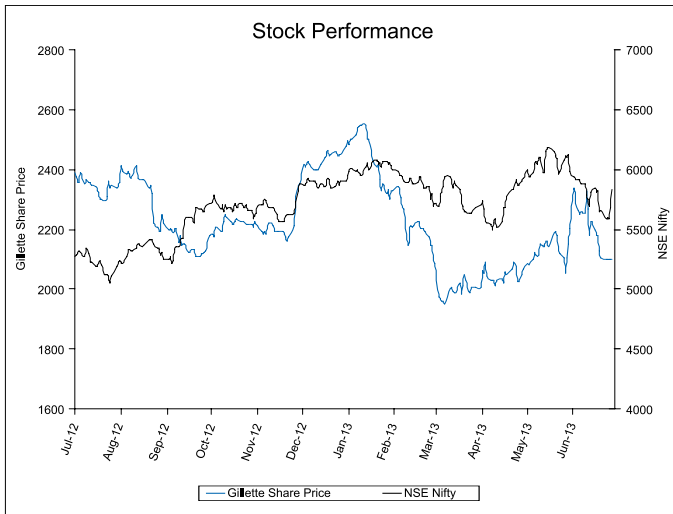
(viii) Performance in comparison to the BSE Sensex and NSE Nifty

The following chart shows the performance of the Company’s shares as compared to the BSE Sensex during the Financial Year 2012-13:



Year – July 1, 2012 to June 30, 2013
 (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 2012-2013:



Year – July 1, 2012 to June 30, 2013
(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 requests for share transfers in physical mode received 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 2012-13, the Company had received 25 shareholder complaints, which were resolved expeditiously. As on June 30, 2013, there are no complaints pending.

There is NIL share transfer pending as on June 30, 2013.

(xi) Distribution of shareholding by size class as on June 30, 2013

No. of Shares held	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 – 500	14,711	96.08	9,47,099	2.91
501 – 1000	296	1.93	2,13,441	0.65
1001 – 2000	148	0.97	2,11,094	0.65
2001 – 3000	42	0.27	1,06,293	0.33
3001 – 4000	18	0.12	62,502	0.19
4001 – 5000	20	0.13	93,186	0.29
5001 – 10000	24	0.16	1,79,970	0.55
10001 and above	52	0.34	3,07,71,632	94.43
Total	15,311	100.00	3,25,85,217	100.00

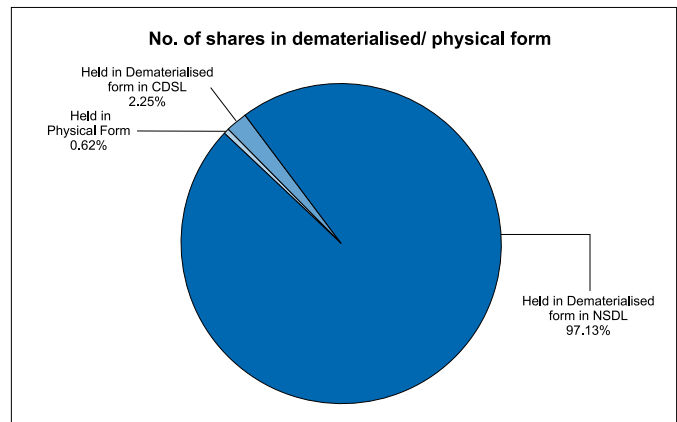
(xii) Distribution of shareholding by ownership as on June 30, 2013

Category	Number of Shares held	% of Shares held
Indian & Foreign Promoters	2,89,21,489	88.76
Resident Individuals and others	18,79,147	5.77
Mutual Funds & UTI	4,24,988	1.30
Financial Institutions/Banks	1,117	0.00
Foreign Institutional Investors	4,65,547	1.43
Private Corporate Bodies	7,62,214	2.34
NRIs	1,30,715	0.40
Total	3,25,85,217	100.00

(xiii) Dematerialization of shares and liquidity

The Company's shares are required to be compulsorily traded on the stock exchanges in dematerialized form. As on June 30, 2013 the number of shares in dematerialized and physical mode is as under:

	No. of Shares	% to total Share Capital
Held in dematerialized form in NSDL	3,16,49,621	97.13
Held in dematerialized form in CDSL	7,33,254	2.25
Held in physical form	2,02,342	0.62
Total	3,25,85,217	100.00



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

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

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

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

(xvi) Unclaimed/Unpaid Dividends

The amount of unclaimed dividends for and upto the Financial Year ended 2005 has been transferred to the Investor Education and Protection Fund established by the Central Government. Pursuant to Section 205 C of the Companies Act, 1956, those Members who have not so far claimed their dividends for the said periods shall not be entitled to claim the same from the Company or the said Fund. Dividend for the Financial Year ended 2007 and subsequent years, which remain unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on the dates mentioned in the table below.

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

Dividend No.	Date of Declaration	For the year ended	Due for transfer to IEPF
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
20	11.12.2012	30.06.2012	16.01.2020

* Interim Dividend

Final Dividend

Note: 2006-07 – 18 months Financial Year from January 1, 2006 to June 30, 2007.

Unclaimed final dividend amount for the Financial Year ended December 31, 2005 of ₹ 8,14,378/- was transferred to the Investor Education and Protection Fund on July 6, 2013.

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

(xvii) Plant Locations

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 : 022-66939698

(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 : 022-66939698
e-mail : vyas.a@pg.com

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, 2013 and the Senior Management has complied with the Business Conduct Manual for the Year ended June 30, 2013.

Mumbai
August 6, 2013

For *GILLETTE INDIA LIMITED*

Shantanu Khosla
Managing Director

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, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

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

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

As stated in Para (e) under Board of Directors of the Corporate Governance Report of the Company, the excess commission provided but not paid to the Non-Executive Directors amounting to ₹ 24 lakhs (including service tax ₹ 3 lakhs), which is subject to the approval of the Members at the ensuing Annual General Meeting of the Company and the Central Government.

Further, as reported for the previous year ended June 30, 2012, the Company had provided excess commission amounting to ₹ 48 lakhs (including service tax of ₹ 10 lakhs), which was since ratified by the Members of the Company at the 28th Annual General Meeting of the Company and paid during the current year, the application for which is as yet pending for approval with the Central Government.

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

K. A. Katki
(Partner)

MUMBAI, August 06, 2013

(Membership No. 038568)