

Gillette India Limited



ANNUAL REPORT  
**2015-2016**

**P&G**



## CONTENTS

Chairman's Letter .....	4
Managing Director's Letter.....	5-6
Financial Overview .....	7
Report of the Directors .....	8-31
Secretarial Audit Report.....	32-33
Management Discussion & Analysis.....	34-36
Corporate Governance .....	37-49
Auditors' Report .....	50-55
Balance Sheet .....	56
Statement of Profit & Loss .....	57
Cash Flow Statement .....	58-59
Notes forming part of the Financial Statements .....	60-91
Ten Year Financial Highlights .....	92

## Corporate Information

### Board of Directors & Key Managerial Personnel

Mr. Bansidhar S. Mehta	Chairman
Mr. Al Rajwani	Managing Director
Mr. Chittranjan Dua	Director
Mr. Gurcharan Das	Director
Mr. Anil Kumar Gupta	Director
Mr. Narendra P. Sarda	Director
Mr. Pramod Agarwal	Director
Ms. Sonali Dhawan	Director
Mr. Karthik Natarajan	Chief Financial Officer

#### Registered Office:

**Gillette India Limited**

(CIN: L28931MH1984PLC267130)  
P&G Plaza, Cardinal Gracias Road,  
Chakala, Andheri (East),  
Mumbai – 400 099  
Tel. No.: (022) 2826 6000

#### Registrar & Share Transfer Agents:

**Mas Services Limited**

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

#### Auditors:

**Statutory Auditor:**

Deloitte Haskins & Sells LLP  
*Chartered Accountants*

#### Listed on Stock Exchanges:

National Stock Exchange of India Limited  
BSE Limited

#### Secretarial Auditor:

Dholakia & Associates LLP  
*Company Secretaries*



P&G Brands and P&G People are the foundation of P&G's success.

P&G People bring the values to life as we focus on improving the lives of the world's consumers.





Mr. B. S. Mehta  
*Chairman*



Mr. Al Rajwani  
*Managing Director*



Mr. C. R. Dua  
*Director*



Mr. G. Das  
*Director*



Mr. A. K. Gupta  
*Director*



Mr. N. P. Sarda  
*Director*



Ms. Sonali Dhawan  
*Director*



Mr. Pramod Agarwal  
*Director*





Dear Shareholders,

At your Company, we win with consumers by providing consumer-preferred brands and products that become leading value creators in their categories. Your Company's continued commitment to creating consistent and sustainable value for consumers, customers and shareholders, has resulted in yet another year of achieving sustained growth in a challenging market environment.

Your Company's positive performance results for the Financial Year 2015-16, against a backdrop of challenging market environment, are testament to our focus on winning with the consumer. As I share with you, your Company's annual performance for the Financial Year 2015-16, I take pride in the fact that the Company's **net sales went up by 4% versus last year**, driven by Company's focus on brand fundamentals and strength of product portfolio. **Profit After Tax (PAT) for the Financial Year went up by 35%** behind focus on productivity and cost optimization.

As one of the world's largest consumer products Company, we have both a responsibility and an opportunity to do the right thing and create change. This strategy has inspired an enduring CSR strategy supported by two pillars – *P&G Shiksha* and *Timely Disaster Relief*. While *P&G Shiksha* provides children from underprivileged backgrounds with an access to a holistic education, P&G's disaster relief activities aim to rehabilitate and empower the victims of natural disasters by providing them with daily essential commodities and safe drinking water. By the end of Financial Year 2015-16, *P&G Shiksha* built and supported over 1,000 (+550 since last year) schools across the country that will impact the lives of over 1 million (+200,000 since last year) children. P&G, over the last year, continued its efforts to provide timely aid and relief to families affected by natural disasters. P&G sent out relief aid to over 10,000 families affected by the Tamil Nadu floods comprising of P&G products.

Any company that wants to drive growth and create value in the long run needs to adopt a mindset of 'winning'. Ensuring we deliver value to our stakeholders, we will continue to innovate so that we grow sales, profit and cash more consistently and more sustainably to create value more reliably for you, the shareholders. We very warmly acknowledge the contribution made by our consumers, customers, employees, business partners and you, our valued shareholders, to your Company's performance and for your dedication and commitment to maximize Total Shareholder Return. Together, we will continue in our journey towards touching and improving lives.

**B. S. Mehta**  
Chairman



Dear Shareholders,

It gives me great delight to share with you that Financial Year 2015-16 was another stellar year for your Company that delivered sustained growth because of our brutal obsession with fundamentals. This Financial Year was a year of progress in our journey to a balance of top-line growth, bottom-line growth and cash generation. We focused on strengthening our product portfolio, improving productivity and our cost structure, building the foundation for stronger top-line growth, and strengthening our organization and culture. These are the choices we made to raise the bar on P&G's performance to consistently deliver balanced growth and leadership value creation.

Your Company's positive performance results for the Financial Year 2015-16, against a backdrop of challenging market environment, are testament to our focus on winning with the consumer. Driven by the Company's focus on brand fundamentals and strength of product portfolio, **net sales increased to ₹ 2 052 crores, up 4% versus last year.** Your Company made strategic portfolio choices that have resulted in strong margin improvement as **Profit After Tax (PAT) for the Financial Year stood at ₹ 213 crores versus ₹ 158 crores last year,** behind continued focus on productivity, operational excellence and cost optimization. Your Company has benefited from the portfolio optimization, even as it continues to focus on productivity and cost efficiency.

*Gillette* male and female grooming portfolio had a strong year registering double digit growth combined with high market share increase across the Blades and Razors category. This was driven by strong performance across all product tiers through irresistible Product and Commercial innovations continuing to add millions of new users to the *Gillette* franchise.

Your Company has always believed that innovation is the lifeblood of our business. We invent brands and products that create and transform categories, and that build consumer trial and create value in those categories for years – often for decades. This Financial Year, we brought to India, *Gillette's* most advanced razor "*Fusion Pro Glide with Flexball Technology*". On *Gillette Mach3*, the biggest systems franchise, we completed the first-ever blade and product upgrades since launch across its variants. *Gillette Guard*, the entry level system, registered its strongest year on value, volume and share growth, since its launch in 2010 behind strong awareness, activation and go-to-market plans.

Everything starts with winning with consumers and shoppers. We must win with consumers and shoppers at the zero, first and second moments of truth – when consumers become aware of our categories and brands, purchase them in a store or online, and use them in their homes. Winning these moments requires insights that lead to superior-performing product innovations, effective advertising and strong retail programs. The outcome is growing the number of users and usage of our brands and the categories in which we compete. *Oral-B*, which is the World's No. 1 dentist recommended toothbrush brand, delivered another year of strong growth in the key mid & premium tier brushes. Our growth in the premium tier brushes continues to be well ahead of the overall category. This was driven by several strategic initiatives focused on shifting consumers from entry & mid-tier segment *Oral-B All Rounder* behind *Pro-Health* & *Sensitive* brushes. In the 123 continues to grow behind providing superior proposition to the consumers and strong go-to-market plans.

"Everything starts  
with winning  
with consumers &  
shoppers."

We are also strengthening our go-to-market execution. Execution is what our consumers and shoppers experience when they are in the store or online.

Our brands need to have the right selection of products, in the right sizes, at the right value, in the right quantity, and in the right points of sale to win with consumers and shoppers in stores and online every day.

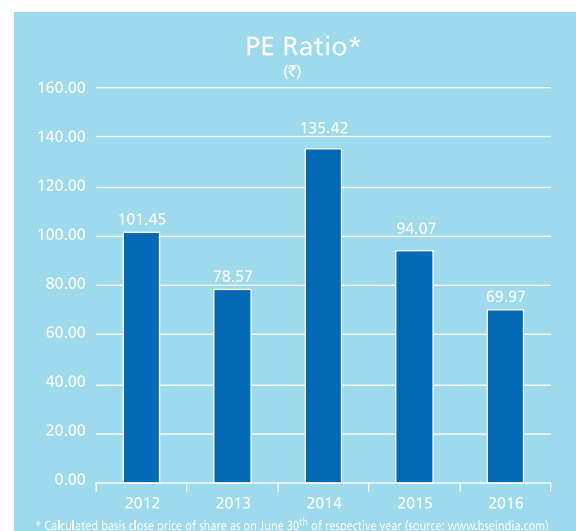
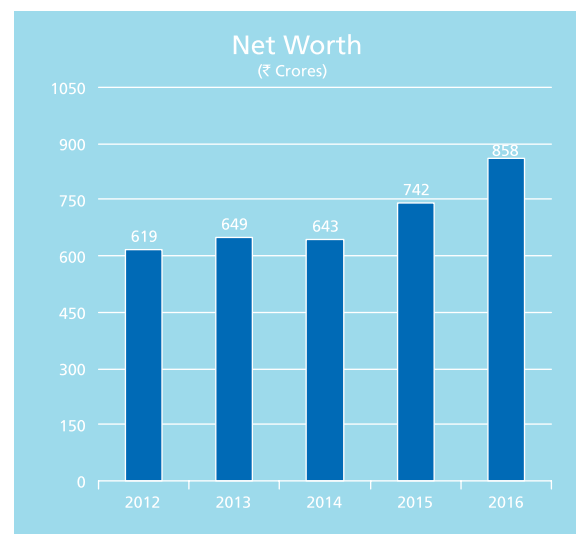
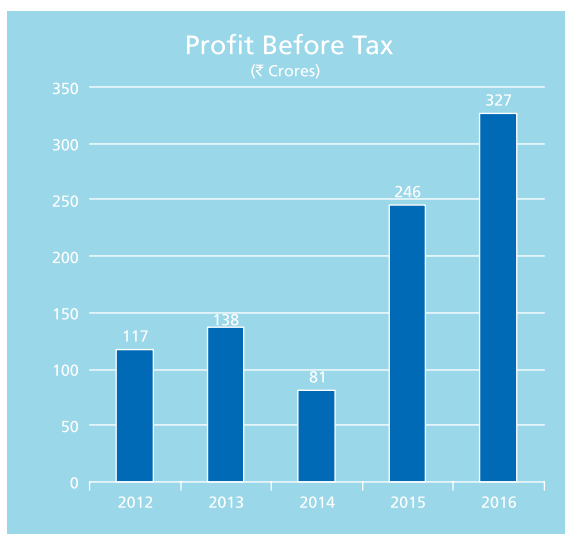
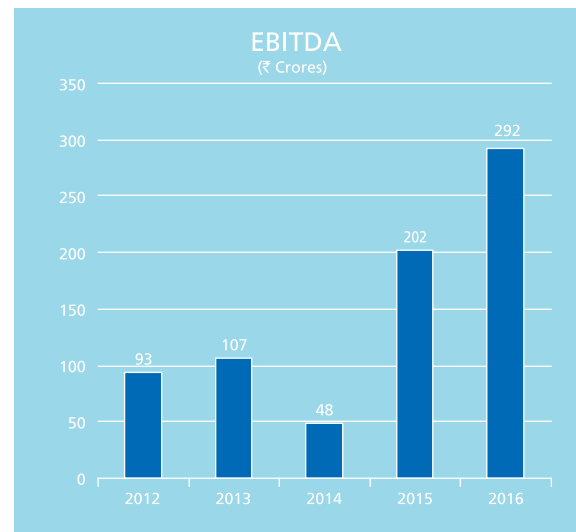
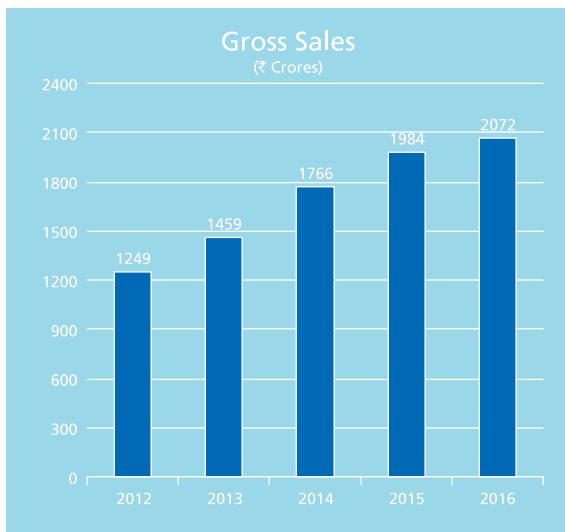
As a responsible corporate citizen, ours is a Company that cares and strives every day to improve lives. Not just for the consumers that trust our brands, or the many partners that we work with, but also for the communities in which we operate. By the end of Financial Year 2015-16, our flagship CSR program *P&G Shiksha* built and supported over 1,000 (+550 since last year) schools across the country that will impact the lives of over 1 million (+200,000 since last year) children. Over the last year, we are especially excited about the impact *P&G Shiksha* has been making to improve the 'quality of education' which we believe can result in far reaching impact to the learning outcomes & overall development of the children we reach.

We are encouraged and optimistic as we enter the next Financial Year. We expect this year to represent another step toward our goal of balanced top and bottom-line growth and cash generation. We're committed to continued productivity improvement and cost savings that provide the fuel for innovation and investments needed to accelerate and sustain faster top and bottom-line growth. As a Company, we are committed to do everything we can to win with consumers, and delivering consistent, reliable, balanced and sustainable growth and value creation for you, our shareholders.

**Ajit Rajwani**  
Managing Director



## FINANCIAL OVERVIEW



\* Calculated basis close price of share as on June 30<sup>th</sup> of respective year (source: [www.bseindia.com](http://www.bseindia.com))

## REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 32<sup>nd</sup> Annual Report and the Audited Accounts of the Company for the Financial Year ended June 30, 2016.

### FINANCIAL RESULTS

(Figures in ₹ Crores)

	2015-16	2014-15
Sales including excise	2071	1981
Net sales (less excise duty)	2052	1971
Profit before tax	327	246
Profit after tax	213	158
Proposed dividend plus tax thereon	78	59
Transfer to general reserve	21	16
Balance carried forward	421	341

### FINANCIAL YEAR

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

### DIVIDEND

Your Directors are pleased to recommend a final dividend of ₹ 20 per Equity Share for the Financial Year ended June 30, 2016. During the Financial Year, an interim dividend of ₹ 19.52 per Equity Share was paid to Non-Promoter Shareholders on October 28, 2015.

### BUSINESS PERFORMANCE

Your Company delivered another year of robust performance in the Financial Year 2015-16. Sales for the Financial Year increased by 4% to ₹ 2052 crores driven by Company's focus on brand fundamentals and strength of product portfolio.

Profit After Tax (PAT) for the Financial Year stood at ₹ 213 crores versus ₹ 158 crores last year while Profit Before Tax (PBT) stood at ₹ 327 crores versus ₹ 246 last year, behind

continued focus on productivity, operational excellence and cost optimization.

Your Company will look to utilize the improved earnings and cash flow to consider investments for sustaining the growth of the Company over mid to long term.

### GROOMING

*Gillette* male and female grooming portfolio had a strong year registering double digit growth combined with high market share increase across the Blades and Razors category. This was driven by strong performance across all product tiers through irresistible product and commercial innovations continuing to add millions of new users to the *Gillette* franchise.

This Financial Year, we brought to India, *Gillette's* most advanced razor "*Fusion Pro Glide with Flexball Technology*". The razor with the revolutionary Flexball technology offers 24-degree sideways movement of the razor head along with the traditional front pivot movement leading to the razor holding onto the face more and gives our consumers a truly superior shaving experience.



We tied up with the prominent media houses in the North & Eastern India to expand the "*Gillette Guard – Success in your hands*" program centred around Grooming and Career counseling sessions with eligible candidates leading them to get a dream job, with the media house. The program brought the *Gillette* Brand Purpose to life by truly positively impacting consumers.

On *Gillette Mach3*, the biggest systems franchise, we completed the first-ever blade and product upgrades since launch across its variants, viz., *Mach3*, *Sensitive* and *Turbo* with a bold new promise of 'Better than an ordinary 2-bladed razor even after 5 weeks'.



*Gillette Guard*, the entry level system, registered its strongest year on value, volume and share growth, since its launch in 2010 behind strong awareness, activation and go-to-market plans.

Our Female Personal Care portfolio comprising, *Gillette Venus*, *Venus Oceana Disposables* along with *Satin Care*



*Gel* continued to deliver high double digit growth behind strong awareness and in-store executions. We also had strong influencer and blogger campaigns across multi-media touch points which fuelled further growth.

*Gillette Double Edge* blades continued to register double digit value growth primarily led by 7-o'clock and *Wilkinson Sword* brands.

## ORAL CARE

*Oral-B*, which is the *World's No. 1 dentist recommended toothbrush brand*,\* delivered another year of strong growth in the key mid & premium tier brushes. Our growth in the premium tier brushes continues to be well ahead of the overall category. This was driven by several strategic initiatives focused on shifting consumers from entry & mid-tier to premium tier brushes behind establishing clear superiority of *Oral-B Pro-Health & Sensitive* brushes. In the mid-tier segment *Oral-B All Rounder 123* continues to grow behind providing superior proposition to the consumers and strong go-to-market plans.



Several targeted trial programs and strong deeper distribution plans were executed in the year to ensure more and more consumers have access to superior *Oral-B* brushes.

\* Based on surveys of a representative worldwide sample of dentists carried out for P&G.

Your Company continued its partnership with dentists, to promote oral health awareness via the free dental checkup program. *Oral-B* manual brushes also became the most recommended and used toothbrush brand among dentists in India.\*

## PORTABLE POWER

Your Company had been acting as an authorised distributor of 'Duracell' batteries pursuant to an arrangement entered into with its affiliate company, Procter & Gamble International Operations S.A.

During the Financial Year, The Procter & Gamble Company, U.S.A. decided to globally divest the business of 'Duracell'. As a result of such divestiture, Procter & Gamble International Operations S.A. terminated the distributor arrangement entered into with the Company effective February 29, 2016.

## CORPORATE SOCIAL RESPONSIBILITY

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



At P&G, sustainability means making every day better for people through how we innovate and how we act. As one of the world's largest consumer products Company, we have both a responsibility and an opportunity to do the right thing and create change. P&G's sustainability objective is to create long-term value for our consumers and shareholders by growing our brands and operations responsibly to conserve resources and improve life in the communities we impact across the world. This strategy has inspired an enduring CSR strategy supported by two pillars – *P&G Shiksha* and *Timely Disaster Relief*. While *P&G Shiksha* provides children from underprivileged backgrounds with an access to a holistic education, *P&G's Timely Disaster Relief* activities aim to rehabilitate and empower the victims of natural disasters by providing them with daily essential commodities and safe drinking water.

\* Based on survey of representative dentists sample in India.

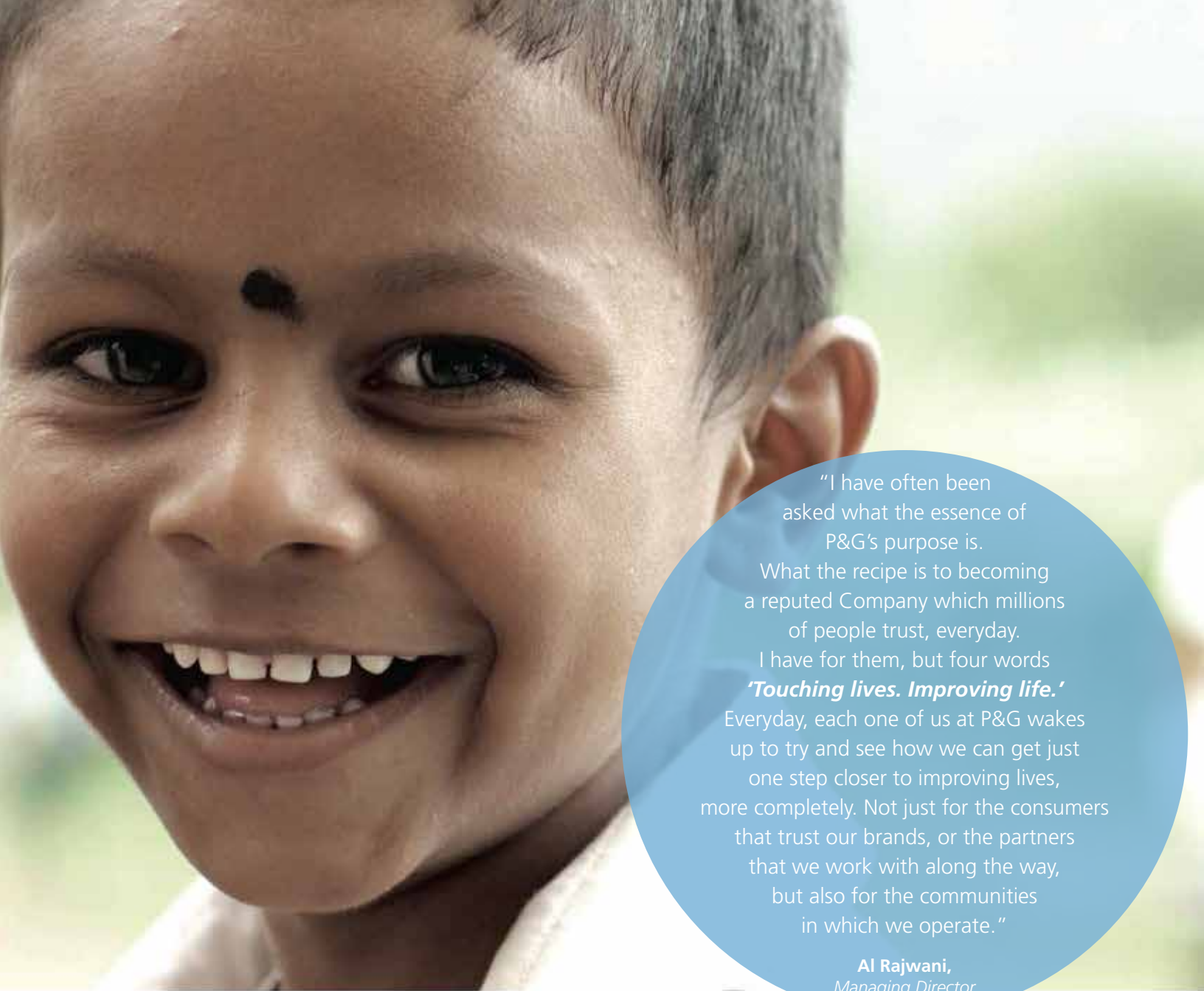
P&G's signature CSR program *P&G Shiksha* has till date built and supported over 1000 (+550 since last year) schools across the country that will impact the lives of over 1,000,000 (+200,000 since last year) children, in partnership with a number of NGOs like - Round Table India, Pratham Education Foundation, amongst others. These partners serve as specialists, lending their expertise to particular aspects of the education system. The NGO Round Table India for example is dedicated towards constructing educational infrastructure and supporting schools across India. The Pratham has special expertise in remedial learning to help bring children up to speed with the learning levels in their curriculum.

Since its commencement in 2005, *P&G Shiksha* has also empowered consumers to contribute towards the education of underprivileged children by making conscious brand choices, which has enabled P&G to share a part of the sales towards this movement. *P&G Shiksha* has till date made a cumulative donation of over ₹ 50 crores towards building new schools, providing critical infrastructural amenities at existing schools or reviving non-operational government schools.

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

Last year, we entered into partnership with Pratham Education Foundation, a leading NGO in India in the educational space to foray into *Remedial Learning* and *Early Childhood Education* thereby focusing on learning





"I have often been asked what the essence of P&G's purpose is.

What the recipe is to becoming a reputed Company which millions of people trust, everyday.

I have for them, but four words ***'Touching lives. Improving life.'***

Everyday, each one of us at P&G wakes up to try and see how we can get just one step closer to improving lives, more completely. Not just for the consumers that trust our brands, or the partners that we work with along the way, but also for the communities in which we operate."

**Al Rajwani,**  
Managing Director



outcomes as well. *P&G Shiksha* partnered with Pratham's *Read India* initiative that aims to bridge the existing gap between current and existing learning levels. The results were phenomenal; we reached out to more than 500 schools and 18,000 children and saw the learning levels in the schools rise at the end of the year following our interventions. Before the intervention, only 20% children in these schools were able to read and write as per their curriculum level, which increased to 70% after our intervention. Similarly, there was more than a two fold increase in the percentage of children who were able to do basic arithmetic after our intervention.

In the last one year, P&G continued its efforts to provide timely aid and relief to families affected by natural disasters. During the Tamil Nadu floods, P&G India worked with NGO Save the Children India to provide essential commodities with our products as well as P&G Purifier of Water sachets in the affected areas. With the help of our Chennai distributor, P&G reacted quickly and provided products for flood relief to local NGOs as well. Overall, *P&G Disaster Relief* efforts reached out to more than 10,000 affected families in Chennai.

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

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

## ENVIRONMENTAL SUSTAINABILITY AND CONSERVATION OF ENERGY

Environmental sustainability is embedded in our *Purpose, Values, Principles*, and our business. In order to improve lives, now and for generations to come, your Company ensures that its products, packaging and operations are safe for employees, consumers and the environment. Your Company ensures this with a focus on technologies, processes and improvements that matter for the environment.

Your Company's head office at Mumbai reduced its annual energy consumption by over 39.6% over the last 14 years, saving over 2233 gigajoules of energy. The Company's Bhiwadi and Baddi plants are zero discharge sites which means that there is no manufacturing discharge into the environment. The Bhiwadi plant is leaving no stone unturned to leverage the technology, experts & employees to produce best in class footprint reduction. In last 5 years, all the footprints (energy & water usage per unit of production, emissions and waste generated per units of production) have been reduced by more than 30% through different interventions. Our Baddi plant has reduced the energy footprint by 4% and the water consumption by 2% versus last year. The Baddi plant also strengthened its commitment to environmental sustainability by actively engaging with the local community and planting a total of 1000 trees inside and outside the plant premises.



At P&G, sustainability inspires and guides everything we do. Moreover, we ensure environmental friendly practices at our sites. These include reduction in power consumption, optimal water consumption and eliminating excess use of paper.

## TECHNOLOGY ABSORPTION

### i. Efforts made towards technology absorption:

Continued implementation of quality control/quality assurance procedures of products and processes were successfully adapted on commercial scale to utilize local raw materials and machinery; technical services for reliability, quality and cost savings.

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

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

**iii. Imported technology:**

No technology has been imported during the last three Financial Years.

**iv. The Company has not incurred any expenditure on Research and Development during the Financial Year.**

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars of foreign exchange utilized/earned during the Financial Year are given in Note Nos. 30 & 31 respectively forming part of the Financial Statements.

**RELATED PARTY TRANSACTIONS**

Your Company has formulated a policy on related party transactions which is also available on Company's website

at [http://www.pg.com/en\\_IN/invest/gillette/corporate\\_governance/policy.shtml](http://www.pg.com/en_IN/invest/gillette/corporate_governance/policy.shtml). This policy deals with the review and approval of related party transactions. All related party transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for related party transactions which are of repetitive nature, entered in the ordinary course of business and at arm's length. All related party transactions are subjected to independent review by chartered accountancy firm to confirm compliance with the requirements under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All related party transactions entered during the Financial Year were in ordinary course of business and on arm's length basis. No material related party transactions were entered during the Financial Year by your Company. Accordingly, the disclosure of related party transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable to your Company.

**LOANS AND INVESTMENTS MADE DURING THE FINANCIAL YEAR 2015-16**

Details of loans given by your Company under Section 186 of the Companies Act, 2013 during the Financial Year 2015-16 are as follows:

Name of the Company	Relation	Amount (₹ In Crores)	Purpose for which the loans are proposed to be utilized
Gillette Diversified Operations Private Limited	Fellow Subsidiary	94.00	General business purpose
Procter & Gamble Home Products Private Limited	Fellow Subsidiary	30.00	General business purpose
Wella India Haircosmetics Private Limited	Fellow Subsidiary	120.00	General business purpose
Gillette Products Private Limited	Fellow Subsidiary	7.00	General business purpose

The Company has not made any investments during the Financial Year 2015-16.

**PUBLIC DEPOSITS**

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

**PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal)



Act, 2013 and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC). During the Financial Year, no complaints with allegations of sexual harassment were filed with the Company.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. that in the preparation of the Annual Accounts for the Financial Year ended June 30, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss of the Company for the Financial Year under review;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors had prepared the accounts for the Financial Year ended June 30, 2016, on a "going concern" basis;
- v. that the Directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and
- vi. that the Directors had devised proper systems to ensure compliance with the provisions of all

applicable laws and that such systems were adequate and operating effectively.

### **CORPORATE GOVERNANCE**

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

### **EXTRACT OF ANNUAL RETURN**

The extract of annual return in Form MGT 9 as required under Section 92 (3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as Annexure II to this Report.

### **MANAGEMENT & PERSONNEL**

The strong growth over the past few years demonstrates the core strengths of our employees to stay reality-based and proactively influence the course of business. Financial Year 2015-16 was a year of overall strong growth in many categories. Our productivity continues to be best-in-class with major progress in Leadership and Talent Development.

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

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



## DIRECTORS

Mr. Al Rajwani was appointed as Managing Director of the Company for a period of five years effective August 29, 2015 by the Members at their 31<sup>st</sup> Annual General Meeting.

Mr. N. P. Sarda was appointed as Non-executive Independent Director of the Company for a period of five years effective August 29, 2015 by the Members at their 31<sup>st</sup> Annual General Meeting.

Ms. Sonali Dhawan, Director, retires by rotation and, being eligible, offers herself for re-appointment.

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

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

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

Brief resume of Director proposed to be reappointed at the ensuing 32<sup>nd</sup> Annual General Meeting and the details of the Directorships held in other companies are given in the "Corporate Governance" section of the Annual Report.

Appropriate resolution for the re-appointment of the aforesaid Director is being moved at the ensuing 32<sup>nd</sup> Annual General Meeting, which the Board recommends for your approval.

## MEETINGS OF THE BOARD

During the Financial Year, 7 meetings of the Board were held. Details of the meetings are given in the "Corporate Governance" section of the Annual Report.

## AUDITORS

Deloitte Haskins & Sells LLP were appointed as Statutory Auditors of your Company at the 30<sup>th</sup> Annual General Meeting held on September 29, 2014 for a term of three consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting. Resolution for the said ratification is being moved at the ensuing 32<sup>nd</sup> Annual General Meeting.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation or adverse remark given by the Auditors in their Report.

## COST AUDITORS

Ashwin Solanki & Associates, Cost Accountants carried out the cost audit for applicable business during the Financial Year. The Company is not required to conduct cost audit for the Financial Year 2016-17.

## SECRETARIAL AUDIT

Secretarial Audit was carried out by Dholakia & Associates LLP, Company Secretaries for the Financial Year 2015-16. There were no qualifications, reservation or adverse remarks given by Secretarial Auditors of the Company. The Secretarial Audit report is annexed to this report.

## RISK MANAGEMENT

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

## POLICIES

Your Company has adopted policies on related party transactions, corporate social responsibility, vigil mechanism, nomination and remuneration, materiality of events and dividend distribution policy, which are available on the website of the Company at [http://www.pg.com/en\\_IN/invest/gillette/corporate\\_governance/policy.shtml](http://www.pg.com/en_IN/invest/gillette/corporate_governance/policy.shtml)

The dividend distribution policy has been appended as Annexure V to this Report. The same is also available on the website of the Company at [http://www.pg.com/en\\_IN/invest/gillette/corporate\\_governance/policy.shtml](http://www.pg.com/en_IN/invest/gillette/corporate_governance/policy.shtml).

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

## TRADE RELATIONS

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

## ACKNOWLEDGEMENT

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

**On behalf of the Board of Directors**

**sd/-**

**B. S. Mehta**  
**Chairman**

**Place: Mumbai**

**Date: September 21, 2016**

## Annexure I

### Annual Report on Corporate Social Responsibility

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

#### 1. Brief outline of the Company's CSR policy

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

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

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

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

- a. Social and Cultural development by:
  - Imparting education, training (vocational and skill based) and creating social awareness;
  - Awareness programs on girl education;
  - Empowerment of women for education/ health & self-employment;
  - Empowerment of differentially abled children and their self-development;

- Skill development and generation of employment by locally driven initiatives;
- Promoting preventive health care and sanitation by providing health and hygiene products;
- Making available safe drinking water;
- Promoting sports and cultural activities;
- Creating awareness and development of infrastructure for sports and cultural activities;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Relief and support to victims of natural calamities in any part of the country.

#### b. Ensuring Environmental Sustainability by:

- Conservation of resources by design and manufacture of products that maximize the conservation of resources;
- Utilization of renewable energy and renewable or recycled materials; and
- Generating worth from waste.

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

The CSR Policy is available on the website of the Company at [http://www.pg.com/en\\_IN/invest/gillette/corporate-governance/policy.shtml](http://www.pg.com/en_IN/invest/gillette/corporate-governance/policy.shtml).

#### The composition of the CSR Committee:

Mr. A. K. Gupta	Chairman
Mr. Al Rajwani*	Member
Mr. Gurcharan Das**	Member
Ms. Sonali Dhawan	Member

\* Mr. Al Rajwani was inducted as a Member of the CSR Committee w.e.f. August 29, 2015;

\*\* Mr. Gurcharan Das was inducted as a Member of the CSR Committee w.e.f. May 5, 2016.

2. Average net profit of the Company for last three Financial Years – ₹ 163 Crores
3. Prescribed CSR expenditure (2% of amount as in item 2) – ₹ 3.3 Crores
4. Details of CSR spend during Financial Year:
  - a) Total amount to be spent for the Financial Year – ₹ 3.3 Crores
  - b) Amount unspent, if any – **Not applicable**
  - c) Manner in which the amount spent during the Financial Year is as detailed below:-

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (a) Local area or other (b) Specify State & district where projects / programs were undertaken	Amount outlay (budget) project or program-wise (₹ in Crores)	Amount spent on the projects or programs			Cumulative expenditure upto the reporting period (₹ in Crores)	Amount spent: Direct or through implementing agency *
					Total (₹ in Crores)	Direct expenditure	Overheads		
1	P&G Shiksha: Pratham's Read India Program	Education: Remedial Learning	Rajasthan and Uttar Pradesh	2.00	2.00	93%	7%	3.00	Implementing agency: Pratham Education Foundation
2	P&G Shiksha: Build & Support Schools through Round Table India Trust	Education: Infrastructure Interventions	Pan-India	0.99	0.99	100%	Nil	1.94	Implementing agency: Round Table India Trust
3	P&G Shiksha: Supporting communities around our plants	Education: Interventions in a Girls School near Bhiwadi Plant	Bhiwadi (Rajasthan)	0.31	0.31	95%	5%	0.62	Implementing agency: IBTADA

5. In case the Company has failed to spend two percent of the average net profit of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report: **Not applicable.**
6. The CSR committee confirms that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and CSR policy of the Company.

Sd/-  
**Al Rajwani**  
 Managing Director

Sd/-  
**A. K. Gupta**  
 Chairman of the CSR Committee



## Annexure II

### EXTRACT OF ANNUAL RETURN

Form No. MGT-9

(As on the Financial Year ended on June 30, 2016)

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L28931MH1984PLC267130
ii)	Registration Date	:	February 9, 1984
iii)	Name of the Company	:	Gillette India Limited
iv)	Category/Sub-Category of the Company	:	Company limited by Shares/Indian Non-Government Company
v)	Address of the Registered Office and contact details	:	P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai - 400 099 Tel: 022-2826 6000 Fax: 022-2826 7303 Website: www.pg.com/en_IN
vi)	Whether listed company	:	Yes
vii)	Name, Address and contact details of Registrar and Transfer Agent, if any	:	Mas Services Limited T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020 Tel: 011-2638 7281/82/83 Fax: 011-2638 7384 E-mail: info@masserv.com Website: www.masserv.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sr. No.	Name and Description of Products	NIC Code of the Product	% to total turnover of the Company
1.	Blades & razors	25931	75
2.	Oral care	20235	21

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

##### Holding Company [Section 2(46)]:

Sr. No.	Name and address of the Company	CIN / GLN	% of shares held
1.	The Procter & Gamble Company, USA (Ultimate holding company)	Not applicable (Foreign Company)	Holds 75% through its subsidiaries
2.	Procter & Gamble India Holdings B.V., Netherlands	Not applicable (Foreign Company)	Holds 40.12% directly & Holds 34.88% through its subsidiaries

The Company does not have any subsidiary companies or associate companies.

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):

##### i. Category-wise Shareholding:

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A.</b>	<b>Promoters</b>									
<b>1.</b>	<b>Indian</b>									
	Bodies corporate	11364338	—	11364338	34.88	11364338	—	11364338	34.88	—
<b>2.</b>	<b>Foreign</b>									
	Bodies corporate	13073465	—	13073465	40.12	13073465	—	13073465	40.12	—
	<b>Total Promoter Shareholding (A)</b>	<b>24437803</b>	<b>—</b>	<b>24437803</b>	<b>75.00</b>	<b>24437803</b>	<b>—</b>	<b>24437803</b>	<b>75.00</b>	<b>—</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1.</b>	<b>Institutions</b>									
	Mutual funds	659352	—	659352	2.02	970825	—	970825	2.98	0.96
	Financial Institutions/ Banks	4572	—	4572	0.01	33262	—	33262	0.10	0.09
	Foreign Institutional Investors	2139599	—	2139599	6.57	2147846	—	2147846	6.59	0.02
	<b>Sub Total (B)(1)</b>	<b>2803523</b>	<b>—</b>	<b>2803523</b>	<b>8.60</b>	<b>3151933</b>	<b>—</b>	<b>3151933</b>	<b>9.67</b>	<b>1.07</b>
<b>2.</b>	<b>Non-Institutions</b>									
	<b>Bodies Corporate</b>									
	– Indian	2325494	1859	2327353	7.14	2201187	1759	2202946	6.76	-0.38
	<b>Individuals</b>									
	– Individual shareholders holding nominal share capital up to ₹ 2 lakh	1663813	145387	1809200	5.55	1770965	135430	1906395	5.85	0.30
	– Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	294033	—	294033	0.90	127817	—	127817	0.39	-0.51
	<b>Others</b>									
	– Non resident	864654	33077	897731	2.76	667545	32280	699825	2.15	-0.61
	– Clearing Member	14574	—	14574	0.04	25868	—	25868	0.08	0.04
	– Trust	1000	—	1000	0.00	1500	—	1500	0.00	0.00
	– NBFCs registered with RBI	—	—	—	0.00	31130	—	31130	0.10	0.10
	<b>Sub Total (B)(2)</b>	<b>5163568</b>	<b>180323</b>	<b>5343891</b>	<b>16.40</b>	<b>4826012</b>	<b>169469</b>	<b>4995481</b>	<b>15.33</b>	<b>-1.07</b>
	<b>Total Public Shareholding (B)</b>	<b>7967091</b>	<b>180323</b>	<b>8147414</b>	<b>25.00</b>	<b>7977945</b>	<b>169469</b>	<b>8147414</b>	<b>25.00</b>	<b>—</b>
	Shares held by Custodian for GDRs & ADRs (C)	—	—	—	—	—	—	—	—	—
	<b>Grand Total (A+B+C)</b>	<b>32404894</b>	<b>180323</b>	<b>32585217</b>	<b>100.00</b>	<b>32415748</b>	<b>169469</b>	<b>32585217</b>	<b>100.00</b>	<b>—</b>

## ii. Shareholding of Promoters:

Sr. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Wella India Haircosmetics Private Limited	6627254	20.34	—	6627254	20.34	—	0.00
2.	Gillette Diversified Operations Private Limited	1979433	6.07	—	1979433	6.07	—	0.00
3.	Gillette Products Private Limited	1987280	6.10	—	1987280	6.10	—	0.00
4.	Nexus Mercantile Private Limited	133700	0.41	—	133700	0.41	—	0.00
5.	Mining Consultants India Private Limited	636671	1.96	—	636671	1.96	—	0.00
6.	Procter And Gamble India Holdings B.V.	13073465	40.12	—	13073465	40.12	—	0.00
		<b>24437803</b>	<b>75.00</b>	<b>—</b>	<b>24437803</b>	<b>75.00</b>	<b>—</b>	<b>0.00</b>

## iii. Change in Promoters' Shareholding:

There is no change in the Promoter's Shareholding during the Financial Year 2015-16.

## iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on June 30, 2016:

Sr. No.	Name of Shareholder	Shareholding at the beginning and end of the year		Date of change in shareholding	Increase / decrease in shareholding	Reason for increase / decrease	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1.	Bright Star Investments Pvt Ltd	290000	0.89	01/07/2015	—	No change during the year	290000	0.89
		290000	0.89	30/06/2016				
2.	Merrill Lynch Capital Markets Espana S.A., S.V.	688000	2.11	01/07/2015				
				03/07/2015	147	Transfer	688147	2.11
				10/07/2015	(147)	Transfer	688000	2.11
				07/08/2015	52	Transfer	688052	2.11
				04/09/2015	(52)	Transfer	688000	2.11
				25/09/2015	59	Transfer	688059	2.11
				09/10/2015	44	Transfer	688103	2.11
				08/01/2016	84	Transfer	688187	2.11
				29/01/2016	449	Transfer	688636	2.11
				12/02/2016	564	Transfer	689200	2.12
				19/02/2016	128	Transfer	689328	2.12
				26/02/2016	172	Transfer	689500	2.12
				17/06/2016	(486)	Transfer	689014	2.11
				24/06/2016	(347)	Transfer	688667	2.11
		688614	2.11	30/06/2016	(53)	Transfer	688614	2.11

Sr. No.	Name of Shareholder	Shareholding at the beginning and end of the year		Date of change in shareholding	Increase / decrease in shareholding	Reason for increase / decrease	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
3.	Birla Sun Life Trustee Company Private Limited A/c Birla Sun Life Tax Relief 96##	75081	0.23	01/07/2015				
				24/07/2015	(1049)	Transfer	74032	0.23
				16/10/2015	(2708)	Transfer	71324	0.22
				26/02/2016	2995	Transfer	74319	0.23
				04/03/2016	9127	Transfer	83446	0.26
				11/03/2016	5365	Transfer	88811	0.27
				18/03/2016	6724	Transfer	95535	0.29
				25/03/2016	5622	Transfer	101157	0.31
				31/03/2016	3558	Transfer	104715	0.32
				08/04/2016	4366	Transfer	109081	0.33
				15/04/2016	2544	Transfer	111625	0.34
				22/04/2016	1545	Transfer	113170	0.35
				29/04/2016	4077	Transfer	117247	0.36
				06/05/2016	6772	Transfer	124019	0.38
				13/05/2016	4207	Transfer	128226	0.39
				10/06/2016	2277	Transfer	130503	0.40
				17/06/2016	1926	Transfer	132429	0.41
				24/06/2016	13968	Transfer	146397	0.45
		148719	0.46	30/06/2016	2322	Transfer	148719	0.46
4.	Birla Sun Life Trustee Company Private Limited A/c Birla Sun Life MNC Fund	235300	0.72	01/07/2015				
				03/07/2015	4330	Transfer	239630	0.74
				10/07/2015	5148	Transfer	244778	0.75
				17/07/2015	6300	Transfer	251078	0.77
				24/07/2015	3694	Transfer	254772	0.78
				31/07/2015	5400	Transfer	260172	0.80
				07/08/2015	4500	Transfer	264672	0.81
				14/08/2015	3914	Transfer	268586	0.82
				21/08/2015	4500	Transfer	273086	0.84
				28/08/2015	22400	Transfer	295486	0.91
				04/09/2015	5422	Transfer	300908	0.92
				11/09/2015	4050	Transfer	304958	0.94
				18/09/2015	4050	Transfer	309008	0.95
				25/09/2015	2700	Transfer	311708	0.96
				30/09/2015	3600	Transfer	315308	0.97
				02/10/2015	1800	Transfer	317108	0.97
				09/10/2015	4885	Transfer	321993	0.99
				16/10/2015	6516	Transfer	328509	1.01
				19/10/2015	4724	Transfer	333233	1.02
				23/10/2015	3297	Transfer	336530	1.03
				30/10/2015	7133	Transfer	343663	1.05
				06/11/2015	5670	Transfer	349333	1.07
				13/11/2015	4110	Transfer	353443	1.08
				20/11/2015	7938	Transfer	361381	1.11



Sr. No.	Name of Shareholder	Shareholding at the beginning and end of the year		Date of change in shareholding	Increase / decrease in shareholding	Reason for increase / decrease	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
				27/11/2015	9585	Transfer	370966	1.14
				04/12/2015	4581	Transfer	375547	1.15
				11/12/2015	4184	Transfer	379731	1.17
				18/12/2015	6156	Transfer	385887	1.18
				25/12/2015	4284	Transfer	390171	1.20
				31/12/2015	4896	Transfer	395067	1.21
				01/01/2016	1726	Transfer	396793	1.22
				08/01/2016	6597	Transfer	403390	1.24
				15/01/2016	9288	Transfer	412678	1.27
				22/01/2016	11427	Transfer	424105	1.30
				29/01/2016	6192	Transfer	430297	1.32
				05/02/2016	9393	Transfer	439690	1.35
				12/02/2016	11960	Transfer	451650	1.39
				19/02/2016	4663	Transfer	456313	1.40
				26/02/2016	2205	Transfer	458518	1.41
				13/05/2016	49978	Transfer	508496	1.56
				20/05/2016	1125	Transfer	509621	1.56
				27/05/2016	3915	Transfer	513536	1.58
				03/06/2016	4408	Transfer	517944	1.59
				10/06/2016	476	Transfer	518420	1.59
				17/06/2016	810	Transfer	519230	1.59
				24/06/2016	20333	Transfer	539563	1.66
		542263	1.66	30/06/2016	2700	Transfer	542263	1.66
5.	HDFC Standard Life Insurance Company Limited	423561	1.30	01/07/2015				
				03/07/2015	4345	Transfer	427906	1.31
				24/07/2015	(4873)	Transfer	423033	1.30
				07/08/2015	(127)	Transfer	422906	1.30
				11/09/2015	(139)	Transfer	422767	1.30
				18/09/2015	(200)	Transfer	422567	1.30
				09/10/2015	(387)	Transfer	422180	1.30
				16/10/2015	12	Transfer	422192	1.30
				30/10/2015	(329)	Transfer	421863	1.29
				06/11/2015	1446	Transfer	423309	1.30
				13/11/2015	(425)	Transfer	422884	1.30
				04/12/2015	7982	Transfer	430866	1.32
				11/12/2015	(18700)	Transfer	412166	1.26
				15/01/2016	320	Transfer	412486	1.27
				22/01/2016	415	Transfer	412901	1.27
				29/01/2016	(39000)	Transfer	373901	1.15
				05/02/2016	(726)	Transfer	373175	1.15
				12/02/2016	(4910)	Transfer	368265	1.13
				26/02/2016	(3603)	Transfer	364662	1.12
				04/03/2016	(1463)	Transfer	363199	1.11
				11/03/2016	(1356)	Transfer	361843	1.11
				18/03/2016	(8777)	Transfer	353066	1.08
				25/03/2016	(2715)	Transfer	350351	1.08
				31/03/2016	(99)	Transfer	350252	1.07

Sr. No.	Name of Shareholder	Shareholding at the beginning and end of the year		Date of change in shareholding	Increase / decrease in shareholding	Reason for increase / decrease	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
				08/04/2016	(3620)	Transfer	346632	1.06
				15/04/2016	(5140)	Transfer	341492	1.05
				22/04/2016	(913)	Transfer	340579	1.05
				29/04/2016	(533)	Transfer	340046	1.04
				06/05/2016	(10328)	Transfer	329718	1.01
				13/05/2016	66	Transfer	329784	1.01
				20/05/2016	295	Transfer	330079	1.01
				27/05/2016	(4300)	Transfer	325779	1.00
				03/06/2016	(20583)	Transfer	305196	0.94
				10/06/2016	(4000)	Transfer	301196	0.92
				17/06/2016	86	Transfer	301282	0.92
		301282	0.92	30/06/2016				
6.	Pari Washington Company Pvt. Ltd. A/c. Pari Washington India Master Fund, Ltd.	242784	0.75	01/07/2015	—	No change during the year	242784	0.75
		242784	0.75	30/06/2016				
7.	Vontobel India Select Fund#	208422	0.64	01/07/2015			208422	0.64
				29/04/2016	(208422)	Transfer	0	0.00
		0	0.00	30/06/2016				
8.	Goldman Sachs India Limited	182141	0.56	01/07/2015		No change during the year	182141	0.56
		182141	0.56	30/06/2016				
9.	Globalware Trading And Holdings Limited	516038	1.58	01/07/2015	—	No change during the year	516038	1.58
		516038	1.58	30/06/2016				
10.	Adventz Finance Private Limited	1109104	3.40	01/07/2015	—	No change during the year	1109104	3.40
		1109104	3.40	30/06/2016				
11.	Copthall Mauritius Investment Limited	304186	0.93	01/07/2015				
				24/07/2015	(7770)	Transfer	296416	0.91
				07/08/2015	(531)	Transfer	295885	0.91
				14/08/2015	(680)	Transfer	295205	0.91
				21/08/2015	(5057)	Transfer	290148	0.89
				28/08/2015	(10000)	Transfer	280148	0.86
				04/09/2015	(4452)	Transfer	275696	0.85
				18/09/2015	(2753)	Transfer	272943	0.84
				25/09/2015	(782)	Transfer	272161	0.84
				30/09/2015	(3245)	Transfer	268916	0.83
				02/10/2015	(2170)	Transfer	266746	0.82
				23/10/2015	(4109)	Transfer	262637	0.81
				30/10/2015	(3539)	Transfer	259098	0.80
				06/11/2015	(1606)	Transfer	257492	0.79
				13/11/2015	(9936)	Transfer	247556	0.76
				20/11/2015	296	Transfer	247852	0.76
				27/11/2015	(1642)	Transfer	246210	0.76
				29/04/2016	192604	Transfer	438814	1.35

Sr. No.	Name of Shareholder	Shareholding at the beginning and end of the year		Date of change in shareholding	Increase / decrease in shareholding	Reason for increase / decrease	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
				06/05/2016	(54280)	Transfer	384534	1.18
				13/05/2016	(91023)	Transfer	293511	0.90
				20/05/2016	(4019)	Transfer	289492	0.89
				03/06/2016	(958)	Transfer	288534	0.89
				10/06/2016	(435)	Transfer	288099	0.88
				17/06/2016	(1867)	Transfer	286232	0.88
				24/06/2016	(42698)	Transfer	243534	0.75
		243534	0.75	30/06/2016				

Note: The above information is based on the weekly beneficiary position received from Depositories.

# Ceased to be in the list of Top 10 shareholders as on June 30, 2016. The same is reflected above since the shareholder was one of the Top 10 shareholders as on July 1, 2015.

## Not in the list of Top 10 shareholders as on July 1, 2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on June 30, 2016.

**v. No Directors or key managerial personnel held any shares of the Company during the Financial Year 2015-16.**

**V. INDEBTEDNESS:**

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the Financial Year 2015-16.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Mr. Al Rajwani* Managing Director ₹ in lakhs
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	125
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission	—
5.	Others**	45
	<b>Total</b>	<b>180</b>
	Ceiling as per the Act (5% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)	1 636

\* Mr. Al Rajwani received remuneration from Procter & Gamble Hygiene and Health Care Limited, and the Company re-imburses towards the same in proportion to its Net Outside Sales

\*\* 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 Option of the ultimate Holding Company under its Employee Stock Option Plan. Details of the same are disclosed vide Note 27 forming part of the Financial Statements

**B. Remuneration to other Directors:**

₹ in lakhs

Particulars of Remuneration	Mr. B. S. Mehta	Mr. C. R. Dua	Mr. G. Das	Mr. A. K. Gupta	Mr. N. P. Sarda	Total Amount
<b>Independent Directors</b>						
Fee for attending board / committee meetings	2.60	2.90	2.60	2.85	2.60	13.55
Commission	11.00	11.00	11.00	11.00	11.00	55.00
<b>Total</b>	<b>13.60</b>	<b>13.90</b>	<b>13.60</b>	<b>13.85</b>	<b>13.60</b>	<b>68.55</b>
Ceiling as per the Act (1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)	—	—	—	—	—	<b>327.22</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR / MANAGER / WHOLE-TIME DIRECTOR:**

₹ in lakhs

Sr. No.	Particulars of Remuneration	Ms. Jessica Rastogi Company Secretary	Mr. Karthik Natarajan Chief Financial Officer	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20.99	185.23	206.22
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.61	3.87	4.48
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission	—	—	—
5.	Others, please specify	—	—	—
	<b>Total</b>	<b>21.60</b>	<b>189.10</b>	<b>210.70</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default during the Financial Year.

## Annexure III

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

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

₹ in lakhs

Name of Director	Designation	Salary	Commission	Sitting Fees	Total	Ratio
Mr. Al Rajwani*	MD	180.00	—	—	<b>180.00</b>	46.07
Mr. B. S. Mehta	ID	—	11.00	2.60	<b>13.60</b>	3.27
Mr. C. R. Dua	ID	—	11.00	2.90	<b>13.90</b>	3.34
Mr. G. Das	ID	—	11.00	2.60	<b>13.60</b>	3.27
Mr. A. K. Gupta	ID	—	11.00	2.85	<b>13.85</b>	3.33
Mr. N. P. Sarda	ID	—	11.00	2.60	<b>13.60</b>	3.26
Mr. P. Agarwal	NED	—	—	—	—	—
Ms. S. Dhawan	NED	—	—	—	—	—

\* Mr. Al Rajwani received remuneration from Procter & Gamble Hygiene and Health Care Limited, and the Company re-imburses towards the same in proportion to its Net Outside Sales.

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

Designation	Name of Employee	% increase in remuneration
Managing Director	Mr. Al Rajwani	Not Applicable (Not employed with the Company in F.Y. 2014-15)
Company Secretary	Ms. Jessica Rastogi	25.00%
Chief Financial Officer	Mr. Karthik Natarajan	8.7%

- iii. The % increase in the median remuneration of employees in the Financial Year — 11%.
- iv. The number of permanent employees on the rolls of Company – 646.
- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.
- The average percentage increase made in the salaries of employees other than the managerial personnel in the financial year was 11% and the increase in managerial remuneration was also 11%. The average increase every year is an outcome of Company's market competitiveness as against peer group companies.
- vi. I affirm that the remuneration is as per the remuneration policy of the Company.



## Annexure IV

### Nomination & Remuneration Policy and its Framework

#### 1. CHARTER

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

#### 2. INTRODUCTION

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

#### 3. FORMATION OF COMMITTEE

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

#### 4. CONSTITUTION OF THE COMMITTEE

- 4.1 The Committee shall consist of a minimum 3 Non-Executive Directors, majority of them being independent.
- 4.2 Term of the Committee shall be continued unless terminated by the Board of Directors.
- 4.3 Chairman of the Committee shall be an Independent Director. The Chairperson of the Company may be appointed as a member of the Committee but shall not be the Chairman of the Committee.

#### 5. QUORUM & MEETINGS

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

Where the Committee comprises of more than two (2) members, the act of a majority of the members present will constitute an act of the Committee.

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

#### 6. MINUTES

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

#### 7. REPORTING AND DISCLOSURE

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

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

#### 8. SECRETARY

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

#### 9. FUNCTIONS OF THE COMMITTEE

- 9.1 **Corporate Governance:** To ensure that the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance;
- 9.2 **Board diversity:** Review the composition of the Board and devise a policy on Board diversity; and
- 9.3 **Appointment Criteria:** To formulate criteria for determining qualifications, positive attributes and independence of a Director and to identify persons who are qualified to become Directors and who may be appointed in senior

management in accordance with the criteria laid down and recommend the Board of their appointment and removal;

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

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

9.6 **Performance evaluation:** To carry out evaluation of every Director's performance.

## 10. REVIEW

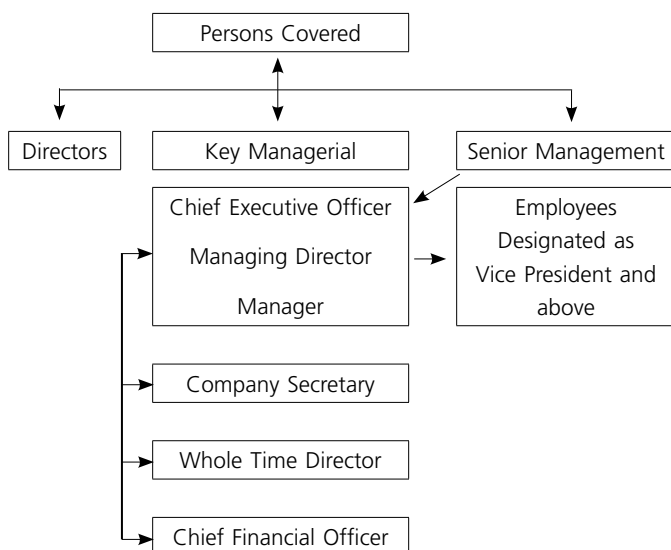
The Committee shall review and reassess the framework and the Policy, on an annual basis and obtain the approval of the Board of Directors, for any changes/ amendment in the framework/ policy.

## NOMINATION AND REMUNERATION POLICY

### 1. PREFACE

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

### 2. POLICY IS APPLICABLE TO:



### 3.1 GUIDING PRINCIPLES – Key Management Personnel Compensation

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

#### 1. *Emphasize Pay for Performance*

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

#### 2. *Pay Competitively*

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

#### 3. *Focus on Long-Term Success*

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

### 3.2 GUIDING PRINCIPLES – Compensation to Independent Directors

#### 1. *Ensure compliance with local laws*

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

#### 2. *Pay Competitively in line with peer companies*

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

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

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

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

- i. **SALARY** – Each Executive Employee will be entitled to receive a salary which will be competitive and based on executive's responsibilities and performance;
- ii. **SHORT TERM INCENTIVES** – Based on the achievement of an individual, pre-defined financial and strategic business targets presented by the Committee and ratified by the Board of Directors;
- iii. **LONG TERM INCENTIVES** – Each Executive Employee will be entitled to receive long term incentives, as per the global guidelines and as recommended by the Management, from time to time;
- iv. **SEVERANCE PAY AND PENSION CONTRIBUTION** – As per employment terms;
- v. **OTHER BENEFITS** – Executive Employees will be entitled to insurance policy(s), pension scheme and such other benefits as the Company may provide from time to time.

#### **5. RATIFICATION OF REMUNERATION TO KEY MANAGEMENT PERSONNEL**

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

#### **6. MAXIMUM MANAGERIAL REMUNERATION**

The total managerial remuneration payable by the Company, to its Directors, including Managing Director and Whole-Time Director and Non-Executive Directors shall be within the limits as prescribed under the law.

#### **7. REMUNERATION OF INDEPENDENT DIRECTOR**

The Company will remunerate Independent Directors in a manner designed to attract and maintain high quality Board members. Independent Directors are paid remuneration by way of commission and/or sitting fees. The Company may pay a sitting fee per meeting to Independent Directors for attending Board meetings within the limits prescribed under law. Further, if the shareholders approve, commission

may be paid to Independent Directors including Independent Directors within the statutory monetary limits. Such commission is paid on a uniform basis to reinforce the principle of collective responsibility.

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

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

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

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

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

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

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

#### **9. EVALUATION**

##### **9.1 Evaluation of Key Managerial Personnel**

- The Managing Director performs the evaluation of performance on an annual basis.

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

## 9.2 Evaluation of Independent Directors

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

## 10. REVIEW AND DISCLOSURE

- 10.1 The Company shall disclose in the Board's report, the ratio of the remuneration of each director, to the median employee's remuneration and such other details as prescribed under law.
- 10.2 The Company discloses in its Annual Report all elements of remuneration package of individual Directors summarized under major groups details of fixed component and performance linked incentives together with material terms, service contracts like notice period, severance fees (if any) and stock option details (if any).
- 10.3 The Board is responsible for approving the remuneration strategy for Directors, Executive and Senior Management. In determining whether to approve the relevant level of remuneration, the Board is to consider the recommendations from the Committee, prevailing market conditions, performance by the individual and the business strategies and objectives of the Company. The Board shall disclose the remuneration of senior executives in the Company's Annual Report. The Human Resources Department of the Company will monitor the day to day compliance with this Policy.

## Annexure V

### Dividend Distribution Policy

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

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

### Principles for considering dividend are as follows:

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

1. Rewards the Shareholders with **sustainable returns**;
2. Retains **sufficient capital** for exploring any business opportunity.

Basis these principles, the management will recommend the proposed dividend payment to the Board of Directors for their approval and recommendation to the Shareholders.

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

### Periodicity:

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

### Accounting Year:

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

### Disclosure:

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



# SECRETARIAL AUDIT REPORT

## FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE, 2016

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

To,  
**The Members,  
Gillette India Limited**

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

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

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

- i. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis of our opinion.
- iii. We have not verified the correctness and appropriateness of the financial statements of the Company.
- iv. Wherever required, we have discussed with the management of the company, relied on the legal opinion, subsequent approval of the Central Government and the management representation pertaining to compliance of laws, rules and regulations, happening of events, etc.
- v. The compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- vi. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**B.** Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 30<sup>th</sup> June, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-process (duly evolved) and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

**C.** We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 30<sup>th</sup> June, 2016 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - (c) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

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

The Company has not undertaken any of the activities during the audit period as envisaged in the following Regulations and Guidelines prescribed under the SEBI Act and hence no opinion has been expressed thereon:-

- (a) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and
  - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- V. The following Acts and Rules made thereunder pertaining to Company's business are applicable to the Company:
- (a) Drugs and Cosmetics Act, 1940;
  - (b) The Legal Metrology Act, 2009 and
  - (c) The Legal Metrology (Packaged Commodities) Rules, 2011.
- VI. We have also examined compliance with the applicable clauses which, are generally adhered to, of the following:
- i. Secretarial Standards in respect of Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India
  - ii. The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited up to 30<sup>th</sup> November, 2015 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) effective 1<sup>st</sup> December, 2015.

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

**D. We further report that,–**

- I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the

Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.

- II. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
  - III. The Agenda items are well deliberated before passing the same and there was no instance of any director expressing any dissenting views.
- E.** We further report that there are adequate systems and process in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- F.** We further report that during the audit period :
- i. The Company has received an approval of the Company Law Board vide order No. 4/2(41) MB/2016 dated January 14, 2016 to continue to follow July 1<sup>st</sup> to June 30<sup>th</sup> as its Financial Year
  - ii. The Company has paid an Interim Dividend to its non-promoter shareholders only.
- G.** We further report that during the audit period none of the following events has taken place:
- I. Public/Rights/Preferential Issue of Shares/ Debentures/Sweat equity etc.
  - II. Redemption/buy back of securities
  - III. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
  - IV. Merger/Amalgamation/Reconstruction, etc.
  - V. Foreign Technical Collaborations.

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

Sd/-

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

Place : Mumbai

Date : 21<sup>st</sup> September, 2016

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Economic Scenario and impact of Union Budget 2016-17

The fundamentals of the Indian economy have remained positive in a subdued global economic environment. The Indian economy accelerated to 7.6% in 2015-16 and India was hailed as a 'bright spot' amidst a slowing global economy by the International Monetary Fund (IMF). The Union Budget 2016-17 is forward looking with 'Transform India' as the underlying theme. Finance minister Arun Jaitley's emphasis on rural India in the Union Budget 2016-17 will help the FMCG sector witness a revival in demand which had tapered in the past few years due to low agricultural yield and resultant low disposable incomes.

The government will focus on ensuring macro-economic stability and prudent fiscal management, boosting domestic demand and will continue with the pace of the economic reforms and policy initiatives with an aim to change the lives of people for the better. Urban demand is picking up, as also seen by rising retail loans, car sales and consumer durables growth. The demand boost is also expected to come from the spends of higher allocations earmarked for roads and railways expansion which will ultimately benefit the consumer.

### The FMCG Sector and Indian consumers

India's FMCG sector is the fourth largest sector in the economy and is an important contributor to India's GDP. It has been growing at a robust pace and is estimated to reach USD 49 billion in 2016. The industry has had a fair share of peaks and crests right from the Union Budget to the implementation of the GST Bill. Despite the economic slowdown over the past few years, the FMCG industry has remained resilient and delivered returns over most sectors. The overall outlook remains positive for India's consumer goods industry in the new year. The year ahead will see the emergence of new growth opportunities. Some of the new emerging trends that will drive demand going forward include – growth in disposable income, increased urbanization, favourable changes in government policies, simplification, infrastructure development, consumers of FMCG products getting increasingly digitally influenced and the exponential growth of e-commerce. To effectively capture these changing trends the industry will need to re-invent itself, build newer capabilities & only offer superior value keeping the new, evolved & discerning consumer at the centre.

### Outlook, Risks and Opportunities

The Indian economy presents significant opportunity with a growing population, category whitespace and rising incomes. We do expect growth rate in the categories we compete to be around high single digits. However, currency volatility, supply bottlenecks and intense competition present significant near term challenges. Your Company endeavours to overcome these risks and to sustain and improve its market position behind superior innovation, by driving favourable price/mix, consumer relevant communication and a relentless focus on productivity.

### Performance Overview

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

### Risk Management

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

### Business, Finance & Operational risks

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

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

### Regulatory and Compliance risks

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

- To obey all legal requirements at all times;
- To understand exactly what legal requirements apply to the work function;
- To consult the legal personnel if there are conflicting legal requirements in different jurisdictions;
- To strictly follow the directions from the legal personnel;
- To address and resolve, in a timely manner, any legal compliance issues that have been identified;
- Absolutely no violation of any law;
- To immediately report any instance of violations to the Legal Department.

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

### Security Risks

Your Company has installed comprehensive security programs supported by latest technology and trained manpower to protect employees and assets, at all its offices and plants. Security measures are overseen by a specially designated Global Security Manager – India, and reputed security agencies has been appointed to provide guard force for ensuring asset protection, overall premises security and access control of personnel and material. Evacuation drills are conducted once a year to ensure readiness and effectiveness. There is also a system for continuous monitoring of security alerts across the country and a pan India emergency notification system for reaching out to our employees in time of crisis has been implemented. A global policy is in place to issue travel advisories to all employees, in case there is any adverse situation at any place in the world. If the situation warrants, travel bans are imposed. During the Financial Year under review, no major security breaches or incidents occurred at any of the Company's plants. A comprehensive security risk assessment is carried out regularly and adequate security measures are implemented to cater to change security scenario. Your Company has installed the best of the security measures and processes to protect its personnel and assets.

### Internal Auditor

During the Financial Year, the Board of Directors had appointed Mr. Hari Dasgupta, Chartered Accountant as the Internal Auditor of the Company for the Financial Year 2015-16.

### Internal Controls & their adequacy

Your Company has strong Internal Controls Environment and Risk Assessment/ Management systems. These systems enables Company to comply with Internal Company policies, procedures, standard guidelines and local laws to help protect Company's assets and confidential information against financial losses and unauthorized use.

The robust controls environment at your Company is efficiently managed through:

- o **Controls Self Assessments (CSA's)** are performed by the organization to assess process compliances with standards prescribed by Company in the controls check list and to identify process outages. The organization undertakes a process review supported by random sample checking to evaluate process effectiveness which enables organization to identify control weaknesses and initiate actions to mitigate them.
- o **Stewardship Reviews**, led by a team of three fulltime Internal Controls experts, ensure that all key processes in the area of selling, distribution, trade and marketing spending, vendor payments, and plant operations are reviewed and assessed at frequent intervals. The observations and findings are shared with senior management for implementing quality action plans to further enhance the strength of the processes. The assessments of key areas are also supplemented by an independent internal audit lead by P&G's Global Internal Audit team. This team comprises of internal experts who have experience across the different markets that P&G operates in.
- o **Governance and stewardship boards** comprising of the Managing Director, Chief Financial Officer, Chief Human Resource Officer and Chief Legal Officer reviews the Internal controls, Key Legal issues and Ethics Culture to create a standard, structured approach to identify Governance risks and proactively mitigate them.

During the Financial Year under review, the Global Internal Audit (GIA) performed Audits of key areas covering Marketing, Distribution and Legal entity stewardship. Across these Audits, Controls were rated as '*Strong with low controls risks*'. Local management has developed and executed quality action plans to remediate all the findings reported by GIA during their engagement.

## HR Initiatives

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

**Attracting & Retaining Talent:** India continues to be a key market for Global talent. In this scenario, our recruiting focus, innovative campus initiatives (digital and face to face), foray into social media helped us reach a large number of prospective candidates. We continue to strengthen our position as employer of choice with innovative programs like 'Emerging Leader' and 'CEO Challenge' to target campus students. Our policies on leadership pipeline, talent planning, mentoring and diversity & inclusion policies continued to ensure that we attract and retain the best talent. We continue to partner closely with the top institutes in India and invest in both business and technical campuses, where we are a preferred employer. Providing challenging and meaningful careers, competitive compensation & benefits, leadership development opportunities continues to enable us to attract the best

talent that will keep the Company growing from strength to strength. We continued to be ranked among the top few companies in the Annual Nielsen Campus survey.

**Developing Talent:** Our organization survey scores were strong showing good increase in areas of career and guidance, culture of innovation and meaningful work. New hires into the company are given a thorough on-boarding through our "*i-LEAD Program*" to ensure that they are early contributors in their roles and feel valued. Clear career paths help employees to plan their career goals and understand the skills needed for their development. The Company's performance management system is robust, clearly assesses and differentiates employees on the basis of performance. We continue to build our talent through experiences both in India as well as internationally, ensuring that the benefits of a global organization are leveraged. A renewed leadership development program, leveraging virtual learning platforms and innovative learning methodologies beyond the classroom has been launched to ensure we focus on building leadership at all levels in the organization. The number of employees as on June 30, 2016 was 646.

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



## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE PHILOSOPHY

Your Directors are pleased to present the Corporate Governance Report.

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

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

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 is headed by a Non-Executive Independent Chairman, a Managing Director (Executive) and six other Non-Executive Directors.

The Non-Executive Independent Directors bring external perspective and independence to decision making. Mr. B. S. Mehta (Chairman), Mr. C. R. Dua, Mr. Gurcharan Das and Mr. A. K. Gupta, have been appointed as Non-Executive Independent Directors for a period of five years w.e.f. September 29, 2014 by the Members at the 30<sup>th</sup> Annual General Meeting. Mr. Narendra P. Sarda has been appointed as Non-Executive Independent Director for a period of five years w.e.f. August 29, 2015 by the Members at the 31<sup>st</sup> Annual General Meeting. The Non-Executive Independent Directors have provided certificate of

independence to the Company stating that they meet the criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 ("SEBI Listing Regulations, 2015"). 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 date are given below:

Name of the Director	Category	Designation	Directorships in other Companies	Membership of Board Committees of other Companies *	
				Member	Chairman
Mr. B. S. Mehta	NED/ID	Chairman	9	8	3
Mr. Al Rajwani	ED	Managing Director	1	2	Nil
Mr. C. R. Dua	NED/ID	Director	17	3	Nil
Mr. G. Das	NED/ID	Director	4	Nil	Nil
Mr. A. K. Gupta	NED/ID	Director	1	2	Nil
Mr. N. P. Sarda	NED/ID	Director	2	1	Nil
Mr. P. Agarwal	NED	Director	1	Nil	Nil
Ms. S. Dhawan	NED	Director	1	Nil	Nil

NED – Non-Executive Director

ED – Executive Director

ID – Independent Director

\* Includes memberships of only Audit Committee and Stakeholders' Relationship Committee of Public Companies.

#### (b) Number of meetings of the Board:

Seven (7) meetings of the Board of Directors were held during the period July 1, 2015 to June 30, 2016. These meetings were held on August 29, 2015 (three Board Meetings were held on the same day), October 12, 2015, November 7, 2015, February 4, 2016 and May 5, 2016. The Annual General Meeting for the Financial Year ended June 30, 2015 was held on October 26, 2015.

#### (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 Annual General Meeting (Whether attended)
Mr. B. S. Mehta	7	7	Yes
Mr. Al Rajwani	5	4	Yes
Mr. C. R. Dua	7	7 <sup>#</sup>	Yes
Mr. G. Das	7	4 <sup>##</sup>	No
Mr. A. K. Gupta	7	3	Yes
Mr. N. P. Sarda	5	5	Yes
Mr. P. Agarwal	7	1	No
Ms. S. Dhawan	7	6	Yes

# Mr. Dua attended the Board meetings held on August 29, 2015, November 7, 2015 and February 4, 2016 via video-conferencing.

## Mr. Das attended the Board meetings held on August 29, 2015, October 12, 2015, November 7, 2015 and February 4, 2016 via video-conferencing.

#### (d) Separate meeting of Independent Directors:

The Independent Directors of the Company met separately without the presence of Non-Independent Directors or management representatives on March 29, 2016 to review the performance of Non-Independent Directors;

the Board & the Chairperson of the Company, and to assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**(e) Related Party Transactions:**

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

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

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

at large. Transactions with related parties are disclosed in Note 39 forming part of the Financial Statements.

**(f) Remuneration of Directors:**

The Members of the Company at their 28<sup>th</sup> Annual General Meeting held on December 11, 2012, had accorded approval for payment of commission upto 1% of the net profits per annum in the aggregate to the Non-Executive Independent Directors of the Company for a period of five years w.e.f. January 1, 2013 by way of a Special Resolution. 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 said commission is payable. In view of the above, the Board of Directors have accorded approval for payment of Annual Commission of ₹ 11 Lakhs to each of the Non-Executive Independent Directors for the Financial Year 2015-16. The said commission is within the limits of 1% of the net profits of the Company in the aggregate, as calculated as per applicable statutory provisions. The Non-Executive Independent Directors are paid to compensate their valuable contribution to the Company owing to their wealth of experience and knowledge.

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

Details of the remuneration paid/provided to the Directors of the Company during the Financial Year ended June 30, 2016 are given below:

Amount in ₹					
Name of Director	Relationship with other Directors	Salary including Bonus + PF contribution	Commission	Sitting Fees	Shares held (Equity Shares of ₹ 10/- each)
Mr. B. S. Mehta	None	—	11,00,000	2,60,000	—
Mr. Al. Rajwani*	None	— <sup>\$</sup>	—	—	—
Mr. C. R. Dua	None	—	11,00,000	2,90,000	—
Mr. G. Das	None	—	11,00,000	2,60,000	—
Mr. A. K. Gupta	None	—	11,00,000	2,85,000	—
Mr. N. P. Sarda**	None	—	11,00,000	2,60,000	—
Mr. P. Agarwal	None	—	—	—	—
Ms. S. Dhawan	None	— <sup>\$\$</sup>	—	—	—
<b>TOTAL</b>		<b>—</b>	<b>55,00,000</b>	<b>13,55,000</b>	<b>—</b>

<sup>\$</sup> Employee benefits expense under Note 21 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 180 Lakhs (Previous Year: Nil) cross charged from Procter & Gamble Hygiene and Health Care Limited in terms of the common service agreement.

<sup>\$\$</sup> Employee benefits expense under Note 21 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 61 Lakhs (Previous Year : ₹ 55 Lakhs) cross charged from Procter & Gamble Home Products Private Limited in terms of the common service agreement.

\* Mr. Al Rajwani was appointed as Managing Director of the Company w.e.f. August 29, 2015.

\*\* Mr. N. P. Sarda was appointed as Non-Executive Independent Director w.e.f. August 29, 2015.

## 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 27 forming part of the Financial Statements.

## (g) Committees of the Board:

### Audit Committee

The Audit Committee comprises of Mr. C. R. Dua (Chairman), Mr. B. S. Mehta (Member), Mr. G. Das (Member), Mr. A. K. Gupta (Member), Mr. N. P. Sarda (Member) and Mr. Al Rajwani (Member). The Audit Committee met on August 29, 2015, November 7, 2015, February 4, 2016 and May 5, 2016.

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

NED – Non-Executive Director

ID – Independent Director

ED – Executive Director

# Mr. Dua attended the Audit Committee meetings held on August 29, 2015, November 7, 2015 and February 4, 2016 via video-conferencing.

## Mr. Das attended the Audit Committee meetings held on August 29, 2015 and November 7, 2015 via video-conferencing.

\* Mr. N. P. Sarda was inducted as a member of the Audit Committee on August 29, 2015.

\*\* Mr. Al Rajwani was inducted as a member of the Audit Committee on May 5, 2016.

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

The Audit Committee powers include the following:

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice; and
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee role includes the following:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;

- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Examination and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - Changes, if any, in accounting policies and practices and reasons for the same

- Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report.
- x. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- xi. Monitoring the end use of funds raised through public offers and related matters and reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with internal auditors of any significant findings and follow-up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the Whistle Blower mechanism;
- xix. Approval of appointment of Chief Financial Officer (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
- xx. Reviewing any other areas which may be specified as role of the Audit Committee under the SEBI Listing Regulations, 2015, Companies Act, 2013 and other statutes, as amended from time to time.

The minutes of the Committee are placed before the Board.

### Stakeholder Relationship Committee

The Stakeholder Relationship Committee comprises of Mr. A. K. Gupta (Chairman), Mr. Al Rajwani (Member) and Ms. Sonali Dhawan (Member). During the Financial Year, four meetings were held on August 29, 2015, November 7, 2015, February 4, 2016 and May 5, 2016.

Directors	No. of meetings held during tenure	No. of meetings attended
Mr. A. K. Gupta	4	3
Mr. Al Rajwani	4	4
Ms. S. Dhawan	4	3

The role of the Committee is as follows:

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

During the Financial Year, the Company received 18 complaints from Members. These complaints have been resolved. There were no pending complaints as on June 30, 2016.



## Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. G. Das (Chairman), Mr. A. K. Gupta (Member), Mr. C. R. Dua (Member) and Ms. Sonali Dhawan (Member). During the Financial Year, three meetings were held on August 29, 2015 February 4, 2016 and May 5, 2016.

Directors	No. of meetings held during tenure	No. of meetings attended
Mr. G. Das	3	1 <sup>#</sup>
Mr. C. R. Dua*	3	3 <sup>##</sup>
Mr. A. K. Gupta	3	2
Ms. S. Dhawan	3	3

\* Mr. C. R. Dua was inducted as a Member of the Nomination and Remuneration Committee on August 29, 2015

# Mr. G. Das attended the Nomination and Remuneration Committee meeting held on February 4, 2016 via video-conferencing

## Mr. C. R. Dua attended the Nomination and Remuneration Committee meetings held on August 29, 2015 and February 4, 2016 via video-conferencing

The role of the Committee is as follows:

- Formulation of criteria for determining qualifications, positive attributes and independence of Directors;
- Formulation of evaluation criteria for performance evaluation of Independent Directors and the Board;
- Recommendation to the Board of a Policy, relating to the remuneration of Directors, key managerial personnel and senior management;
- Identification of persons who are qualified to become Directors and who may be appointed in senior management and recommendation to the Board their appointment and removal;
- Carrying out evaluation of every Director's performance; and
- Devise a policy on Board diversity; and
- Any other role & responsibility, as may be mandated by any statutory legislation, from time to time.

The Company has adopted Nomination and Remuneration Policy. The Nomination and Remuneration Policy is in compliance with all applicable provisions of the Companies Act, 2013,

particularly Section 178 read together with the applicable rules thereto and the SEBI Listing Regulations, 2015. The Policy is designed to attract, motivate and retain leadership members in a competitive and international market. The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders. The Policy is available on the website of the Company at [http://www.pg.com/en-IN/invest/gillette/corporate\\_governance/policy.shtml](http://www.pg.com/en-IN/invest/gillette/corporate_governance/policy.shtml). This Policy is also annexed to this Directors' report as **Annexure IV**.

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

## Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of Mr. A. K. Gupta (Chairman), Mr. Al Rajwani (Member), Mr. G. Das (Member) and Ms. Sonali Dhawan (Member). During the Financial Year, two meetings were held on August 29, 2015 and February 4, 2016.

Directors	No. of meetings held during tenure	No. of meetings attended
Mr. A. K. Gupta	2	1
Mr. Al Rajwani*	2	2
Mr. G. Das**	Nil	Nil
Ms. S. Dhawan	2	2

\* Mr. Al Rajwani was inducted as a member of the Corporate Social Responsibility Committee on August 29, 2015

\*\* Mr. G. Das was inducted as a member of the Corporate Social Responsibility Committee on May 5, 2016

The role of the Committee is as follows:

- ❖ Formulation and recommendation to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company;
- ❖ Recommendation of the amount of expenditure to be incurred on the CSR activities;

- ❖ Monitoring the CSR Policy of the Company from time to time.

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

- ❖ We believe it's essential to run our business responsibly and our operating practices reflect this commitment.
- ❖ We are focused on making every day better for people and the planet through our innovations and our actions:
  - Environment by- conservation of resources, using renewable resources, generating worth from waste;
  - Social by-providing the comforts of home, improving health and hygiene of people, social and cultural development, imparting education, training and social awareness.

### Risk Management Committee

The Company has constituted a Risk Management Committee to monitor and the review the Risk Management Policy and plans of the Company.

The composition of the Risk Management Committee is as follows:

Name of Member	Category	Designation
Mr. Al Rajwani	MD	Chairman
Ms. S. Dhawan	NED	Member
Mr. K. Natarajan	CFO	Member

MD – Managing Director

NED – Non Executive Director

CFO – Chief Financial Officer

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

### (h) Whistle Blower Policy:

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

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

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

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

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

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

The Vigil Mechanism is available on the Company's website at [http://www.pg.com/en\\_IN/invest/gillette/corporate\\_governance/policy.shtml](http://www.pg.com/en_IN/invest/gillette/corporate_governance/policy.shtml)

### (i) Familiarization programme for Independent Directors:

The familiarization programme aims at familiarizing the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature

of the industry in which the Company operates and business model of the Company. The familiarization programme is available on the Company's website at [http://www.pg.com/en\\_IN/invest/gillette/corporate\\_governance/index.shtml](http://www.pg.com/en_IN/invest/gillette/corporate_governance/index.shtml).

A familiarisation programme was conducted on December 2, 2015 at the Registered Office of the Company for on-boarding of Mr. N. P. Sarda, Non-Executive Independent Director who had been appointed during the Financial Year. Details of the same are available on the website of the Company at [http://www.pg.com/en\\_IN/invest/gillette/corporate\\_governance/index.shtml](http://www.pg.com/en_IN/invest/gillette/corporate_governance/index.shtml).

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

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

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

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

#### **(j) Annual Evaluation of the Directors:**

Pursuant to the captioned requirements, an annual evaluation had been carried out and the Board is happy to report that the result thereof shows that the Company is well-equipped in the management as well as the governance aspects.

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

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

Ms. Dhawan joined Procter & Gamble in 1998. She has handled various roles in Marketing across different regions which include ASEAN, India & Australia. Through a career spanning 18 years, she brings with her a wealth of experience.

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

Ms. Dhawan, retires by rotation and being eligible, offers herself for re-appointment at the forthcoming 32<sup>nd</sup> 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 SEBI Listing Regulations, 2015. Audited Annual Results are announced within 60 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](http://www.pg.com/en_IN).
- (iii) No presentations were made to Analysts and Institutional Investors during the course of the Financial Year.
- (iv) This Annual Report along with the Notice of the Annual General Meeting for the Financial Year 2015-16, 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.

#### **STATUTORY COMPLIANCE**

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

**GENERAL MEETINGS**

AGM	DATE	TIME	VENUE	No. of special resolutions passed
31 <sup>st</sup>	26.10.2015	3.30 p.m.	Y. B. Chavan Pratisthan, Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021	1
30 <sup>th</sup>	29.09.2014	11.00 a.m.	SPA-65A, Bhiwadi Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan - 301 019	—
29 <sup>th</sup>	19.11.2013	11.00 a.m.	SPA-65A, Bhiwadi Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan - 301 019	1

At the 31<sup>st</sup> Annual General Meeting held on October 26, 2015, the following Special Resolution was passed:

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

At the 29<sup>th</sup> Annual General Meeting held on November 19, 2013, 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, 2013.

No postal ballot was undertaken during the Financial Year ended June 30, 2016.

**CEO / CFO CERTIFICATION**

In terms of requirement of SEBI Listing Regulations, 2015, 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 DISCRETIONARY REQUIREMENTS**

The Company has adopted following discretionary requirements of the SEBI Listing Regulations, 2015:

- a. There are no audit qualifications in the Company's financial statements for the Financial Year 2015-16.
- b. The Company has appointed separate persons as Chairman and Managing Director of the Company.

**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 is available on the Company's website at [http://www.pg.com/en\\_IN/invest/gillette/corporate\\_governance/code\\_of\\_conduct.shtml](http://www.pg.com/en_IN/invest/gillette/corporate_governance/code_of_conduct.shtml).

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

The Board of the Company has adopted the Code of Conduct for prevention of Insider Trading SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code is available on the Company's website at [http://www.pg.com/en\\_IN/invest/gillette/corporate\\_governance/code\\_of\\_conduct.shtml](http://www.pg.com/en_IN/invest/gillette/corporate_governance/code_of_conduct.shtml).

**GENERAL SHAREHOLDER INFORMATION****I Annual General Meeting**

The 32<sup>nd</sup> Annual General Meeting will be held on **Wednesday, November 30, 2016 at 10.00 a.m.** at Y. B. Chavan Pratisthan, Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021.

**II Financial Calendar**

Presently, the Company follows July-June Financial Year. The 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 SEBI Listing Regulations, 2015.

**III Book Closure Dates:** Thursday, November 24, 2016, to Wednesday, November 30, 2016 (both days inclusive).

The said book closure is for payment of dividend.

**IV Dividend Payment Date:** Between December 1, 2016 to December 15, 2016.

### 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 Ltd, Mumbai — Code : 507815

National Stock Exchange of India Limited — Code : GILLETTE

The dematerialization ISIN Code is INE322A01010

### VII Stock Price Data

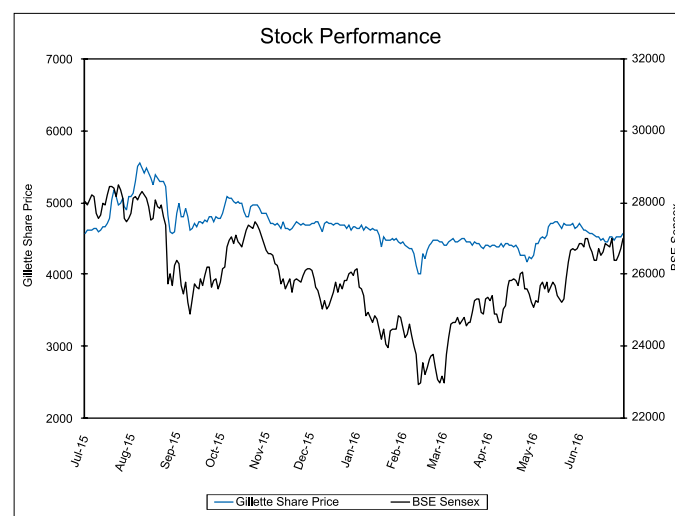
Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July – 2015	5329.95	4470.00	5338.00	4301.05
August – 2015	5649.95	4420.00	5649.00	4425.00
September – 2015	4975.00	4505.00	4949.85	4502.00
October – 2015	5109.05	4650.00	5125.05	4734.00
November – 2015	4885.00	4590.00	4924.00	4571.25
December – 2015	4850.00	4570.00	4887.45	4573.00
January – 2016	4700.00	4299.10	4700.00	4315.05
February – 2016	4510.00	3805.00	4528.70	3085.35
March – 2016	4535.00	4333.70	4585.00	4325.00
April – 2016	4527.45	4118.00	4535.00	4118.00
May – 2016	4830.00	4125.00	4836.00	4120.20
June – 2016	4760.10	4120.00	4740.00	4250.00

(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.

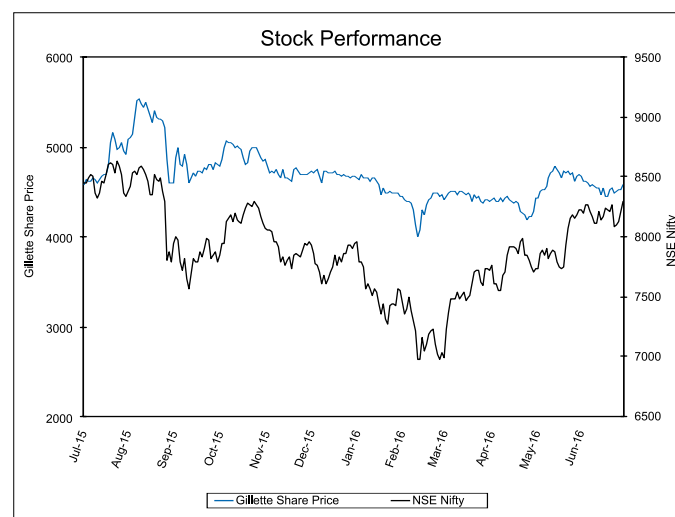
### VIII Stock Performance in comparison to the BSE Sensex and NSE Nifty

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the Financial Year 2015-16:



(Source: [www.bseindia.com](http://www.bseindia.com))

The following chart shows the performance of the Company's shares as compared to the NSE Nifty during the Financial Year 2015-16:



(Source: [www.nseindia.com](http://www.nseindia.com))

### IX Registrar and Transfer Agents

Mas Services Limited  
T-34, 2<sup>nd</sup> floor, Okhla Industrial Area, Phase II  
New Delhi – 110 020  
Ph: 011-26387281-3  
Fax: 011-26387384  
E-Mail : [info@masserv.com](mailto:info@masserv.com)  
Contact person: Mr. Sharwan Mangla



**X Share Transfer System**

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

All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

**XI Distribution of shareholding by size class as on June 30, 2016**

Shareholding	Shareholders		Shares	
	Number	% to Total	Number	% to Total
Upto 500	23,087	96.73	11,56,269	3.55
501 – 1000	365	1.53	2,70,769	0.83
1001 – 2000	211	0.88	3,01,672	0.93
2001 – 3000	59	0.25	1,51,893	0.46
3001 – 4000	34	0.14	1,22,746	0.38
4001 – 5000	23	0.10	1,07,177	0.33
5001 – 10000	26	0.11	1,83,130	0.56
10001 and above	63	0.26	3,02,91,561	92.96
<b>TOTAL</b>	<b>23,868</b>	<b>100.00</b>	<b>3,25,85,217</b>	<b>100.00</b>

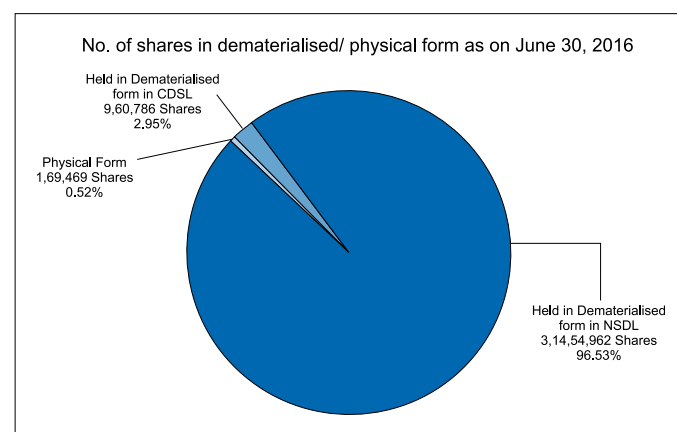
**XII Distribution of shareholding by ownership as on June 30, 2016**

Category	Number of Shares held	% of Shares held
Foreign & Indian promoters	2,44,37,803	75.00
Resident Individuals and others	20,92,710	6.42
Mutual Funds & UTI	9,70,825	2.98
Financial Institutions/ Banks	33,262	0.10
Foreign Institutional Investors	21,47,846	6.59
Private Corporate Bodies	22,02,946	6.76
NRIs	6,99,825	2.15
<b>TOTAL</b>	<b>3,25,85,217</b>	<b>100.00</b>

**XIII Dematerialization of shares and liquidity**

The Company's shares are required to be compulsorily traded in the stock exchanges in dematerialised form. As on June 30, 2016, the number of shares in dematerialized and physical mode is as under:

	No. of shares	% to total capital issued
Held in dematerialised form in CDSL	9,60,786	2.95
Held in dematerialised form in NSDL	3,14,54,962	96.53
Held in physical form	1,69,469	0.52
<b>Total</b>	<b>3,25,85,217</b>	<b>100.00</b>



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

**XV Unclaimed/Unpaid Dividends**

The amount of the unclaimed dividend for and upto the Financial Year ended June 30, 2008, has been transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Those Members who have not claimed their dividend for the said periods shall not be entitled to claim from the Company.

Final dividend for the Financial Year ended June 30, 2009 and for the subsequent years, which remain unpaid or unclaimed, will be due for transfer to the IEPF of the Central Government on the dates mentioned in the table below. Members who have not encashed their dividend warrants for these years are requested to seek issue of duplicate warrants on or before the due dates mentioned therein, by writing to the Company's RTA, Mas Services Limited.

Dividend No.	Date of Declaration	For the Financial Year ended	Due for transfer to IEPF
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
21	19.11.2013	30.06.2013	25.12.2020
22	29.09.2014	30.06.2014	05.11.2021
23	26.10.2015	30.06.2015	01.12.2022

During the Financial Year 2015-16, unclaimed final dividend amount for the Financial Year ended June 30, 2008 of ₹ 7,65,729/- was transferred to the IEPF on December 29, 2015. The details of unpaid/unclaimed dividend as on date of previous Annual General Meeting, i.e., October 26, 2015 is available on the website of the Company, viz., [www.pg.com/en\\_IN](http://www.pg.com/en_IN).

## XVI Plant Locations

### (i) Bhiwadi Plant

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

### (ii) Baddi Plant

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

## XVII Addresses for Correspondence:

### Gillette India Limited

P&G Plaza,  
Cardinal Gracias Road,  
Chakala, Andheri (East)  
Mumbai – 400 099  
Ph : 022-28266000;  
Fax : 022-28267303

## Declaration

As provided under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, the Board Members have confirmed compliance with the Directors' Code of Conduct for the Financial Year ended June 30, 2016 and the Senior Management has complied with the Business Conduct Manual for the Financial Year ended June 30, 2016.

For **GILLETTE INDIA LIMITED**

*sd/-*

**AI Rajwani**  
**Managing Director**

Mumbai,  
August 23, 2016

## Auditors' Certificate for Corporate Governance

### TO THE MEMBERS OF GILLETTE INDIA LIMITED

1. We have examined the compliance of conditions of Corporate Governance by Gillette India Limited ("the Company"), for the year ended on June 30, 2016, as stipulated in:
  - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from July 01, 2015 to November 30, 2015.
  - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from July 01, 2015 to September 01, 2015.
  - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to June 30, 2016; and
  - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to June 30, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended June 30, 2016.
5. 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's Registration No. 117366W/W-100018)

**sd/-**  
**Shyamak R Tata**  
Partner

(Membership No. 038320)

**MUMBAI, August 23, 2016**

# INDEPENDENT AUDITORS' REPORT

## To the Members of Gillette India Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of **Gillette India Limited** ("the Company"), which comprise the Balance Sheet as at June 30, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under

Section 143(10) of the Act and the Order under section 143(11) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at June 30, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

7. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company

so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- (e) On the basis of the written representations received from the directors as on June 30, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting practice – also Refer Note 24(a) to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**sd/-**  
**Shyamak R Tata**  
Partner  
(Membership No. 038320)

**MUMBAI, August 23, 2016**



## ANNEXURE – A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 7(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Gillette India Limited ("the Company") as of June 30, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established

and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial

controls over financial reporting were operating effectively as at June 30, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**sd/-**  
**Shyamak R Tata**  
Partner  
(Membership No. 038320)

**MUMBAI, August 23, 2016**

## ANNEXURE – B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 8 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i)
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
  - c. With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on such physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of the provisions

of Sections 73 and 76 or any other relevant provisions of the Companies Act, 2013. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.

- (vi) The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of specified products of the Company. For such products, we have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:
  - a. The Company has been regular in depositing undisputed statutory dues including Provident fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable to it with the appropriate authorities.
  - b. As at June 30, 2016, the following are the particulars of dues on account of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax matters that have not been deposited on account of any disputes:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates*	Amount Involved (₹ in lakhs)
The Central Excise Act, 1944	Excise duty	Appellate Authority - up to Commissioners/ Revisional authorities level	1994-95 to 1997-98, 2002-03, 2004-05, 2008-09 to 2015-16	24 801
		Customs, Excise and Service Tax Appellate Tribunal	1994-95 to 1998-99, 2004-05 to 2007-08	150
		High Court	1990-91	9
	<b>Sub-total</b>			<b>24 960</b>

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates*	Amount Involved (₹ in lakhs)
Finance Act, 1994	Service tax	Appellate Authority - up to Commissioners/ Revisional authorities level	2001-02, 2003-04 to 2005-06, 2007-08 to 2014-15	2 431
	<b>Sub-total</b>			<b>2 431</b>
Customs Act, 1962	Custom Duty	Appellate Authority - up to Commissioners/ Revisional authorities level	2000-01, 2005-06, 2006-07, 2012-13	1 582
		Customs, Excise and Service Tax Appellate Tribunal	1995-96	27
	<b>Sub-total</b>			<b>1 609</b>
Sales Tax and Laws as per statutes applicable in various states	Sales Tax and VAT	Appellate Authority - up to Commissioners/ Revisional authorities level	1999-00 to 2013-14	8 41
		Appellate Authority - Tribunal	1997-98, 1999-00, 2002-03, 2005-06 to 2010-11	4 44
		High Court	2005-06	60
	<b>Sub-total</b>			<b>1 345</b>
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2006-07, 2011-12	7 827
		Income Tax Appellate Tribunal	2008-09, 2009-10, 2010-11	15 549
	<b>Sub-total</b>			<b>23 376</b>
	<b>Total</b>			<b>53 721</b>

\* generally, the year refers to the period April to March.

Out of the total disputed dues aggregating ₹ 53 721 lakhs as above, ₹ 23 376 lakhs has been stayed for recovery by the relevant authorities.

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures and hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

sd/-

**Shyamak R Tata**

Partner  
(Membership No. 038320)

**MUMBAI, August 23, 2016**

## Balance Sheet as at June 30, 2016

	Note No.	As at June 30, 2016		As at June 30, 2015	
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	3	3 259		3 259	
Reserves and Surplus	4	82 520		70 975	
			85 779		74 234
<b>Non-Current Liabilities</b>					
Other Long-Term Liabilities	6	1		2	
Long-Term Provisions	7	354		293	
			355		295
<b>Current Liabilities</b>					
Trade Payables	8				
Total Outstanding dues of Micro Enterprises and Small Enterprises		537		89	
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		31 571		26 712	
Other Current Liabilities	9	9 555		6 287	
Short-Term Provisions	10	14 610		13 376	
			56 273		46 464
<b>TOTAL</b>			<b>1 42 407</b>		<b>1 20 993</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Fixed Assets	11				
Tangible Assets		18 575		15 617	
Capital Work-In-Progress		8 821		6 314	
Total Fixed Assets		27 396		21 931	
Deferred Tax Assets (Net)	5	1 458		788	
Long-Term Loans and Advances	12	16 234		14 529	
			45 088		37 248
<b>Current Assets</b>					
Inventories	13	24 455		20 157	
Trade Receivables	14	10 976		11 676	
Cash and Bank Balances	15	53 720		18 125	
Short-Term Loans and Advances	16	5 000		25 065	
Other Current Assets	17	3 168		8 722	
			97 319		83 745
<b>TOTAL</b>			<b>1 42 407</b>		<b>1 20 993</b>

The accompanying notes 1 to 43 are an integral part of the Financial Statements.

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**  
**Chartered Accountants**

**Shyamak R Tata**  
**Partner**

**Place: Mumbai**  
**Date: August 23, 2016**

**For and on behalf of Board of Directors**

**B. S. Mehta**  
**Chairman**

**K. Natarajan**  
**Chief Financial Officer**

**Al Rajwani**  
**Managing Director**

**J. Rastogi**  
**Company Secretary & Compliance Officer**



## Statement of Profit and Loss for the year ended June 30, 2016

	Note No.	For the year ended June 30, 2016	For the year ended June 30, 2015
		₹ in lakhs	₹ in lakhs
<b>A. CONTINUING OPERATIONS</b>			
<b>Income</b>			
Revenue from sale of products (Gross)	18	1 97 773	1 88 265
Less: Excise Duty attributable to products sold		1 914	1 085
Revenue from sale of products (Net)		1 95 859	1 87 180
Other Operating Revenue	18	107	291
Revenue from Operations	18	1 95 966	1 87 471
Other Income	19	3 576	3 512
<b>Total Revenue</b>		<b>1 99 542</b>	<b>1 90 983</b>
<b>Expenses</b>			
Cost of Raw and Packing Materials Consumed	20a	45 825	36 197
Purchases of Stock-in-Trade (Traded Goods)	20b	43 260	45 401
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade	20c	(3 666)	2 963
Employee Benefits Expense	21	10 896	11 371
Finance Costs	22	461	465
Depreciation and Amortisation Expense	11	3 038	3 888
Other Expenses	23	69 350	75 051
<b>Total Expenses</b>		<b>1 69 164</b>	<b>1 75 336</b>
<b>Profit before Tax</b>		<b>30 378</b>	<b>15 647</b>
Tax Expense:			
Current Tax			
– For the year		11 132	6 693
– For earlier years		105	—
Deferred Tax charge/(credit)			
– For the year		(565)	(1 053)
– For earlier years		(105)	52
<b>Profit after Tax for the year from continuing operations</b>		<b>19 811</b>	<b>9 955</b>
<b>B. DISCONTINUED OPERATIONS</b>			
Discontinuation facilitation income (before tax)	41	182	6 369
Profit from discontinued operations (before tax)	41	2 100	2 576
		<b>2 282</b>	<b>8 945</b>
Less: Tax expense of discontinued operations			
(a) Tax on Discontinuation facilitation income		63	2 204
(b) Tax on ordinary activities attributable to the discontinued operation		727	883
		<b>790</b>	<b>3 087</b>
<b>Profit after Tax for the year from discontinued operations</b>		<b>1 492</b>	<b>5 858</b>
<b>C. TOTAL OPERATIONS</b>			
<b>Profit for the year</b>		<b>21 303</b>	<b>15 813</b>
<b>Earnings per equity share (in ₹)</b>			
Basic and Diluted earnings per share (in ₹)			
(a) Continuing Operations	42a	60.80	30.55
(b) Total Operations	42b	65.38	48.53
Face value of Equity share (in ₹)		10.00	10.00

The accompanying notes 1 to 43 are an integral part of the Financial Statements.

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**  
**Chartered Accountants**

**Shyamak R Tata**  
**Partner**

**Place: Mumbai**  
**Date: August 23, 2016**

**For and on behalf of Board of Directors**

**B. S. Mehta**  
**Chairman**

**K. Natarajan**  
**Chief Financial Officer**

**Al Rajwani**  
**Managing Director**

**J. Rastogi**  
**Company Secretary & Compliance Officer**

## Cash Flow Statement for the year ended June 30, 2016

	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>A. Cash Flow from Operating Activities</b>				
Profit Before Tax (including Discontinued Operation)		32 660		24 592
Adjustments for:				
Depreciation and Amortisation Expense	3 038		3 888	
Provision for Doubtful Trade Receivables	106		289	
Provision for litigation settlements	—		270	
Interest Income	(3 405)		(3 398)	
Finance Costs	461		465	
Provision For Employee Benefits	353		1 146	
Unrealised Foreign Exchange – (Gain)/Loss (Net)	65		(216)	
(Profit)/Loss on sale/discard of Fixed Assets (Net)	61		2 583	
		679		5 027
<b>Operating Profit before Working Capital Changes</b>		33 339		29 619
Changes in Working Capital				
Adjustments for (increase)/decrease in operating assets:				
Long-Term Loans and Advances	5		(329)	
Inventories	(4 298)		2 898	
Trade Receivables	604		(2 733)	
Short-Term Loans and Advances	1 965		685	
Other Current Assets	4 569		(6 779)	
		2 845		(6 258)
Adjustments for increase/(decrease) in operating liabilities:				
Other Long-Term Liabilities	(1)		—	
Trade Payables	5 232		1 394	
Other Current Liabilities	467		444	
		5 698		1 838
<b>Cash Generated from Operations</b>		41 882		25 199
Income Tax Paid (Net of refunds)		(13 940)		(8 006)
<b>Net Cash Generated from Operating Activities</b>		27 942		17 193
<b>B. Cash Flow from Investing Activities</b>				
Capital expenditure on Fixed Assets	(6 611)		(5 672)	
Proceeds from sale of Fixed Assets	15		31	
Interest Received	4 005		1 377	
Loans Realised	43 200		35 239	
Loans Given	(25 100)		(41 231)	
Net movement in Bank Balances not considered as Cash and Cash Equivalents	(5)		—	
<b>Net Cash used in Investing Activities</b>		15 504		(10 256)

## Cash Flow Statement for the year ended June 30, 2016 (contd.)

	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>C. Cash Flow from Financing Activities</b>				
Dividend Paid	(6 478)		(4 888)	
Corporate Tax on Dividend Paid	(1 319)		(831)	
Interest Paid	(59)		(54)	
<b>Net Cash used in Financing Activities</b>		<b>(7 856)</b>		<b>(5 773)</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>35 590</b>		<b>1 164</b>
Opening Cash and Cash Equivalents		<b>18 056</b>		<b>16 892</b>
<b>Closing Cash and Cash Equivalents</b>		<b>53 646</b>		<b>18 056</b>
<b>Reconciliation of cash and cash equivalents with the Balance Sheet</b>				
<b>Cash and Cash Equivalents as above</b>		<b>53 646</b>		<b>18 056</b>
Add: Bank balances not considered as Cash and Cash Equivalents as defined in AS 3 Cash Flow Statements		<b>74</b>		<b>69</b>
Cash and Bank Balances (Refer Note 15)		<b>53 720</b>		<b>18 125</b>

### Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 - "Cash Flow Statement".
2. Cash comprises cash on hand and deposits with banks. Cash Equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
3. The Cash Flow Statement reflects the combined cash flows pertaining to Continuing and Discontinued Operations.

The accompanying notes 1 to 43 are an integral part of the Financial Statements.

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**  
**Chartered Accountants**

**Shyamak R Tata**  
**Partner**

**Place: Mumbai**  
**Date: August 23, 2016**

**For and on behalf of Board of Directors**

**B. S. Mehta**  
**Chairman**

**K. Natarajan**  
**Chief Financial Officer**

**Al Rajwani**  
**Managing Director**

**J. Rastogi**  
**Company Secretary & Compliance Officer**

## Notes forming part of Financial Statements

### 1. CORPORATE INFORMATION

Gillette India Limited ('the Company') is a public company incorporated under the provisions of the Companies Act, 1956. The Company is engaged in manufacturing and selling of branded packaged fast moving consumer goods in the grooming, portable power and oral care businesses. The Company's products are sold through retail operations including mass merchandisers, grocery stores, membership club stores, drug stores, department stores and high frequency stores. The Company has its manufacturing locations at Bhiwadi in Rajasthan and Baddi in Himachal Pradesh, apart from third party manufacturing locations spread across India.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.01 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2.02 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### 2.03 Revenue Recognition

Sale of products is recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on the despatch of goods. Sales exclude trade discounts and rebate. Sales include excise duty but exclude sales tax and value added tax.

Interest income is accounted on accrual basis.

#### 2.04 Tangible Fixed Assets and Depreciation and Amortisation

Fixed assets are stated at cost of acquisition less accumulated depreciation & amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such assets beyond its previously assessed standard of performance.

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses.

Depreciation is calculated on straight line method over the estimated useful life of the fixed assets. These lives are in accordance with Schedule II to the Companies Act, 2013.

Leasehold land is amortised over the period of the lease.

#### 2.05 Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

## Notes forming part of Financial Statements

### 2.06 Inventories

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

### 2.07 Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction or at rates that closely approximate the rate at the date of the transaction. Monetary items in foreign currencies are stated at the closing exchange rates. In the case of monetary items covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract and the difference between the year end rate and rate on the date of the contract is recognised as exchange difference in the Statement of Profit and Loss. Gains/Losses on conversion/translation have been recognised in the Statement of Profit and Loss.

### 2.08 Employee benefits

#### i) Post-employment Benefits

##### a) Defined Contribution Plans:

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

- Superannuation Fund as per Company policy administered by the Life Insurance Corporation of India.
- State Defined Contribution Plans: Employer's Contribution to Employees' State Insurance.

##### b) Defined Benefit Plans:

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

- Gratuity for all employees administered through a trust where two other group companies are also participants. The Company contributes to the trust, which has taken group policies with the Life Insurance Corporation of India to cover its liabilities towards employees' gratuity.
- Provident Fund for all permanent employees is administered through a trust. The Provident Fund is administered by trustees of an independently constituted common trust recognised by the Income Tax authorities where two other group Companies are also participants. Periodic contributions to the Fund are charged to revenue and when services are rendered by the employees. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and notified interest rate by the Government.

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

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

- ii) Liability for Compensated Absences and Leave Travel Allowance which are in the nature of short term benefits is provided for as per company rules based on the undiscounted amount of benefits expected to be paid in exchange of services rendered.
- iii) Termination benefits and long service awards in terms of Company policy are recognised as an expense as and when incurred.
- iv) The Actuarial gains and losses arising during the year are recognised in the Statement of Profit and Loss for the year.

## Notes forming part of Financial Statements

- v) The Procter & Gamble Company, USA has an "International Stock Ownership Plan (ISOP)" (employee share purchase plan) whereby specified employees of its subsidiaries have been given a right to purchase shares of the Ultimate Holding Company i.e. The Procter and Gamble Company, USA.

Every employee who opts for the scheme contributes by way of payroll deduction up to a specified percentage (upto 15%) of base salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 2.5% of his base salary) and charged to Employee Benefit Expenses.

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

### 2.09 Taxes on income

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income-tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year). Provision for taxation for the Company's financial year ended on June 30 is based on the results of the period July 1 to March 31 (later part of the fiscal year ended March 31) and for the balance for the period April 1 to June 30 (beginning of the next fiscal year) as per the provisions of Income Tax Act, 1961 and other applicable tax laws. The deferred tax charge or credit and the corresponding deferred tax liabilities and/or assets are recognised using the applicable tax rates that have been enacted and other applicable tax laws as substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### 2.10 Borrowing cost

Borrowing costs directly attributable to acquisition or construction of qualifying assets (i.e. those fixed assets which necessarily take a substantial period of time to get ready for their intended use) are capitalised. Other borrowing costs are recognised as an expense in the year in which they are incurred.

### 2.11 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.



## Notes forming part of Financial Statements

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated income/expenses/ assets/liabilities".

### 2.12 Leases

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

### 2.13 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

### 2.14 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent liabilities are disclosed for (1) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements as this may result in the recognition of income that may never be there.

### 2.15 Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

### 2.16 Claims

The claims against the Company not acknowledged as debt are disclosed after careful evaluation of the facts and legal aspects of the matter involved.

## Notes forming part of the Financial Statements

	As at June 30, 2016		As at June 30, 2015	
	Number of Shares	Amount ₹ in lakhs	Number of Shares	Amount ₹ in lakhs
<b>3. Share Capital</b>				
<b>Authorised</b>				
Equity shares of ₹ 10 each	3 30 00 000	3 300	3 30 00 000	3 300
<b>Issued, Subscribed and Paid-up</b>				
Equity shares of ₹ 10 each fully paid-up	3 25 85 217	3 259	3 25 85 217	3 259
<b>Reconciliation of fully paid equity shares</b>	<b>Number of Shares</b>	<b>Amount ₹ in lakhs</b>	<b>Number of Shares</b>	<b>Amount ₹ in lakhs</b>
Equity shares at the beginning of the year	3 25 85 217	3 259	3 25 85 217	3 259
Equity shares of ₹ 10 each issued during the year	—	—	—	—
Equity shares outstanding at the end of the year	3 25 85 217	3 259	3 25 85 217	3 259

### Rights attached to equity shares

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

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

	As at June 30, 2016		As at June 30, 2015	
	Number of Shares	Amount ₹ in lakhs	Number of Shares	Amount ₹ in lakhs
<b>Details of equity shares held by the ultimate holding company, the holding company and its subsidiaries:</b>				
<b>Ultimate Holding Company</b>				
The Procter & Gamble Company, USA	—	—	—	—
<b>Holding Company</b>				
Procter & Gamble India Holdings B.V., Netherlands	1 30 73 465	1 307	1 30 73 465	1 307
<b>Subsidiaries of the ultimate holding company</b>				
Wella India Haircosmetics Private Limited	66 27 254	663	66 27 254	663
Gillette Diversified Operations Private Limited	19 79 433	198	19 79 433	198
Gillette Products Private Limited	19 87 280	199	19 87 280	199
Mining Consultants (India) Private Limited	6 36 671	64	6 36 671	64
Nexus Mercantile Private Limited	1 33 700	13	1 33 700	13
<b>Details of shareholders holding more than 5% equity shares</b>	<b>Number of Shares</b>	<b>% of holding</b>	<b>Number of Shares</b>	<b>% of holding</b>
Procter & Gamble India Holdings B.V., Netherlands	1 30 73 465	40.12	1 30 73 465	40.12
Wella India Haircosmetics Private Limited	66 27 254	20.34	66 27 254	20.34
Gillette Diversified Operations Private Limited	19 79 433	6.07	19 79 433	6.07
Gillette Products Private Limited	19 87 280	6.10	19 87 280	6.10

## Notes forming part of the Financial Statements

	As at June 30, 2016		As at June 30, 2015	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>4. Reserves and Surplus</b>				
<b>Capital Reserve</b>				
Balance as per last Balance Sheet		12 589		12 589
<b>Securities Premium Account</b>				
Balance as per last Balance Sheet		3 290		3 290
<b>Contingency Reserve</b>				
Balance as per last Balance Sheet	8 850		6 750	
Add: Transferred from Surplus in Statement of Profit and Loss (Refer Note 25)	1 350		2 100	
		10 200		8 850
<b>General Reserve</b>				
Balance as per last Balance Sheet	12 193		10 612	
Add: Transferred from Surplus in Statement of Profit and Loss	2 130		1 581	
		14 323		12 193
<b>Surplus in the Statement of Profit and Loss</b>				
Balance as per last Balance Sheet	34 053		27 846	
Profit after tax for the year	21 303		15 813	
Less: Depreciation as per transitional provision specified in Schedule II of the Companies Act, 2013 – [Net of tax ₹ Nil lakhs (Previous year: ₹ 22 lakhs)] (Refer Note 2 of Note 11)	—		(42)	
Proposed Dividend to Equity Shareholders @ ₹ 20 per share (Previous year: ₹ 15 per share)	(6 517)		(4 888)	
Corporate tax on proposed dividend	(1 327)		(995)	
Interim Dividend to Equity Shareholders (Non-Promoters) @ ₹ 19.52 per share (Previous year: ₹ Nil per share)	(1 590)		—	
Corporate tax on interim dividend	(324)		—	
Transfer to Contingency Reserve	(1 350)		(2 100)	
Transfer to General Reserve	(2 130)		(1 581)	
Balance as at the year end		42 118		34 053
<b>Total Reserves and Surplus</b>		82 520		70 975
<b>5. Deferred Tax Liabilities / (Assets) (Net)</b>				
<u>Tax effect of items constituting deferred tax liabilities</u>				
On fiscal allowance of fixed assets	555		724	
		555		724
<u>Tax effect of items constituting deferred tax assets</u>				
Voluntary retirement scheme	232		207	
Provision for doubtful trade receivables and advances	52		97	
Disallowance u/s 43 B of the Income Tax Act, 1961	819		547	
Other Timing Differences	910		661	
		2 013		1 512
<b>Net Deferred Tax Liabilities / (Assets)</b>		(1 458)		(788)

## Notes forming part of the Financial Statements

	As at June 30, 2016 ₹ in lakhs	As at June 30, 2015 ₹ in lakhs
<b>6. Other Long-Term Liabilities</b>		
Trade/Security Deposits	1	2
	<u>1</u>	<u>2</u>
<b>7. Long-Term Provisions</b>		
Provision for Employee benefits (Refer Note 26)		
Compensated absences	265	222
Post Retirement Medical Benefits	89	71
	<u>354</u>	<u>293</u>
<b>8. Trade Payables</b>		
Total Outstanding dues to Micro and Small Enterprises (Refer Note 33)	537	89
Total Outstanding for Trade Payables other than Micro and Small Enterprises	31 571	26 712
	<u>32 108</u>	<u>26 801</u>
<b>9. Other Current Liabilities</b>		
Gratuity (Refer Note 26)	1 386	851
Superannuation	17	9
Unclaimed/Unpaid Dividend*	70	65
Other payables:		
Payables on Purchase of Fixed Assets	2 513	545
Other payables (including statutory remittances, excise and sales tax payable)	5 569	4 817
	<u>9 555</u>	<u>6 287</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
<b>10. Short-Term Provisions</b>		
Provision for Employee benefits (Refer Note 26)		
Compensated absences	149	401
Post Retirement Medical Benefits	2	1
Provisions (Others)		
Provision for tax	6 345	6 821
Proposed Equity Dividend	6 517	4 888
Corporate Tax on Proposed Dividend	1 327	995
Others (Refer Note 38)	270	270
	<u>14 610</u>	<u>13 376</u>

## Notes forming part of the Financial Statements

### 11. Tangible Assets

Particulars - Own Use Assets	Gross Block at Cost			Depreciation and Amortisation				Net Block	
	As at July 1, 2015 ₹ in lakhs	Additions/Transfers during the year ₹ in lakhs	Deletions/Transfers/Adjustments during the year ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs	For the year ₹ in lakhs	Deletions/Transfers/Adjustments ₹ in lakhs	Depreciation as per transitional provision specified in Schedule II of the Companies Act, 2013 (Refer Note 2 below) ₹ in lakhs	As at June 30, 2016 ₹ in lakhs
Land - Freehold Land	7 (7)	—	—	7 (7)	—	—	—	—	7 (7)
Land - Leasehold Land	962 (962)	—	—	962 (962)	193 (182)	11 (11)	—	—	204 (193)
Buildings	3 481 (3 429)	209 (52)	—	3 690 (3 481)	1 499 (1 332)	107 (161)	—	—	1 606 (1 499)
Plant, Machinery and Equipment	32 824 (31 792)	5 083 (1 897)	1 196 (865)	36 711 (32 824)	22 193 (20 566)	2 011 (2 410)	1 132 (789)	—	23 072 (22 193)
Furniture and Fixtures	1 057 (993)	60 (66)	—	1 117 (1 057)	855 (748)	94 (103)	8 (1)	—	941 (855)
Office Equipment	1 605 (1 364)	249 (270)	30 (29)	1 824 (1 605)	926 (519)	278 (369)	12 (8)	—	1 192 (926)
Motor Vehicles (including Forklifts)	50 (53)	32 —	—	82 (50)	38 (29)	6 (11)	—	—	44 (38)
Moulds & Dies	4 274 (4 155)	439 (119)	17 —	4 696 (4 274)	2 939 (2 116)	531 (823)	15 —	—	3 455 (2 939)
Total	44 260 (42 755)	6 072 (2 404)	1 243 (899)	49 089 (44 260)	28 643 (25 492)	3 038 (3 888)	1 167 (801)	—	30 514 (28 643)
								Capital work-in-progress	
									8 821 (6 314)
								TOTAL	
									27 396 (21 931)

#### Notes

- Figures in bracket pertain to previous year.
- In accordance with the requirements of Companies Act, 2013, the company had, effective July 1, 2014, reviewed and revised the estimated useful lives of its fixed assets in accordance with the provisions of Schedule II of the Act (Refer Note 2.04). Consequently, in respect of assets whose useful life is exhausted as at July 1, 2014, the related carrying amount aggregating to ₹ Nil lakhs [Previous year ₹ 42 lakhs (net of tax of ₹ 22 lakhs)] was adjusted against opening balance of surplus in the Statement of Profit and Loss in the previous year.

## Notes forming part of the Financial Statements

	As at June 30, 2016		As at June 30, 2015	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>12. Long-Term Loans and Advances</b>				
<b>Unsecured, considered good unless otherwise stated</b>				
Security deposits		245		361
Loans and advances to employees (Refer Note (a) below)		2 567		2 382
Advance Income Tax		12 190		10 480
Other loans and advances (Refer Note (b) below)		1 232		1 306
Doubtful loans and advances	1 317		1 015	
Less: Provision for doubtful loans and advances	(1 317)	—	(1 015)	—
		<u>16 234</u>		<u>14 529</u>
Notes:				
(a) Loans and advances given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186 (4) of the Companies Act, 2013.				
(b) Includes amounts deposited with Excise, Sales Tax and other authorities as demanded, pending resolution of disputes.				
<b>13. Inventories (At lower of cost and net realisable value)</b>				
Raw Materials		6 677		4 456
Packing Materials		368		778
Work-in-progress				
Shaving System and Cartridges		441		674
Oral Care		139		15
Finished Goods (manufactured)		3 876		3 259*
Stock-in-Trade (goods purchased for resale) (including Goods-in-transit ₹ 6 249 lakhs (Previous year: ₹ 5 218 lakhs))		10 807		8 887
Consumable Stores and Spares		2 147		2 088
		<u>24 455</u>		<u>20 157</u>
* Includes inventories pertaining to Discontinued Operations				
<b>14. Trade Receivables</b>				
<b>Unsecured</b>				
Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
– Considered Good		15		88
– Considered Doubtful		209		152
		<u>224</u>		<u>240</u>
Other trade receivables - considered good		10 961		11 588
		<u>11 185</u>		<u>11 828</u>
Less: Provision for doubtful trade receivables		209		152
		<u>10 976</u>		<u>11 676</u>



## Notes forming part of the Financial Statements

	As at June 30, 2016		As at June 30, 2015	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>15. Cash and Bank Balances</b>				
Cash and Cash Equivalents				
Balance with Bank				
Current accounts	2 774		94	
Deposit accounts with original maturity less than 3 months	50 872		17 962	
		53 646		18 056
Other Bank Balances				
Earmarked accounts				
– Unpaid dividend accounts	70		65	
– Other earmarked accounts (deposit with sales tax authorities)	1		1	
		71		66
Bank Deposits with original maturity more than 3 months*		3		3
		53 720		18 125

\* Includes deposits of ₹ 3 lakhs (Previous year: ₹ Nil lakhs) with maturity greater than 12 months from Balance Sheet date

## 16. Short-Term Loans and Advances

### Unsecured, considered good unless otherwise stated

Loans to related parties (Refer Note 39)	4 000	22 100
Loans and advances to employees (Refer Note (a) below)	282	304
Balances with government authorities (includes Service Tax and Cenvat credit receivable)	510	271
Security Deposits	44	59
Prepaid Expenses	24	25
Doubtful Advance to suppliers	69	69
Less: Provision for doubtful loans and advances	(64)	(64)
Other Loans and Advances (Advances to vendors)	135	2 301
	5 000	25 065

Note:

(a) Loans and advances given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186 (4) of the Companies Act, 2013.

## 17. Other Current Assets

Interest accrued on loans to related parties (Refer Note 39)	271	1 369
Interest accrued on deposits with banks	140	27
Due from related parties (Refer Note 39)	2 730	7 238
Others:		
Receivable on account of sale of scrap	—	23
Receivable on account of sale of raw material	27	65
	3 168	8 722

## Notes forming part of the Financial Statements

	For the year ended June 30, 2016 ₹ in lakhs	For the year ended June 30, 2015 ₹ in lakhs
<b>18. Revenue from operations</b>		
Sale of products (Refer Note (i) and (ii) below)	1 97 773	1 88 265
Other operating revenues (Refer Note (iii) below)	107	291
<b>Revenue from Operations (Gross)</b>	<b>1 97 880</b>	<b>1 88 556</b>
<b>Less: Excise Duty attributable to the product sold</b>	<b>1 914</b>	<b>1 085</b>
<b>Total</b>	<b>1 95 966</b>	<b>1 87 471</b>
<b>Notes:</b>		
Sale of products comprises		
<b>(i) Manufactured goods</b>		
Shaving System and Cartridges	81 469	73 676
Blades	29 918	24 262
Oral Care	72	20
Components	11	75
<b>Total - Sale of manufactured goods</b>	<b>1 11 470</b>	<b>98 033</b>
<b>(ii) Traded goods (goods purchased for resale)</b>		
Shaving System and Cartridges	15 689	14 385
Toiletries	16 173	15 218
Blades	10 137	10 400
Shaving Brush	1 473	1 449
Oral Care	42 831	48 780
<b>Total - Sale of traded goods</b>	<b>86 303</b>	<b>90 232</b>
<b>Total - Sale of products</b>	<b>1 97 773</b>	<b>1 88 265</b>
<b>(iii) Other operating revenues</b>		
Sale of scrap	29	145
Others - sale of raw material	78	146
<b>Total - Other operating revenues</b>	<b>107</b>	<b>291</b>
<b>19. Other Income</b>		
Interest on Fixed deposits with banks	1 913	549
Interest on loans to related parties (Refer Note 39)	1 107	2 100
Interest on Income Tax Refund	385	749
Interest on loans to Employees	91	79
Write-back of liabilities no longer required	52	13
Miscellaneous Income	28	22
	<b>3 576</b>	<b>3 512</b>

## Notes forming part of the Financial Statements

	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>20. a) Cost of Raw and Packing Materials Consumed</b>				
(Refer Note 28 (a))				
Opening stock		5 234		5 365
Add: Purchases		47 636		36 066
		<u>52 870</u>		<u>41 431</u>
Less: Closing stock		7 045		5 234
		<u>45 825</u>		<u>36 197</u>
<b>Materials Consumed Comprises of:</b>				
Steel strips		2 981		2 733
Shaving System and Cartridges #		38 445		28 489
Personal Care		1		13
Cartons & Containers		3 341		3 537
Plastics		1 057		1 425
		<u>45 825</u>		<u>36 197</u>
# Bulk raw materials				
<b>b) Purchases of Stock-in-Trade (goods purchased for resale)</b>				
Blades		6 780		5 390
Oral Care		17 620		23 505
Shaving Brush		876		834
Shaving System & Cartridges		8 801		7 978
Toiletries		9 183		7 694
		<u>43 260</u>		<u>45 401</u>
<b>c) Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>				
<u>Inventories at the beginning of the year:</u>				
Finished Goods (manufactured)	2 021		3 782	
Work-in-Progress	689		539	
Stock-in-Trade (goods purchased for resale)	8 887		10 239	
		<u>11 597</u>		<u>14 560</u>
<u>Inventories at the end of the year:</u>				
Finished Goods (manufactured)	3 876		2 021	
Work-in-Progress	580		689	
Stock-in-Trade (goods purchased for resale)	10 807		8 887	
		<u>15 263</u>		<u>11 597</u>
<b>Net (Increase) / Decrease</b>		<u>(3 666)</u>		<u>2 963</u>

## Notes forming part of the Financial Statements

	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>21. Employee Benefits Expense</b>				
Salaries and Wages*	6 883		7 684	
Contribution to Provident and Other Funds (Refer Note 26)	1 203		1 394	
Expense on Employee Stock Option (ESOP/ISOP) Scheme (Refer Note 27)	147		127	
Staff Welfare Expenses (Refer Note 34)	912		894	
Reimbursement of Employee cost cross charged by related parties (Refer Note 35)	1 751		1 272	
	<b>10 896</b>		<b>11 371</b>	
* Salaries and Wages includes ₹ 191 lakhs (Previous year: ₹ 486 lakhs) for expenditure on Voluntary Retirement Scheme.				
<b>22. Finance Costs</b>				
Interest expense on short term bank borrowings	3		8	
Interest expense on trade payables (Refer Note 33)	11		29	
Interest on Income Tax	168		56	
Interest on Entry Tax	279		372	
	<b>461</b>		<b>465</b>	
<b>23. Other Expenses</b>				
Consumption of Stores and spare parts (Refer Note 28(b))	1 723		1 347	
Rent (Refer Note 34)	906		618	
Excise duty on increase/(decrease) of finished goods inventory	135		(37)	
Processing charges	3 133		2 862	
Power and fuel	1 212		1 182	
Repairs and maintenance:				
Plant and machinery	420		331	
Buildings	2		9	
Others	96		59	
Insurance	86		45	
Turnover and Resale Tax	48		17	
Rates and Taxes	87		4	
Communications	430		592	
Travelling, Conveyance and Vehicle expenses	466		410	
Computer expenses	198		191	
Freight, transport, warehousing and distribution charges	7 071		8 381	
Trade Incentives	17 548		18 683	
Advertising expenses	19 355		22 260	
Distributor Coverage Expenses	7 280		6 271	
Royalty	1 402		1 154	
Business process outsourcing expenses	1 867		1 504	
Legal and Professional services	861		1 164	
Payment to auditors (Refer Note (a) below)	185		129	
Commission to Directors	55		44	

## Notes forming part of the Financial Statements

	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Trade Receivables written off	49		537	
Less: Adjusted against Provision for earlier years	(49)	—	(537)	—
Provision for doubtful Trade Receivables		106		289
Inventory written off (Net of Insurance claims recovered)		631		1 020
Net loss on foreign currency transaction and translation		596		—
Loss on sale/discard of Fixed Assets (Net)		61		2 583
Miscellaneous Expenses		2 085		2 992
		68 045		74 104
Reimbursement/(Recovery) of Expenses shared by related parties (Refer Note 35)		1 305		947
		69 350		75 051

Note:

### Particulars

(a) Payment to the auditors comprise:

(i) To Statutory Auditors

For Audit

114

71

For Taxation Matters

16

16

For Limited Review

17

17

For Other Services

3

3

Reimbursement of expenses

7

6

Service Tax

24

16

181

129

(ii) To Cost Auditors for cost audit

4

—

### Total

185

129

(b) Miscellaneous expenses includes expenditure incurred and paid on Corporate Social Responsibility (CSR) under Section 135 of the Companies Act, 2013 ₹ 330 lakhs (Previous year: ₹ 226 lakhs).

### 24. (a) Contingent Liabilities:

- (i) In respect of Income Tax demands for which the company has preferred appeals with appropriate authorities – ₹ 37 640 lakhs (Previous year: ₹ 15 162 lakhs). The contingent liability is in respect of matters related to: Income tax dispute on inventory write-off, allowability of losses carried forward from merged entities and others.
- (ii) In respect of Sales Tax matters for which the company has preferred appeals with appropriate authorities - ₹ 1 364 lakhs (Previous year: ₹ 3 182 lakhs). The contingent liability is in respect of matters related to: non submission of "C" Forms/ "F" Forms ₹ 733 lakhs (Previous year: ₹ 2 471 lakhs) and others ₹ 631 lakhs (Previous year: ₹ 711 lakhs).
- (iii) In respect of Excise, Service Tax and Customs matters for which the company has preferred appeals with appropriate authorities – ₹ 29 192 lakhs (Previous year: ₹ 24 474 lakhs). The contingent liabilities are in respect of denial of excise duty benefits at excise exempt location ₹ 24 783 lakhs (Previous year: ₹ 20 476 lakhs) out of which the Company has a right to claim Cenvat credit of ₹ 16 034 lakhs (Previous year: ₹ 12 822 lakhs); denial of Cenvat credit ₹ 65 lakhs (Previous year: ₹ 55 lakhs); Service tax matters ₹ 2 516 lakhs (Previous year: ₹ 2 115 lakhs); Customs valuation disputes ₹ 1 528 lakhs (Previous year: ₹ 1 528 lakhs) and others ₹ 300 lakhs (Previous year: ₹ 300 lakhs).
- (iv) In respect of counter guarantees given to banks against guarantees given by banks ₹ 12 189 lakhs (Previous year: ₹ 5 496 lakhs). At the request of the Company, its bankers have issued guarantees to government bodies and third parties for performance obligation under various commercial agreements. The Company has issued counter guarantees to the banks in respect of these guarantees.

## Notes forming part of the Financial Statements

- (v) In respect of other claims ₹ 734 lakhs (Previous year: ₹ 714 lakhs). The Company is a party to various legal proceedings in the normal course of business.
- (vi) In respect of Demand raised by Delhi Development Authority towards interest on belated payment of Unearned Increase in respect of leasehold land charges ₹ 3 424 lakhs (Previous year: ₹ 3 424 lakhs).

Future Cash Flow in respect of the above, if any, is determinable only on receipt of judgements/decisions pending with the relevant authorities. The Company does not expect the outcome of matters stated in (i) to (vi) above to have a material adverse effect on the Company's financial condition, results of operations or cash flows.

### (b) Commitments:

- (i) Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 392 lakhs (Previous year: ₹ 71 lakhs).

25. The Company had in earlier years filed a writ petition in the High Court of Himachal Pradesh at Shimla challenging the premature withdrawal of Excise duty exemption for packing / repacking activities at its Baddi Manufacturing Facility. The High Court has since passed an order on April 24, 2008 in favour of the Company and has struck down the notification withdrawing the excise exemption. The Excise department has preferred an appeal on October 31, 2009 with the Hon'ble Supreme Court of India against the said order of the High Court. The Company has, as a matter of prudence, created a Contingency Reserve of ₹ 10 200 lakhs (Previous year: ₹ 8 850 lakhs) by way of appropriation of profits to the extent of excise duty payable (net of Cenvat credit) on dispatches made from the Baddi plant. Accordingly, during the current year, profit of ₹ 1 350 lakhs (Previous year: ₹ 2 100 lakhs) have been appropriated. These Reserves will be reviewed as and when this litigation is finally decided.

## 26. Employee Benefits

The Company has classified the various benefits provided to employees as under:

### I. Defined Contribution Plans

- (a) Superannuation Fund
- (b) State Defined Contribution Plans: Employer's Contribution to Employees' State Insurance

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

	For the year ended June 30, 2016	For the year ended June 30, 2015
	₹ in lakhs	₹ in lakhs
– Employer's Contribution to Superannuation Fund	98	108
– Employer's Contribution to Employees' State Insurance	—	3

The above amounts are included in Contribution to Provident and other Funds under Employee Benefits Expense (Refer Note 21)

### II. Defined Benefit Plans

- a. Gratuity Fund (Funded Scheme): Gratuity is payable to all eligible employees of the Company on Superannuation, death, permanent disablement or resignation in terms of the provisions of the Payment of Gratuity Act or Company's scheme whichever is more beneficial. Benefits would be paid at the time of separation based on the last drawn base salary.
- b. Provident Fund (Funded Scheme): Provident Fund for all permanent employees is administered through a trust. The Provident Fund is administered by trustees of an independently constituted common trust recognised by the Income Tax authorities where two other group Companies are also participants. Periodic contributions to the Fund are charged to revenue. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and notified interest rate by the Government. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.
- c. Post Retirement Medical Benefit (PRMB) (Unfunded Scheme): Under this scheme, employees get medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on



## Notes forming part of the Financial Statements

their grade at the time of retirement. Employees separated from the Company as part of early separation scheme are also covered under the scheme. The liability for post retirement medical scheme is based on an independent actuarial valuation.

- d. Compensated absences for Plant technicians (Unfunded Scheme): The Company provides for encashment of leave on termination/retirement of service or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The Company makes provision for compensated absences based on an actuarial valuation carried out at the end of the year.

The disclosures as required under AS-15 are as under:

		<b>Funded Gratuity</b>	<b>Unfunded Compensated Absences</b>	<b>Unfunded Post Retirement Medical Benefit</b>
		₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>A) Changes in the Present Value of Obligation</b>				
Present Value of Obligation as at opening date	<b>2015-2016</b>	<b>3 076</b>	<b>235</b>	<b>72</b>
	2014-2015	2 231	176	55
Interest Cost	<b>2015-2016</b>	<b>237</b>	<b>19</b>	<b>5</b>
	2014-2015	188	16	4
Current Service Cost	<b>2015-2016</b>	<b>209</b>	<b>40</b>	<b>4</b>
	2014-2015	216	32	4
Service Contribution – Employee	<b>2015-2016</b>	—	—	—
	2014-2015	—	—	—
Transfer from other funds	<b>2015-2016</b>	—	—	—
	2014-2015	—	—	—
Interest Cost – earned	<b>2015-2016</b>	—	—	—
	2014-2015	—	—	—
Benefits Paid	<b>2015-2016</b>	<b>(379)</b>	<b>(6)</b>	<b>(26)</b>
	2014-2015	(206)	(3)	(4)
Actuarial (gain)/loss on Obligations	<b>2015-2016</b>	<b>283</b>	<b>(13)</b>	<b>36</b>
	2014-2015	647	14	13
Present Value of Obligation as at closing date	<b>2015-2016</b>	<b>3 426</b>	<b>275</b>	<b>91</b>
	2014-2015	3 076	235	72
<b>B) Changes in the Fair Value of Plan Assets</b>				
Fair Value of Plan Assets as at opening date	<b>2015-2016</b>	<b>2 225</b>	—	—
	2014-2015	2 252	—	—
Expected Actual Return on Plan Assets	<b>2015-2016</b>	<b>163</b>	—	—
	2014-2015	172	—	—
Actuarial Gains and (Losses)	<b>2015-2016</b>	<b>31</b>	—	—
	2014-2015	7	—	—
Contributions	<b>2015-2016</b>	—	—	—
	2014-2015	—	—	—
Benefits Paid	<b>2015-2016</b>	<b>(379)</b>	—	—
	2014-2015	(206)	—	—
Fair Value of Plan Assets as at closing date	<b>2015-2016</b>	<b>2 040</b>	—	—
	2014-2015	2 225	—	—

## Notes forming part of the Financial Statements

		Funded Gratuity	Unfunded Compensated Absences	Unfunded Post Retirement Medical Benefit
		₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>C) Amount recognised in the Balance Sheet</b>				
Present Value of Obligation	<b>As at June 30, 2016</b>	<b>3 426</b>	<b>275</b>	<b>91</b>
	As at June 30, 2015	3 076	235	72
Fair Value of Plan Assets	<b>As at June 30, 2016</b>	<b>2 040</b>	<b>—</b>	<b>—</b>
	As at June 30, 2015	2 225	—	—
Liability/(Asset) recognised in the Balance Sheet				
– Current Liability/(Asset) recognised in the Balance Sheet	<b>As at June 30, 2016</b>	<b>1 386</b>	<b>10</b>	<b>2</b>
	As at June 30, 2015	851	13	1
– Non-current Liability/(Asset) recognised in the Balance Sheet	<b>As at June 30, 2016</b>	<b>—</b>	<b>265</b>	<b>89</b>
	As at June 30, 2015	—	222	71
<b>D) Expenses recognised in the Statement of Profit and Loss</b>				
Current Service Cost	<b>2015-2016</b>	<b>209</b>	<b>40</b>	<b>4</b>
	2014-2015	216	32	4
Interest Cost	<b>2015-2016</b>	<b>237</b>	<b>19</b>	<b>5</b>
	2014-2015	188	16	4
Expected Return on Plan Assets	<b>2015-2016</b>	<b>(163)</b>	<b>—</b>	<b>—</b>
	2014-2015	(172)	—	—
Net actuarial (gain)/loss recognised in the year	<b>2015-2016</b>	<b>252</b>	<b>(13)</b>	<b>36</b>
	2014-2015	640	14	13
Total Expenses recognised in the Statement of Profit and Loss	<b>2015-2016</b>	<b>535</b>	<b>46</b>	<b>45</b>
	2014-2015	872	62	21

Gratuity included in Contribution to Provident and Other Funds under Employee Benefits Expense (Refer Note 21)

### E) Category of Plan Assets

The Company's Plan Assets in respect of Gratuity, alongwith two other group companies, are funded through the group scheme of the Life Insurance Corporation of India.

### F) Sensitivity of Results to Medical Inflation Rate

	Current Service + Interest Cost		Present Value of Defined Benefit Obligation	
Medical Inflation Rate	For the year ended June 30, 2016 ₹ in lakhs	For the year ended June 30, 2015 ₹ in lakhs	For the year ended June 30, 2016 ₹ in lakhs	For the year ended June 30, 2015 ₹ in lakhs
Effect of 1% increase (6.5%)	<b>11</b>	10	<b>109</b>	87
Effect of 1% decrease (4.5%)	<b>7</b>	7	<b>77</b>	61

## Notes forming part of the Financial Statements

### G) Actuarial Assumptions

In respect of the aforesaid defined benefit plans, the management has estimated the liability based on actuarial valuation and is based on following assumptions:

		Funded Gratuity	Unfunded Compensated Absences	Unfunded Post Retirement Medical Benefit
Discount Rate (per annum)	<b>2015-2016</b>	<b>7.80%</b>	<b>7.80%</b>	<b>7.80%</b>
	2014-2015	8.20%	8.20%	8.20%
Average Salary increase rate	<b>2015-2016</b>	<b>8.00%</b>	<b>8.00%</b>	<b>N/A</b>
	2014-2015	8.00%	8.00%	N/A
Rate of Return on Plan Assets (For funded scheme)	<b>2015-2016</b>	<b>8.00%</b>	<b>N/A</b>	<b>N/A</b>
	2014-2015	8.00%	N/A	N/A
Medical Inflation Rate	<b>2015-2016</b>	<b>N/A</b>	<b>N/A</b>	<b>5.50%</b>
	2014-2015	N/A	N/A	5.50%
Expected Retirement age of employees (years)	<b>2015-2016</b>	<b>60</b>	<b>60</b>	<b>60</b>
	2014-2015	60	60	60

**Withdrawal: Plan Members are assumed to withdraw in accordance with the following table:**

		Funded Gratuity	Unfunded Compensated Absences	Unfunded Post Retirement Medical Benefit
<b>Age</b>				
Upto 45 years	<b>2015-2016</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
	2014-2015	5%	5%	5%
Above 45 years	<b>2015-2016</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>
	2014-2015	3%	3%	3%

Mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2006-08) Ultimate.

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.

		Funded Gratuity	Unfunded Compensated Absences	Unfunded Post Retirement Medical Benefit
<b>H) Experience History</b>		<b>₹ in lakhs</b>	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Defined Benefit Obligation as at closing date	<b>2015-2016</b>	<b>3 426</b>	<b>275</b>	<b>91</b>
	2014-2015	3 076	235	72
	2013-2014	2 231	176	55
	2012-2013	2 212	—	64
	2011-2012	1 862	—	50

## Notes forming part of the Financial Statements

		<b>Funded Gratuity</b>	<b>Unfunded Compensated Absences</b>	<b>Unfunded Post Retirement Medical Benefit</b>
		₹ in lakhs	₹ in lakhs	₹ in lakhs
Plan Assets as at closing date	<b>2015-2016</b>	<b>2 040</b>	<b>—</b>	<b>—</b>
	2014-2015	2 225	—	—
	2013-2014	2 252	—	—
	2012-2013	1 994	—	—
	2011-2012	1 906	—	—
Funded Status – Excess/(Short)	<b>2015-2016</b>	<b>(1 386)</b>	<b>(275)</b>	<b>(91)</b>
	2014-2015	(851)	(235)	(72)
	2013-2014	21	(176)	(55)
	2012-2013	(218)	—	(64)
	2011-2012	44	—	(50)
Experience Gain/(Loss) adjustments on plan liabilities	<b>2015-2016</b>	<b>(155)</b>	<b>24</b>	<b>(26)</b>
	2014-2015	(224)	19	(3)
	2013-2014	(159)	(85)	7
	2012-2013	(143)	—	7
	2011-2012	(238)	—	(2)
Experience Gain/(Loss) adjustments on plan assets	<b>2015-2016</b>	<b>31</b>	<b>—</b>	<b>—</b>
	2014-2015	7	—	—
	2013-2014	(21)	—	—
	2012-2013	146	—	—
	2011-2012	254	—	—
Actuarial Gain/(Loss) due to change on assumptions	<b>2015-2016</b>	<b>(128)</b>	<b>(11)</b>	<b>(10)</b>
	2014-2015	(423)	(33)	(10)
	2013-2014	232	—	12
	2012-2013	(159)	—	13
	2011-2012	(17)	—	(1)

The Company's Provident Fund is administered by Company's own Trust Fund. The Company has an obligation to service the shortfall on account of interest generated by the Fund and on maturity of Fund investments and hence the same has been classified as Defined Benefit Obligation. Having regard to the assets of the fund and the return on investments, the Company does not expect any material deficiency in the foreseeable future.

The Company's contribution to Provident Fund ₹ 570 lakhs (Previous year: ₹ 411 lakhs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense (Refer Note 21).

### 27. a) International Stock Ownership Plan (Stocks of the Ultimate Holding Company)

The Gillette Company, USA (TGC) had a "Global Employee Stock Ownership Plan" (employee share purchase plan) whereby specified employees of its subsidiaries have been given a right to purchase shares of TGC.

Every employee who opted for the scheme contributed by way of payroll deduction up to a specified percentage (upto 15%) of his gross salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 2.5% of gross salary). Such contribution is charged to staff cost.

Subsequent to the worldwide merger of Aquarium Acquisition Corporation (wholly owned subsidiary of the Procter & Gamble Company, USA) with TGC on October 1, 2005, the shares of TGC got delisted from the New York Stock Exchange and the share purchase plan has been adopted by the Procter & Gamble Company, USA.

## Notes forming part of the Financial Statements

The shares of TGC (till September 30 2005)/The Procter & Gamble Company, USA are listed with New York Stock Exchange of USA and are purchased on behalf of the employees at market price on the date of purchase. During the year 2570.97 shares (Previous year: 2180.22 shares) were purchased by employees at weighted average fair value of ₹ 5 211.99 (Previous year: ₹ 5 248.01) per share. The Company's contribution during the year on such purchase of shares amounting to ₹ 37 lakhs (Previous year: ₹ 35 lakhs) has been charged under Employee Benefits Expense under Note 21.

### b) Employees Stock Options Plan (Stocks of the Ultimate Holding Company)

The Gillette Company, USA (TGC) had an Employees Stock Options Scheme whereby specified employees of its subsidiaries covered by the plan were granted an option to purchase shares of the Parent Company i.e. The Gillette Company, USA at a fixed price (grant price) for a fixed period of time. Subsequent to the worldwide merger of Aquarium Acquisition Corporation (wholly owned subsidiary of the Procter & Gamble Company, USA) with The Gillette Company, USA on October 1, 2005, the shares of The Gillette Company got delisted from the New York Stock Exchange. Upon this change in control the 2005 Gillette Option award got automatically converted into P&G options at the established conversion ratio of 0.975 shares in the Procter and Gamble Company, USA for every share held in the Gillette Company. The shares of the Gillette Company (till September 30, 2005)/The Procter & Gamble Company, USA were/are listed with New York Stock Exchange of USA. The options were issued to Key Employees of the Company with Exercise price equal to the market price of the underlying shares on the date of the grant. The Grants issued are vested after 3 years/5 years and have a 5 years/10 years life cycle.

Stock compensation expenses of ₹ 110 lakhs (Previous year: ₹ 92 lakhs) has been charged under Employee Benefits Expense under Note 21.

#### Fair Value Stock Compensation of shares at Grant dates:

3-Aug-15	\$ 76.40
29-Feb-16	\$ 80.29
27-Feb-15	\$ 85.13

The other disclosures in respect of the plans for the year ended June 30, 2016 are:

	Shares arising out of option		Amount in US\$		Remaining Contractual life (years)	
	For the year ended June 30, 2016	For the year ended June 30, 2015	For the year ended June 30, 2016	For the year ended June 30, 2015	For the year ended June 30, 2016	For the year ended June 30, 2015
Outstanding at the beginning of the year	79 775	67 707	78.24	78.59	5.55	5.74
Granted during the year						
3-Aug-15	3 273	—	76.40	—	10.00	—
29-Feb-16	14 250	—	80.29	—	10.00	—
29-Feb-16	1 349	—	80.29	—	5.00	—
27-Feb-15	—	534	—	85.13	—	10.00
27-Feb-15	—	13 887	—	85.13	—	5.00
Forfeited during the year	—	(100)	—	—	—	—
Transferred/Adjustments during the year	—	—	—	—	—	—
Exercised during the year	(9 457)	(2 253)	82.08	82.27	—	—
Expired during the year	(500)	—	—	—	—	—
Outstanding at the end of the year	88 690	79 775	84.67	78.24	5.90	5.55
Exercisable at the end of the year	41 115	43 621	84.67	78.24	3.30	3.73

## Notes forming part of the Financial Statements

### 28. Consumption of raw & packing materials, stores & spares

	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in lakhs	Percentage	₹ in lakhs	Percentage
(a) Raw and packing materials:				
Indigenously obtained	25 375	52	21 054	53
Imported at landed cost *	23 348	48	19 013	47
	<u>48 723</u>	<u>100</u>	<u>40 067</u>	<u>100</u>
(b) Stores and spare parts:				
Indigenously obtained	884	51	535	40
Imported at landed cost	839	49	812	60
	<u>1 723</u>	<u>100</u>	<u>1 347</u>	<u>100</u>

\* Imported at landed cost includes ₹ 2 898 lakhs  
(Previous year: ₹ 3 870 lakhs) for discontinued operations

### 29. Value of Imports calculated on C.I.F. basis

	For the year ended June 30, 2016	For the year ended June 30, 2015
	₹ in lakhs	₹ in lakhs
Raw and packing materials*	24 396	18 628
Spare parts	687	1 289
Capital goods	5 412	3 166
	<u>30 495</u>	<u>23 083</u>

\* Raw and packing material includes ₹ 2 509 lakhs  
(Previous year: ₹ 3 221 lakhs) for discontinued operations

### 30. Expenditure in foreign currency

	For the year ended June 30, 2016	For the year ended June 30, 2015
	₹ in lakhs	₹ in lakhs
Royalty	1 233	1 019
Travelling expenses	145	95
Legal and Professional services	5	5
Advertising expenses	518	409
Computer expenses	197	189
Business Process outsourcing expenses	1 586	1 332
Expenses cross-charged by related parties	519	252
Relocation Expenses	73	220
Others	22	3
	<u>4 298</u>	<u>3 524</u>

### 31. Earnings in foreign exchange

	For the year ended June 30, 2016	For the year ended June 30, 2015
	₹ in lakhs	₹ in lakhs
Exports of goods calculated on F.O.B. basis (excludes Rupee exports to Nepal and Bhutan ₹ 705 lakhs (Previous year: ₹ 638 lakhs))	5 476	3 896
Discontinuation facilitation income (Refer Note 41)	182	6 369
Others (freight, insurance etc.)	191	100
	<u>5 849</u>	<u>10 365</u>



## Notes forming part of the Financial Statements

### 32. Remittance made on account of dividend in foreign currency

	For the year ended June 30, 2016	For the year ended June 30, 2015
<b>Final Dividend</b>		
i) Amount remitted (₹ in lakhs)	2 039	2 040
ii) Number of non-resident shareholders (nos.)	16	27
iii) Number of shares held by them (nos.)	1 35 93 703	1 36 01 306
iv) Period to which the dividend relates	2015	2014
<b>Interim Dividend</b>		
i) Amount remitted (₹ in lakhs)	102	—
ii) Number of non-resident shareholders (nos.)	15	—
iii) Number of shares held by them (nos.)	5 20 238	—
iv) Period to which the dividend relates	2016	—

### 33. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	For the year ended June 30, 2016 ₹ in lakhs	For the year ended June 30, 2015 ₹ in lakhs
Principal amount remaining unpaid to any supplier as at the end of the accounting year	537	89
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	29	18
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	225	582
Principal paid beyond the appointed date	225	536
Interest paid in terms of Section 16 of the Act	—	46
The amount of interest due and payable for the year	11	29
The amount of interest accrued and remaining unpaid at the end of the accounting year	29	18
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	—	—

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

### 34. The Company has taken on lease guesthouses for accommodation of employees and godowns for storage of inventories, with an option of renewal at the end of the lease term and escalation clause in some of the cases. These leases can be terminated with a prior notice as per terms and conditions of the respective lease agreements. Lease payments amounting to ₹ 982 lakhs (Previous year: ₹ 743 lakhs) have been charged to the Statement of Profit and Loss for the year.

Future minimum rentals payable under non-cancellable operating lease are as follows:

	For the year ended June 30, 2016 ₹ in lakhs	For the year ended June 30, 2015 ₹ in lakhs
Within one year	291	280
After one year but not more than 5 years	241	532
More than 5 years	—	—
<b>TOTAL</b>	<b>532</b>	<b>812</b>

## Notes forming part of the Financial Statements

35. (a) Reimbursement/(Recovery) of expenses cross charged to related parties include payment/recoveries on account of finance, personnel, secretarial, administration and planning costs rendered under common cost sharing agreement of the Company with Procter & Gamble Hygiene and Health Care Limited and Procter & Gamble Home Products Private Limited. (Refer Note 36)
- (b) Certain expenses in the nature of employee costs, relocation costs and other expenses are cross charged by the Company to its fellow subsidiaries at actual. Similar expenses incurred by fellow subsidiaries are cross charged to the Company at actual.

36. a) **Managerial Remuneration**

The computation of managerial remuneration excludes an amount of ₹ 214 lakhs (Previous year: ₹ 305 lakhs) in respect of managerial personnel cross-charged from Procter & Gamble Hygiene and Health Care Limited and Procter & Gamble Home Products Private Limited in terms of common cost sharing agreement referred to in Note 35 (a) above.

b) **Commission to Non-Executive Directors**

During the current year, an aggregate amount of ₹ 55 lakhs (Previous year: ₹ 44 lakhs) has been provided as commission payable to the Non-Executive Directors which is within the overall limits of commission payable to such directors under Schedule V to the Companies Act, 2013.

37. There are no outstanding derivative instruments as at year end.

Foreign currency exposures that have not been hedged by the company by a derivative instrument or otherwise are given below:

a) **Amounts receivable in foreign currency**

	Currency	In Foreign currency		₹ in lakhs	
		As at June 30, 2016	As at June 30, 2015	As at June 30, 2016	As at June 30, 2015
Export of goods	USD	9 15 900	14 19 351	619	906
Other Receivables	USD	84 822	1 00 48 520	57	6 413
	EUR	—	17 510	—	13
	SGD	—	18 245	—	9

b) **Amounts payable in foreign currency**

Import of goods and services	USD	73 02 875	45 90 082	4 938	2 929
	SEK	—	5 55 701	—	43
	EUR	68 690	1 73 901	52	124
	AUD	—	48 538	—	24
	JPY	3 86 20 993	—	254	—
	SGD	20 259	—	10	—
Other payables	USD	43 39 169	6 99 903	2 934	447
	GBP	37 448	15 672	34	16
	EUR	7 68 328	9 500	577	7
	SGD	—	2 61 547	—	124
	TRY	—	83 714	—	20
	CHF	4 305	—	3	—
	HKD	20 000	—	2	—
	PLN	1 580	—	—*	—

\* denotes amount less than ₹ 50 000

## Notes forming part of the Financial Statements

### 38. Details of Provisions

The Company had made provision for disputes based on its assessment of the amount it estimates to incur to meet such obligation, details of which are given below:

	2016 ₹ in lakhs	2015 ₹ in lakhs
Towards probable litigation settlements		
Balance as at July 1	270	—
Additions during the year	—	270
Utilisation during the year	—	—
Reversal (As no longer required)	—	—
Balance as at June 30	<u>270</u>	<u>270</u>

Note:

- (a) It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

### 39. Related Party Disclosures

The Group Companies of The Procter & Gamble Company, USA include, among others, Gillette Worldwide Holding LLC; Procter & Gamble India Holding BV; Procter & Gamble Iron Horse Holding BV; Procter & Gamble Eastern Europe LLC; Procter & Gamble Nordic LLC; Procter & Gamble Global Holding Limited; Procter & Gamble Luxembourg Global SARL; Procter & Gamble International SARL; Procter & Gamble India Holdings Inc.; Procter & Gamble International Operations, SA; Gillette Group (Europe) Holdings, BV; Procter & Gamble Canada Holding BV; Procter & Gamble Overseas Canada, BV.

#### Details of Related parties:

##### a) Enterprises where control exists:

The Procter and Gamble Company, USA - Ultimate Holding Company

The Procter & Gamble India Holdings B.V., Netherlands - Holding Company

##### b) Other related parties with whom the Company had transactions during the year:

###### i) Fellow Subsidiaries:

Procter & Gamble Bangladesh Pvt. Ltd  
Gillette Diversified Operations Private Limited  
Gillette Products Private Limited  
Mining Consultants (India) Private Limited  
Wella India Haircosmetics Private Limited  
The Procter & Gamble US Business Services Company  
Gillette (Shanghai) Ltd  
Procter & Gamble Do Brasil S/A  
Procter & Gamble International Operations SA Singapore Br  
PT Procter & Gamble Home Products Indonesia  
Procter & Gamble (China) Sales Co., Ltd.  
Procter & Gamble Nigeria Limited  
Procter & Gamble Tuketim Mallari Sanayi A.S.  
Procter & Gamble India Holdings  
Procter & Gamble Europe SA

Procter & Gamble Hygiene and Health Care Limited  
Procter & Gamble Indochina Company Limited  
The Procter & Gamble Distributing LLC  
The Gillette Company, USA  
P&G International Operations SA - ROHQ  
Nexus Mercantile Private Limited  
Procter & Gamble International Operations SA  
P&G Europe S.A., Singapore Branch  
Procter & Gamble Japan K.K.  
Procter & Gamble Gulf Fze  
Procter & Gamble Australia Pty Ltd  
Procter & Gamble International SARL, Luxemburg  
Procter & Gamble Home Products Private Limited  
Closed Joint Stock Company Petersburg Products  
International Zao St. Petersburg

###### ii) Investing company in respect of which the Company is an associate:

Wella India Haircosmetics Private Limited ("Wella") #

# Also being a fellow subsidiary Company

###### iii) Key Management Personnel of the Company:

Mr. Al Rajwani (Managing Director) (with effect from August 29, 2015)

Note: Related parties have been identified by the management.

## Notes forming part of the Financial Statements

### c) Transactions during the year:

₹ in lakhs

Nature of transactions		Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Total
<b>Sale of Products</b>				
Procter & Gamble International Operations SA Singapore Br.	2015-2016	—	4 679	4 679
Procter & Gamble Bangladesh Pvt. Ltd	2015-2016	—	869	869
Others	2015-2016	—	119	119
Procter & Gamble International Operations SA Singapore Br.	2014-2015	—	3 298	3 298
Procter & Gamble Bangladesh Pvt. Ltd	2014-2015	—	593	593
Others	2014-2015	—	105	105
<b>Recovery of Expenses Cross charged</b>				
Procter & Gamble Home Products Private Ltd	2015-2016	—	3 789	3 789
The Procter and Gamble Company	2015-2016	873	—	873
Procter & Gamble Hygiene and Health Care Ltd	2015-2016	—	660	660
Others	2015-2016	—	94	94
Procter & Gamble Home Products Private Ltd	2014-2015	—	739	739
The Procter and Gamble Company	2014-2015	233	—	233
Procter & Gamble Hygiene and Health Care Ltd	2014-2015	—	157	157
Others	2014-2015	—	124	124
<b>Sale of Capital goods</b>				
The Procter & Gamble Distributing LLC	2015-2016	—	218	218
Procter & Gamble Home Products Private Ltd	2014-2015	—	20	20
<b>Discontinuation Facilitation Income</b>				
Procter & Gamble International SARL, Luxembourg	2015-2016	—	182	182
Procter & Gamble International SARL, Luxembourg	2014-2015	—	6 369	6 369
<b>Reimbursement of expenses shared by group cos. (Income)</b>				
Procter & Gamble Hygiene and Health Care Ltd	2015-2016	—	265	265
Procter & Gamble Hygiene and Health Care Ltd	2014-2015	—	—	—
<b>Interest Income</b>				
Procter & Gamble Home Products Private Ltd	2015-2016	—	271	271
Gillette Diversified Operations Private Ltd	2015-2016	—	371	371
Wella India Haircosmetics Private Limited	2015-2016	—	437	437
Gillette Products Private Limited	2015-2016	—	28	28
Procter & Gamble Home Products Private Ltd	2014-2015	—	532	532
Gillette Diversified Operations Private Ltd	2014-2015	—	786	786
Wella India Haircosmetics Private Limited	2014-2015	—	700	700
Gillette Products Private Limited	2014-2015	—	82	82
<b>Loans Given</b>				
Procter & Gamble Home Products Private Ltd	2015-2016	—	3 000	3 000
Gillette Diversified Operations Pvt. Ltd.	2015-2016	—	9 400	9 400
Wella India Haircosmetics Private Limited	2015-2016	—	12 000	12 000
Gillette Products Private Limited	2015-2016	—	700	700

## Notes forming part of the Financial Statements

₹ in lakhs

Nature of transactions		Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Total
Procter & Gamble Home Products Private Ltd	2014-2015	—	15 351	15 351
Gillette Diversified Operations Pvt. Ltd	2014-2015	—	14 180	14 180
Wella India Haircosmetics Private Limited	2014-2015	—	10 000	10 000
Gillette Products Private Limited	2014-2015	—	1 700	1 700
<b>Loans Realised</b>				
Procter & Gamble Home Products Private Ltd	2015-2016	—	3 000	3 000
Gillette Diversified Operations Private Ltd	2015-2016	—	16 800	16 800
Wella India Haircosmetics Private Limited	2015-2016	—	22 000	22 000
Gillette Products Private Limited	2015-2016	—	1 400	1 400
Procter & Gamble Home Products Private Ltd	2014-2015	—	21 459	21 459
Gillette Diversified Operations Private Ltd	2014-2015	—	12 780	12 780
Wella India Haircosmetics Private Limited	2014-2015	—	—	—
Gillette Products Private Limited	2014-2015	—	1 000	1 000
<b>Purchase of Goods</b>				
Procter & Gamble International Operations SA Singapore Br.	2015-2016	—	38 856	38 856
Others	2015-2016	—	3 137	3 137
Procter & Gamble International Operations SA Singapore Br.	2014-2015	—	32 775	32 775
Others	2014-2015	—	2 171	2 171
<b>Royalty</b>				
The Gillette Company, USA	2015-2016	—	1 233	1 233
The Gillette Company, USA	2014-2015	—	1 019	1 019
<b>Purchase of Equipment / Assets / Spares</b>				
The Procter & Gamble Distributing LLC	2015-2016	—	5 218	5 218
The Procter & Gamble Distributing LLC	2014-2015	—	1 019	1 019
<b>Reimbursement of expenses shared by group cos. (Expense)</b>				
Procter & Gamble Home Products Private Ltd	2015-2016	—	639	639
Procter & Gamble Hygiene and Health Care Ltd	2015-2016	—	2 703	2 703
Procter & Gamble Home Products Private Ltd	2014-2015	—	173	173
Procter & Gamble Hygiene and Health Care Ltd	2014-2015	—	2 046	2 046
<b>Business Process Outsourcing expenses</b>				
Procter & Gamble International Operations SA	2015-2016	—	1 260	1 260
Procter & Gamble International Operations SA-ROHQ	2015-2016	—	326	326
Procter & Gamble Europe SA Singapore Branch	2014-2015	—	892	892
Procter & Gamble International Operations SA-ROHQ	2014-2015	—	440	440
<b>Computer Expenses</b>				
The Procter & Gamble US Business Services Company	2015-2016	—	197	197
The Procter & Gamble US Business Services Company	2014-2015	—	189	189
<b>Processing Charges</b>				
Gillette Diversified Operations Private Ltd	2015-2016	—	1 183	1 183
Gillette Diversified Operations Private Ltd	2014-2015	—	1 486	1 486

## Notes forming part of the Financial Statements

₹ in lakhs

Nature of transactions		Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Total
<b>Expenses cross-charged</b>				
Procter & Gamble Home Products Private Ltd	2015-2016	—	5 418	5 418
Procter & Gamble Hygiene and Health Care Ltd	2015-2016	—	1 062	1 062
Others	2015-2016	135	429	564
Procter & Gamble Home Products Private Ltd	2014-2015	—	5 278	5 278
Procter & Gamble Hygiene and Health Care Ltd	2014-2015	—	2 729	2 729
Others	2014-2015	106	151	257
<b>Rent expenses</b>				
Procter & Gamble Home Products Private Ltd	2015-2016	—	320	320
Procter & Gamble Home Products Private Ltd	2014-2015	—	394	394
<b>Dividend Remitted / Paid</b>				
Procter & Gamble India Holdings B.V., Netherlands	2015-2016	1 961	—	1 961
Wella India Haircosmetics Private Limited	2015-2016	—	994	994
Others	2015-2016	—	711	711
Procter & Gamble India Holdings B.V., Netherlands	2014-2015	1 961	—	1 961
Wella India Haircosmetics Private Limited	2014-2015	—	994	994
Others	2014-2015	—	711	711

### d) Outstandings

₹ in lakhs

Nature of balances	As on	Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Total
<b>Trade Payables</b>				
Procter & Gamble International Operations SA Singapore Br.	June 30, 2016	—	5 175	5 175
The Procter & Gamble Distributing LLC	June 30, 2016	—	1 928	1 928
Procter & Gamble Home Products Private Ltd	June 30, 2016	—	1 418	1 418
Others	June 30, 2016	106	2 666	2 772
Procter & Gamble International Operations SA Singapore Br.	June 30, 2015	—	2 784	2 784
Procter & Gamble Hygiene and Health Care Limited	June 30, 2015	—	1 440	1 440
Procter & Gamble Home Products Private Ltd	June 30, 2015	—	2 621	2 621
Others	June 30, 2015	4	1 271	1 275
<b>Trade Receivables</b>				
Procter & Gamble International Operations SA Singapore Br.	June 30, 2016	—	472	472
Procter & Gamble International Operations SA	June 30, 2016	—	108	108
Others	June 30, 2016	—	39	39
Procter & Gamble International Operations SA Singapore Br.	June 30, 2015	—	745	745
Procter & Gamble Bangladesh Private Limited	June 30, 2015	—	161	161



## Notes forming part of the Financial Statements

₹ in lakhs

Nature of balances	As on	Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Total
<b>Other Current Assets</b>				
Procter & Gamble Hygiene and Health Care Limited	June 30, 2016	—	580	580
Procter & Gamble Home Products Private Ltd	June 30, 2016	—	2 060	2 060
Others	June 30, 2016	35	55	90
Procter & Gamble International SARL, Luxembourg	June 30, 2015	—	6 382	6 382
Procter & Gamble Home Products Private Ltd	June 30, 2015	—	706	706
Others	June 30, 2015	12	138	150
<b>Loans</b>				
Procter & Gamble Home Products Private Ltd	June 30, 2016	—	3 000	3 000
Gillette Diversified Operations Pvt. Ltd.	June 30, 2016	—	1 000	1 000
Wella India Haircosmetics Private Limited	June 30, 2016	—	—	—
Gillette Products Private Limited	June 30, 2016	—	—	—
Procter & Gamble Home Products Private Ltd	June 30, 2015	—	3 000	3 000
Gillette Diversified Operations Pvt. Ltd.	June 30, 2015	—	8 400	8 400
Wella India Haircosmetics Private Limited	June 30, 2015	—	10 000	10 000
Gillette Products Private Limited	June 30, 2015	—	700	700
<b>Interest Income Accrued</b>				
Procter & Gamble Home Products Private Ltd	June 30, 2016	—	244	244
Gillette Diversified Operations Private Ltd	June 30, 2016	—	27	27
Wella India Haircosmetics Private Limited	June 30, 2016	—	—	—
Gillette Products Private Limited	June 30, 2016	—	—	—
Procter & Gamble Home Products Private Ltd	June 30, 2015	—	165	165
Gillette Diversified Operations Private Ltd	June 30, 2015	—	530	530
Wella India Haircosmetics Private Limited	June 30, 2015	—	630	630
Gillette Products Private Limited	June 30, 2015	—	44	44

Notes:

1. Disclosure required under 186(4) of the Companies Act, 2013 for loans given:

Name	Relations	For the year ended June 30, 2016 ₹ in lakhs	For the year ended June 30, 2015 ₹ in lakhs
<b>Intercompany loans</b>			
Procter & Gamble Home Products Private Ltd	Fellow Subsidiary	3 000	15 351
Gillette Diversified Operations Pvt. Ltd	Fellow Subsidiary	9 400	14 180
Wella India Haircosmetics Private Limited	Fellow Subsidiary	12 000	10 000
Gillette Products Private Limited	Fellow Subsidiary	700	1 700

Above intercompany loans have been given for general business purposes for meeting their working capital requirements.

## Notes forming part of the Financial Statements

### 40. Segment Information

#### a) Primary Segment Information (by Business Segments)

	For the year ended June 30, 2016 ₹ in lakhs	For the year ended June 30, 2015 ₹ in lakhs
Segment Revenue - net of excise duty		
Grooming	1 52 985	1 38 525
Portable Power (Refer Note 41)	9 331	9 879
Oral Care	42 981	48 946
Total Segment Revenue	<u>2 05 297</u>	<u>1 97 350</u>
Segment Results		
Grooming	24 845	22 605
Portable Power	1 741	1 164
Oral Care	2 419	(7 914)
Total Segment Results	<u>29 005</u>	<u>15 855</u>
Discontinuation facilitation income (Refer Note 41)	182	6 369
Add/(Less): Unallocated corporate expenses net of unallocated income	438	(644)
Profit before interest and tax	<u>29 625</u>	<u>21 580</u>
Less: Interest Expenses	461	465
Add: Interest Income	3 496	3 477
Profit Before Tax for the year	<u>32 660</u>	<u>24 592</u>
Less: Tax expense	11 357	8 779
Profit After Tax for the year	<u>21 303</u>	<u>15 813</u>
Segment Assets		
Grooming	52 585	41 791
Portable Power	—	1 934
Oral Care	9 815	11 556
Total Segment Assets	<u>62 400</u>	<u>55 281</u>
Unallocated Corporate Assets	80 007	65 712
Total	<u>1 42 407</u>	<u>1 20 993</u>
Segment Liabilities		
Grooming	27 233	17 553
Portable Power	—	1 287
Oral Care	7 388	8 490
Total Segment Liabilities	<u>34 621</u>	<u>27 330</u>
Unallocated Corporate Liabilities	22 007	19 429
Total	<u>56 628</u>	<u>46 759</u>
Capital Expenditure		
Grooming	6 611	3 150
Oral Care	—	2 502
Total	<u>6 611</u>	<u>5 652</u>
Depreciation		
Grooming	2 959	3 758
Oral Care	—	9
Total	<u>2 959</u>	<u>3 767</u>

## Notes forming part of the Financial Statements

	For the year ended June 30, 2016 ₹ in lakhs	For the year ended June 30, 2015 ₹ in lakhs
<b>b) Secondary Segment Information (by Geographic Segments)</b>		
Segment Revenue – net of excise		
Within India	1 98 925	1 92 716
Outside India	6 372	4 634
Total	<u>2 05 297</u>	<u>1 97 350</u>
Segment Assets		
Within India	58 803	51 537
Outside India	3 597	3 744
Total	<u>62 400</u>	<u>55 281</u>
Capital Expenditure		
Within India	6 611	5 652
Outside India	—	—
Total	<u>6 611</u>	<u>5 652</u>

### Notes on Segment Information:

- 1) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the organisation structure as well as the differential risks and returns of these segments. Business segments have been considered as primary segments.
- 2) Segment Revenue, Results and Capital Employed figures include the respective amounts identifiable to each of the segments. Unallocable income/expenses include income/expenses incurred at a corporate level which relate to the company as a whole.
- 3) Details of type of products included in each segment:  
Grooming : Shaving system and Cartridges, Blades, Toiletries and Components  
Portable Power : Batteries  
Oral Care : Tooth brushes, Toothpaste and Oral Care Products
- 4) Unallocable Corporate Assets mainly include Cash and Cash Equivalents, Loans and Advances and Other Current Assets.
- 5) Unallocable Corporate Liabilities mainly include Other Liabilities and Provisions.

### 41. Discontinued operations

Consistent with the decision of Procter & Gamble Company U.S.A. to exit the business of Portable Power (Duracell), the Company in July 2015 received intimation that Procter & Gamble International Operations S.A. has decided to terminate the distributor arrangement entered into with the Company. Such termination is effective February 29, 2016. As a result of such termination, the Company had also received a sum of US \$10 million (equivalent to ₹ 6 551 lakhs) [Net of tax ₹ 4 284 lakhs] as discontinuation facilitation payment from Procter & Gamble International SARL, Luxemburg in relation to the discontinuation of the Duracell India business and accounted for the same during the year.

The Duracell batteries business was a reportable segment under Portable Power segment, and is consequently treated as a discontinued operation.

## Notes forming part of the Financial Statements

In addition to the above, the amount of the ordinary activities attributable to discontinued operations are as under:

### Profit from ordinary activities

	For the year ended June 30, 2016 ₹ in lakhs	For the year ended June 30, 2015 ₹ in lakhs
Sale of products	9 328	9 876
Other operating revenue	3	3
<b>Total revenue (A)</b>	<b>9 331</b>	<b>9 879</b>
Cost of materials consumed	2 898	3 870
Changes in inventories of finished goods, work-in-progress and stock-in-trade	1 238	(401)
Other expenses	3 095	3 834
<b>Total expenses (B)</b>	<b>7 231</b>	<b>7 303</b>
Profit before tax from ordinary activities (A-B)	<b>2 100</b>	<b>2 576</b>
Tax expense		
– on ordinary activities attributable to the discontinued operations	727	883
<b>Profit after tax from discontinued operations</b>	<b>1 373</b>	<b>1 693</b>

	As at June 30, 2016 ₹ in lakhs	As at June 30, 2015 ₹ in lakhs
Carrying amount of assets as at the balance sheet date relating to the discontinued business to be disposed off	—	1 238
Carrying amount of liabilities as at the balance sheet date relating to the discontinued business to be settled	—	—
	<b>As at June 30, 2016 ₹ in lakhs</b>	<b>As at June 30, 2015 ₹ in lakhs</b>
Net cash flow from/(used in) attributable to the discontinued business		
Cash flows from operating activities	647	(521)
Cash flows from investing activities	—	—
Cash flows from financing activities	—	—

## Notes forming part of the Financial Statements

### 42. Earnings per share (EPS)

	For the year ended June 30, 2016	For the year ended June 30, 2015
Calculation of Basic and Diluted earnings per share (₹)		
<b>(a) Continuing Operations</b>		
Profit After Taxation (₹ in lakhs)	19 811	9 955
Weighted average number of equity shares outstanding for Basic/Diluted EPS	3 25 85 217	3 25 85 217
Nominal value of equity per share (₹)	10	10
Basic/Diluted Earnings per share (₹)	60.80	30.55
<b>(b) Total Operations</b>		
Profit After Taxation (₹ in lakhs)	21 303	15 813
Weighted average number of equity shares outstanding for Basic/Diluted EPS	3 25 85 217	3 25 85 217
Nominal value of equity per share (₹)	10	10
Basic/Diluted Earnings per share (₹)	65.38	48.53

43. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

### For and on behalf of Board of Directors

**B. S. Mehta**  
Chairman

**Al Rajwani**  
Managing Director

**K. Natarajan**  
Chief Financial Officer

**J. Rastogi**  
Company Secretary & Compliance Officer

Place: Mumbai  
Date: August 23, 2016

## TEN YEAR FINANCIAL HIGHLIGHTS

	*2006-07 18 months	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>YEAR END FINANCIAL POSITION (₹ Crores)</b>										
Gross Fixed Assets	253	253	246	289	310	356	394	428	443	<b>491</b>
Net Fixed Assets	107	95	91	123	159	189	200	233	219	<b>274</b>
Net Worth	360	425	491	571	600	619	649	643	742	<b>858</b>
<b>SUMMARY OF OPERATIONS (₹ Crores)</b>										
Gross Sales	725	606	673	861	1073	1249	1459	1766	1984	<b>2072</b>
Profit before Tax	216	182	177	213	134	117	138	81	246	<b>327</b>
Profit after Tax	142	117	113	137	86	76	87	51	158	<b>213</b>
Dividend	**57	40.73	40.73	48.88	48.88	48.88	48.88	48.88	48.88	<b>**81.07</b>
<b>PER SHARE DATA</b>										
EPS (₹)	43.69	36.02	34.72	42.07	26.44	23.24	26.75	15.78	48.53	<b>65.38</b>
Dividend (%)	175	125	125	150	150	150	150	150	150	<b>249</b>
<b>NUMBER OF SHARES</b>										
Shares (lakhs)	325.85	325.85	325.85	325.85	325.85	325.85	325.85	325.85	325.85	<b>325.85</b>

\*2006-07 — 18 Months accounts (January 2006 to June 2007)

\*\* includes interim dividend





## **Gillette India Limited**

P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai - 400099.  
Tel. : (91-22) 2826 6000 Fax : (91-22) 2826 7303