

# STATUTORY REPORTS

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# BOARD'S REPORT

Dear Members,

Your Directors, with great pleasure, present the Annual and Integrated Report for the year ended March 31, 2019.

## 1. RESULTS OF OUR OPERATIONS

Fiscal year 2018-19 was a mixed bag. While the India business continued to deliver strong profits and increased profit margins to industry leading levels, it was a challenging year for top-line growth. Our soaps, hair colour and air freshener categories performed relatively well. However, our largest category, household insecticides, was significantly impacted by a surge in illegal and unsafe mosquito incense sticks and an unfavourable season. We are taking numerous corrective actions to recover our performance over the next year.

This has been an active year on innovations, with multiple new products launched across categories. Godrej protect Mr. Magic hand wash is the first ever powder-to-liquid hand wash, designed to be more environmentally sustainable, while also democratising the low penetration hand wash category. We extended our Cinthol portfolio to foray into the growing male grooming category, with a range of multi-benefit products for the face, body, hair and beard. Through Godrej Nupur Natural Henna Based Hair Colour, we are extending our strong henna play to the herbal-based powder hair colour segment. In Goodknight, we introduced Power Chip, an electric solution infused with unique gel technology, a higher

efficacy liquid vapouriser and 100 per cent natural mosquito repellent incense sticks.

On a consolidated basis, we reported a comparable sales growth of 7 per cent (excluding the UK business which was divested during the year) and a comparable PAT growth of 40 per cent (excluding the UK business).

An overview on the performance of the Company's subsidiaries in various geographies is given separately in the Board's Report.

The Shareholders may also refer to the Management Discussion & Analysis Section which gives more details on the functioning of the Company.

The financial performance of your Company for the fiscal year under review is summarised as follows:

Financials Abridged Profit and Loss Statement	₹ (Crore)			
	Consolidated		Standalone	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Total Revenue From Operations	10,314.34	9,936.99	5,679.31	5,354.74
Other Income	108.76	107.55	94.45	73.89
Total Income	10,423.10	10,044.54	5,773.76	5,428.63
Total Expenses including Depreciation and Finance Costs	8,590.96	8,186.30	4,300.68	4,139.62
Profit/(Loss) Before Exceptional Items, Share of Profit of Equity Accounted Investees, and Tax	1,832.14	1,858.24	1,473.08	1,289.01
Exceptional Items	252.56	179.56	-	-
Share of Profit of Equity Accounted Investees (Net of Income Tax)	0.63	1.08	-	-
Profit/(Loss) Before Tax	2,085.33	2,038.88	1,473.08	1,289.01
Tax Expense/(Income)	(256.2)	404.70	(281.90)	289.14
Profit/(Loss) After Tax	2,341.53	1,634.18	1,754.98	999.87
Other Comprehensive Income	138.51	36.95	(0.17)	(1.97)
Total Comprehensive Income for the Period attributable to Owners	2,480.04	1,671.13	1,754.81	997.90

## 2. APPROPRIATION

Your Directors recommend appropriation as under:

Appropriation	Fiscal Year 2018-19	Fiscal Year 2017-18
	₹(Crore)	₹(Crore)
Surplus at the Beginning of the Year	2,982.46	2,722.50
Less: Remeasurements of Defined Benefit Plans	0.17	1.97
Add: Net Profit for the Year	1,754.98	999.87
Available for Appropriation	4,737.27	3,720.40
Less: Interim Dividends	1,226.52	613.12
Less: Tax on Distributed Profits	252.11	124.82
Surplus Carried Forward	3,258.64	2,982.46

## 3. CHANGE IN CAPITAL STRUCTURE

During the year, the Company has increased its authorised share capital from ₹ 70 crore to ₹ 104 crore. The shareholders vide their resolution dated September 5, 2018, had approved the issue of Bonus shares in the ratio of 1:2, that is, one bonus equity share of ₹1 each for every two fully paid-up equity shares held. Accordingly, the Company has issued and allotted 34,07,22,032 equity shares after which the post issue paid up capital of the Company increased from ₹ 68.13 crore to ₹ 102.22 crore.

## 4. DIVIDEND

### A. Dividend Declared

During the fiscal year 2018-19, the following interim dividends were declared on shares of face value of ₹1 each.

Declared at the Board Meeting Dated	Dividend Rate Per Share on Shares of Face Value of ₹1 Each	Record Date
May 8, 2018	7.00*	May 16, 2018
July 30, 2018	2.00*	August 7, 2018
November 2, 2018	4.00	November 14, 2018
January 29, 2019	2.00	February 6, 2019

\*Note: The dividend declared on May 8, 2018 and July 30, 2018 are on the pre-bonus paid-up capital, and all the subsequent dividends are on the post-bonus paid-up capital. Subsequent to the close of fiscal year 2018-19, the Board has declared an interim dividend of ₹2 per equity share. The record date for the same is May 13, 2019. This dividend will be accounted in fiscal year 2019-20.

### B. Dividend Distribution Policy

The Board of Directors adopted the Dividend Distribution Policy pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations), which requires the top 500 listed companies (by market capitalisation) to formulate the same. The Company's Dividend Distribution Policy may also be accessed through the following link<sup>[1]</sup>.

Four Board meetings were held during the year. The details of the meetings and the attendance record of the Directors are in the Corporate Governance section of the Annual Report.

### B. Appointment/Reappointment/Retirement of Directors

Mr. Sumeet Narang was appointed as an Additional Independent Director at the Board meeting held on January 29, 2019, with effect from April 1, 2019. Sumeet has experience of making investments in businesses in emerging categories in India and working

closely with management teams in scaling business. Sumeet's appointment will enable GCPL to leverage his significant expertise and perspective to guide GPCL's growth strategy.

Mr. Bharat Doshi's tenure of 5 years is ending on September 25, 2019, and he has expressed his desire to not offer himself for reappointment for another term. The Board of Directors places on record its sincere appreciation of the contribution made by Mr. Doshi during his tenure on the Board.

## 5. BOARD OF DIRECTORS

### A. Number of Meetings and Appointment of Directors

<sup>[1]</sup> [http://www.godrejcp.com/Resources/uploads/codes-and-policies/dividend\\_distribution\\_policy.pdf](http://www.godrejcp.com/Resources/uploads/codes-and-policies/dividend_distribution_policy.pdf)

The first term of 5 years of Mr. Narendra Ambwani is ending on July 27, 2019. The first term of 5 years of Mr. Aman Mehta, Dr. Omkar Goswami and Ms. Ireena Vittal is ending on September 25, 2019. Based on their successful performance evaluations, the Nomination and Remuneration Committee has recommended their reappointment for a second term as follows:

Mr. Narendra Ambwani - Term from July 28, 2019 to November 14, 2023

Mr. Aman Mehta - Term from September 26, 2019 to August 31, 2021

Ms. Ireena Vittal and Dr. Omkar Goswami - Term of 5 years from September 26, 2019 to September 25, 2024

The special resolutions for the above reappointments are included in the notice of the Annual General Meeting (AGM).

In the forthcoming AGM, Mr. Nadir Godrej and Mr. Jamshyd Godrej will retire by rotation and being eligible will be considered for re-appointment.

#### **C. Audit Committee of the Board of Directors**

Your Company has an Audit Committee in compliance with Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. The Committee consists entirely of the Independent Directors Mr. Bharat Doshi, Mr. Narendra Ambwani, Dr. Omkar Goswami, Mr. Aman Mehta, Ms. Ireena Vittal, Ms. Ndidi Nwuneli and Ms. Pippa Armerding as members. Mr. Sumeet Narang has also been appointed as a

member of the Audit Committee with effect from April 1, 2019, consequent to his appointment on the Board as an Independent Director. Mr. Bharat Doshi has stepped down as the Chairman of the Committee from April 1, 2019 and Mr. Aman Mehta has been appointed as the Chairman of the Committee with effect from the same date.

#### **D. Declaration from Independent Directors**

All the Independent Directors have given their declaration confirming that they meet the criteria of independence as prescribed under the provisions of the Companies Act, 2013 and the Listing Regulations, and the same has been noted by the Board of Directors.

#### **E. Familiarisation Programmes**

Several familiarisation programmes for the Independent Directors were conducted during the year, covering topics like Annual Operating Plan for fiscal year 2018-19, update on key amendment to the SEBI Listing Regulations and actionables for the Company arising out of the amendments and in-depth presentation on household insecticides business by the business head. Additionally, at all the Board meetings, detailed presentations covering business performance and financial updates were made. The number of hours of the familiarisation programmes conducted may be accessed through the following link<sup>[2]</sup>.

#### **F. Board Diversity Policy**

The Company has in place a Board Diversity Policy, which is attached as **Annexure 'A'**. The criteria for determining qualification, positive attributes and independence of Directors

are as per the Board Diversity Policy, Listing Regulations and the Companies Act, 2013.

#### **G. Remuneration Policy**

The Company's Remuneration Policy for Directors, key managerial personnel (KMP) and other employees is attached as **Annexure 'B'**. The Company's total rewards framework aims at holistically using elements such as fixed and variable compensation, long-term incentives, benefits and perquisites, and non-compensation elements (career development, work-life balance and recognition). The Non-Executive Directors receive sitting fees and commission in accordance with the provisions of the Companies Act, 2013.

#### **H. Remuneration to Directors**

The remuneration of Directors is in accordance with the remuneration policy formulated in accordance with various rules and regulations for the time being in force. The disclosure on the details of remuneration to Directors and other employees pursuant to Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given under **Annexure 'C'**. The information required under Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not being sent along with this report. However, this annexure is available on the Company website. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid annexure is also available for

<sup>[2]</sup> [http://www.godrejcp.com/Resources/uploads/compliance\\_other\\_updates/FamiliarisationProgrammeIndependentDirectors\\_11042019.pdf](http://www.godrejcp.com/Resources/uploads/compliance_other_updates/FamiliarisationProgrammeIndependentDirectors_11042019.pdf)

inspection at the Registered Office of the Company during working hours, up to the date of the AGM. Mr. Adi Godrej, Chairman Emeritus; Ms. Nisaba Godrej, Executive Chairperson; and Mr. Vivek Gambhir, Managing Director and CEO, receive remuneration from your Company.

#### **I. Performance Evaluation of the Board of Directors, its Individual Members and its Committees**

We conducted a formal Board effectiveness review, as part of our efforts to evaluate the performance of our Board and identify areas that need improvement in order to enhance the effectiveness of the Board, its Committees, and Individual Directors. This was in line with the requirements of the Companies Act, 2013 and the Listing Regulations. The Corporate HR team of Godrej Industries Limited and Associate Companies worked directly with the Chairperson and the Nomination and Remuneration Committee of the Board to design and execute this process. It was later adopted by the Board.

Each Board Member completed a confidential online questionnaire, sharing vital feedback on how the Board currently operates and how its effectiveness could be improved. This survey included four sections on the basis of which feedback and suggestions were compiled:

- Board processes
- Individual Committees
- Individual Board Members
- Chairperson

The criteria for Board processes included Board composition, strategic orientation and team

dynamics. Evaluation of each of the Board Committees covered whether they have well-defined objectives and the correct composition, and whether they achieved their objectives. The criteria for Individual Board Members included skills, experience, level of preparedness, attendance, extent of contribution to Board debates and discussion, and how each Director leveraged their expertise and networks to meaningfully contribute to the Company. The criteria for the Chairperson's evaluation included leadership style and conduct of Board meetings. The performance evaluation criteria for Independent Directors included a check on their fulfilment of the independence criteria and their independence from the management.

The following reports were created as part of the evaluation:

- Board Feedback Report
- Individual Board Member Feedback Report
- Chairperson's Feedback Report

The overall Board Feedback was facilitated by Mr. Bharat Doshi with the Independent Directors. The Directors were not only vocal regarding the Board functioning effectively but also identified areas that showed scope for improvement. Feedback from the Committees and Individual Board Members was shared with the Chairperson. Following her evaluation, a Chairperson's Feedback Report was compiled.

#### **J. Directors' Responsibility Statement**

Pursuant to the provisions contained in Section 134(5) of the Companies Act, 2013,

your Directors, based on the representation received from the Operating Management, and after due inquiry, confirm the following:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed, and no material departures have been made from the same
- b) They have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 fiscal year and of the profit of the Company for that period
- c) They have 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
- d) They have prepared the annual accounts on a going concern basis
- e) They have laid down internal financial controls to be followed by the Company, and such internal financial controls are adequate and operating effectively
- f) They have devised a proper system to ensure compliance with the provisions of all applicable laws, and this system is adequate and operating effectively

## 6. Transfer to IEPF

In accordance with the applicable provisions of Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), all unclaimed dividends are required to be transferred by the Company to the IEPF, after completion of 7 years. Further, according to IEPF Rules, the shares on which dividend has not been claimed by the shareholders for seven consecutive years or more shall be transferred to the demat account of the IEPF authority. Accordingly, ₹86,83,307 of unpaid/unclaimed dividends and 9,22,131 shares (including 8,35,029 bonus shares declared in September 2018) were transferred during the financial year 2018-19 to the Investor Education and Protection Fund.

The Company has appointed a Nodal Officer under the provisions of IEPF Regulations, the details of which are available on the website of the Company, which can be accessed through the following link<sup>[3]</sup>.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 30, 2018 (date of last AGM) on the Company's website, which can be accessed through the following link<sup>[4]</sup> and of the Ministry of Corporate Affairs website at [www.iepf.gov.in](http://www.iepf.gov.in).

## 7. Finance

### A. Loans, Guarantees and Investments

The details of loans, guarantees and investments as required by the provisions of Section 186 of the Companies Act, 2013, and the rules made thereunder are set out in the Notes to the Standalone Financial Statements of the Company.

## B. Related Party Transactions

In compliance with the Listing Regulations, the Company has a policy for transactions with Related Parties (RPT Policy). During the year, the Company has revised its Policy on dealing with Materiality of Related Party Transactions, in accordance with the amendments to the applicable provisions of the Listing Regulations. The RPT Policy is available on the Company website, which can be accessed through the following link<sup>[5]</sup>.

Apart from the Related Party Transactions in the ordinary course of business and on arm's length basis, the details of which are given in the notes to financial statements, no other related party transactions require disclosure in the Board's Report, for compliance with Section 134(3)(h) of the Companies Act, 2013. Therefore, 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.

## 8. Subsidiaries, Associates and Joint Venture

During the year, the following company became a subsidiary of your Company:

- Godrej CP Malaysia BHD

During the year, the following companies have ceased to be the subsidiaries of your Company:

- Argencos SA on account of its merger with Laboratoria Cuenca
- Godrej Consumer Products UK Ltd. on account of divestment of stake in that Company

During the year, the following company has ceased to be the Joint Venture of your Company:

- Godrej Easy IP Holding Ltd.

## A. Report on the Performance of Subsidiaries and Associates

The business details of the key subsidiaries are provided in the Management Discussion & Analysis section of this Annual Report. While the Review of Operations section mentions the details regarding the performance of your Company's India business, we provide brief details on the performance of other clusters below:

### Indonesia

Our Indonesia business posted a strong turnaround in fiscal year 2019, growing by 11 per cent in constant currency terms, recovering from the 6 per cent top-line decline in the previous fiscal. Our growth was led by HIT, with strong share revival backed by at-scale media investments, break-the-clutter communication and strategic trade spends. This fiscal was also a milestone year for us in terms of innovation, with the highest ever new product launches in a year. We had four strong launches this year, all aimed at category development and with strong product differentiation. In household insecticides, we launched Long Lasting Paper (LLP) under the expert platform that we launched in the previous fiscal. LLP is a superior overnight solution, longer lasting as well as more effective than coil; it targets upgrading coil users and gained a share of the coil market, a segment we earlier did not compete in. We also forayed into other pests, by launching HIT Roach Aerosol, as part of our strategy to address market whitespaces. In air care, we launched the parfumerist

<sup>[3]</sup> <http://www.godrejcp.com/investors.aspx#shareholder-information>

<sup>[4]</sup> <http://www.godrejcp.com/unclaimed-dividend.aspx>

<sup>[5]</sup> [http://www.godrejcp.com/Resources/uploads/codes-and-policies/RelatedPartyTransactionsPolicy\\_010419.pdf](http://www.godrejcp.com/Resources/uploads/codes-and-policies/RelatedPartyTransactionsPolicy_010419.pdf)

platform, a range of premium air fragrancing solutions. Under this platform, we launched a new Matic during the festive Lebaran season, aimed at driving upgrades in-home, and Twist, a car dashboard solution, aiming to drive car air freshener penetration. HIT Expert Aerosol, launched in the previous fiscal, continued to do well and build strong equity for the overall HIT Aerosol portfolio. We backed all our new products with strong media and trade investments. We also focused on cost savings through direct cost and fixed overhead optimisations to enable strong investments in brand and channel building. Our margins expanded this fiscal, with bottom line growing well ahead of top line. We continue to focus sharply on category development with breakthrough innovation, strong brand building and driving balanced growth across our portfolio.

#### **Africa, Middle East and USA**

Fiscal year 2019 was a challenging year for our Africa, Middle East and US business cluster. The overall business grew by 5 per cent in constant currency terms. On top line, while most countries performed moderately well, we faced slowdown in South Africa due to macro-economic challenges. We faced favourable currency movement due to which the Rupee translation was better at 12 per cent. We faced bottom-line challenges due to inventory aging issues given the nature of fashion in the dry hair market. Despite a challenging year, we focused on strengthening the fundamentals for future. We turned around the Kenya business, driven by an enhanced operating model. Brand building through the Darling re-launched

drove strong top-line growth in Nigeria. The US business, Strength of Nature, grew strongly despite soft macro factors, driven by our entry into the naturals space. We also established strong beach heads in Tanzania and Zambia. Going forward, our focus would be to strengthen margins, strategically drive 'Fast Fashion' to avoid inventory issues and drive faster ramp-up of wet hair.

#### **Latin America**

Our Argentina business was mired in unprecedented macro-economic challenges this year, with the highest ever currency devaluation in recent years driven by hyper-inflation and the economy shrinking. The business performed well on top line, with 34 per cent growth in constant currency terms, driven by our gaining volume share while also increasing prices well ahead of inflation. However, due to the currency devaluation, this did not translate in Rupee terms. We also faced bottom-line pressures this year, with working capital requirements increasing.

Our Chile business too faced strong macro headwinds with heightened competitive intensity and the category in some of our key-channels de-growing. As a result, our top-line declined by 13 per cent in constant currency terms with muted performance on bottom line as well, driven by increased trade spends to counter competition and working capital requirements.

Looking ahead, we will focus disproportionately on margin improvement and working capital management to turn our Latin America businesses around.

#### **United Kingdom**

We divested our UK business in Q2, this fiscal, in line with our overall GCPL-wide strategy of focusing on our core categories—home insecticides, personal care, hair care and air care.

#### **B. Policy on Material Subsidiaries**

In compliance with the Listing Regulations, the Board has adopted a policy for determining material subsidiaries. This policy is available on the Company website, which can be accessed through the following link<sup>[6]</sup>.

#### **C. Financial Performance**

A statement containing the salient features of financial statements of subsidiaries/joint venture companies of the Company in the prescribed Form AOC-1 forms a part of consolidated financial statements (CFSs) in compliance with Section 129 (3) and other applicable provisions, if any, of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014.

The said form also highlights the financial performance of each of the subsidiaries and joint venture companies included in the CFS of the Company pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014.

#### **9. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has complied with the provisions relating to the constitution of the Internal Committee in compliance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to consider and resolve all sexual harassment complaints reported by women. During the year, in-person and e-learning workshops were

<sup>[6]</sup> <http://www.godrejcp.com/Resources/uploads/codes-and-policies/PolicyonMaterialSubsidiaries.pdf>

conducted to create awareness regarding sexual harassment among employees. There was one complaint during the calendar year 2018, and hence, the Committee filed one complaint report with the concerned authorities, in compliance with Section 22 of the aforementioned act.

#### **10. TALENT MANAGEMENT AND SUCCESSION PLANNING**

Your Company has the talent management process in place with an objective of developing a robust talent pipeline for the organisation which includes the senior leadership team. As part of the talent process, we identify critical positions and assess the succession coverage for them annually. During this process, we also review the supply of talent, identify high potential employees and plan talent actions to meet the organisation's talent objectives. We continue to deploy leadership development initiatives to build succession for key roles.

#### **11. ANNUAL RETURN**

In compliance with the provisions Section 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company as per Section 92(3) of the Act is available on the Company website, which can be accessed through the following link<sup>[7]</sup>.

#### **12. RISK MANAGEMENT**

The Company has a well-defined process in place to ensure appropriate identification and mitigation of risks. The Risk Management Committee of the Company has been entrusted by the Board with the responsibility of identification and mitigation plans for the 'Risks that Matter'.

Elements of risks to the Company are listed in the Management

Discussion and Analysis Section of the Annual and Integrated Report.

#### **13. VIGIL MECHANISM**

Your Company has adopted a Whistle Blower Policy as a part of its vigil mechanism. The purpose of the policy is to enable any person (employees, customers or vendors) to raise concerns regarding unacceptable improper practices and/or any unethical practices in the organisation without the knowledge of the management. All employees shall be protected from any adverse action for reporting any unacceptable or improper practice and/or any unethical practice, fraud or violation of any law, rule or regulation. This policy is also applicable to the Directors of the Company.

Mr. V Swaminathan, Head- Corporate Audit and Assurance, has been appointed as the 'Whistle Blowing Officer', and his contact details have been mentioned in the policy. Furthermore, employees are also free to communicate their complaints directly to the Chairman/ Member of the Audit Committee, as stated in the policy. The policy is available on the internal employee portal as well as the Company's website and can be accessed through the following link<sup>[8]</sup>. The Audit Committee reviews reports made under this policy and implements corrective actions, wherever necessary.

#### **14. ANNEXURES**

**A. Disclosure on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**  
**Annexure 'D'** of this Report provides information on the conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134

(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, which forms a part of the Board's Report.

#### **B. Corporate Social Responsibility**

Your Company has a well-documented Corporate Social Responsibility (CSR) Policy, and the same is available on the website of the Company under the following link<sup>[9]</sup>. The CSR Report along with details of CSR projects are provided in **Annexure 'E'** to this Report.

#### **C. Employee Stock Option Scheme**

The Company has a stock option scheme named as 'Employee Stock Grant Scheme, 2011'. The number and the resulting value of stock grants to be given to eligible employees is decided by the Nomination and Remuneration Committee, which is based on the closing market price on the date of the grants. The grants vest in one or more tranches as per the decision of the Nomination and Remuneration Committee with a minimum vesting period of 1 year from the grant date. Upon vesting, the eligible employee can exercise the grants and acquire equivalent shares of face value ₹1. The difference between the market price at the time of grant and the market price on the date of exercise is the gross gain/loss to the employee. The details of the grants allotted under Godrej Consumer Products Limited Employee Stock Grant Scheme, 2011, as also the disclosures in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, and Section

<sup>[7]</sup> <http://www.godrejcp.com/annual-reports.aspx>

<sup>[8]</sup> <http://www.godrejcp.com/Resources/uploads/codes-and-policies/WhistleBlowerPolicy.pdf>

<sup>[9]</sup> <http://www.godrejcp.com/Resources/uploads/codes-and-policies/CSRPoly.pdf>

62 1(b) read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 are set out in **Annexure 'F'**. Your Company has not given loan to any person under any scheme for or in connection with the subscription or purchase of shares in the Company or the holding Company. Hence, there are no disclosures on voting rights not directly exercised by the employees with respect to the shares to which the scheme relates.

## 15. LISTING

The shares of your Company are listed at the BSE Limited and the National Stock Exchange of India Limited. The applicable annual listing fees have been paid to the Stock Exchanges before the due dates. Your Company is also listed on the Futures & Options Segment of the National Stock Exchange of India.

## 16. BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34 of the Listing Regulations, the Business Responsibility Report highlighting the initiatives taken by the Company in the areas of environment, social, economic and governance is available on the website of the Company, which can be accessed through the following link<sup>[10]</sup>.

## 17. AUDITORS AND AUDITORS' REPORT

### A. Statutory Auditors

In accordance with Section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s. B S R and Co., LLP, Chartered Accountants (Firm Regn. No. 101248W/W-100022) has been appointed as the statutory auditor to hold office from the conclusion of the 17<sup>th</sup> AGM on July 31, 2017 until the conclusion of the 22<sup>nd</sup> AGM in the year 2022, at a remuneration as may be approved by the Board.

### B. Cost Auditors

The Company is maintaining requisite cost records for the applicable products of the Company. Pursuant to directions from the Department of Company Affairs, M/s. P. M. Nanabhoy and Co., Cost Accountants, were appointed as cost auditors for the applicable products of the Company for the fiscal year 2018-19. They are required to submit the report to the Central Government within 180 days from the end of the accounting year.

### C. Secretarial Auditors

The Board had appointed M/s. A. N. Ramani and Co., Company Secretaries, Practising Company Secretary, to conduct a secretarial audit for the fiscal year 2018-19. The Secretarial Audit Report for the fiscal year ended March 31, 2019 is attached herewith as **Annexure 'G'**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## 18. CORPORATE GOVERNANCE

Your Company continues to enjoy a Corporate Governance Rating of CGR2+ (pronounced CGR 2 plus) and a Stakeholder Value Creation and Governance Rating of SVG1 (pronounced SVG one). The '+' sign indicates a relatively high standing within the category indicated by the rating. The aforementioned ratings are on a scale of 1 to 6, where 1 is the highest rating. The two ratings indicate whether a company is being run on the principles of corporate governance and whether the practices followed by the company lead to value creation for all its shareholders. The CGR2 rating is on a scale of CGR1 to CGR6, where CGR1 denotes the highest rating. The CGR2+ rating implies that according to ICRA's current opinion, the rated

company has adopted and follows such practices, conventions and codes that would provide its financial stakeholders a high level of assurance of the quality of corporate governance.

The SVG1 rating is on a scale of SVG1 to SVG6, where SVG1 denotes the highest rating. The SVG1 rating implies that according to ICRA's current opinion, the company belongs to the highest category of the composite parameters of stakeholder value creation and management as well as corporate governance practices.

Pursuant to the Listing Regulations, the Report on Corporate Governance is included in the Annual and Integrated Report. The Practising Company Secretary's Certificate certifying the Company's compliance with the requirements of corporate governance, in terms of the Listing Regulations, is attached as **Annexure 'H'**.

## 19. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis as stipulated under the Listing Regulations is presented in a separate section forming a part of this Annual and Integrated Report.

## 20. CONFIRMATIONS

- Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI).
- There have been no material changes and commitments affecting the financial position of the Company which have occurred between the March 31, 2019 and the date of this Board's Report (i.e. May 3, 2019).

<sup>[10]</sup> <http://www.godrejcp.com/annual-reports.aspx>

- There have been no instances of frauds reported by the auditors under Section 143(12) of the Companies Act, 2013 and the Rules framed thereunder, either to the Company or to the Central Government.
- During the Financial Year 2018-19, there were no significant and material orders passed by the regulators or Courts or Tribunals which can adversely impact the going concern status of the Company and its operations in future.

and continuously seeks to enhance the effectiveness of its Board. The Company believes that for effective corporate governance, the Board should have the appropriate balance of skills, experience and diversity of perspectives. Board appointments will be made on a merit basis, and candidates will be considered on the basis of objective criteria, with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments will best enable the Company to serve its stakeholders. The Board will regularly review this policy to ensure its effectiveness.

## 21. APPRECIATION

Your Directors wish to extend their sincere thanks to the employees of the Company, central and state governments as well as the government agencies, banks, customers, shareholders, vendors and other related organisations that have helped in your Company's progress, as partners, through their continued support and co-operation.

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

**Nisaba Godrej  
Executive Chairperson**

Mumbai, May 03, 2019

## ANNEXURE 'A'

### BOARD DIVERSITY POLICY

The Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of nationality, race, colour, religion, caste, gender, gender identity or expression, sexual orientation, disability, age or marital status. The Company recognises merit

## ANNEXURE 'B'

### GCPL TOTAL REWARDS POLICY

GCPL's Total Rewards Framework aims at holistically using elements such as fixed and variable compensation, long-term incentives, benefits and perquisites and non-compensation elements (career development, work-life balance and recognition).

#### Highlights

The rewards framework offers employees the flexibility to customise different elements based on need. The framework is also integrated with GCPL's performance and talent management processes and is designed to ensure sharply differentiated rewards for our best performers.

The total compensation for a given position is influenced by the following three factors: position, performance and potential. As a broad principle, for high performers and potential employees, GCPL strives to deliver total compensation at the 90<sup>th</sup> percentile of the market.

## Total Cash Compensation

The employees' total cash compensation has the following three components:

1. 'Fixed Compensation' comprising the basic salary and retirement benefits such as the provident fund and gratuity
2. 'Flexible Compensation' comprising a fixed predetermined component of the employees' compensation. Employees can allocate this amount to different components, as per their grade eligibility, defined at the start of each fiscal year
3. 'Variable Compensation (Performance-Linked Variable Remuneration)' comprising employee rewards for delivering superior business results and individual performance. It is designed to provide a significant upside earning potential without a cap for overachieving business results. It has a 'Collective' component, linked to the achievement of specified business results, measured by 'Economic Value Added' or other related metrics, relative to the target set for a given fiscal year, and an 'Individual' component, based on employee's performance, as measured by the performance management process.

### Long-Term Incentives (Employee Stock Grant Scheme)

This scheme aims at driving a culture of ownership and focus on long-term results. It is applicable to Godrej Leadership Forum members. Under this scheme, performance-based stock grants are awarded. The value of the stock grant is proposed by the management and approved by the Nomination and Remuneration Committee.

**ANNEXURE 'C'****INFORMATION PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the fiscal year 2018-19; the percentage increase in the remuneration of each Director, Chief Financial Officer and Company Secretary during the fiscal year 2018-19; and the comparison of remuneration of each KMP against the performance of the Company are as follows:

**A. Whole-Time Directors, Chief Financial Officer and Company Secretary**

Sr. No.	Name of the KMP	Designation	Per Cent Increase/ (Decrease) in Remuneration in the Fiscal Year 2018-19	Ratio of Median Remuneration of Each Director to the Median Remuneration Paid/ Payable to all Employees for Fiscal Year 2018-19
1	Mr. Adi Godrej	Chairman Emeritus	(20.00)	144.18
2	Ms. Nisaba Godrej	Executive Chairperson	(19.00)	123.47
3	Mr. Vivek Gambhir	Managing Director and CEO	(33.00)	311.26
4	Mr. V Srinivasan	Chief Financial Officer and Company Secretary	(19.00)	Not Applicable

Remuneration includes the actual performance-linked variable remuneration payable for the fiscal year on the basis of performance, profitability and optimum utilisation of capital.

**B. Non-Executive Directors**

Sr. No.	Name of Director	Per Cent Increase/(Decrease) in Remuneration in the Fiscal Year 2018-19	Ratio of Remuneration of Each Director to the Median Remuneration Paid/Payable to all employees for the Fiscal Year 2018-19
1	Jamshyd Godrej	-	5.46
2	Nadir Godrej	-	5.94
3	Tanya Dubash	-	5.70
4	Pirojsha Godrej	-	5.70
5	Narendra Ambwani	74.00	9.50
6	Pippa Armerding	74.00	9.74
7	Bharat Doshi	74.00	9.50
8	Omkar Goswami	74.00	7.84
9	Aman Mehta	74.00	9.50
10	Ndidi Nwuneli	74.00	9.50
11	Ireena Vittal	74.00	9.03

**Note:**

- (i) Median remuneration of all the employees of the Company for the fiscal year 2018-19: ₹4.21 lakh.
- (ii) The percentage decrease in the median remuneration of employees in the fiscal year: 6.23 per cent.
- (iii) The number of permanent employees on the payrolls of the Company as on March 31, 2019 is 2781.
- (iv) The average percentile increase already made in the salaries of the employees other than the managerial personnel in the last fiscal year and its comparison with the percentile increase in the managerial remuneration and justification thereof: Total managerial remuneration comprises the remuneration of the Whole-Time Directors and commission paid to Non-Executive Directors. The Whole-Time Directors' remuneration is as per the resolution approved by the shareholders and will not exceed 10 per cent of the Company's net profits as permitted by the Companies Act, 2013. The Non-Executive Directors are also eligible for sitting fees of ₹1 lakh per Board meeting attended and ₹20,000 per Committee meeting attended. The shareholders at the AGM held on July 30, 2018, have authorized payment of commissions on profits to Non-Executive Directors at a rate not exceeding 1% of net profits of the Company with authority to the Board to determine the manner and proportion in which the amount is distributed among the Non-Executive Directors. The Board has authorised a base commission of ₹20 lakhs per annum to each Non-Executive Director. All the Independent Directors are paid an additional commission linked to their attendance at Audit Committee meetings, Nomination & Remuneration Committee meetings and Independent Directors' meetings. Compared to the previous year, the actual sitting fees and additional commission linked to attendance in meetings have varied in case of some of the Non-Executive Directors. The average percentile change in the salary of employees other than managerial personnel is an increase of 1.66 per cent while that of Managerial Personnel is a decline of 27.74 per cent. Decline is largely on account of performance-linked variable remuneration.
- (v) Remuneration is as per the remuneration policy of the Company.

## ANNEXURE 'D'

### INFORMATION PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014, WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

#### A. CONSERVATION OF ENERGY

Steps taken or impact of initiatives for conservation of energy, and steps taken by the Company to use alternate sources of energy

#### NORTH-EAST CLUSTER

##### Energy Conservation

The total capital investment on energy savings initiatives is ₹1.32 lakh, and savings in energy consumption is 0.83 lakh KWh per annum. The energy conservation initiatives are as follows:

- Increased the air volume in mould pusher cylinder to reduce compressor load at Meghalaya Coil, resulting in saving of 14,976 KWh
- Replaced the cooling tower water circulation pump from 10 HP to 5 HP at Sikkim, resulting in saving of 6,500 KWh
- Friction Roller Feeders were installed in leaflet and booklet feeding in fast card machinery. Earlier we were using pneumatically operated booklet and leaflet feeders at New Conso, resulting in saving of 5,714 KWh
- Replaced part of conventional lighting with LED lighting in the units, resulting in saving of 40,714 KWh
- Installing sensor, limit switch, auto cut-off and occupancy sensors in admin areas, resulting in saving of 15,000 KWh

#### Water Conservation

The total capital investment on water conservation initiatives is ₹5.37 lakh, and savings in energy consumption is 350 KL per annum. The energy conservation initiatives are as follows:

- Installation of screw conveyor in stamping machine, which reduced the wet dough moisture content and increased the drier efficiency at Meghalaya Coil, resulting in saving of 78 KL per annum
- Push type water tap installed at Lokhra II, resulting in saving of 72 KL per annum
- DM water and distilled water receiver tank fixed with level controller to stop over flow of water from the receiver, resulting in saving of 200 KL per annum

#### Awards Won

- Certificate of Appreciation from National Safety Council for Aer and Meghalaya units
- Occupational Health and Safety Innovation Awards 2018 by UBM group—GCPL Lokhra 2 and Kalapahar Coil units

#### NORTH CLUSTER

The total capital investment on energy savings initiatives is ₹18.05 lakh, and savings in energy consumption is 6.78 lakh KWh per annum, which is equivalent to ₹44 lakh. The energy conservation initiatives are as follows:

- Interlocking of Plodder and Conveyor system
- Installation of energy-efficient compressors
- Optimisation of Chiller operation
- Automation in BOPP tape machine
- Voltage optimisation, reducing 420 V to 400 V at Kathua
- Downsize of root blower motor at Thana Plant

- Installed the VFD for cooling tower circulation pump and vacuum pump at Bari Brahamana

#### CENTRAL WEST CLUSTER

##### Energy Conservation

The total capex utilised for energy conservation measures is ₹1.41 crores. The energy conservation measures are as follows:

- Installed LED lights, leading to saving in power consumption by 55,000 KWh/annum
- Replaced old air conditioners with energy-efficient air conditioners, leading to saving in power consumption by 50,000 KWh/annum
- Installed vacuum generators in place of watering pump in stamping machines, leading to saving in power consumption by 45,000 KWh/annum

##### Fuel Saving

- Installed an IOT-based instrumentation system in RO2 for reducing steam consumption during the unloading of tankers, leading to saving of fuel by 81 MT/annum
- Installed a water-based vacuum system in FADP3 for reducing steam consumption, leading to saving of fuel by 250 MT/annum

#### Awards won by Malanpur unit:

- Excellent Energy-Efficient Unit award—by CII's 'National Energy Award 2018'
  - o First prize from MPPCB—'Environment Award under Red category of Industry'
  - o Received JUSE award on 5'S concept by QCFI

#### SOUTH CLUSTER

The total capex utilised for energy conservation measures is ₹21.57 lakh. The energy conservation measures are as follows:

- Reduction in energy consumption by the installation of energy-efficient LED lightings, solar-based lightings, VFDs in high HP motors and reuse of flue gas for preheating purpose has resulted in saving of 1,26,570 KWh/year, covering five factories in Pondicherry, Karaikal and M Nagar.
- Use of bio waste fuels in our hot air generators to the extent of 4,303 MT instead of furnace oil in our Pondicherry Coil Factory.

#### Awards

1. QCFI—Quality Circle—two gold awards and one silver award by MMN Team, two gold awards and three silver awards by Pandy units, three gold awards and one silver award by Karaikal units.
2. QCFI Chennai—poka-yoke competition—platinum award by MMN Team.
3. QCFI Chennai—Kaizen competition—won Outstanding and Excellence Award by South units.
4. NCQC Gwalior—Par Excellence Award by MMN unit, Excellence Award by Conso unit and one Par Excellence/one Excellence Award by Karaikal team.
5. QCFI Chennai—5S Competition—eight platinum and two gold awards won by South units.
6. 5S Award from QCFI and JUSE (Union of Japanese Scientist Engineers) received by Conso unit.
7. CII EHS Audit—One 5-star rating, two 4-star rating and one 3-star rating awards won.
8. National Safety Councils Safety Award 2018—Certificate of Appreciation Won by Conso Unit for the fifth Consecutive Year.
9. All our 5 units are certified for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards.

#### B. TECHNOLOGY ABSORPTION

The research and development function of your organisation played a key role in ensuring the successful launches of the following products during the year 2018-19:

1. Protekt—Mr. Magic Hand Wash
2. Men's Grooming Range
3. Aer Matic Room Freshener
4. Good Knight Natural Incense Stick
5. Premium Aer Fresheners
6. Nupur HBP
7. Cinthol Deo Shot

The current year, like previous years, also saw a sharp focus on consumer-centric and relevant design-led innovation. The company put a lot of focus on innovation in new technologies, which gives value for money to the consumer.

#### I. R&D product categories initiated by the Company

1. Hair Care
2. Skin Care
3. Household Insecticides
4. Customer Centricity
5. Packaging Development
6. Fabric Care
7. Hygiene Products
8. Air Care
9. Dry Hair

#### II. Benefits derived as a result of the aforementioned R&D efforts

R&D has played pivotal role in developing new technologies in air fresheners, hair colours, personal wash and HI areas. Strong R&D-led initiatives with innovative projects have resulted in successful launches of several new products in the marketplace in the current financial year. The company has launched break through innovation first of its kind in the hand wash

category. R&D has played a pivotal role in improving cost optimisation across product categories by contributing through both product- and process-related innovations and improvements.

We believe that the three key pillars of consumer centricity, new product development and training-led skill upgradation will continue to propel your Company ahead of competition in its strategy of innovation-led value creation.

#### III. Future plan of action

R&D shall continue to play a key role in the advancement and successful execution of newer innovations in the marketplace, for both domestic and international business. Our R&D team shall constantly endeavour to deliver superior innovative products, thereby delighting, both domestic and international customers by:

1. Ensuring successful commercial launches within hair care, household insecticides, room freshener and personal care categories for the coming year.
2. Engaging in providing support on global innovation strategies for various product categories within our international businesses, and extending support on relevant product development for international markets.
3. Focusing on newer consumer relevant product experiences within all categories such as skin care, household insecticides, hair care, air freshener and fabric care.
4. Maintaining a strong focus on R&D training needs and people development.
5. Partnering collaborations with external stakeholders and leading institutions.

#### IV. Expenditure on R&D

	₹ Crore	
	Fiscal Year 2018-19	Fiscal Year 2017-18
Capital	0.12	0.25
Recurring	16.38	14.91
<b>Total</b>	<b>16.50</b>	<b>15.16</b>
<b>Total R&amp;D expenditure as a percentage of total sales turnover</b>	<b>0.30</b>	<b>0.29</b>

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	₹ Crore	
	Fiscal year 2018-19	Fiscal year 2017-18
I. Foreign exchange used	448.53	324.04
II. Foreign exchange earned	219.82	197.69

#### ANNEXURE 'E'

##### CSR REPORT

##### **A brief outline of the Company's CSR policy, including an overview of projects or programmes proposed to be undertaken, with a URL to the CSR policy and initiatives**

A brief outline of the Company's CSR policy, including an overview of projects or programmes proposed to be undertaken, with a URL to the CSR policy and initiatives, GCPL is committed to the Godrej Group's 'Good & Green' vision of creating a more inclusive and greener India. The Good & Green CSR policy focuses on addressing the critical social, environmental and economic needs of the marginalised and less privileged sections of society. Through our Good & Green CSR policy, we align our CSR strategy with the Godrej Group's Good & Green vision and goals. We adopt an approach that integrates the solutions to these problems into the strategy of the Company to benefit communities at large and deliver social and environmental impact. The Company has framed a CSR policy in compliance with the provisions of the Companies Act, 2013. The policy as well as projects and programmes under the CSR policy are available on the Company website, which can be accessed through the following link<sup>[11]</sup>

<sup>[11]</sup> <http://www.godrejcp.com/good-and-green.aspx>

An overview of the projects or programmes undertaken during fiscal year 2018-19 is given below. We have aligned our programmes to national missions and priorities, and they are thus categorised.

##### **I. National Skills Mission**

##### **A. Employability and Livelihoods**

At Godrej, we collaborate with non-profit organisations and social enterprises to design and run several employability training programmes for youth from low-income sections of society. We aim to improve the earning potential of our trainees by building their skills and empowering them. Apart from core domain skills, our programmes also focus on life skills training, entrepreneurship development and postplacement support.

As of March 2019, we have trained over 3,63,080 youth in skills that will enhance their earning potential. Our projects include

- Salon-i, our beauty and hair care training
- Life skills
- Rural Intensification

- Salon-i trains young girls and women in beauty and hair care. Over 1,01,100 women have graduated from this programme in fiscal year 2018-19. The programme is currently operational in 300 centres across India. The curriculum is integrated with life skills and entrepreneurial modules to equip the candidates in starting their own enterprise, if they are so interested. The curriculum has been digitised and is available as audio-visual content. Through our partnerships, approximately 60 per cent of our alumni have found jobs in beauty parlours, many of which are nationally recognised chains; the remaining work mainly as freelancers or micro-entrepreneurs. Furthermore, we reached out to women in the beauty and wellness industry across India to set up the 'Beauty-preneur' platform. This programme promotes entrepreneurship and enables women to start training other girls as well as empowers these women entrepreneurs through life skills and entrepreneurship modules. Over 1100 women have joined the Beauty-preneur programme and are aiming to reach out to other women as well as grow their businesses.

ii. We have developed a life skills curriculum for all our employability programmes across our businesses. The life skills curriculum supplements the current employability courses. The modules equip our trainees with financial literacy, work readiness and critical skills, which will enable them to build stronger and more productive careers and lives. Interactive games and activities have been developed for different target audiences under this project.

iii. Rural Intensification: As a corollary to the employability and livelihoods programme, we have set up a project to identify and train unemployed women and youth in entrepreneurship skills to ensure a stable livelihood for them. The programme involves intensive mobilisation and a year-long handholding period to ensure that they succeed at their entrepreneurial ventures. Till date, over 1480 youth have been trained under this initiative.

iv. We have completed an Social Returns on Investment (SROI) for the Salon-i programme, which showed an overall social return of 6.46 for every rupee invested. The study details the value creation achieved by the programme in the lives of small and micro women entrepreneurs in the salon industry through enhanced skills and incremental agency in financial and non-financial decision making.

## B. Community Development

Sustainability is an integral part of our business and value chain, and it helps us provide high-

quality and affordable goods to our 1.1 billion people globally, who use our products on any given day. Our stakeholders are also the communities that border our plant locations. To align our CSR activities with both community needs and our Good & Green strategy, we conducted third-party community needs assessments at our priority plant locations.

On the basis of valuable stakeholder input, we are now implementing a range of high-impact community development programmes primarily to improve the quality of education in government schools around our manufacturing sites. We have primarily invested in education, water, sanitation and skill building initiatives across eight villages in and around our manufacturing facilities. Our interventions help to improve the infrastructure in schools as well as the overall teaching learning environment.

In fiscal year 2018-19, we focused on boosting infrastructure of educational institutes in the vicinity of our plants and supported the construction and repair of classrooms, dining hall, sanitation and drinking water facilities and provided teaching and learning aids to four schools across Baddi (Himachal Pradesh), Guwahati (Assam), Karaikal (Pondicherry) and Bari Brahmana (Jammu). In addition, we conducted a range of activities in local schools in Malanpur (Madhya Pradesh).

## II. Swachh Bharat Mission

### A. Elimination of Vector-Borne Endemic Diseases

Elimination of Vector-Borne Endemic Diseases (EMBED) is an intensive community

awareness and behaviour change communication programme to combat malaria in regions that report high annual parasite index (API). Under the EMBED programme, we collaborate with non-governmental organisations and governments, in an effort to reduce morbidity and mortality due to malaria.

The approach towards the project is as follows:

- Implement community need-based behaviour change communication interventions at the village and household level to spread awareness and encourage appropriate healthcare-seeking behaviour for prevention and control of mosquito borne diseases
- Strengthen links with public and private health services in the prioritised blocks to improve access to preventive, diagnostic and curative services
- Evaluate the data to support scalability and replicability of the project in other geographies

### Impact:

- The programme currently addresses 45 per cent of the malaria burden in Madhya Pradesh across 9 districts, 3000 villages, 7,00,000 households and 35,00,000 people
- Till date, we have trained 3597 ASHA workers, 933 Rural Healthcare Providers, 3295 Ojhas/local healers and 2762 local community volunteers on correct diagnosis treatment and/ or referral of malaria cases. Our outreach activities have resulted in 27,149 Gram

Chaupal sessions, and we have supported 8516 village health and nutrition days

- Overall there has been a 66 per cent reduction in API across intervention villages versus a 41 per cent reduction in API across non-intervention villages over 3 years
- On the basis of government data, from 2015 to 2017, at the end of year 1 (intervention in two districts), 80 per cent of targeted intervention villages had reduced API and 23 per cent were using mosquito-bite prevention strategies; at the end of year 2 (intervention in six districts), 86 per cent of targeted intervention villages had reduced API and 21 per cent were using mosquito-bite prevention strategies. At the end of year 3 (intervention in nine districts), 81 per cent of the targeted intervention villages had no malaria cases

#### **B. Waste Management**

We have initiated various community waste management projects across India. Some of these projects are as follows:

- **Urban waste management in Maharashtra**  
We are working with Kalyan-Dombivali Municipal Corporation (KDMC) and Green Roots Solutions to set up an integrated waste management facility at Kalyan, Maharashtra. The project is aimed to demonstrate zero garbage to landfill. The project involves setting up of 25 TPD of biogas plant from wet waste, 5 TPD of pyrolysis plant that converts multi-layer plastic (MLP)

into liquid fuel and a plastic recycling plant of 3 TPD to convert recyclable plastic into granules.

#### **III. Rural Electrification**

We aim to create renewable energy ecosystems in rural India to address the shortage of energy supply. The project provides decentralised, off-grid renewable energy systems through community-level installations in energy-dark villages in Uttarakhand and Madhya Pradesh. We extended the project to cover additional one village in Uttarakhand and 25 villages in Madhya Pradesh during 2018-19 by installing mini and micro solar grids during the year. With this, we reached out to 100 villages in total in the last couple of years in Andhra Pradesh, Madhya Pradesh and Uttarakhand.

In addition, we invested in 13 solar irrigation systems in Madhya Pradesh, with each solar-powered pump set covering 6-10 farmers. Furthermore, we also provided training to the local youth and carried out awareness programmes on the potential of renewable energy systems for meeting rural energy needs.

#### **IV. Watershed Management**

Our integrated watershed development project will help restore the ecological balance in the drought-prone district of Siddipet in Telangana. Our efforts are designed to recharge groundwater and make more water available for irrigation over a total area of more than 3300 hectares and plantation of approximately 4 lakh saplings. We are also working to support farmers in adopting sustainable farming practices to mitigate the impacts of climate change. The Capacity Building Phase covering an area of approximately 200 hectares was completed during

2017-18. Full Implementation Phase has started in 2018-19. Various interventions in over 500 Ha have been carried out by the end of January 2019.

#### **V. Donations**

- A. Support to flood-affected communities in Kerala: GCPL's donation enabled SEEDS to provide permanent housing to flood-affected communities.
- B. Green chemistry: With the funding from GCPL, the Institute of Chemical Technology (ICT), Mumbai, has proposed to set up a skill-development centre. The proposed centre has three objectives:
  - To develop training programmes for the characterisation of biologics and biopharmaceuticals
  - To establish a state-of-the-art centre for biophysical and biochemical analysis for skill development for training students and provide a resource to the Indian biotechnology industry
  - To develop back-to-school programmes for industrial participants to hone their skills
- C. Olympic gold quest: The project aims to support 49 senior Indian athletes aspiring to participate in Commonwealth, Asian and Olympic games by funding their training and sport equipment purchase as well as providing medical support.
- D. Donation to Udwada foundation to preserve cultural heritage: The project supports the extension of the Udwada resource centre to having audio-visual aid enabling a timely preservation and outreach of the cultural heritage.

- E. Promote culture and music among children: GCPL supports the National Centre for Performing Arts in Mumbai to run school programmes to promote Indian music and dance.

#### VI. Composition of the CSR Committee

The composition of the CSR Committee during the year is as follows:

1. Mr. Nadir Godrej, Chairman of the Committee
2. Ms. Tanya Dubash, Director
3. Ms. Nisaba Godrej, Executive Chairperson of the Board
4. Mr. Vivek Gambhir, Managing Director and CEO
5. Mr. Narendra Ambwani, Independent Director

**VII. Average net profit of the company in the last 3 fiscal years:** ₹1,093.51 crore.

**VIII. Prescribed CSR expenditure (2 per cent of the amount as in item V above):** ₹21.87 crore.

#### Details of CSR expenditure for the fiscal year:

a) Total amount to be spent for the fiscal year	₹21.90 crore against the mandated amount of ₹21.87 crore. The
b) Amount unspent, if any	manner in which the amount is spent is detailed in Table 1, which is
c) Manner in which the amount spent during the fiscal year	attached.

Table 1-Details of CSR Expenditure for fiscal year 2018-19

Sr. No	CSR Project/Activity Identified	Sector in Which the Project is Covered	Amount Outlay (Budget) Project/Programme Wise	Amount Spent on the Project/Programmes		Cumulative Expenditure up to the Reporting Period	Amount Spent (Direct /Implementing Agency)
				Direct Expenditure on Projects or Programmes	Over-heads		
1	Project Salon-1—skill training for employability and entrepreneurship leading to women empowerment	Schedule VII (iii) Livelihood Enhancement Projects	8.23	8.10	0.14	8.24	Multiple Agencies: SAATH, SEWA, YUVA, Dhriti, tata strive, Aditya Birla skills Foundation, DDJF, Don Bosco Tech Society, Labournet, Pratham, Save the Children India and Youthnet
2	Project Life skills—career guidance for employability and work readiness	Schedule VII (iii) Livelihood Enhancement Projects	0.22	0.22	0.00	0.22	Quest
3	Rural Intensification—skill training for micro-entrepreneurship	Schedule VII (iii) Livelihood Enhancement Projects	0.74	0.74	0.00	0.74	CMI- Kolkata Labournet
4	Behaviour change communication on malaria and vector-borne diseases (EMBED)	Schedule VII (i) Promoting preventive healthcare	5.23	5.03	0.21	5.24	Family Health India Onion-Dev (campaign)
5	Community development projects	Schedule VII (ii) Promoting Education	0.19	0.18	0.01	0.19	Ethica Strategy India Private Limited for community needs assessment Direct implementation across all sites
6	Impact Assessment of Godrej Livelihood Development Programmes	Schedule VII (iii) Livelihood Enhancement Project	0.15	0.15	0.00	0.15	Collective Good Foundation SROI - Sustainable Square Foundation
7	Waste Management	Schedule VII (iv) Environment Sustainability	3.91	3.68	0.23	3.91	1) Green Roots Solutions 2) Dharthi Sustainables Pvt Ltd 3) Hasiru Dala Innovations Pvt Ltd
8	Rural Electrification	Schedule VII (iv) Environment Sustainability	0.18	0.17	0.01	0.18	Aga Khan Rural Support Programme
9	Watershed Management	Schedule VII (iv) Environment Sustainability	0.82	0.79	0.03	0.82	Peoples Action for Creative Education
10	Donation of Solar PV System	Schedule VII (iv) Environment Sustainability	0.16	0.16	0.00	0.16	Direct Implementation
11	Promotion of Sports	Schedule VII (vi) Promoting nationally recognised sports	0.26	0.25	0.01	0.26	Foundation for Promotion of Sports and Games
12	Green Chemistry	Schedule VII (ii) Promoting Education	0.90	0.90	0.00	0.90	Donation to ICT
13	Access to Education—child friendly schools and systems	Schedule VII (iii) Promoting Education	0.25	0.25	0.00	0.25	Donation to NCPA
14	Udwada	Promoting Culture and Education	0.25	0.25	0.00	0.25	Donation to Udwada

Sr. No	CSR Project/Activity Identified	Sector in Which the Project is Covered	Amount Outlay (Budget) Project/ Programme Wise	Amount Spent on the Project/Programmes		Cumulative Expenditure up to the Reporting Period	Amount Spent (Direct /Implementing Agency)
				Direct Expenditure on Projects or Programmes	Over-heads		
15	Donation to Hyderabad Eye care	Schedule VII (i) Promoting Preventive Healthcare	0.25	0.25	0.00	0.25	Donation to Make a Wish Foundation
16	Donation to MR Pai Foundation	Schedule VII (ii) Promoting Education	0.15	0.15	0.00	0.15	Donation to MR Pai Foundation
<b>Total</b>			<b>21.88</b>	<b>21.26</b>	<b>0.64</b>	<b>21.90</b>	

The implementation and monitoring of this CSR policy is in compliance with the CSR objectives and policy of the Company.

**Nadir Godrej**  
Chairman of the CSR Committee

**Vivek Gambhir**  
Managing Director and CEO  
(Member of the CSR Committee)

## ANNEXURE 'F'

AS PER THE DISCLOSURE REQUIREMENT SPECIFIED UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND SECTION 62(1)(B) OF THE COMPANIES ACT, 2013 READ WITH RULE 12(9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES), RULES, 2014, THE FOLLOWING INFORMATION IS DISCLOSED IN RESPECT OF EMPLOYEE STOCK BENEFIT PLANS:

Sr. No.	Particulars	Godrej Consumer Products Limited Employee Stock Grant Scheme
1	Date of shareholders' approval for the options granted under the scheme	March 18, 2011
2	Total number of options approved for grants under the scheme	25,00,000
3	Vesting requirements	As specified by the Nomination and Remuneration Committee subject to minimum 1 year from the date of grant
4	Exercise price or pricing formula	₹1 per share
5	Maximum term of options granted	As may be decided by the Nomination and Remuneration Committee as per the prevalent regulatory provisions
6	Source of shares	Direct allotment
7	Variation of terms of options	None
8	Number of options outstanding as at April 1, 2018	2,24,011
	Number of fresh options granted during the year	98,343
9	Number of options lapsed till September 14, 2018 (Record date for bonus issue)	3,823
	Number of options vested during the year	1,14,546
	Number of options exercised during the year	1,14,546
	Number of shares arising as a result of exercise of options	1,14,546
	Money realised by exercise of options	₹1,14,546
10	Number of options outstanding as on record date	2,03,985
11	Number of options outstanding after adjustment for 1:2 bonus issue	3,06,034
12	Number of options lapsed after bonus issue and till March 31, 2019	11,019
18	Number of options outstanding at the end of the year	2,95,015
19	Number of options exercisable at the end of the year	2,95,015
20	Method used to account for the options	The company has calculated the employee compensation cost using the fair value of stock options, in accordance with IND AS.
21	Weighted-average exercise prices and weighted-average fair values of options (shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock)	Exercise price ₹1.00 per share Fair value ₹ 655.93 (Post bonus issue)
22	Employee-wise details of options granted to	
	i) Senior managerial personnel	As per Note 1 below
	ii) Any other employee who receives a grant in any one year of option amounting to 5 per cent or more of option granted during that year	As per Note 1 below
	iii) Identified employees who were granted option, during any one year, equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
23	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'EPS'	₹17.17 per share (standalone) ₹22.90 per share (consolidated)
24	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The fair value of the options granted has been calculated using Black-Scholes Options pricing formula and the significant assumptions made in this regard are as follows:
	i) Risk-free interest rate	7.51 per cent
	ii) Expected life	2.00
	iii) Expected volatility	28.29
	iv) Expected dividends	1.05 per cent
	v) The price of the underlying share in market at the time of option grant*	1,139.45

\*Price is before issue of bonus shares

**Note 1: Employee-wise details of options granted to senior managerial personnel and details of options granted more than 5 per cent in 1 year.**

Name and Designation of Senior Managerial Personnel to Whom Stock Options Have Been Granted	Granted in Fiscal Year 2016-17 and Outstanding as at March 31, 2019	Granted in Fiscal Year 2017-18 and Outstanding as at March 31, 2019	Granted in Fiscal Year 2018-19 and Outstanding as at March 31, 2019	Total Outstanding Options as at March 31, 2019
Vivek Gambhir, Managing Director and CEO	13,494*	24,081*	32,910*	70,485
V Srinivasan, Chief Financial Officer and Company Secretary	2,364	4,065	5,265	11,694
Akhil Chandra, Business Head—ASEAN	0	5,352	6,583	11,935
Naveen Gupta, Cluster Head—Africa	3,372*	5,352	6,583	15,307
Sunil Kataria, Business Head—India	3,372*	6,423*	9,006*	18,801
Omar Momin, Business Head Darling and M&A	3,372*	6,423*	7,899*	17,694
Rakesh Sinha, Head—Supply Chain, Manufacturing and IT	2,157	4,281	5,740	12,178
Rahul Gama, Head—Human Resources	1,689	3,210	4,425	9,324
Sunder Mahadevan, Head—R&D	1,689	3,210	4,345	9,244
Darshan Gandhi, Head—Design	810	1,284	3,950	6,044

\*Option granted was more than 5 per cent of the options granted in 1 year.

The above disclosures can also be accessed in the Company website, viz. <http://godrejcp.com/annual-reports.aspx>

**ANNEXURE 'G'**

**Form No. MR-3**

**FOR THE FISCAL YEAR ENDED  
MARCH 31, 2019**

[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]

The Members,  
Godrej Consumer Products Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Godrej Consumer Products Limited (hereinafter called the 'Company'). The 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.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company as well as the information provided by the Company, its officers, agents and authorised 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 March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner reported and subject to the reporting made hereinafter:

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 March 31, 2019, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External

Commercial Borrowings;

- (v) 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share based Employee Benefit) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the

Companies Act and dealing with clients;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.

(ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015/the Listing Agreements entered into by the Company with the BSE Limited and The National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the acts, rules, regulations, guidelines, standards, etc. mentioned above.

The other laws, as informed and certified by the Management of the Company, which are specifically applicable to the Company based on their sector/industry are:

- a. Insecticide Act, 1968 and rules made thereunder;
- b. Legal Metrology Act and rules made thereunder;
- c. Drugs and Cosmetics Act, 1940.

We report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check basis, the Company has complied with the aforementioned laws applicable specifically to the Company.

We further report that:

The Board of Directors of the Company is duly constituted with a 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 Act.

Adequate notice is given to all Directors to schedule the Board meetings; the agenda and related detailed notes on agenda were sent at least 7 days in advance. Furthermore, a system for seeking and obtaining further information and clarifications on the agenda items before the meeting exists for meaningful participation at the meeting.

All the decisions were passed unanimously in the meetings of the Board.

We further report that there are adequate systems and processes in the Company, commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has:

- i. Approved grant of corporate guarantee for refinance of existing loans to the extent of USD 165 Mio or equivalent thereof in any currency.
- ii. Approved issue of corporate guarantees for securing the banking facilities availed for interest rate swap, by Godrej Consumer Products Holding (Mauritius) Ltd from DBS Bank Ltd., Singapore upto USD 1.2 Mio or equivalent thereof in any currency.
- iii. Issued shares on exercise of options under the Employee Stock Grant Scheme.

iv. Approved grant of corporate guarantee for borrowing by wholly owned subsidiaries upto a limit of USD 65 million.

v. Increased its authorised share capital from ₹ 70,00,00,000/- (Rupees Seventy Crore only) to ₹ 1,04,00,00,000/- (Rupees One Hundred Four and Crore only) and made consequential amendment to Memorandum of Association of the company.

vi. Issued 340,722,032 equity shares as bonus shares in the ratio of 1 (one) share of ₹1/- each (Rupee One each) fully paid for every 2 (two) existing equity shares of ₹ 1/- each (Rupee One each) held.

vii. Approved extension of date of conversion of compulsorily convertible debentures of Bhabani Blunt Hairdressing Pvt Ltd by a period of 5 years.

viii. Approved offer of shares for buyback of Bhabani Blunt Hairdressing Pvt Ltd which resulted in reduction of shareholding of the company in Bhabani Blunt Hairdressing Pvt Ltd by 2%.

ix. Made investment in wholly owned subsidiary.

For A. N. Ramani and Co.,  
Company Secretaries,  
Unique Code - P2003MH000900

Bhavana Shewakramani  
Partner  
FCS - 8636, COP - 9577

Place: Thane  
Date: May 3, 2019

## **ANNEXURE TO THE SECRETARIAL AUDIT REPORT**

The Members  
Godrej Consumer Products Limited

Our report of even date is to be read along with this letter.

1. Maintenance of statutory and other records is the responsibility of the management of the company. Our responsibility is to express an opinion on these records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the records. The verification was done on test basis to ensure that correct facts are reflected in records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and books of accounts of the company. We have relied on the report of the Statutory Auditor in respect of the same as per the guidance of the Institute of Company Secretaries of India.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Company is following a system of obtaining reports from various departments to ensure compliance with applicable laws. The Company is following an electronic compliance management system for compliance management to ensure compliance with applicable laws, rules, regulations and guidelines.
6. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of

the management. Our examination was limited to the verification of procedures on test basis.

7. 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.

For A. N. Ramani and Co.,  
Company Secretaries,  
Unique Code - P2003MH000900

Bhavana Shewakramani  
Partner  
FCS - 8636, COP - 9577

Place: Thane  
Date: May 3, 2019

#### ANNEXURE 'H'

Practising Company Secretary's  
Certificate on Corporate Governance

To the members of  
Godrej Consumer Products Limited

We have examined the compliance of conditions of corporate governance by Godrej Consumer Products Limited ('the Company') to the year ended on March 31, 2019, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ('Listing Regulation').

#### Management Responsibility

The compliance of conditions of corporate governance is the responsibility of the Company's management including the preparation

and maintenance of all relevant supporting records and documents.

#### PCS's Responsibility

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above-mentioned Listing Regulations as applicable during the year ended March 31, 2019.

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

#### Restriction on Use

This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable any other purpose.

For A. N. Ramani and Co.,  
Company Secretaries,  
Unique Code - P2003MH000900

Bhavana Shewakramani  
Partner  
FCS - 8636, COP - 9577

Place: Thane  
Date: May 3, 2019