



Gillette India Ltd.

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To,
The Listing Department
The National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051.

February 11, 2014

Ref:- Scrip ID: - GILLETTE

Dear Sir / Madam,

Sub:- Order of the Securities and Exchange Board of India (SEBI) with respect to compliance with Minimum Public Shareholding Requirement

We are pleased to inform you that the Company has received an Order dated February 10, 2014 from the Securities and Exchange Board of India (SEBI) with respect to compliance with Minimum Public Shareholding (MPS) Requirement. The key points of the Order are given below:

- The directions issued by SEBI vide interim order dated July 05, 2013 have been revoked with immediate effect, as the Company is now compliant with MPS requirement.
- The Company, Poddar Group and P&G Group to comply with the directions of the SEBI letter dated September 25, 2013.

A copy of the SEBI order dated February 10, 2014 is enclosed for your reference.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For Gillette India Limited

Preeti Bishnoi

Authorised Signatory

Encl.: As above

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM : PRASHANT SARAN, WHOLE TIME MEMBER**

ORDER

Under sections 11(1), 11(2)(j), 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 read with section 12A of the Securities Contracts (Regulation) Act, 1956 in the matter of non-compliance with the requirement of minimum public shareholding by listed companies

In respect of Gillette India Limited

1. Gillette India Limited (hereinafter referred to as "the Company") is a public company, whose equity shares are listed on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").
2. The Company was jointly promoted by the Poddar Group and the Procter and Gamble Group ("P & G Group"). The Poddar group held 12.86% and the P & G group held 75.9% of the equity share capital. In aggregate, the promoter group of the Company held 88.76% of the equity capital. The public shareholding was therefore at 11.24%, which was below the Minimum Public Shareholding ("MPS") norms as stipulated under rule 19A of the Securities Contracts (Regulation) Rules, 1957 (hereinafter referred to as "SCRR"). In terms of the said rule, listed companies are statutorily mandated to have a minimum of 25% shareholding by the public.
3. SEBI had prescribed various methods and means to enable the non-compliant listed companies to comply with the MPS norms. The Company had made an application dated October 10, 2012 to the Securities and Exchange Board of India (hereinafter referred to as "SEBI") in terms of paragraph 3 of the SEBI Circular dated August 29, 2012 proposing a method to attain the mandatory requirement of MPS of 25%. In terms of the proposal, the

Poddar Group would first transfer 4% of its shareholding to the P & G Group, which being an *inter se* transfer of shares between promoters, would be exempt from the obligation of making an open offer as per regulation 10(1)(a)(ii) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. As a result of this transfer, the shareholding of the Poddar Group would be reduced to 8.86%. The same would be followed by the termination of the Shareholders Agreement dated July 10, 1996 (which gave special rights to Mr. Saroj Poddar, a promoter of the Company, part of the Poddar group) and amendments to the Articles of Association ("AoA") of the Company. As a result, the Poddar Group would be classified as an ordinary public shareholder and would lose all its rights and control over the Company as a promoter. P & G would comply with the MPS requirements by selling its shares in an Offer for Sale ("OFS").

4. The above proposal was rejected by SEBI stating that a mere re-classification of a person from the Promoter to the Public category is neither in line with the intention of SCRR nor would it lead to broad based ownership of a company, as envisaged while prescribing various methods for increasing public shareholding. In the appeal (Appeal no. 65 of 2013) filed by the Company against this decision of SEBI, the Hon'ble Securities Appellate Tribunal (vide order dated July 03, 2013) upheld the decision and dismissed the appeal. The Hon'ble Tribunal also vacated the interim relief granted to the Company on May 30, 2013.

5. In view of the non-compliance with the MPS norms, as stipulated under the SCRR and the Listing Agreement, by the Company and the dismissal of its appeal by the Hon'ble Tribunal, the SEBI had passed an interim order dated July 05, 2013 (hereinafter referred to as "the interim order") issuing various directions including the freezing of voting rights and corporate benefits with respect to the proportionate promoter/promoter group's shareholding in the Company till such time the Company complied with the MPS requirements. The interim order was passed without prejudice to the right of SEBI to take any other action, against the non-compliant company, its promoters and/or directors or issuing such directions in accordance with law. The interim order was to be treated as a show cause notice by the Company for action contemplated in paragraph 23 thereof.

6. Pursuant to the interim order, the Poddar Heritage Group (the Poddar group, one of the promoter groups of the Company) vide letters dated August 23, 2013 and September 02, 2013, had made a revised proposal with SEBI in respect of the Company's compliance with the MPS norms. In terms of the revised proposal :

- i. Promoters of the Company would undertake an OFS for 8.77% (7.87% by Poddar group and 0.90% by the P & G group) of the paid up share capital held by them. This would reduce their shareholding in the Company to 4.99%.
- ii. Once the OFS is consummated fully, the prior agreements (SHA) between P & G and the Poddar group would be terminated and consequently the Articles of Association ("AoA") of the Company would be suitably amended after convening an EGM for the purpose.
- iii. Severance compensation would be directly paid by P & G to the Poddar Group without involving the Company in this bilateral transaction.

7. On a consideration of the said proposal, SEBI vide letter dated September 25, 2013, imposed the following conditions subject to the fulfilment of which the shareholding of the Poddar Group shall be considered to be part of the public shareholding :

- a. Poddar Group shall have no special rights in the Company through any formal or informal arrangements other than that of a normal public shareholder.
- b. The entities belonging to the Poddar Group shall not hold any key management personnel position in the Company and the other group companies of P & G, through any formal or informal arrangement.
- c. If entities belonging to Poddar Group promoters want to be classified as promoters of the Company again in future, they shall be required to make an open offer and no exemption shall be given in this regard.
- d. There shall be no acquisition of shares of the Company by Poddar Group for a period of one year from the date of re-classification of Poddar Group as public shareholder.

The letter also mentioned that :

- a. SEBI has no objection regarding the proposed payment of severance compensation, provided that the same would be paid by P & G without any recourse to the Company and interest of the existing minority shareholders of the Company is safeguarded.
- b. In view of the facts of the case and the intent behind the transaction i.e. to comply with the MPS requirement, SEBI would not insist P & G to make an open offer in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, subsequent to the completion of transactions proposed.

The Poddar Group (through Shri Saroj Poddar) was advised to intimate the contents of the said letter along with their aforesaid letters to the Stock Exchanges in accordance with clause 36 of Listing Agreement.

8. Thereafter, vide letter dated December 31, 2013, the Company confirmed that in accordance with the SEBI letter dated September 25, 2013, it has completed all steps required to be undertaken to achieve compliance with the MPS requirements prescribed by SEBI under rule 19A of the SCRA read with Clause 40A of the Equity Listing Agreement. According to the Company, the following were the detailed steps taken by it :

I. **Offer for Sale ("OFS") :**

The promoters of the Company, the Poddar Group and P & G Group, successfully completed an OFS on November 13, 2013 through the Stock Exchange mechanism in accordance with the SEBI circulars dated July 18, 2012, as amended by circular dated January 25, 2013, and May 30, 2013. In the OFS, an aggregate of 28,57,744 equity shares of Rs.10/- each constituting 8.77% of the equity capital of the Company. Pursuant to this sale, the shareholding of the Poddar Group stood reduced to 4.99% and of P & G to 74.99%. Subsequently, the balance shareholding of the Poddar Group has been re-classified as public shareholding. Documents with respect to the filings made by P & G and Poddar group made to the Stock Exchanges were submitted.

II. **Termination of the Shareholders' Agreement and Amendment of Articles:**

A termination agreement dated November 11, 2013 between Procter & Gamble India Holdings B.V. and Mr. Saroj Kumar Poddar in respect of the Shareholders Agreement dated July 10, 1996 ("the SHA"), which gave special rights to Mr. Saroj Kumar Poddar in the Company, was entered into. The aforesaid termination agreement came into effect on December 30, 2013 and consequently the SHA has been terminated. The AoA of the Company was also amended so as not to contain any provisions granting any special rights to the Poddar Group. Copies of the notice (which also disclosed the compensation to be paid by P & G to Mr. Saroj Poddar) to the shareholders with respect to the amendment of the AoA and the scrutinizer's report dated December 24, 2013 was enclosed.

III. **Resignation of Mr. Saroj Poddar and Mr. Akshay Poddar and payment of compensation :**

Mr. Saroj Poddar and Mr. Akshay Poddar vide letters/emails dated December 26, 2013 and December 25, 2013 respectively, resigned from the Board of Directors of the Company. Their resignations would be taken on record by the Board of Directors in the meeting fixed on January 08, 2014 and the Company shall file Form-32 with the Registrar of Companies immediately thereafter. P & G has paid compensation to Mr. Saroj Poddar without any recourse to the Company, in accordance with the approval of SEBI.

IV. **Re-classification :**

The remaining shareholding of 4.99% of the Poddar Group in the Company has been re-classified as "public shareholding" on December 30, 2013. The Company, has on December 31, 2013 filed revised disclosures under clause 35 of the Listing Agreement. P & G is now the sole promoter of the Company.

V. **Compliance with restrictions on dividend payment and voting rights :**

The Company has kept the dividend payable to the promoters in abeyance, in proportion, as mentioned in the interim order. Further, the voting rights exercised by the promoters in the AGM convened on November 19, 2013, were restricted in proportion as stated in the interim order.

The Company also submitted that all the steps indicated in its letters dated August 23, 2013 and September 02, 2013 and in the approval of SEBI have been completed and that the Company has achieved compliance with the MPS requirements. The Company requested SEBI to drop the proceedings and withdraw the interim order as passed against it.

9. The Company has not requested for an opportunity of personal hearing in the matter. Accordingly, I have considered the revised proposal of the Company/its promoters made vide letters dated August 23, 2013 and September 02, 2013, the letter of SEBI dated September 25, 2013, the submissions made by the Company vide letter dated December 31, 2013, the documents annexed therewith and other material available on record.

10. In the OFS, an aggregate of 28,57,744 equity shares (Poddar group sold 25,64,467 shares and P & G sold 2,93,277 shares) of Rs.10/- each constituting 8.77% of the equity capital of the Company were sold. Pursuant to this sale, the shareholding of the Poddar Group reduced to 4.99% and that of the P & G group to 74.99% in the Company. From the revised filings, I note that the promoter group of the Company now comprises of the P & G group which holds 75%. I also note that a Termination Agreement has been entered into between P & G India Holdings B.V. and Mr. Saroj Kumar Poddar, which terminated the Shareholders' Agreement which granted special rights to Mr. Saroj Poddar in the Company. It is submitted that the AoA of the Company has also been amended so as not to grant any special rights to Mr. Saroj Poddar. The Poddar group with 4.99% have been re-classified as public shareholders. After these transactions, the total shareholding of the public in the Company is at 25%, which is the MPS stipulated under the SCRR read with Clause 40A of the Equity Listing Agreement. I also note that the severance compensation has been paid by P & G to the Poddar Group without involving the Company in the said financial transaction. Further, Mr. Saroj Poddar and Mr. Akshay Poddar have also resigned from the Board of Directors of the Company.

11. I also note that the Company has made a corporate announcement dated December 27, 2013 on the BSE informing about the resignations of Mr. Saroj Poddar and Mr. Akshay Poddar and that their resignations would be tabled in the meeting of the Board of Directors of the Company scheduled on January 08, 2014.

12. On further queries from SEBI regarding the outcome of the Board Meeting held on January 08, 2014, BSE vide e-mail dated February 07, 2014 forwarded copy of the letter dated February 06, 2014 sent by the Company to the BSE stating that the resignations of Mr. S.K. Poddar (*w.e.f. 26.12.2013*) and Mr. Akshay Poddar (*w.e.f. 27.12.2013*) were tabled in the aforesaid Board Meeting and were taken on record. An announcement was also made by the Company in the BSE on February 06, 2014 regarding the same. NSE had also informed that it is in receipt of a letter dated February 06, 2014 informing it about the resignations of Mr. S.K. Poddar and Mr. Akshay Poddar.

13. In view of the foregoing, I do not find it necessary to continue with the interim directions passed against the Company, its directors and promoters vide the interim order. Further, as the Company has now complied with the MPS requirements, action as contemplated in paragraph 23 of the interim order may not be required to be initiated against the Company, its directors and promoters.

14. Accordingly, I, in exercise of the powers conferred upon me under section 19 of the Securities and Exchange Board of India Act, 1992 read with sections 11(1), 11(2)(j), 11(4) and 11B thereof and section 12A of the Securities Contracts (Regulation) Act, 1956, hereby revoke the directions issued vide the interim order dated July 05, 2013 against the company, Gillette India Limited, its directors, promoters and promoter group, with immediate effect. However, the Company, the Poddar Group and the P & G Group shall comply with the directions/restrictions imposed by SEBI vide the letter dated September 25, 2013 issued by SEBI.

15. Copy of this Order shall be served on the stock exchanges and depositories for their information and action that may deem fit and necessary in this case.

**PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**

**Date : February 10th, 2014
Place : Mumbai**