# NOTICE

NOTICE is hereby given that the Forty-Eighth Annual General Meeting of the Members of the Company will be held on **Thursday, December 6, 2012,** at **3.30 p.m.** at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai 400 021 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at June 30, 2012 and the Statement of Profit and Loss for the Financial Year ended on that date, together with the Reports of the Auditors and Directors thereon.
2. To declare dividend for the Financial Year ended June 30, 2012.
3. To appoint a Director in place of Mr. R. A. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs. Deloitte Haskins and Sells, Chartered Accountants (Firm Reg. No. 117366W) as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, on such remuneration and reimbursement of out-of-pocket expenses, as the Board of Directors may decide.

**SPECIAL BUSINESS**

5. To consider and, if thought fit, to pass with or without modification/s, if any, the following Resolution as an **Ordinary Resolution:**

   ***Re-Appointment of Mr. Shantanu Khosla as the Managing Director of the Company for a period of five years with effect from June 1, 2012***

   "RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, 311, 316 and 317 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be required, approval of the Company be and is hereby accorded to the re-appointment of Mr. Shantanu Khosla as the Managing Director of the Company with effect from June 1, 2012 for a period of five years on such terms and conditions as the Board may consider appropriate, provided, however, that the terms of remuneration of Mr. Khosla shall not exceed the ceilings as set out in Schedule XIII to the Companies Act, 1956, as amended from time to time and such other guidelines as may be issued hereafter in this behalf."

   RESOLVED FURTHER THAT subject to the provisions of Sections 198, 269, 309, 310, 311, 316 and 317 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be required, where in respect of any Financial Year during the tenure of office of Mr. Khosla, the Company has no profits or if its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Mr. Khosla as specified in the Explanatory Statement hereto, subject to the approval of the Central Government, if and to the extent necessary."

   "RESOLVED FURTHER THAT, subject to the provisions of Sections 198, 269, 309, 310, 311, 316 and 317 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be required, approval of the Company be and is hereby accorded for having no objection to the re-appointment of Mr. Khosla as the Managing Director of Procter & Gamble Home Products Limited and Gillette India Limited at a remuneration that shall be shared by the respective companies in proportion of their Net Outside Sales (NOS)."

   "RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution and to authorize/empower any Director of the Company and/or the Company Secretary and/or any other person, as may be deemed fit, to give effect to this resolution."

   "RESOLVED FURTHER THAT Mr. Khosla shall not be liable to retire by rotation."

6. To consider and, if thought fit, to pass with or without modification/s, if any, the following Resolution as an **Ordinary Resolution:**

   ***Appointment of Mr. Pramod Agarwal as a Director of the Company, liable to retire by rotation***

   "RESOLVED THAT Mr. Pramod Agarwal who was appointed as an Additional Director of the Company on August 13, 2012 by the Board of Directors in terms of Section 260 of the Companies Act, 1956, and who holds such office until this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, proposing Mr.Agarwal's candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification/s, if any, the following Resolution as an **Ordinary Resolution:**

   ***Appointment of Mr. Amit Vyas as a Director of the Company, liable to retire by rotation***

   "RESOLVED THAT Mr. Amit Vyas who was appointed as an Additional Director of the Company on December 22, 2011 by the Board of Directors in terms of Section 260 of the Companies Act, 1956, and who holds such office until this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, proposing Mr. Vyas's candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**By Order of the Board of Directors**

**Sachin Harlalka**
***Company Secretary***

Mumbai
August 23, 2012

**Registered Office:**
P&G Plaza,
Cardinal Gracias Road,
Chakala, Andheri (E),
Mumbai 400 099.

**NOTES**

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under Item Nos. 5 to 7 is annexed hereto and forms a part of this Notice.

2. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy(ies) to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. The instrument appointing proxy, in order to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.** The instrument appointing proxy submitted on behalf of Limited Companies, Societies, Partnership Firms etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization.

3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

5. The Register of Members and the Share Transfer books of the Company will remain closed from **Thursday, November 22, 2012 to Thursday, December 6, 2012** (both days inclusive), for the purpose of determining the names of Members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.

6. The dividend on Equity Shares for the Financial Year ended June 30, 2012, as recommended by the Directors, if approved at the Annual General Meeting, will be paid on or around December 13, 2012 as under:

   (a) To all beneficial owners, in respect of shares held in dematerialized form, as per details furnished by the Depositories for this purpose as at the close of business hours on November 21, 2012

   (b) To all Members, in respect of shares held in physical form, whose names shall appear on the Company's Register of Members as on December 6, 2012

7. As per a notification from the Reserve Bank of India (RBI), with effect from October 1, 2009 the remittance of money through ECS is replaced by the National Electronic Clearing Services (NECS) and Banks have been instructed to move to the NECS platform. The NECS facility is available at locations indentified by RBI from time to time and covers most of the cities and towns. This is in addition to the existing facility of ECS in other locations. NECS essentially operates on the new unique Bank Account number, allotted by Banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions.

   In this regard, Members holding shares in electronic form are requested to furnish their new 10-digit Bank Account numbers allotted by their Banks (after implementation of CBS), along with a photocopy of a cheque pertaining to the concerned account, to their Depository Participants (DPs). Members holding shares in physical form are requested to furnish these details to the RTA, M/s. Link Intime India Pvt. Ltd.

8. Members holding shares in the Physical Form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agent (RTA), M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078. Tel: (022) 2596 3838, Fax: (022) 2594 6969, e-mail: rnt.helpdesk@linkintime.co.in/ pginvestors@linkintime.co.in;
   (a) Bank Mandate with full particulars (as per details given in Sr. no. 10 below) for remittance of dividend directly into their Bank Accounts, if declared at the Meeting;
   (b) Intimate changes, if any, in their address/name, bank details, NECS/ECS, mandates, nominations, power of attorney etc. at an early date;
   (c) Apply for consolidation of folios, if shareholdings are under multiple folios in identical names or joint holding in the same order of names;
   (d) Send their share certificates for consolidation, and
   (e) Request for nomination forms for making nominations as per amended provisions of the Companies Act, 1956.

   Members holding shares in the Dematerialized (electronic) Form are requested to intimate the aforesaid changes directly to their Depository Participants (DPs), as applicable.

9. In terms of SEBI Circular dated April 27, 2007 furnishing of Permanent Account Number (PAN) has been made mandatory for all transactions in the securities market. Members who are holding shares in Dematerialised form and have not so far submitted their PAN details with their respective DPs are requested to do so at the earliest.

   Members are requested to note that in case of transfer of shares held in physical form, submission of photocopy of PAN card of the transferee(s) alongwith the transfer deeds and share certificates at the time of lodgement of transfer of shares is now mandatory.

10. To avoid incidents of fraudulent encashment of the warrants, Members are requested to intimate the RTA of the Company, under the signatures of the sole/ first joint holder, the following information so that the Bank Account number and name and address of the Bank can be printed on the dividend warrant, if and when issued:
   (a) Name of sole/first joint holder and folio number.
   (b) Particulars of Bank Account viz:
      (i) Name of Bank;
      (ii) Name of branch;
      (iii) Complete address of the Bank with the pin code number;
      (iv) Account type, whether Savings or Current; and
      (v) Bank account number allotted by the Bank.

11. In the case of Dematerialized Shares, the Company is obliged to print Bank details on the dividend warrants, as are furnished by the National Securities Depository Limited (NSDL) and the Central Depositories Services (India) Limited (CDSL) ("the Depositories") to the Company and the Company cannot entertain any request for deletion/change of Bank details without confirmation from the Depositories. In this regard, Members are advised to contact their Depository Participants (DPs) and furnish them the particulars of any change(s) desired.

12. Non-resident Indian Members are requested to immediately inform the Company or its RTA or the concerned DP, as the case may be, about the following:
   (a) The change in the residential status on return to India for permanent settlement;
   (b) The particulars of the NRE account with a Bank in India, if not furnished earlier.

13. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the Meeting.

14. Members' attention is particularly drawn to "Corporate Governance" section of the Annual Report in respect of unclaimed and unpaid dividends.

15. Members are requested to address all correspondences, including Share Transfer documents and dividend matters to the Company's RTA, M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078. Tel: (022) 2596 3838, Fax: (022) 2594 6969, e-mail: pginvestors@linkintime.co.in/rnt.helpdesk@linkintime.co.in. For providing better services to our Members, the RTA has deputed a full time resource, *Ms. Chaitali Jadhav*, who will provide all help to our Members and can be contacted directly on her dedicated Telephone Number (022) 2596 7799.

Members are requested to quote their ledger folio numbers in all their correspondence to enable the Company to provide better services to the Members.

16. An archived webcast of the proceedings of the Annual General Meeting will be available at our website viz. www.pg.com/en_IN.

17. In terms of Clause 5A of the Listing Agreement, the Company has identified the unclaimed Physical Share Certificates lying with the Company. The Company is in process of complying with the provisions of the said Clause with respect to crediting the same to demat suspense account after sending the required reminders to the respective Members.

18. The Ministry of Corporate Affairs (MCA) has issued circulars propagating the "Green Initiative" by allowing paperless compliances, by serving documents through the electronic mode (e-mails). In line with the spirit of the 'Green Initiative', the Securities and Exchange Board of India (SEBI) has also vide their circular dated October 5, 2011 amended the Listing Agreement enabling the listed entities to send soft copies of full Annual Reports to all those Members who have registered their email addresses for the purpose. This will ensure prompt receipt of communication, avoid loss in postal transit and reduce paper consumption besides entailing other benefits.

    Members holding shares in physical form, who have not registered/updated their respective e-mail addresses, are requested to intimate their respective e-mail ids to pandggogreen@linkintime.co.in. Members holding shares in dematerialised form, who have not registered/updated their respective e-mail addresses, are requested to do so with their respective Depository Participants (DPs). This Annual Report comprising of Notice, Audited Financial Statements, Directors' Report, Auditors' Report etc. is being sent in the electronic form to all the Members who have furnished their e-mail ids to the Company or updated/provided their e-mail ids to their respective DPs. Members may kindly note that as Members of the Company they are entitled to be furnished, free of cost a printed copy of the Annual Report of the Company, upon receipt of requisition at any time. The communications/documents issued by the Company would also be made available on the Company's website: www.pg.com/en_IN.

    We request the Members to support the Green Initiative introduced by the MCA and make it a success.

19. Members' attention is drawn towards a Draft Circular No. 17/218/2011 CL.V dated July, 2011 issued by the Ministry of Corporate Affairs which prohibits the Company from providing anything other than tea, coffee, cold drink and snacks at the Annual General Meeting of the Company. Members are requested to take note of the same.

**By Order of the Board of Directors**

**Sachin Harlalka**
***Company Secretary***

Mumbai
August 23, 2012

**Registered Office:**
P&G Plaza,
Cardinal Gracias Road,
Chakala, Andheri (E),
Mumbai 400 099.

# EXPLANATORY STATEMENT

**(Pursuant to Section 173(2) of the Companies Act, 1956)**

**Item No. 5**

Mr. Shantanu Khosla was appointed as the Managing Director of the Company for a period of five years w.e.f. June 1, 2007, the term of which expired on June 1, 2012. The Board of Directors of the Company at its meeting held on April 30, 2012 has, subject to the approval of the Members of the Company, re-appointed Mr. Shantanu Khosla as the Managing Director of the Company for a period of five years w.e.f. June 1, 2012 on the following terms and conditions:

(i) Mr. Shantanu Khosla shall be paid remuneration upto ₹7,00,00,000 (Rupees Seven Crores Only) per annum;

(ii) Perquisites: Mr. Shantanu Khosla shall be entitled to Company accommodation, medical reimbursements, club membership, personal accidence insurance, car loan from the Company and such other perquisites in accordance with the rules of the Company as applicable to all employees, and the monetary value of which will be in terms of the Income Tax Act, 1961;

(iii) The Board of Directors shall be entitled to modify/ revise the terms and conditions of the remuneration of Mr. Shantanu Khosla provided however, the terms of remuneration of Mr. Khosla shall not exceed the ceiling as set out in Schedule XIII to the Companies Act, 1956, and as amended from time to time; and

(iv) The Board of Directors has provided unanimous consent for having no objection to the appointment of Mr. Khosla as the Managing Director of Gillette India Limited and Procter & Gamble Home Products Limited (subject to the approval of the Central Government as may be required under the provisions of the Companies Act, 1956 and subject to all other applicable approvals) at a remuneration that shall be shared by the respective companies in proportion of their Net Outside Sales (NOS).

Mr. Khosla is a B.Tech (Mechanical Engg) with post graduation in Business Management (MBA). He has been with P&G since 1983. Mr. Khosla has over the period gained valuable experience by leading and managing P&G's international businesses in UK, Malaysia, Japan and Singapore. In view of his vast experience, your Directors consider that the re-appointment of Mr. Khosla as Managing Director of the Company will be beneficial to the Company.

In accordance with Article 134 of the Articles of Association of the Company, so long as Mr. Shantanu Khosla holds office as Managing Director of the Company, he shall not be liable to retire by rotation.

The Board recommends passing of the resolution as set out in item no. 5 as an Ordinary Resolution.

None of the Directors except Mr. Shantanu Khosla is concerned or interested in this resolution.

**Item No. 6**

Mr. Pramod Agarwal was appointed as an Additional Director of the Company by the Board of Directors on August 13, 2012 pursuant to Section 260 of the Companies Act, 1956. Mr. Agarwal holds such office till the date of ensuing Forty-eighth ($48^{th}$) Annual General Meeting of the Company. Hence, it is proposed to appoint Mr. Agarwal as a Director liable to retire by rotation.

Mr. Agarwal, a Bachelor of Commerce from Kanpur University and a Post Graduate Diploma holder in Management from Indian Institute of Management, Ahmedabad, is the Vice President – Finance & Accounting Asia, Procter & Gamble International Operations Singapore. Mr. Agarwal is an expert in Finance with deep knowledge of Asia business and rich experience in pulling the business out of Asian economic crisis in 1997 as well as the global financial crisis in 2008 and enabled strong growth of P&G business in Asia.

Mr. Agarwal joined Procter & Gamble India in 1987. He has worked across multiple geographies including Thailand, Japan, Philippines, USA and Singapore. Mr. Agarwal has worked on a variety of businesses including Hair care, Laundry and Feminine care. Mr. Agarwal was responsible for the Finance & Accounting Function for ASEAN, Australia and India markets and then in 2007 he was given responsibility for total Asia including China and Japan. Mr. Agarwal will assume responsibility as Vice President Finance for Global Hair Care & Color business based out of Geneva starting October 1, 2012.

Mr. Agarwal has an avid interest in building Asian talent and invests significant time and energy on training the young talent. Mr. Agarwal has been selected as Member of the Indian Institute of Management Ahmedabad Society.

The Company has received a notice under Section 257 of the Companies Act, 1956 together with a deposit of ₹500/- from a Member proposing his candidature for the office of Director, liable to retire by rotation.

The Board recommends the appointment of Mr. Pramod Agarwal as a Director of the Company, liable to retire by rotation.

None of the Directors except Mr. Pramod Agarwal is concerned or interested in the said resolution.

**Item No. 7**

Mr. Amit Vyas was appointed as an Additional Director of the Company by the Board of Directors on December 22, 2011 pursuant to Section 260 of the Companies Act, 1956. Mr. Vyas holds such office till the date of ensuing Forty-eighth (48th) Annual General Meeting of the Company. Hence, it is proposed to appoint Mr. Vyas as a Director liable to retire by rotation.

Mr. Vyas is a law graduate from Delhi University and is a Fellow Member of the Institute of the Company Secretaries of India. Mr. Vyas has a rich corporate experience of over 18 years in the area of Corporate and Securities Laws. Mr. Vyas has been with the P&G Group since 2007.

Mr. Vyas was the Company Secretary of Procter & Gamble Hygiene and Health Care Limited (till November 30, 2011) and has been appointed as the Company Secretary of Gillette India Limited w.e.f. December 1, 2011. He is also a Director on the Board of Procter & Gamble Home Products Limited.

The Company has received a notice under Section 257 of the Companies Act, 1956 together with a deposit of ₹500/- from a Member proposing his candidature for the office of Director, liable to retire by rotation.

The Board recommends the appointment of Mr. Amit Vyas as a Director of the Company, liable to retire by rotation.

None of the Directors except Mr. Amit Vyas is concerned or interested in the said resolution.

**By Order of the Board of Directors**

**Sachin Harlalka**
***Company Secretary***

Mumbai
August 23, 2012

**Registered Office:**
P&G Plaza,
Cardinal Gracias Road,
Chakala, Andheri (E),
Mumbai 400 099.

## Details of Directors proposed to be appointed/re-appointed at the 48th forthcoming Annual General Meeting (in pursuance to Clause 49IV(G) of the Listing Agreement)

| **Name of Director** | **Mr. R. A. Shah** | **Mr. Shantanu Khosla** | **Mr. Pramod Agarwal** | **Mr. Amit Vyas** |
|---|---|---|---|---|
| **Age** | 81 years | 52 years | 50 years | 44 years |
| **Date of appointment on the Board** | 20th July, 1964 | 27th August, 2001 | August 13, 2012 | 22nd December, 2011 |
| **Expertise in specific field** | Solicitor | General Management | Finance and Accounts | Legal and Compliance |
| **Names of other Companies in which he holds Directorships** | **Public Limited Companies in India**<br>(i) Pfizer Limited<br>(ii) BASF India Limited<br>(iii) Godfrey Phillips India Limited<br>(iv) The Bombay Dyeing And Manufacturing Company Limited<br>(v) Deepak Fertilisers And Petrochemicals Corporation Ltd.<br>(vi) Abbott India Limited<br>(vii) Colgate-Palmolive (India) Limited<br>(viii) Asian Paints Limited<br>(ix) Modi Care Limited<br>(x) Lupin Limited<br>(xi) ACC Limited<br>(xii) Clariant Chemicals (India) Limited<br>(xiii) Century Enka Limited<br>(xiv) Wockhardt Limited<br>(xv) Atul Limited (Alternate Director)<br>(xvi) Schrader Duncan Limited (Alternate Director)<br>(xvii) RPG Life Sciences Limited (Alternate Director) | **Public Limited Companies in India**<br>(i) Gillette India Limited (Managing Director)<br>(ii) Procter & Gamble Home Products Limited (Managing Director) | **Public Limited Companies in India**<br>(i) Gillette India Limited | **Public Limited Companies in India**<br>(i) Procter & Gamble Home Products Limited |

## Details of Directors proposed to be appointed/re-appointed at the 48th forthcoming Annual General Meeting (in pursuance to Clause 49IV(G) of the Listing Agreement)

| Name of Director | Mr. R. A. Shah | Mr. Shantanu Khosla | Mr. Pramod Agarwal | Mr. Amit Vyas |
|---|---|---|---|---|
| **Names of other Companies in which he holds Directorships** | **Private Limited Companies in India**<br>(i) Roche Scientific Co. (I) Pvt. Ltd.<br>(ii) Uhde India Pvt. Ltd. (Alternate Director)<br>**Companies Outside India**<br>(i) Jumbo World Holdings Limited | **Private Limited Companies in India**<br>(i) Wella India Haircosmetics Pvt. Ltd.<br>(ii) Temple Trees Impex and Investments Pvt. Ltd. | **Private Limited Companies in India**<br>(i) Temple Trees Impex and Investments Pvt. Ltd. | **Private Limited Companies in India**<br>(i) Wella India Haircosmetics Pvt. Ltd.<br>(ii) Mining Consultants (India) Pvt. Ltd.<br>(iii) Nexus Mercantile Pvt. Ltd.<br>(iv) Gillette Products Pvt. Ltd.<br>(v) Gillette Diversified Operations Pvt. Ltd. |
| **Chairman/ Member of the Committee(s) of the Board of Directors of the Company** | Audit Committee – Chairman | Shareholders' Grievance Committee – Chairman | None | Audit Committee – Member<br>Shareholders' Grievance Committee – Member |
| **Chairman/ Member of the Committee(s) of Board of Directors of other Companies in which he is a Director.** | Audit Committee – Chairman & Member<br>(i) Pfizer Limited<br>(ii) Colgate Palmolive (I) Ltd.<br>(iii) Clariant Chemicals (I) Ltd.<br>Audit Committee – Member<br>(i) BASF India Ltd.<br>(ii) Abbott India Ltd.<br>(iii) Century Enka Ltd.<br>(iv) Wockhardt Limited<br>(v) The Bombay Dyeing & Mfg. Co. Ltd. | (i) Audit Committee Chairman – Procter & Gamble Home Products Limited<br>(ii) Shareholders' Grievance Committee Member – Gillette India Limited | None | (i) Audit Committee Member – Procter & Gamble Home Products Limited |
| **Shareholding in the Company** | 5550 Equity Shares of ₹ 10/- each | 67 Equity Shares of ₹ 10/- each | NIL | NIL |



vakils

# Procter & Gamble Hygiene and Health Care Limited

Touching lives, improving life

## ANNUAL REPORT 2011-12

## BOARD OF DIRECTORS

Mr. R. A. Shah
Chairman

Mr. S. Khosla
Managing Director

Mr. B. S. Mehta
Mr. A. Vyas
Mr. P. Agarwal

Mr. S. Harlalka
(Company Secretary)

## CONTENTS



Dear Shareholders,

I am pleased to share with you the business results delivered by your Company in the Financial Year 2011-12, that stand as a testimony to your Company's purpose driven growth strategy and its commitment to touch and improve the lives of consumers in more parts of India, more completely. These results stand within the context of a robust Indian economy with a growing consumer goods category which is also becoming increasingly competitive.

The Financial Year 2011-12 was another good year for your Company, with growth in topline, a healthy margin and cash position. The Company continues to be a market leader and a front runner in innovation. I take great pride to announce that your Company achieved robust sales at ₹ 1301 cr higher by 25% versus sales in the previous Financial Year. This growth was seen across both the Health Care and the Feminine Hygiene categories, with *Vicks* and *Whisper* delivering accelerated sales momentum and grew market share, driven by strategic cost optimization measures. This has enabled the Board of Directors to recommend a dividend of ₹ 22.50 per Share for all the Shareholders this Financial Year.

Your Company has made investments towards high levels of promotional & marketing initiatives amidst new category entrants that enable our products to reach more consumers across economic segments. These strategic investments to drive sales growth and trial for our brands, are in line with our purpose inspired growth strategy to drive long-term value for the Company by expanding the categories in which we operate.

The Health Care business further strengthened *Vicks* equity as one of the most trusted Brand in India driven by the launch of *Vicks VapoCool*, a premium throat drop with the dual-benefit of soothing the throat and giving relief from blocked nose. The Feminine Care business also continued to drive its purpose of empowering women with better health and hygiene, by focusing on busting the barriers of affordability and awareness, towards adoption of sanitary napkins. Your Company's *"Parivartan"* program reached a total of 2.5 million menstruating girls across 15,000 private and government schools. *Vicks* and *Whisper* continue to be the market leaders in their respective categories.

As a Company, we continue to remain committed to our purpose of touching and improving the lives of consumers, in more parts of India and more completely. Inspired by this purpose, our signature social responsibility program in India – *Shiksha* – has empowered over 385,000 lesser-privileged children with access to good quality education through 200 schools across the length & breadth of the Country. This Financial Year was marked by heightened support from our consumers as well as partners such as, NGO's, Retailers, Media and other Stakeholders – thus enabling us to take India one step closer to 100% *Shiksha*. Our efforts towards environmental sustainability were strengthened with our Registered Office in Mumbai reducing its annual energy consumption by over 27% over the last 9 years, saving over 1,700 gigajoules of energy.

I wish to re-affirm our commitment to innovation and purpose-inspired growth, which will continue to be at the heart of everything we do – be it in our products or in our communication strategies. I would also like to attribute our success over the past years to our employees who have demonstrated their ability to embrace change and proactively influence the course of our business. Lastly I would like to thank all the Stakeholders for their resolute trust in the Company and look forward to their continued support and participation in the growth of the Company.

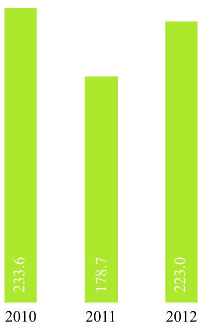
Mumbai
August 23, 2012

**R.A. Shah**
Chairman

# REPORT OF THE DIRECTORS

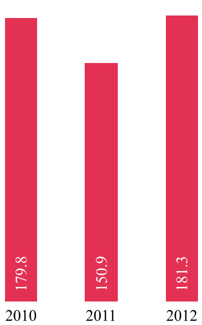
Profit Before Tax

(₹ crores)




Profit After Tax

(₹ crores)




Your Directors have the pleasure of presenting the 48th Annual Report and the Audited Accounts of the Company for the Financial Year ended June 30, 2012.

## FINANCIAL RESULTS

(Figures in ₹ crores)

| | **2011/12** | 2010/11 |
|---|---|---|
| Sales including Excise | **1301** | 1037 |
| Net Sales (less excise duty) | **1295** | 1000 |
| Profit before tax | **223** | 177 |
| Profit after tax | **181** | 151 |
| Proposed Dividend plus tax thereon | **85** | 85 |
| Transfer to General Reserve | **18** | 15 |
| Balance carried forward | **407** | 329 |

## BUSINESS ENVIRONMENT

The Indian macroeconomic environment has looked turbulent during the past year. After a promising start to the decade in 2010-11, with achievements like maintaining GDP growth rate around 8%, bringing down fiscal deficit to 4.8% of GDP as well as containing current account deficit to 2.6%, the fiscal year 2011-12 has been challenging for the Indian Economy. The year started on a note of optimism through impressive growth in exports and high levels of foreign exchange inflows, only to moderate as the year progressed through continued monetary tightening in response to the untamed inflationary pressures. Gradually, high levels of inflation gave way to a slow-down in the growth. Additionally, as fiscal conditions worsened over the year, export numbers were revised in light of data discrepancies leading to a widening of trade deficit. In light of a perceivably weak macroeconomic environment, a well-planned economic revival policy from the Government's part is required to get back the Indian Economy on the path to stable and prosperous growth. Fall of rupee against major currencies, new norms of standard-size packaging, increase in raw material costs due to upward spiraling interest rates and inflation, together might adversely impact the performance of the FMCG products. India needs sustained capital inflows to finance its growing current-account deficit. Although economic reforms appear to have slowed down, it appears that FIIs are continuing to invest in India. However, it is also an undeniable fact that the Government continues to face challenges in attracting foreign direct investment (FDI). As per World Bank's report titled '*Global Economic Prospects*' the Indian economy will grow by 6.9% in this Financial Year (2012-13) notwithstanding problems like policy uncertainties, fiscal deficit and inflation.

## BUSINESS PERFORMANCE

Your Company's strong performance continued in the Financial Year 2011-12, despite difficult economic conditions, new competitive entrants and inflationary market conditions. With a focus on balancing needs of the consumer, the customer and the members, we are delighted to report very strong financial results for your Company. Your Company achieved a healthy double-digit sales growth during the Financial Year 2011-12. Sales for the Financial Year increased by 25% at ₹ 1,301 crore as against ₹ 1,037 crore during the previous year. Earnings after tax increased by 20% at ₹ 181 crore as against ₹ 151 crore during the previous year.

### Feminine Hygiene Business

Feminine Hygiene business has been a major growth driver for the Financial Year with business up strong double digits with the various variants of *Whisper* Sanitary Napkins showing consistent growth. Your Company continues to deliver amongst the sales and share growth for P&G across the globe, with *Whisper* increasing its market share and *Whisper Ultra* being the largest value share brand in the market behind strategic initiatives. This growth is driven both by increase in penetration among non-users and consumption among users.

During the Financial Year under review, a number of initiatives were designed to meet the consumers' needs across segments. All these initiatives led to the *Whisper* share crossing its all time national high of 54.1 with growth across all major Brands.


## Healthcare Business

The Company's Healthcare sales posted a double digit growth this Financial Year across *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500* and *Vicks Inhaler*. This growth was driven by a combination of product initiatives and increased investment behind proven equity advertising. *Vicks VapoRub* had a record year posting the highest ever market share. The *Vicks Cough Drops* business was the fastest growing in the *Vicks* franchise. *Vicks* will continue to innovate to ensure it stays the most trusted cough and cold care solution in India. The Healthcare business further strengthened Vicks equity as one of the most trusted Brand in India driven by the launch of *Vicks VapoCool*, a premium throat drop with the dual-benefit of soothing the throat and giving relief from blocked nose.


Overall, the Company continued to focus on driving consumer meaningful innovations backed by distribution expansion and strong advertising support thereby recording a consistent growth across all areas of business. Earnings have also benefited from focus on mix, pricing and cost control.

Cash generation continued to be strong arising from significant improvements in the business performance, efficiencies and cost savings across the organization and a continued efficient collection system. Your Company managed investments prudently by deployment of the surplus funds after ensuring that such investments satisfied the Company's criteria of safety and security.

Strong results have been possible due to several key initiatives which focused on consumers, retail customers with a stronger focus on innovation, greater effectiveness and efficiency across all costs, while strengthening organizational leadership.

## DIVIDEND

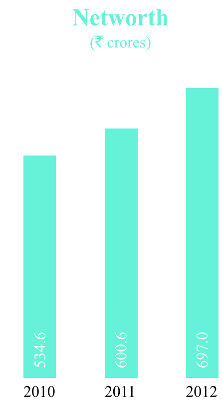
The Directors are pleased to recommend a dividend of ₹ 22.50 for each Equity Share of ₹10/- each for the Financial Year ended June 30, 2012.

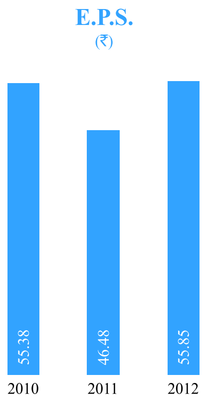
## CORPORATE SOCIAL RESPONSIBILITY

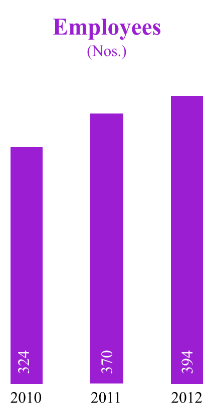
***Shiksha* reaches out to more children, in more parts of India, more completely**

P&G's focus on purpose-inspired growth drives us to not only serve our consumers with superior product propositions, but also truly touch and improve the lives of more consumers, more completely by contributing towards the communities we operate in. This commitment is the purpose behind our Corporate Social Responsibility initiatives '*Shiksha*' and the '*Whisper School Program*,' that enables children from lesser-privileged background access their right to health and education.

P&G's flagship Corporate Social Responsibility Program '*Shiksha*' is an integral part of our global philanthropy program – Live, Learn & Thrive, which currently reaches out to over 50 million children annually. Now in its 8th year, *Shiksha* enabled over 385,000 lesser-privileged children with access to good quality education by supporting sustainable and critical assets of schools. *Shiksha* will be supporting over 200 schools by interventions




such as reactivating defunct government schools, building new schools or enhancing education infrastructure at existing schools.

This year, *Shiksha* introduced various new amenities, educational aids and health and hygiene programs to contribute to the overall growth and development of the children studying at *Shiksha* schools. During 2011-2012, P&G's *Shiksha* initiative has facilitated the addition of a digital library and distance learning programme at the Government High School, Lodhimajra, Himachal Pradesh. This initiative allows experts from other cities to conduct online lectures and sessions on various topics directly with the students. *Shiksha* has also partnered with project *Ekta*, Government of Rajasthan and NGO IBTADA, to adopt a girls' school '*Mewat Balika Vidyalaya*' with the mutual goal of helping girls in rural Rajasthan access quality education.

P&G's National Parivartan Program, is a decade-old program that reaches 2.5 million girls across India every year to provide them with timely menstrual education and product samples. The program will now be conducted on a yearly basis to empower girl students with better health and hygiene, so that they do not skip school.

Since its inception in 2005, the P&G Group (India) has through *Shiksha* made a cumulative donation of over ₹ 27 crores towards helping children on the path to better education. This is a result of the support from our consumers who participated in the *Shiksha* movement by buying P&G brands in the months of January, February & March 2012 and enabling P&G to contribute a part of the sales towards the cause. During the Financial Year ended June 30, 2012, alone, P&G Group (India) closed *Shiksha* with a contribution of ₹ 5.6 crores in association with its partner NGOs, namely Save the Children India, Army Wives Welfare Association (AWWA), Round Table India (RTI), Navy Wives Welfare Association (NWWA), Air Force Wives Welfare Association (AFWWA) amongst others. Each of *Shiksha's* NGO partners focuses on a critical approach towards education, with NGO Round Table India specializing in building educational infrastructure and supporting schools across India, NGO Save the Children laying emphasis on the girl child via supporting the Government's Kasturba Gandhi Balika Vidhyalayas and the NGOs AWWA, NWWA & AFWWA serving the unique educational needs of differently-abled children of Naval, Air force and Army Officers' families. These activities together help *Shiksha* further its motto '*पढ़ेगा इंडिया तो बढ़ेगा इंडिया*' and help us touch and improve the lives of our consumers.

*Underprivileged children having fun in an activity class conducted at the Shiksha Sadhana school in Pune*

Our *Whisper School Program* is now two decades old and it has protected millions of adolescent girls in India from getting trapped in traditional practices of using unhygienic cloth for sanitary protection. Through a sustained outreach program in private and government schools across the Country, P&G has been educating over 5 million adolescent girls in good Feminine Hygiene.

## ENVIRONMENTAL SUSTAINABILITY

Environmental sustainability is embedded in our *Purpose, Values, Principles,* and our business. In order to improve lives, now and for generations to come, we ensure that our products, packaging and operations are safe for employees, the consumers and the environment. We ensure this with a focus on technologies, processes and improvements that matter for the environment. The manufacturing technologies we use are low emission and generate almost 60% less emission than the local norms.

We aim at reducing waste at every step of the supply chain, with a robust system that targets zero waste, including product shelf life. We seek to develop sustainable products, with an improved environmental profile.

Moreover, we ensure environmental friendly practices at our sites. These include reduction in power consumption, optimal water consumption and eliminating excess use of paper by increasing the use of scanning. A good example is the hydro-electric energy being used at our Plant in Baddi with efforts underway for extending this to other sites

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed:

(i) that in the preparation of the Annual Accounts for the Financial Year ended June 30, 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss of the Company for the Financial Year under review;

(iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) that the Directors had prepared the accounts for the Financial Year ended June 30, 2012, on a "going concern" basis.

## CORPORATE GOVERNANCE

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

## MANAGEMENT & PERSONNEL

The Company's growth over the past few years demonstrates the core strengths of our employees to stay reality-based, embrace change and proactively influence the course of business. In a diverse organization & competitive environment, the efforts of our organization, strong capability plans and HR innovation accelerated our growth. Our productivity continues to be best-in-class with major progress in Leadership and Talent Development. We ended the year being recognized No.2 in the FMCG category in India in the *'Great Place to Work Survey 2012'*.

The information as per Section 217(2A) of the Companies Act, 1956 ('Act'), read with the Companies (Particulars of Employees) Rules 1975 forms part of this Report. As per the provisions of Section 219(1) (b) (iv) of the Act, the Report and Accounts are being sent to the Members of the Company excluding the statement of particulars of employees under Section 217(2A) of the Act. Any Member interested in obtaining a copy of the said statement may write to the Secretarial Department at the Registered Office of the Company.

## DIRECTORS

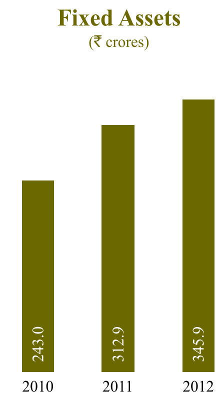
Mr. R. A. Shah, Director, retires by rotation and, being eligible, offers himself for re-appointment. The Directors recommend his re-appointment.

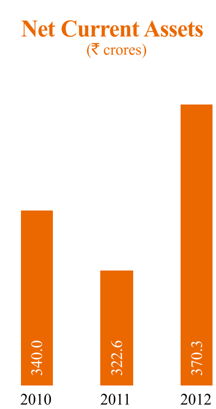
Mr. Shantanu Khosla has been re-appointed as the Managing Director of the Company by the Board of Directors for a period of five years w.e.f. June 1, 2012, subject to the approval of the Members of the Company.

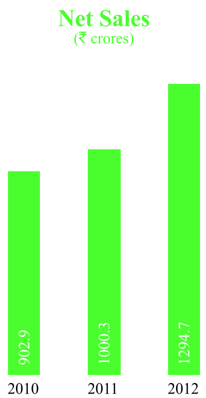
Ms. Deborah Ann Henretta resigned from the Directorship of the Company with effect from August 1, 2012.

As a consequence to the cessation of Ms. Deborah Henretta from the Directorship of the Company, Mr. Pramod Agarwal ceased to be an Alternate Director with effect from August 1, 2012.

Mr. Pramod Agarwal was appointed as an Additional Director of the Company with effect from August 13, 2012 and holds office upto the date of the ensuing 48th Annual General Meeting






of the Company. A notice under Section 257 of the Companies Act, 1956 has been received from a Member proposing his candidature as a Director of the Company, liable to retire by rotation.

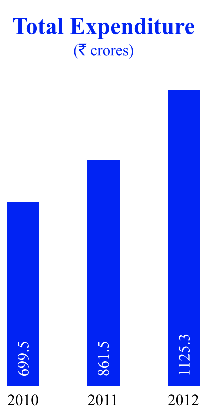
Mr. Amit Vyas was appointed as an Additional Director of the Company with effect from December 22, 2011 and holds office upto the date of the ensuing 48th Annual General Meeting of the Company. A notice under Section 257 of the Companies Act, 1956 has been received from a Member proposing his candidature as a Director of the Company, liable to retire by rotation.

The brief resumes of the Directors and the details of the Directorships held by them in other companies are given in the "Corporate Governance" section of the Annual Report.

Appropriate Resolutions for the appointment/re-appointment of the aforesaid Directors are being moved at the ensuing 48th Annual General Meeting, which the Board recommends for your approval.

## AUDITORS

The Auditors, M/s. Deloitte Haskins & Sells, Mumbai, Chartered Accountants (Registration No. 117366W) retire and offer themselves for re-appointment.




## COST AUDITORS

Your Company has re-appointed M/s. Ashwin Solanki & Associates, Cost Accountants, to conduct the cost audit of cost accounts/record of "Formulations" manufactured by the Company, for the year ending June 30, 2013. The Company has received the necessary approval of the Central Government for the re-appointment of the Cost Auditor.

## CONSERVATION OF ENERGY ETC. INFORMATION

The information, in accordance with the provisions of Section 217(i)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgoings, are attached as Annexure to this Report.

## TRADE RELATIONS

The Directors wish to thank the Retailers, Wholesalers, Distributors, Suppliers of Goods & Services, Clearing and Forwarding Agents and all other business associates and acknowledge their efficiency and continued support in promoting such healthy growth in the Company's business.

## ACKNOWLEDGEMENT

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

**On behalf of the Board of Directors**

**Mumbai** | **R. A. Shah**
**August 23, 2012** | ***Chairman***

# ANNEXURE TO THE REPORT OF THE DIRECTORS

| A. Power & Fuel Consumption | | |
|---|---|---|
| Particulars | 2011-12 | 2010-11 |
| 1. Electricity | | |
| (a) Purchased: | | |
| Units (KWH) | 76 87 530 | 84 27 060 |
| Total Amount (₹) | 3 08 62 772 | 3 30 44 214 |
| Rate/Unit (₹) | 4.00 | 4.00 |
| (b) Own Generation: | | |
| (i) Through Diesel Generator | | |
| Unit (KWH) | 23 37 010 | 3 87 030 |
| Unit Per lts. of Diesel Oil | 2.85 | 3.06 |
| Cost/Unit (₹) | 13.66 | 12.75 |
| (ii) Through Steam | | |
| Turbine/Generator | N.A. | N.A. |
| 2. Coal (Specify Quality and where used) | | |
| 3. Furnace Oil | N.A. | N.A. |
| 4. Others/Internal Generation | N.A. | N.A. |
| B. Consumption Per Unit of Production (In KWH/Tonnes) | | |
| Particulars | 2011-12 | 2010-11 |
| Other Products | 544 | 546 |

Note:

Since Company's operations involve low energy consumption, the Company has no comments to offer under para Assignment (a) to (c) of Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

## I. RESEARCH & DEVELOPMENT:

1. Specific areas in which R&D was carried out by the Company:

   During the Financial Year, the Company continued its Research and Development thrust for improvement of its existing products, process and import substitution. Research work is also being done for the development of new products.

2. Benefits derived as a result of the above R&D:

   R&D efforts have helped bringing about an improvement in processes and have resulted in cost reduction and import substitution.

3. Future Plan of Action:

   Emphasis will continue to be laid on the existing products and new products.

4. Expenditure on R&D:

₹ Lakhs

| | | 2011-12 | 2010-11 |
|---|---|---|---|
| (a) | Capital | — | — |
| (b) | Recurring | 258.73 | 4.93 |
| (c) | Total | 258.73 | 4.93 |
| (d) | Total R&D expenditure as a percentage of total turnover | — | — |

## II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts, in brief, made towards technology absorption, adaption and innovation: Continued implementation of Quality Control/Quality Assurance procedures of natural products, new products and processes were successfully adapted on commercial scale to utilize local, raw materials and machinery; Technical Services for reliability, quality, cost savings and technology transfer from overseas.
2. Benefits derived as a result of above efforts e.g. product improvement, cost reduction, product development, import substitution etc.: All the above efforts resulted in improving process efficiencies, consistent quality of our products, introduction of new products and import substitution and successful absorption of technology.
3. Imported Technology: The Company has the advantage of availing advanced technology and continuous upgradation thereof from The Procter & Gamble Company, USA and its subsidiaries. This is an unmatched competitive advantage that helps the Company deliver strong business results.

## III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

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

**For and on behalf of the Board**

**Mumbai**
**August 23, 2012**

**R. A. Shah**
***Chairman***

# MANAGEMENT DISCUSSION AND ANALYSIS

## Review of Economic Scenario and impact of Union Budget 2012

The Indian Economy showed signs of slowdown during the past year and the same could be attributed to the Global Economic Slowdown. The Economic Survey 2011-12 states that despite a slowdown in the growth rate of the Indian Economy as compared to the preceding two years, India remains among the front runners in all cross country comparisons. The Survey further states that despite difficult conditions in the global economy, exports continued to be robust in the current year and registered a growth rate of 14.3% in real terms over & above the 22.7% growth achieved in the previous year (2010-2011), as per Advance Estimates. The Survey also states that, the growth rate of private final consumption expenditure has been fairly consistent even when the economy's growth rate has fluctuated. The global economic environment, which has been tenuous at best throughout the year, turned sharply adverse in September, 2011 owing to turmoil in Eurozone and questions about the outlook on the US Economy provoked by rating agencies. However, for the Indian Economy, the outlook for growth & price stability looks more promising.

The Union Budget 2012-13 was presented by the Finance Minister in the wake of a challenging business environment and weak global economic conditions. With a sombre global outlook, sustained slowdown in Indian GDP growth, high inflation, elevated deficits and low investor confidence, the current year has been testing for the Indian economy. The good news is that, while the GDP achieved of 6.9% was low as compared to that of previous years, comparatively it still put India in the top five economies of the world. Further the Finance Minister clearly pointed out that India has been able to limit the adverse impact of the global slowdown on its economy and is at the cusp of a revival, as agriculture and services have continued to grow at a decent pace. Further he also pointed out that there are various other indicators that suggest that the economy is now turning around, namely, the signs of recovery in coal, fertilizer, cement and electricity sectors.

## The FMCG Sector and Indian consumers

The Indian FMCG sector is the fourth largest in the Indian economy and has a market size of $13.1 billion. The FMCG sector has attracted a large number of consumers in both the urban and rural sectors in India in the past few decades through better penetration and low-priced products. Various manufacturers of FMCG products are concentrating on increasing the sales volume due to the rising demand of the consumers. Creativity and innovation are the major attributes required for success in this sector. Large-scale FMCG companies including your Company P&G have won the hearts of the consumers by delivering high-end and innovative products at affordable range. A large number of FMCG companies derive a significant proportion of their overall sales from outside the top few 100 towns/cities, which reflects the growing economic importance of India's rural consumer base. Rural India accounts for close to one-third of the total consumption pie. Robust consumption in the rural economy is one of the key drivers of India's sustained growth. FMCG companies are devising exclusive rural marketing strategies to tap the rural consumer base.

## Performance Overview & Outlook

The Company operates in a single reportable business and geographical segment. The Company's core business is manufacturing, marketing and distribution of Healthcare and Feminine Hygiene products. Under these businesses it has in its portfolio: *VICKS* – India's No. 1 Healthcare brand and *WHISPER* – India's leading Feminine Hygiene brand (in value terms). The discussion on financial performance of the Company is elaborated in the Directors' Report.

## Feminine Hygiene Business

Feminine Hygiene business has been a major growth driver for the Financial Year with business up strong double digits with the various variants of *Whisper* Sanitary Napkins showing consistent growth. Your Company continues to deliver amongst the sales and share growth for P&G across the Globe, with *Whisper* increasing its market share and *Whisper Ultra* being the largest value share brand in the market behind strategic initiatives. This growth is driven both by increase in penetration among non-users and consumption among users.

During the Financial Year under review, a number of initiatives were designed to meet the consumers' needs across segments. All these initiatives led to the *Whisper* share crossing its all time national high of 54.1, with growth across all major Brands.

## Healthcare Business

The Company's Healthcare sales posted a double digit growth this year across *Vicks VapoRub, Vicks Cough Drops, Vicks Action 500 and Vicks Inhaler*. This growth was driven by a combination of product initiatives and increased investment behind proven equity advertising. *Vicks VapoRub* had a record year posting the highest ever market share. The *Vicks Cough Drops* business was the fastest growing in the *Vicks* franchise. *Vicks* will continue to innovate to ensure it stays the most trusted cough and cold care solution in India.

The Health Care business further strengthened Vicks equity as one of the most trusted Brand in India driven by the launch of *Vicks VapoCool*, a premium throat drop with the dual-benefit of soothing the throat and giving relief from blocked nose.

Overall, the Company continued to focus on driving consumer meaningful innovations backed by distribution expansion and strong advertising support thereby recording a consistent growth across all areas of business. Earnings have also benefited from focus on mix, pricing and cost control.

Cash generation continued to be strong, arising from significant improvements in the business performance, efficiencies and cost savings across the organization and a continued efficient collection system. Your Company managed investments prudently by deployment of the surplus funds after ensuring that such investments satisfy the Company's criteria of safety and security.

Strong results have been possible due to several key initiatives which focused on consumers, retail customers with a stronger focus on innovation, greater effectiveness and efficiency across all costs, while strengthening organizational leadership.

## Risk Management

### *Business, Finance & Operational risks*

The Company's risk management policy is in line with the Parent Company's global guidelines on risk management and as such adequate measures have been adopted by the Company to combat the various risks including business risks (competition, consumer preferences, technology changes), finance risks (cost, credit, liquidity, foreign exchange) and so on. The Company has adopted a focused approach towards risk management in form of a Corporate Insurance Program which has the goal of optimizing the financing of insurable risks by using a combination of risk retention and risk transfer techniques. This program duly covers any risks relating to business interruption resulting from property damage and legal liability resulting from property damage or personal injury.

The Company has in place a very stringent and responsive system under which all its distributors and vendors are assessed before being selected. Further, there exists a system by which all distributors' and vendors' sites and operations are periodically reviewed by the Company for managing risks, if any.

### *Regulatory and Compliance risks*

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

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

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

### *Security Risks*

Your Company has installed comprehensive security programs to protect employees and assets at all its offices and Plants. Security measures are overseen by a specially designated Global Security Manager – South Asia and a reputed security agency has been appointed to guard our premises, by conducting thorough screening of all visitors and items received inwards. There is also a system for continuous monitoring of security alerts across the country. Training is regularly given to all security guards who are on duty 24 × 7. Evacuation drills are conducted twice a year. A Pan-India emergency notification system that enables us to communicate with all employees in time of crisis has been implemented. A global policy is in place to issue travel advisories to all employees in case there is any adverse situation at any place in the world. If the situation warrants, travel bans are imposed. During the Financial Year under review, no breaches or major accidents occurred at any of the Company's Plants. Your Company has installed the best of the security measures and processes to protect its personnel and assets.

## Internal Controls & their adequacy

Your Company has robust Internal Controls and Risk Assessment/ Management systems for achieving operational efficiency, optimal utilization of resources, Governance and compliance with local applicable laws. Your Company has a strong system of Internal Controls to ensure that all assets are safeguarded and protected against loss and unauthorized use.

A system of Control Self Assessments (CSA) is in place for managing risk, assessing controls in operational areas, collating documented process, policies, evidences and proofs to identify control weaknesses and initiate actions to mitigate them. Local management has completed 11 audit processes for the period under review. All the issues identified during CSA cycle are remediated by implementing quality action plans. The Corporate Governance and stewardship program including third party Audit firm Governance in key processes by your Company has further strengthened internal controls and Company policy compliances. Overall the Company has made strong progress in improving the state of Internal Controls environment in your Company.

During the Financial Year under review, the Global Internal Audit (GIA) group of P&G Asia performed Score and consultations Audits of major operational areas of the Company. In both types of Audits, Controls over process are rated '*Satisfactory with low control risks*'. Local management has developed and executed quality action plans to remediate all the findings reported by GIA.

### HR Initiatives

The Company operates in a highly competitive environment vis-à-vis attracting the best talent for its operations and therefore the human resources management has assumed vital importance in your Company. Your Company focuses on attracting, motivating and retaining the best talent. Its people systems like recruiting, training, performance management and talent development are robust and competitive. As we have been growing we are putting in place new HR programs to ensure that the organization is geared up to deliver the future.

*Attracting Talent:* India continues to be a key market for Global talent. In this scenario, our recruiting focus, innovative campus initiatives, foray into Social media helped us reach a large number of prospective candidates. We continue to strengthen our position as employer of choice. Our policies on leadership pipeline, talent planning, mentoring, & gender-balance policies continued to ensure that we attract and retain the best talent. We continue to partner closely with the top institutes in India and invest in both business and engineering colleges, where we are a preferred employer. Our roles, careers and compensation and benefits continue to be very competitive, thereby helping us attract the talent that will keep the Company growing from strength to strength. We continued to be ranked in the *top 4 in the Annual Nielsen Campus survey*.

*Developing Talent:* Our organization survey scores were very strong showing good increase in areas of learning and growth, career growth and pride in the Company. New hires into the company are given a thorough on-boarding through our "*Future Stars Program*" to ensure that they are able to contribute in their roles as soon as they join. Clear career paths help employees to plan their career goals and understand the skills needed to be built. Your Company's annual performance management system is very robust and clearly assesses and differentiates amongst employees on the basis of performance and potential. We continue to build our talent through experiences both in India as well as internationally, ensuring that the benefits of a global organization are leveraged. Innovative Virtual Self-learning Leadership Development program for our middle management, as part of the *Build Our Future* initiative, continued to set a benchmark in development of our key leaders. All these initiatives make our retention among the best in the industry. Employee and trade relations related developments are covered in the Directors' Report. The number of employees of the Company as on June 30, 2012 was 394.

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

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

We have a highly experienced Board of Directors, which helps us maintain the highest standards of Corporate Governance. Our Audit Committee is comprised of Independent Directors, with appropriate financial skills to provide good oversight. We have in place strong internal controls, to ensure compliance with all relevant regulations and standards. Our rigorous business process controls include ongoing programs of self-assessment, controls, as well as internal and external audits. Your Company has adopted a Code of Conduct for its Directors. It is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct.

Further, your Company reinforces responsibilities of all our employees, including key employees, of observing high standards of Corporate Governance through the Company's *"Worldwide Business Conduct Manual"* which sets forth the management's commitment to conduct its business affairs with high ethical standards. This Manual flows from our PVP which is the umbrella for our critical policy areas, which in turn create specific guidelines and standards. This Manual enables the Company's employees to make easier connections to relevant policies and the tools that support them. This manual describes the Company's *"Worldwide Business Conduct Standards"*. These standards flow from the following core values of the Company:

- Treat the Company's assets as you would treat your own;
- Behave with the Company's long term success in mind;
- Always do the right thing; and
- Operate within the letter and spirit of law

The *"Worldwide Business Conduct Manual"* also details the policy statements, operating policies/procedures/practices and Internal controls being followed by the Company with specific emphasis on ethical behaviour of employees, compliance with all applicable laws in letter and spirit, ensuring accuracy of books and records, maintaining confidentiality of corporate data, avoidance of conflict of interest, fair dealings, fair competition, following the best practices for safety and health of Company personnel, environmental protection, trading in securities and a host of special legal issues.

Our reputation is earned by our conduct: what we say, what we do, the products we make, the services we provide, and the way we act and treat others. As conscientious citizens and employees, we want to do what is right. For your Company, this is the only way to do business.

## BOARD OF DIRECTORS

**(a) Composition of the Board**

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

**(b) Number of Board meetings**

Five (5) Board Meetings were held during the period July 1, 2011 to June 30, 2012. These Meetings were held on August 25, 2011, November 9, 2011, February 2, 2012 (Two Board Meetings were held on the same day) and April 30, 2012. The Annual General Meeting for the Financial Year ended June 30, 2011 was held on November 23, 2011.

**(c) Directors' attendance record and Directorships held**

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

| Name of Director | No. of Board meetings held during the tenure | No. of Board meetings attended | Last AGM Attendance |
|---|---|---|---|
| Mr. R. A. Shah | 5 | 5 | Present |
| Mr. S. Khosla | 5 | 5 | Present |
| Mr. B. S. Mehta | 5 | 5 | Present |
| Mr. D. Acharya # | 2 | 2 | Present |
| Ms. D. Henretta * | 5 | None | Not Present |
| Mr. P. Agarwal ✦ | 5 | 2 | Not Present |
| Mr. A. Vyas £ | 3 | 2 | Present |

# *Mr. D. Acharya ceased to be a Director of the Company w.e.f. December 1, 2011, consequent to his resignation.*

* *Ms. D. Henretta ceased to be a Director of the Company w.e.f. August 1, 2012, consequent to her resignation.*

✦ *Alternate Director to Ms. D. Henretta, Mr. Agarwal ceased to be Alternate Director w.e.f. August 1, 2012 consequent to cessation of Ms. D. Henretta from Directorship of the Company and was appointed as an Additional Director of the Company w.e.f. August 13, 2012.*

£ *Mr. A. Vyas was appointed as an Additional Director of the Company w.e.f. December 22, 2011. Prior to this, he was functioning as the Company Secretary of the Company upto the close of business hours on 30th November, 2011.*

**(d) Material significant related party transaction**

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

**(e) Remuneration of Directors**

The Members of the Company at their 47th Annual General Meeting held on November 23, 2011 had passed a Special Resolution according approval for payment of commission to the Non Executive Independent Directors of the Company upto a maximum of 1% of the net profits of the Company per annum in the aggregate, for a period of 5 years w.e.f. July 1, 2011 or such other date which the Board of Directors may approve. The Board of Directors had at its 351st Meeting held on January 29, 2007 accorded approval for payment of Annual Commission of ₹ 10 Lacs to be paid to each of the Non Executive Independent Directors of the Company, for a period of 5 years w.e.f. July 1, 2006. This Board resolution expired on June 30, 2011. In view of the above, the Board of Directors has at its 377th meeting held on August 23, 2012 accorded approval for payment of Annual Commission of ₹ 10 Lacs to each of the Non Executive Independent Directors for the period July 1, 2011 to June 30, 2012.

The composition and other required details of the Board of Directors as on June 30, 2012 are given below:

| Name of the Director | Category | Designation | Other Directorships * | Membership of other Board Committees** | |
|---|---|---|---|---|---|
| | | | | Member | Chairman |
| Mr. R. A. Shah | NED/ID | Chairman | 14 | 8 | 3 |
| Mr. S. Khosla | ED | Managing Director | 2 | 2 | 1 |
| Mr. B. S. Mehta | NED/ID | Director | 14 | 9 | 5 |
| Mr. A. Vyas £ | NED | Director | 1 | 1 | None |
| Ms. D. Henretta # | NED | Director | 1 | None | None |
| Mr. P. Agarwal ✦ | NED | Alternate to Ms. D. Henretta | None | None | None |

*NED – Non Executive Director*

*ED – Executive Director*

*ID – Independent Director*

* *Excludes directorships in Private Limited Companies, Bodies Corporate, Foreign Companies, memberships of Managing Committees of various Chambers/Bodies and Alternate Directorships.*

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

£ *Mr. A. Vyas was appointed as an Additional Director of the Company w.e.f. December 22, 2011. Prior to this, he was functioning as the Company Secretary of the Company upto the close of business hours on 30th November, 2011.*

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

✦ *Alternate Director to Ms. D. Henretta, Mr. P Agarwal ceased to be Alternate Director w.e.f. August 1, 2012 consequent to cessation of Ms. D. Henretta from Directorship of the Company and was appointed as an Additional Director of the Company w.e.f. August 13, 2012.*

Details of the remuneration paid/provided to the Directors of the Company during the Financial Year ended June 30, 2012 are given below:

| Name of Director | Relationship with other Directors | Salary including Bonus + PF contribution (₹) | Perquisites (₹) | Commission* (₹) | Total (₹) | Shares held (Equity Shares of ₹ 10/- each) |
|---|---|---|---|---|---|---|
| Mr. R. A. Shah | None | — | — | 10,00,000 | 10,00,000 | 5,550 |
| Mr. S. Khosla | None | 5,20,68,948 | 5,19,996 | — | 5,25,88,944 | 67 |
| Mr. B. S. Mehta | None | — | — | 10,00,000 | 10,00,000 | 3,799 |
| Mr. D. Acharya | None | — | — | — | — | — |
| Ms. D. Henretta | None | — | — | — | — | — |
| Mr. P. Agarwal | None | — | — | — | — | — |
| Mr. A. Vyas | None | — | — | — | — | |
| **TOTAL** | | **5,20,68,948** | **5,19,996** | **20,00,000** | **5,45,88,944** | **9,416** |

* *The above Commission excludes service tax amounting to ₹ 2,47,200/-*

NOTE – No sitting fee is payable to any Director.

The said commission is restricted to 1% of the net profits of the Company in the aggregate, as calculated as per the provisions of sections 198, 309, 310 and other applicable provisions of the Companies Act, 1956. The Non Executive Independent Directors are paid remuneration based on their responsibility and performance.

Your Company also pays fees for the professional services, if availed, to the firm of Chartered Accountants of which one of the two Non Executive Independent Directors is the Chief Mentor and to the firm of Solicitors & Advocates of which the other Non Executive Independent Director is a partner. Considering the amounts normally involved, the Company is of the view that there is no material pecuniary relationship/ association with the said firms.

Mr. Shantanu Khosla has been re-appointed as the Managing Director of the Company by the Board of Directors for a period of five years w.e.f. June 1, 2012. No fee/compensation is payable to the Directors on severance of directorship of the Company.

The re-appointment and remuneration paid to the Managing Director subsequent to the date of re-appointment i.e. June 1, 2012 amounting to ₹ 33.12 lakhs is subject to the approval of the Members of the Company at the ensuing 48th Annual General Meeting. Refer Note No. 36 to the Accounts in the Annual Report.

The Company has not set up a Remuneration Committee. However, the Company, for paying its employees, is guided by the principles of paying competitively to match industry levels and for individual performances and their contribution to the business.

**STOCK OPTIONS**

The Company does not have any Stock Option Plan for its employees. However, all the employees of the Company including its Managing Director are given the right to purchase shares of the ultimate parent Company – The Procter & Gamble Company, USA under its ‘International Stock Ownership Plan.’ Certain employees of the Company are also entitled to Stock Options of the Parent Company under its Employee Stock Option Plan. Details as regards the same are disclosed vide Note No. 27 forming part of the Financial Statements.

**(f) Committees of the Board**

**Audit Committee**

The Audit Committee comprises of Non-Executive Directors namely Mr. R. A. Shah (Chairman), Mr. B. S. Mehta (Member) and Mr. Amit Vyas (Member). The Audit Committee met on August 25, 2011, November 9, 2011, February 2, 2012 and April 30, 2012.

| Directors | Designation | Category | Profession | No. of Meetings held during tenure | No. of Meetings attended |
|---|---|---|---|---|---|
| Mr. R. A. Shah | Chairman | NED/ID | Solicitor | 4 | 4 |
| Mr. B. S. Mehta | Member | NED/ID | Chartered Accountant | 4 | 4 |
| Mr. D. Acharya** | Member | NED | In Service | 2 | 2 |
| Mr. A. Vyas*** | Member | NED | In Service | 2 | 1 |

** *Mr. D. Acharya ceased to be a Director of the Company on December 1, 2011, consequent to his resignation.*

*** *Mr. A. Vyas was inducted into the Audit Committee on February 2, 2012.*

During the Financial Year under review, Mr. Amit Vyas resigned as the Company Secretary and Compliance Officer of the Company with effect from December 01, 2011. Mr. Sachin Harlalka has been appointed as the Company Secretary and Compliance Officer of the Company with effect from December 22, 2011.

Presently, Mr. Sachin Harlalka is the Secretary of the Audit Committee.

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

The Audit Committee powers include the following:

(a) to investigate any activity within its terms of reference.

(b) to seek information from any employee.

(c) to obtain outside legal or other professional advice.

(d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee role includes the following:

(a) Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

(b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

(c) Reviewing with management the Annual Financial Statement/s before submission to the Board, focusing primarily on:

- Matters required being included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
- Any changes in accounting policies and practices.
- Major accounting entries based on exercise of judgment by management.
- Qualifications in Draft Audit Report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with the Stock Exchange and Legal requirements concerning the Financial Statements.
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

(d) Reviewing with the management, the Quarterly Financial Statements before submission to the Board for approval.

(e) Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.

(f) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

(g) Discussion with internal auditors of any significant findings and follow up thereon.

(h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

(i) Discussion with external auditors before the audit commences about nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

(j) Reviewing the Company's financial and management policies.

(k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, Members (in case of non payment of declared dividends) and creditors.

(l) Reviewing the functioning of the Whistle Blower mechanism.

(m) Carrying out any other function as required in the terms of reference of the Audit Committee in the Listing Agreement as may be amended from time to time.

The minutes of the Committee are placed before the Board.

**Shareholders'/Investors' Grievance Committee**

The Shareholders' Grievance Committee comprises of Mr. Shantanu Khosla (Chairman) and Mr. Amit Vyas (Member). Mr. Sachin Harlalka, Company Secretary acts as the Compliance Officer. During the Financial Year, four meetings were held on August 25, 2011, November 9, 2011, February 2, 2012 and April 30, 2012.

| Directors | No. of Meetings held during tenure | No. of Meetings attended |
|---|---|---|
| Mr. S. Khosla* | 4 | 4 |
| Mr. D. Acharya** | 2 | 2 |
| Mr. A. Vyas*** | 2 | 2 |

* *Mr. S. Khosla was appointed as the Chairman of the Shareholders' Grievance Committee on February 2, 2012.*

** *Mr. D. Acharya ceased to be the Director of the Company w.e.f. December 1, 2012.*

*** *Mr. A. Vyas was inducted into the Shareholders' Grievance Committee on February 2, 2012.*

The Committee redresses shareholder complaints like delays in transfer of shares, non-receipt of dividend warrants, non-receipt of annual report etc. The Committee considers and approves transfer/transmission of shares, issue of duplicate share certificates, and dematerialization of shares.

During the Financial Year under review, the Company received 192 shareholder complaints. These complaints have been resolved to the satisfaction of the shareholders except for disputed cases and sub-judice matters, which would be resolved on final disposal by Courts. There were no pending share transfers as on June 30, 2012.

## SHAREHOLDERS

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

(i) **Mr. Shantanu Khosla** was appointed as the Managing Director of the Company for a period of five years w.e.f. June 1, 2007. The said term expired on June 1, 2012. Hence, the Board of Directors, subject to the approval of the Members of the Company, has re-appointed Mr. Shantanu Khosla as the Managing Director of the Company for a period of five years w.e.f. June 1, 2012.

Mr. Khosla is a B.Tech (Mechanical Engg) with post graduation in Business Management (MBA). He has been with P&G since 1983. Mr. Khosla has over the period gained valuable experience by leading and managing P&G's international businesses in UK, Malaysia, Japan and Singapore.

Mr. Khosla is also the Managing Director of Gillette India Limited and Procter & Gamble Home Products Limited.

(ii) **Mr. R. A. Shah**, Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 48th Annual General Meeting.

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

Mr. Shah is the Chairman of Clariant Chemicals (India) Limited, Godfrey Phillips India Limited and Pfizer Limited. He is the Vice-Chairman of Colgate Palmolive India Limited. Mr. Shah is also a Director on the Boards of Abbott India Limited, Asian Paints Limited, ACC Limited, The Bombay Dyeing & Manufacturing Co. Limited, BASF India Limited, Century Enka Limited, Deepak Fertilizers & Petrochemicals Corporation Limited, Jumbo World Holdings Limited (Foreign Company), Lupin Limited, Workhardt Limited and Modicare Limited.

Mr. Shah is also a Committee Member of Bombay Chamber of Commerce and Indo German Chamber of Commerce and the President of Society of Indian Law Firms (western region).

(iii) **Mr. Pramod Agarwal** was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from August 13, 2012. As an Additional Director, he holds office upto the date of the 48th Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a Member proposing his candidature as a Director of the Company, liable to retire by rotation, along with a deposit of ₹ 500/-.

Mr. Pramod Agarwal, a Bachelor of Commerce from Kanpur University and a Post Graduate Diploma holder in Management from Indian Institute of Management, Ahmedabad, is the Vice President – Finance & Accounting Asia of P&G International Ops. SA. Mr. Agarwal is an expert in Finance with deep knowledge of Asia business and rich experience in pulling the business out of Asian economic crisis in 1997 as well as the global financial crisis in 2008 and enabled strong growth of P&G business in Asia.

Mr. Agarwal joined Procter & Gamble India in 1987. He has worked across multiple geographies including Thailand, Japan, Philippines, USA and Singapore. Mr. Agarwal has worked on variety of businesses including Hair care, Laundry and Feminine care. Mr. Agarwal will assume responsibility as Vice President Finance for Global Hair Care & Color business based out of Geneva starting October 1, 2012.

Mr. Agarwal has an avid interest in building Asian talent and invests significant time and energy on training the young talent. Mr. Agarwal has been selected as Member of the Indian Institute of Management Ahmedabad Society.

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

(iv) **Mr. Amit Vyas** was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from December 22,

2011. As an Additional Director he holds office upto the date of the 48th Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a Member proposing his candidature as a Director of the Company, liable to retire by rotation, along with a deposit of ₹ 500/-.

Mr. Vyas is a law graduate from Delhi University and is a Fellow Member (FCS) of the Institute of the Company Secretaries of India. Mr. Vyas has a rich corporate experience of over 18 years in the area of Corporate and Securities Laws. Mr. Vyas has been with the P&G Group since 2007.

Mr. Vyas is also a Director on the Board of Procter & Gamble Home Products Limited.

**(b) Communication to shareholders**

(i) The Company does not send its Quarterly or Half-yearly report to its Members.

(ii) The Quarterly Results of the Company are announced within 45 days of completion of the Quarter, as prescribed under the Listing Agreement. Audited Annual Results are announced within Sixty days of the end of Financial Year which are published in The Economic Times, Mumbai Lakshadeep and The Asian Age.

(iii) The Company's results and official news releases are published on Company's website: www.pg.com/en_IN. It contains data on various topics related to transfers, transmission of shares, Dematerialisation, nomination, change of address, loss of physical share certificates, dividend etc. Also, a special facility has been provided for shareholders to send in their suggestions/ grievances, which are immediately responded to.

(iv) No presentations were made to Analysts and Institutional Investors during the course of the Financial Year.

(v) The Annual Report and Quarterly Financial Results of the Company are also posted on the Corpfiling website viz. www.corpfiling.co.in.

(vi) Your Company has taken requisite steps to ensure compliance with the **Circular No. 17/2011 dated April 24, 2011 and Circular No. 18/2011 dated April 29, 2011** issued by the Ministry of Corporate Affairs, propagating the 'Green Initiative'. This initiative involves paperless compliances by serving documents on the Members through the electronic mails (e-mails). Specific details of the steps taken by the Company in this regard are given in the notes to the Notice convening the 48th Annual General Meeting of the Company.

(vii) The recorded version of the proceedings of the 48th Annual General Meeting would be webcast at the Company's website: www.pg.com/en_IN.

**(c) Statutory Compliance**

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

**(d) Annual General Meetings (AGMs):**

| Year | Type | Location | Date | Time |
|---|---|---|---|---|
| 2011 | AGM | Y. B. Chavan Hall | Nov 23, 2011 | 3.30 p.m. |
| 2010 | AGM | Y. B. Chavan Hall | Oct 8, 2010 | 3.30 p.m. |
| 2009 | AGM | Patkar Hall | Oct 15, 2009 | 3.30 p.m. |

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

**Postal Ballot**

No postal ballot was undertaken during the Financial Year ended June 30, 2012.

**(e) Whistle Blower Policy**

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

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

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

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

**(f) CEO/CFO Certification**

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

**(g) Adoption of non-mandatory requirements**

(i) Adoption of non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

(ii) There is no fixed tenure for Independent Directors. The Board of Directors ensures that the person being appointed as an Independent Director has the requisite qualifications and experience which would be of value to the Company.

(iii) There are no audit qualifications in the Company's financial statements for the Financial Year under reference.

(iv) No specific training program was arranged for the Board Members. However, at the Board Meetings, detailed presentations are made by senior managerial personnel on the business related matters.

(v) The Company has not adopted any mechanism for evaluating individual performance of Non-Executive Directors.

(vi) Of the non-mandatory requirements, currently the Company has adopted the Whistle Blower Policy, as described above.

**(h) Code of Conduct**

**(i) Code of Conduct for Directors**

The Company has in place a Code of Conduct for its Directors. This Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. The Code of Conduct has been posted on the Company's website at www.pg.com/en_IN.

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

The Board of the Company has adopted the Insider Trading Code modified in terms of amendments notified by SEBI under the SEBI (Prohibition of Insider Trading) Regulations, 1992 on November 19, 2008.

## GENERAL SHAREHOLDER INFORMATION

**I. Annual General Meeting**

The 48th Annual General Meeting will be held on **Thursday, December 6, 2012 at 3.30 pm** at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai - 400 021.

**II. Financial Calendar**

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

**III. Book Closure Dates:** Thursday, November 22, 2012 to Thursday, December 6, 2012 (both days inclusive).

The said book closure is for payment of dividend.

**IV. Dividend Payment Date:** On or around December 13, 2012.

**V. Listing of Equity Shares on Stock Exchanges**

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

**VI. Stock Code**

Bombay Stock Exchange Ltd, Mumbai - Code: 500459
National Stock Exchange of India Ltd - Code: PGHH
The dematerialization ISIN Code is **INE 179A01014**

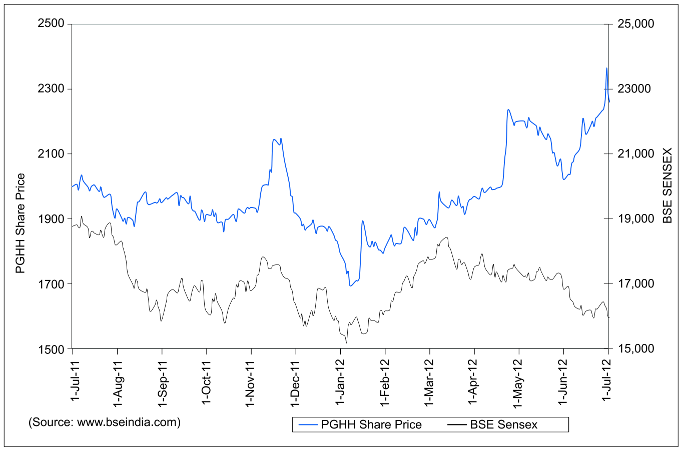
**VII. Stock Price Data** (₹)

| MONTH | Bombay Stock Exchange Ltd., Mumbai | | National Stock Exchange of India Ltd. | |
|---|---|---|---|---|
| | High | Low | High | Low |
| July – 2011 | 2,075.00 | 1,893.00 | 2,100.00 | 1,900.10 |
| August – 2011 | 2,009.95 | 1,865.00 | 2,000.00 | 1,808.00 |
| September – 2011 | 1,990.00 | 1,850.00 | 2,000.00 | 1,875.00 |
| October – 2011 | 2,010.00 | 1,851.00 | 2,115.00 | 1,850.00 |
| November – 2011 | 2,172.50 | 1,851.05 | 2,172.00 | 1,843.00 |
| December – 2011 | 1,915.00 | 1,663.00 | 1,909.00 | 1,577.60 |
| January – 2012 | 1,896.65 | 1,600.00 | 1,915.20 | 1,775.00 |
| February – 2012 | 2,020.00 | 1,817.00 | 2,015.00 | 1,811.45 |
| March – 2012 | 2,270.00 | 1,901.00 | 2,280.00 | 1,920.05 |
| April – 2012 | 2,300.00 | 2,000.00 | 2,285.00 | 2,051.05 |
| May – 2012 | 2,388.00 | 2,000.00 | 2,410.90 | 1,827.40 |
| June – 2012 | 2,380.00 | 2,090.10 | 2,394.00 | 2,090.00 |

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

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

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the Financial Year 2011-12:




The following chart shows the performance of the Company's shares as compared to the NSE Nifty during the Financial Year 2011-12:


**IX. Registrar & Transfer Agents**

Link Intime Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078
Tel – (022) 2596 3838, Fax – (022) 2594 6969,
e-mail – rnt.helpdesk@linkintime.co.in
pginvestors@linkintime.co.in

**X. Share Transfer System**

All Shares sent for transfer in the Physical form are registered by the Registrar and Share Transfer Agents as per the terms of the Listing Agreements, if the documents are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

**XI. Distribution of shareholding by size as on June 30, 2012**

| Share holding | Shareholders Number | Shareholders % to Total | Shares Number | Shares % to Total |
|---|---|---|---|---|
| Upto 500 | 20,981 | 92.13 | 18,86,565 | 5.81 |
| 501 – 1000 | 999 | 4.39 | 6,99,450 | 2.15 |
| 1001 – 2000 | 475 | 2.09 | 6,57,039 | 2.02 |
| 2001 – 3000 | 114 | 0.50 | 2,78,596 | 0.86 |
| 3001 – 4000 | 49 | 0.21 | 1,73,769 | 0.54 |
| 4001 – 5000 | 32 | 0.14 | 1,45,555 | 0.45 |
| 5001 – 10000 | 56 | 0.25 | 3,84,666 | 1.19 |
| 10001 and above | 67 | 0.29 | 282,35,096 | 86.98 |
| **TOTAL** | **22,773** | **100.00** | **324,60,736** | **100.00** |

**Distribution of shareholding by ownership as on June 30, 2012**

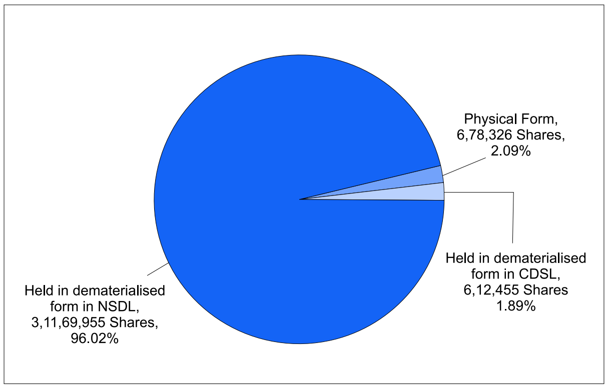
| Category | Number of Shares held | % of Shares held |
|---|---|---|
| Foreign & Indian promoters | 2,29,29,773 | 70.64 |
| Resident Individuals and others | 43,73,843 | 13.47 |
| Mutual Funds & UTI | 24,20,516 | 7.46 |
| Financial Institutions/Banks | 2,01,618 | 0.62 |
| Insurance Companies | 9,28,135 | 2.86 |
| Foreign Institutional Investors | 6,45,724 | 1.99 |
| Private Corporate Bodies | 8,53,071 | 2.63 |
| NRIs | 92,672 | 0.29 |
| Directors and their relatives | 15,384 | 0.04 |
| **TOTAL** | **3,24,60,736** | **100.00** |

**XII. Dematerialization of shares and liquidity**

The Company's shares are required to be compulsorily traded in the Stock Exchanges in Dematerialised form. As on June 30, 2012 the number of shares in dematerialized and physical mode is as under:

| Particulars | No. of shares | % to total capital issued |
|---|---|---|
| Held in dematerialised form in NSDL | 3,11,69,955 | 96.02 |
| Held in dematerialised form in CDSL | 6,12,455 | 1.89 |
| Physical | 6,78,326 | 2.09 |
| **TOTAL** | **3,24,60,736** | **100.00** |

**Shares held in demat/physical form as on June 30, 2012**




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

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

**XV. Unclaimed/Unpaid Dividends**

The amount of the unclaimed dividends for and upto the Financial Year ended June 30, 2004, has been transferred to the Investor Education and Protection Fund established by the Central Government. Pursuant to Section 205C of the Companies Act, 1956, those Members who have not claimed their dividend for the said periods shall not be entitled to claim the same either from the Company or from the said fund.

Final dividend for the Financial Year ended June 30, 2005 and for the subsequent years, which remain unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on the dates mentioned in the table below. Members who have not encashed their dividend warrants for these years are requested to seek issue of duplicate warrants on or before the due dates mentioned therein, by writing to the Company's RTA M/s Link Intime India Private Limited.

| Dividend No. | Date of Declaration | For the Financial Year ended | Due for transfer to IEPF |
|---|---|---|---|
| 52 | 25.11.2005 | 30.06.2005 | 31.12.2012 |
| 53 | 06.10.2006 | 30.06.2006 | 11.11.2013 |
| 54 | 12.10.2007 | 30.06.2007 | 17.11.2014 |
| 55 | 10.10.2008 | 30.06.2008 | 15.11.2015 |
| 56 | 15.10.2009 | 30.06.2009 | 20.11.2016 |
| 57 | 08.10.2010 | 30.06.2010 | 13.11.2017 |
| 58 | 23.11.2011 | 30.06.2011 | 29.12.2018 |

During the Financial year 2011-12, unclaimed final dividend amount for the Financial Year ended June 30, 2004 of ₹ 17,94,980/- was transferred to the Investor Education and Protection fund on January 7, 2012.

The Ministry of Corporate Affairs (MCA) has issued the Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 vide its Notification No. G.S.R. 352(E) dated May 10, 2012, pursuant to which the Company has filed the details of unpaid/unclaimed dividend as on date of previous Annual General Meeting, i.e., November 23, 2011, with the Ministry of Corporate Affairs (MCA) as required. The said details have also been posted on the website of the Company, viz., www.pg.com/en_IN.

**XVI. Plant Locations**

***Goa Plants:***

(1) 173, 314, 315, Kundaim Industrial Estate, Kundaim, Goa - 403 115

(2) Plot 2, GDDIDC Honda, Bhuipal, Sattari, Goa - 403 506

***Baddi Plants:***

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

(2) Village Katha, Near Charak Pharma, PO. Baddi, Tehsil: Nalagarh, Dist.: Solan Himachal Pradesh -173 205

**XVII. Address for Correspondence**

Secretarial Dept.,
Procter & Gamble Hygiene and Health Care Limited,
P&G Plaza, Cardinal Gracias Road,
Chakala, Andheri (East), Mumbai 400 099.
Tel: (91-22) 2826 6000, Fax: (91-22) 6693 9698.
Email: pginvestors@linkintime.co.in

**XVIII. Compliance Officer**

Mr. Sachin Harlalka
Company Secretary
Ph: (91-1493) 304600; (91-22) 2826 6000;
Fax: (91-22) 28267337
Email: harlalka.s@pg.com

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**Declaration**

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, the Board Members have confirmed compliance with the Directors' Code of Conduct for the Financial Year ended June 30, 2012 and the Senior Management has confirmed compliance with the Business Conduct Manual for the Financial Year ended June 30, 2012.

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

Mumbai
August 23, 2012

**S. Khosla**
*Managing Director*

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

To
The Members of
Procter & Gamble Hygiene and Health Care Limited

We have examined the compliance of conditions of Corporate Governance by Procter & Gamble Hygiene and Health Care Limited (the "Company"), for the Financial Year ended June 30, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

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

As stated in Para (e) under 'Board of Directors' to the Corporate Governance report of the Company, the re-appointment of and the remuneration paid to the Managing Director, subsequent to the date of his re-appointment i.e. June 1, 2012 amounting to ₹ 33 12 159 is subject to the approval of the Members at the ensuing Annual General Meeting of the Members of the Company.

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

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

**K. A. Katki**
*Partner*
Membership No. 038568

Mumbai,
August 23, 2012

# AUDITORS' REPORT

**To the Members of**
**Procter & Gamble Hygiene and Health Care Limited**

1. We have audited the attached Balance Sheet of Procter & Gamble Hygiene and Health Care Limited ("the Company"), as at 30th June, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the Financial Year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Attention is invited to Note 36 annexed to and forming part of the financial statements regarding the re-appointment of and remuneration paid to the Managing Director, subsequent to the date of reappointment, i.e. June 1, 2012, amounting to ₹ 33,12,159, which is subject to the approval of the Members at the ensuing Annual General Meeting of the Members of the Company.

4. As required by the Companies (Auditors' Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

5. Further to our comments as stated in paragraph 3 and the Annexure referred to in paragraph 4 above, we report as follows:

   (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss and also the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2012;

      (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the Financial Year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the Financial Year ended on that date.

6. On the basis of written representations received from the Directors as on June 30, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on June 30, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

**K. A. Katki**
*Partner*
Membership No. 038568

Mumbai,
August 23, 2012

## ANNEXURE TO THE AUDITOR'S REPORT
## (Referred to in paragraph 4 of our report of even date)

i. Having regard to the nature of the Company's business/activities/result, clauses vi, x, xi, xii, xiii, xiv, xv, xvi, xviii, xix and xx of CARO are not applicable.

ii. In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the Financial Year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets within an interval of three years. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the Financial Year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

iii. In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

iv. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

v. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

vi. According to the information and explanations given to us, there are no contracts or arrangements, the particulars of which needs to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.

vii. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

viii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

ix. According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable to it with the appropriate authorities. The provisions relating to Wealth Tax are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at June 30, 2012, for a period of more than six months from the date they became payable except of Income tax dues as under

| Name of the Statute | Nature of dues | Amount (₹) | Period to which the amount relates | Due date |
|---|---|---|---|---|
| Income Tax Act, 1961 | Tax deducted at Source (TDS) under Section 194C | 1 45 596 | Year ended June 30, 2012 | August 07, 2011 |

(c) Details of Excise Duty and Sales Tax which have not been deposited as on June 30, 2012 on account of disputes are given below:

| Sr. No. | Statute | Nature of dues | Forum where dispute is pending | Period to which the amount relates | Amount involved (₹) |
|---|---|---|---|---|---|
| 1 | Sales Tax Laws as per statutes applicable in various states | Sales Tax | Appellate Authority – upto Commissioners/ Revisional authorities level | 1997-98 to 2006-07 and 2008-09 | 10 17 73 957 |
| | | | Appellate Authority – Tribunal | 1990-91 to 1996-97, 2001-02, 2007-08 | 12 88 21 968 |
| | | | High Court | 1990-91 to 1997-98 and 2002-03 | 17 13 787 |
| | **Sub-total** | | | | **23 23 09 712** |
| 2 | The Central Excise Act, 1944 | Excise Duty | Appellate Authorities – Commissioner | 2004-05 to 2008-09 | 10 00 000 |
| | **Sub-total** | | | | **10 00 000** |
| 3 | Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010 | Entry Tax | High Court | 2010-11 and 2011-12 | 1 16 52 143 |
| | **Sub-total** | | | | **1 16 52 143** |

The above excludes disputed unpaid Excise demands of ₹ 2 21 40 376 and unpaid Service Tax demand of ₹1 64 378 raised by the authorities on third parties with whom the Company has business transactions/contractual obligations.

There were no disputed dues remaining unpaid in respect of Income tax, Custom Duty and cess during the year.

x. In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the funds raised on short term basis have not been used during the year for long term investment.

xi. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

**K. A. Katki**
*Partner*
(Membership No. 038568)

Mumbai,
August 23, 2012

# Balance Sheet as at June 30, 2012

| | Note No. | As at June 30, 2012 (₹) | (₹) | As at June 30, 2011 (₹) | (₹) |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| *Shareholders' funds* | | | | | |
| Share Capital | 3 | 32 46 07 360 | | 32 46 07 360 | |
| Reserves and Surplus | 4 | 6 64 57 54 034 | | 5 68 17 01 181 | |
| | | | 6 97 03 61 394 | | 6 00 63 08 541 |
| *Non-current Liabilities* | | | | | |
| Deferred Tax Liability (Net) | 5 | — | | 2 81 02 024 | |
| Other Long-Term Liabilities | 6 | 35 65 444 | | 35 65 444 | |
| Long-Term Provisions | 7 | 2 20 01 000 | | 2 06 85 000 | |
| | | | 2 55 66 444 | | 5 23 52 468 |
| *Current Liabilities* | | | | | |
| Trade Payables | 8 | 2 55 35 57 723 | | 1 54 12 12 132 | |
| Other Current Liabilities | 9 | 54 01 06 732 | | 28 30 34 409 | |
| Short-Term Provisions | 10 | 89 57 47 192 | | 89 39 36 106 | |
| | | | 3 98 94 11 647 | | 2 71 81 82 647 |
| **TOTAL** | | | 10 98 53 39 485 | | 8 77 68 43 656 |
| **ASSETS** | | | | | |
| *Non-current Assets* | | | | | |
| Fixed Assets | 11 | | | | |
| Tangible Assets | | 1 98 39 31 631 | | 1 90 38 12 848 | |
| Capital work-in-progress | | 28 90 51 813 | | 7 63 56 517 | |
| Deferred Tax Asset (Net) | 5 | 1 53 48 976 | | — | |
| Long-Term Loans and Advances | 12 | 1 00 37 76 347 | | 85 24 99 961 | |
| Other Non-current Assets | 13 | 3 86 846 | | — | |
| | | | 3 29 24 95 613 | | 2 83 26 69 326 |
| *Current Assets* | | | | | |
| Inventories | 14 | 92 26 72 723 | | 65 33 44 287 | |
| Trade Receivables | 15 | 48 15 12 684 | | 31 01 91 641 | |
| Cash and Cash Equivalents and Other Bank Balances | 16 | 1 82 36 51 825 | | 1 29 95 18 104 | |
| Short-Term Loans and Advances | 17 | 4 25 39 98 308 | | 3 53 80 79 356 | |
| Other Current Assets | 18 | 21 10 08 332 | | 14 30 40 942 | |
| | | | 7 69 28 43 872 | | 5 94 41 74 330 |
| **TOTAL** | | | 10 98 53 39 485 | | 8 77 68 43 656 |

**See accompanying notes forming part of the financial statements**

In terms of our report attached

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

**K. A. Katki**
***Partner***

**Mumbai, August 23, 2012**

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

**R. A. Shah**
***Chairman***

**S. Khosla**
***Managing Director***

***Directors:***
**B. S. Mehta**
**A.Vyas**

**S. Harlalka**
***Company Secretary***

**T. J. Buch**
***Chief Financial Officer***

## Statement of Profit and Loss for the Financial Year ended June 30, 2012

| | Note No. | For the year ended June 30, 2012 (₹) | For the year ended June 30, 2011 (₹) |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from Operations (Gross) | 19 | 13 03 84 50 001 | 10 39 63 54 814 |
| *Less:* Excise Duty | | 6 43 62 967 | 36 76 58 550 |
| Revenue from Operations (Net) | | 12 97 40 87 034 | 10 02 86 96 264 |
| Other Income | 20 | 50 91 62 214 | 35 40 84 929 |
| **Total Revenue** | | 13 48 32 49 248 | 10 38 27 81 193 |
| **EXPENSES** | | | |
| Cost of Raw and Packing Material Consumed | 21a | 3 95 89 27 874 | 2 99 69 92 823 |
| Purchase of Stock-in-Trade | 21b | 1 45 06 39 532 | 90 53 10 307 |
| Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 21c | (16 67 26 247) | (65 82 178) |
| Employee Benefits Expense | 22 | 64 65 98 732 | 50 56 81 932 |
| Finance Costs | 23 | 3 29 160 | 2 59 958 |
| Depreciation and Amortisation Expense | 11 | 28 07 54 075 | 22 15 50 043 |
| Other Expenses | 24 | 5 08 25 48 987 | 3 99 21 49 461 |
| **Total Expenses** | | 11 25 30 72 113 | 8 61 53 62 346 |
| **Profit before Tax** | | 2 23 01 77 135 | 1 76 74 18 847 |
| Tax Expense | | | |
| Current Tax | | 58 96 09 000 | 35 60 13 000 |
| *Less:* MAT Credit Entitlement | | (12 88 83 993) | (10 30 20 923) |
| Deferred Tax (Credit) / Charge (Net) | | (4 34 51 000) | 56 64 000 |
| **Profit after Tax for the year** | | 1 81 29 03 128 | 1 50 87 62 770 |
| **Earnings per Equity share (in ₹)** | 43 | | |
| Basic and diluted earnings per share (in ₹) | | 55.85 | 46.48 |
| Face Value of Equity Share (in ₹) | | 10.00 | 10.00 |

**See accompanying notes forming part of the financial statements**

In terms of our report attached

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

**K. A. Katki**
***Partner***

**Mumbai, August 23, 2012**

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

**R. A. Shah**
***Chairman***

**S. Khosla**
***Managing Director***

**S. Harlalka**
***Company Secretary***

**T. J. Buch**
***Chief Financial Officer***

***Directors:***
**B. S. Mehta**
**A.Vyas**

# Cash Flow Statement for the Financial Year ended June 30, 2012

| | For the year ended June 30, 2012 (₹) | (₹) | For the year ended June 30, 2011 (₹) | (₹) |
|---|---|---|---|---|
| **A. Cash Flow from Operating Activities** | | | | |
| Profit Before Tax | | 2 23 01 77 135 | | 1 76 74 18 847 |
| Adjustments for: | | | | |
| Depreciation and Amortisation Expense | 28 07 54 075 | | 22 15 50 043 | |
| Interest income | (46 88 32 022) | | (31 05 22 008) | |
| Finance costs | 3 29 160 | | 2 59 958 | |
| Inventory written off (Net of Insurance claim) | 3 73 00 888 | | 2 34 48 071 | |
| Provision for employee benefits | 4 37 61 086 | | 1 01 46 939 | |
| Provision for doubtful trade receivables | 2 43 056 | | 1 14 77 760 | |
| Unrealised Foreign Exchange - Loss / (Gain) (Net) | 3 62 73 120 | | (1 28 22 824) | |
| Loss on sale / discard of Tangible assets (Net) | 36 17 900 | | 1 92 33 533 | |
| | | (6 65 52 737) | | (3 72 28 528) |
| Operating profit before working capital changes | | 2 16 36 24 398 | | 1 73 01 90 319 |
| Changes in working capital | | | | |
| Adjustments for (increase) / decrease in operating assets: | | | | |
| Inventories | (30 66 29 324) | | (13 27 30 200) | |
| Trade receivables | (19 54 35 580) | | (3 54 13 954) | |
| Short-term loans and advances | (39 20 69 813) | | 1 44 77 375 | |
| Long-term loans and advances | (7 66 25 601) | | (17 14 29 139) | |
| Other non-current assets | — | | (15 08 980) | |
| Adjustments for increase / (decrease) in operating liabilities: | | | | |
| Trade payables | 96 20 28 610 | | 51 87 92 169 | |
| Other current liabilities | 18 10 73 893 | | (37 19 24 965) | |
| Other long-term liabilities | — | | 7 99 045 | |
| | | 17 23 42 185 | | (17 89 38 649) |
| **Cash generated from operations** | | 2 33 59 66 583 | | 1 55 12 51 670 |
| Direct taxes paid (Net) | | (53 53 75 792) | | (36 73 14 406) |
| **Net Cash generated from operating activities** | | 1 80 05 90 791 | | 1 18 39 37 264 |
| **B. Cash Flow from Investing Activities** | | | | |
| Capital expenditure on Tangible assets, including capital advances | (54 48 66 912) | | (55 36 45 071) | |
| Proceeds from sale of Tangible assets | 51 29 463 | | 22 07 622 | |
| Interest received | 40 04 77 786 | | 25 60 55 135 | |
| Loan to fellow subsidiary given | (32 55 64 139) | | (1 06 04 05 404) | |
| Bank Balances not considered as cash and cash equivalents (Net) | 2 97 728 | | (8 00 000) | |
| **Net Cash used in investing activities** | | (46 45 26 074) | | (1 35 65 87 718) |
| **C. Cash Flow from Financing Activities** | | | | |
| Dividend paid | (73 03 66 560) | | (73 03 66 560) | |
| Corporate Tax on Dividend paid | (11 84 83 715) | | (12 13 04 756) | |
| Finance costs | (3 29 160) | | (2 59 958) | |
| **Net Cash used in financing activities** | | (84 91 79 435) | | (85 19 31 274) |
| **Net increase / (decrease) in Cash and Cash Equivalents** | | 48 68 85 282 | | (1 02 45 81 728) |
| Cash and Cash Equivalents at the beginning of the year | | 1 25 36 49 282 | | 2 27 79 29 346 |
| Effect of exchange differences on restatement of foreign currency Cash and cash equivalents | | (95 41 428) | | 3 01 664 |
| **Cash and Cash Equivalents at the end of the year** | | 1 73 09 93 136 | | 1 25 36 49 282 |

| **Reconciliation of Cash and cash equivalents with the Balance Sheet:** | As at June 30, 2012 (₹) | As at June 30, 2011 (₹) |
|---|---|---|
| Cash and cash equivalents as per Balance Sheet (Refer Note 16) | 1 82 36 51 825 | 1 29 95 18 104 |
| *Less:* Bank Balances not considered as cash and cash equivalents as defined in AS 3 – Cash Flow Statements | (2 82 34 197) | (2 89 01 100) |
| Temporary overdrawn balance | (6 44 24 492) | (1 69 67 722) |
| | 1 73 09 93 136 | 1 25 36 49 282 |

*Note:* 1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS 3) - "Cash Flow Statement".

2. Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**See accompanying notes forming part of the financial statements**

In terms of our report attached

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

**K. A. Katki**
***Partner***
**Mumbai, August 23, 2012**

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

**R. A. Shah**
***Chairman***

**S. Khosla**
***Managing Director***

***Directors:***
**B. S. Mehta**
**A.Vyas**

**S. Harlalka**
***Company Secretary***

**T. J. Buch**
***Chief Financial Officer***

# Notes forming part of the financial statements

## 1. CORPORATE INFORMATION

Procter & Gamble Hygiene and Health Care Limited (the Company) is a public company incorporated under the provisions of the Companies Act, 1956. The company is engaged in the manufacturing and selling of branded packaged fast moving consumer goods in the femcare and healthcare businesses. The company's products are sold through retail operations including mass merchandisers, grocery stores, membership club stores, drug stores, department stores, and high frequency stores. The Company has its manufacturing locations at Goa and Baddi — Himachal Pradesh, apart from third party manufacturing locations spread across India.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### 2.02 Use of estimates

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

### 2.03 Revenue Recognition

Sale of products are recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on the dispatch of goods. Sales excludes trade discounts and rebate. Sales include excise duty but exclude sales tax and value added tax. License fee is accounted based on terms of the contract. Interest income is accounted on accrual basis.

### 2.04 Tangible fixed assets and depreciation / amortization

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost of fixed assets is inclusive of freight, duties, taxes and other directly attributable costs incurred to bring the assets to their working condition for intended use.

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest in respect of qualifying assets.

Depreciation is charged using straight-line method based on the useful lives of the fixed assets as estimated by the management as specified below, or the rates specified in accordance with the provisions of Schedule XIV of the Companies Act, 1956, whichever is higher.

| | Years |
|---|---|
| Leasehold land | Over the remaining period of the lease/or management estimate whichever is lower |
| Buildings | 20 - 30 |
| Plant, Machinery and Equipments | 5 - 18 |
| Furniture and Fixtures | 10 - 15 |
| Office equipment | 1 - 5 |
| Moulds and Dies | 1 - 3 |
| Vehicles – Forklifts | 4 - 8 |

Depreciation is charged on a *pro-rata* basis for assets purchased / sold during the year. Individual fixed assets costing less than ₹5 000 are depreciated in full, in the year of purchase. Accelerated depreciation is charged on certain assets based on periodic review of useful life.

### 2.05 Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is

## Notes forming part of the financial statements

indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

**2.06 Inventories**

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

**2.07 Foreign Exchange Transactions**

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

**2.08 Employee benefits**

(i) Post-employment Benefits

(a) Defined Contribution Plans:

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

– Provident Fund administered by the Regional Provident Fund Commissioner;

– Superannuation Fund as per Company policy administered by Company managed trust and

– State Defined Contribution Plans : Employer's Contribution to Employees' State Insurance.

(b) Defined Benefit Plans:

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

– Gratuity for all employees administered through trust.

Unfunded Plan: The Company has unfunded Defined Benefit Plans in the form of:

– Post Retirement Medical Benefits (PRMB) as per its policy.

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

(ii) Liability for Compensated Absences and Leave Travel Allowance which are in the nature of short term benefits is provided for as per company rules on an accrual basis.

(iii) Termination benefits and long service awards in terms of Company policy are recognized as an expense as and when incurred.

(iv) The Actuarial gains and losses arising during the year are recognized in Statement of Profit and Loss for the year.

(v) The Procter and Gamble Company, USA has an "International Stock Ownership Plan (ISOP)" (employee share purchase plan) whereby specified employees of its subsidiaries have been given a right to purchase shares of the Parent Company i.e. The Procter and Gamble Company, USA. Every employee who opts for the scheme contributes by way of payroll deduction up to a specified percentage (upto 15%) of base salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 2.5% of his base salary).

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

**2.09 Research and Development**

Capital expenditure on Research and Development is capitalized as Fixed Assets. All revenue expenditure on Research and Development is charged off to the respective heads in Statement of Profit and Loss in the year in which it is incurred.

**2.10 Taxes on Income**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income — tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year). Provision for taxation for the Company's financial year ended on June 30, 2012 is based on the results of the 9 months ended March 31, 2012 (Assessment year 2012-13) and for the 3 months ended June 30, 2012 (Assessment year 2013-14) as per the

# Notes forming part of the financial statements

provisions of Income Tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liabilities and / or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future.

However, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and are written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

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

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

**2.11 Borrowing cost**

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

**2.12 Leases**

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

**2.13 Provisions, Contingent Liabilities and Contingent Assets**

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

**2.14 Earnings Per Share**

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

**2.15 Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

# Notes forming part of the financial statements

## 3. Share Capital

| | As at June 30, 2012 | | As at June 30, 2011 | |
|---|---|---|---|---|
| | Number of Shares | Amount (₹) | Number of Shares | Amount (₹) |
| **Authorised** | | | | |
| Equity shares of ₹10 each | 3 50 00 000 | 35 00 00 000 | 3 50 00 000 | 35 00 00 000 |
| **Issued, Subscribed and Paid up** | | | | |
| Equity shares of ₹10 each fully paid | 3 24 60 736 | 32 46 07 360 | 3 24 60 736 | 32 46 07 360 |
| **Reconciliation of fully paid equity shares** | | | | |
| As per last balance sheet | 3 24 60 736 | 32 46 07 360 | 3 24 60 736 | 32 46 07 360 |
| Equity shares of ₹10 each issued during the year | — | — | — | — |
| Balance at end of year | 3 24 60 736 | 32 46 07 360 | 3 24 60 736 | 32 46 07 360 |

**Rights attached to Equity Shares**

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

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

**Details of Equity shares held by Holding company, Ultimate holding company and its Subsidiaries**

| | As at June 30, 2012 | | As at June 30, 2011 | |
|---|---|---|---|---|
| | Number of Shares | Amount (₹) | Number of Shares | Amount (₹) |
| **Ultimate Holding company** | | | | |
| The Procter and Gamble Company, USA | — | — | — | — |
| **Holding company** | | | | |
| Procter & Gamble Asia Holding BV | 2 12 21 953 | 21 22 19 530 | 2 12 21 953 | 21 22 19 530 |
| **Subsidiaries of ultimate holding company** | | | | |
| Rosemount LLC | 10 88 137 | 1 08 81 370 | 10 88 137 | 1 08 81 370 |
| Temple Trees Impex & Investment Pvt. Ltd. | 6 19 683 | 61 96 830 | 6 19 683 | 61 96 830 |

| **Details of shares held by each shareholder holding more than 5% shares:** | As at June 30, 2012 | | As at June 30, 2011 | |
|---|---|---|---|---|
| | Number of Shares | % holding | Number of Shares | % holding |
| Procter & Gamble Asia Holding BV | 2 12 21 953 | 65.38% | 2 12 21 953 | 65.38% |
| HDFC Trustee Company Limited | 17 56 261 | 5.41% | 8 31 955 | 2.56% |

## 4. Reserves and Surplus

| | As at June 30, 2012 | | As at June 30, 2011 | |
|---|---|---|---|---|
| | (₹) | (₹) | (₹) | (₹) |
| *Securities Premium Account* | | | | |
| Balance as per last balance sheet | | 75 19 37 790 | | 75 19 37 790 |
| *General Reserve* | | | | |
| Balance as per last balance sheet | 1 63 98 23 369 | | 1 48 89 23 369 | |
| Add: Transferred from Surplus in Statement of Profit and Loss | 18 13 00 000 | | 15 09 00 000 | |
| | | 1 82 11 23 369 | | 1 63 98 23 369 |

# Notes forming part of the financial statements

| | As at June 30, 2012 | | As at June 30, 2011 | |
|---|---|---|---|---|
| | (₹) | (₹) | (₹) | (₹) |
| *Surplus in Statement of Profit and Loss* | | | | |
| Balance as per last balance sheet | 3 28 99 40 022 | | 2 78 09 27 527 | |
| Add: Profit after tax for the year | 1 81 29 03 128 | | 1 50 87 62 770 | |
| Less: | | | | |
| Proposed Dividend to Equity Shareholder at ₹ 22.50 per share (Previous year : ₹ 22.50 per share) | (73 03 66 560) | | (73 03 66 560) | |
| Corporate tax on proposed dividend | (11 84 83 715) | | (11 84 83 715) | |
| Transfer to General Reserve | (18 13 00 000) | | (15 09 00 000) | |
| Balance as at the year end | | 4 07 26 92 875 | | 3 28 99 40 022 |
| **Total Reserves and Surplus** | | 6 64 57 54 034 | | 5 68 17 01 181 |

## 5. Deferred Tax (Asset)/Liability

| | As at June 30, 2012 | | As at June 30, 2011 | |
|---|---|---|---|---|
| | (₹) | (₹) | (₹) | (₹) |
| Tax effect of items constituting deferred tax assets | | | | |
| Excise and Sales Tax Provisions | 4 83 71 411 | | 4 91 59 003 | |
| Payments made under Voluntary Retirement Scheme | 53 21 330 | | 92 67 984 | |
| Disallowance of payments made U/s 43 B | 3 33 90 666 | | 1 28 78 825 | |
| Other timing differences | 3 72 63 715 | | 79 23 371 | |
| Total | | 12 43 47 122 | | 7 92 29 183 |
| Tax effect of items constituting deferred tax liabilities | | | | |
| On difference between Book and Tax Depreciation | 10 89 98 146 | | 10 73 31 207 | |
| Total | | 10 89 98 146 | | 10 73 31 207 |
| **Net Deferred Tax (Asset) / Liability** | | (1 53 48 976) | | 2 81 02 024 |

## 6. Other Long-Term Liabilities

| | As at June 30, 2012 | As at June 30, 2011 |
|---|---|---|
| | (₹) | (₹) |
| Trade / Security Deposits received | 35 65 444 | 35 65 444 |
| | 35 65 444 | 35 65 444 |

## 7. Long-Term Provisions

| | As at June 30, 2012 | As at June 30, 2011 |
|---|---|---|
| | (₹) | (₹) |
| **Provision for employee benefits** | | |
| Post Retirement Medical Benefit (Refer Note 26) | 2 20 01 000 | 2 06 85 000 |
| | 2 20 01 000 | 2 06 85 000 |

# Notes forming part of the financial statements

## 8. Trade Payables

| | As at June 30, 2012 (₹) | As at June 30, 2011 (₹) |
|---|---|---|
| Total outstanding dues to Micro Enterprises & Small Enterprises (Refer Note 33) | — | — |
| Total outstanding dues to trade payables other than Micro Enterprises & Small Enterprises | 2 55 35 57 723 | 1 54 12 12 132 |
| | 2 55 35 57 723 | 1 54 12 12 132 |

## 9. Other Current Liabilities

| | As at June 30, 2012 (₹) | As at June 30, 2011 (₹) |
|---|---|---|
| Gratuity (Refer Note 26) | 3 89 19 000 | — |
| Superannuation | 22 91 572 | 22 87 686 |
| Unpaid dividends* | 1 41 16 925 | 1 44 86 100 |
| Temporary overdrawn book balance | 6 44 24 492 | 1 69 67 722 |
| Other payables | | |
| Payables on Purchase of Fixed Assets | 7 71 13 694 | 3 96 65 089 |
| Others Payables (Including Statutory remittances, Excise and Sales Tax Payable) | 34 32 41 049 | 20 96 27 812 |
| | 54 01 06 732 | 28 30 34 409 |

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

## 10. Short-Term Provisions

| | As at June 30, 2012 (₹) | As at June 30, 2011 (₹) |
|---|---|---|
| Provision for employee benefits | | |
| Compensated Absences | 4 58 06 917 | 4 40 87 831 |
| Post Retirement Medical Benefit (Refer Note 26) | 10 90 000 | 9 98 000 |
| Proposed Equity Dividend | 73 03 66 560 | 73 03 66 560 |
| Corporate Tax on Proposed Dividend | 11 84 83 715 | 11 84 83 715 |
| | 89 57 47 192 | 89 39 36 106 |

## 11. Tangible fixed assets and depreciation / amortization

| Particulars - Own use | Gross Block at Cost | | | | Depreciation/Amortization | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at July 1, 2011 (₹) | Additions/ Transfers during theyear (₹) | Deletions/ Transfers during the year (₹) | As at June 30, 2012 (₹) | As at July 1, 2011 (Refer Note 1 below) (₹) | For the Year (₹) | On Deletions/ Transfers (₹) | As at June 30, 2012 (₹) | As at June 30, 2012 (₹) | As at June 30, 2011 (₹) |
| Land – Freehold – (Refer Note 2 below) | 6 77 43 064 | — | — | 6 77 43 064 | — | — | — | — | 6 77 43 064 | 6 77 43 064 |
| Land – Leasehold | 1 72 00 709 | — | — | 1 72 00 709 | 1 44 28 526 | 1 76 035 | — | 1 46 04 561 | 25 96 148 | 27 72 183 |
| Buildings | 92 93 64 031 | 3 13 79 206 | — | 96 07 43 237 | 22 58 37 767 | 3 36 82 626 | — | 25 95 20 393 | 70 12 22 844 | 70 35 26 264 |
| Plant, Machinery and Equipment | 1 73 93 92 529 | 27 96 73 247 | 2 33 07 524 | 1 99 57 58 252 | 77 43 57 122 | 19 70 22 411 | 1 91 06 648 | 95 22 72 885 | 1 04 34 85 367 | 96 50 35 407 |
| Furniture and fixtures | 7 47 43 194 | 88 30 175 | 40 30 856 | 7 95 42 513 | 2 43 77 431 | 56 04 542 | 18 96 860 | 2 80 85 113 | 5 14 57 400 | 5 03 65 763 |
| Office equipment | 18 46 24 844 | 3 90 86 498 | 1 10 95 444 | 21 26 15 898 | 11 42 29 494 | 1 90 05 184 | 86 82 953 | 12 45 51 725 | 8 80 64 173 | 7 03 95 350 |
| Moulds and Dies | 10 99 70 510 | 1 06 02 805 | — | 12 05 73 315 | 6 78 49 065 | 2 48 69 352 | — | 9 27 18 417 | 2 78 54 898 | 4 21 21 445 |
| Vehicles – Forklifts | 59 76 760 | 48 290 | 10 31 268 | 49 93 782 | 41 23 388 | 3 93 925 | 10 31 268 | 34 86 045 | 15 07 737 | 18 53 372 |
| Grand Total | 3 12 90 15 641 | 36 96 20 221 | 3 94 65 092 | 3 45 91 70 770 | 1 22 52 02 793 | 28 07 54 075 | 3 07 17 729 | 1 47 52 39 139 | 1 98 39 31 631 | 1 90 38 12 848 |
| Previous Year | 2 42 96 61 718 | 84 39 04 305 | 14 45 50 382 | 3 12 90 15 641 | 1 12 57 29 210 | 22 15 50 043 | 12 20 76 460 | 1 22 52 02 793 | | |
| | | | | | | | | Capital work in progress | 28 90 51 813 | 7 63 56 517 |
| | | | | | | | | | 2 27 29 83 444 | 1 98 01 69 365 |

**Notes:**

1. Opening accumulated depreciation includes impairment on Land-Leasehold ₹91 07 650; on Buildings ₹7 49 86 109; on Plant and Machinery ₹2 05 34 937 and on Office Equipment ₹30 621 in 2002-03.
2. Land – Freehold includes ₹6 67 10 299 (Previous year ₹6 67 10 299) being the company's share (90%) of assets jointly owned with other parties.

# Notes forming part of the financial statements

## 12. Long-Term Loans and advances — Unsecured, considered good unless otherwise stated

| | As at June 30, 2012 | | As at June 30, 2011 | |
|---|---|---|---|---|
| | (₹) | (₹) | (₹) | (₹) |
| Security Deposits | | 2 20 62 900 | | 2 26 77 138 |
| Loans and advances to employees (Refer Note 39) | | 38 34 92 863 | | 31 74 42 576 |
| Prepaid expenses | | 12 00 000 | | 15 00 000 |
| Advance income tax [Net of provisions ₹3 67 76 58 620 (Previous year : ₹3 08 80 49 620)] | | 37 03 96 471 | | 32 46 29 679 |
| MAT credit entitlement | | 13 19 04 916 | | 10 30 20 923 |
| Other loans and advances* | | | | |
| Considered good | | 9 47 19 197 | | 8 32 29 645 |
| Considered Doubtful | 10 36 22 876 | | 9 23 47 661 | |
| Less : Provisions for doubtful loans and advances | 10 36 22 876 | | 9 23 47 661 | |
| | | — | | — |
| | | 1 00 37 76 347 | | 85 24 99 961 |

* Includes amounts deposited with Excise, Sales Tax and other authorities as demanded, pending resolution of disputes.

## 13. Other Non-Current Assets

| | As at June 30, 2012 | As at June 30, 2011 |
|---|---|---|
| | (₹) | (₹) |
| Interest accrued on time deposits with bank | 3 86 846 | — |
| | 3 86 846 | — |

## 14. Inventories (At lower of cost and net realisable value)

| | As at June 30, 2012 | | As at June 30, 2011 | |
|---|---|---|---|---|
| | (₹) | (₹) | (₹) | (₹) |
| Raw materials [Including goods-in-transit ₹1 88 62 171 (Previous year : ₹2 11 37 495)] | | 24 33 76 381 | | 17 18 33 469 |
| Packaging materials [Including goods-in-transit ₹59 73 015 (Previous year : ₹1 63 62 262)] | | 7 53 68 508 | | 7 95 84 009 |
| Work-in-process | | | | |
| Female Hygiene Products | 2 00 89 846 | | 1 51 37 360 | |
| Formulation | 71 92 296 | | 12 12 299 | |
| | | 2 72 82 142 | | 1 63 49 659 |
| Stock-in-trade [Including goods-in-transit ₹55 36 763 (Previous year : ₹Nil)] | | 21 82 77 224 | | 5 19 67 144 |
| Finished goods | | 25 61 53 675 | | 26 66 69 991 |
| Consumable Stores and Spare | | 10 22 14 793 | | 6 69 40 015 |
| | | 92 26 72 723 | | 65 33 44 287 |

# Notes forming part of the financial statements

## 15. Trade Receivables – Unsecured

| | As at June 30, 2012 | | As at June 30, 2011 | |
|---|---|---|---|---|
| | (₹) | (₹) | (₹) | (₹) |
| Trade receivable outstanding for a period exceeding six months from the date they were due for payment | | | | |
| Considered good | 2 50 71 798 | | 26 35 369 | |
| Considered doubtful | 67 50 954 | | 1 14 77 760 | |
| | | 3 18 22 752 | | 1 41 13 129 |
| Other trade receivables – considered good | | 45 64 40 886 | | 30 75 56 272 |
| | | 48 82 63 638 | | 32 16 69 401 |
| Less: Provision for doubtful Trade receivables | | 67 50 954 | | 1 14 77 760 |
| | | 48 15 12 684 | | 31 01 91 641 |

## 16. Cash and Cash Equivalents and Other Bank Balances

| | As at June 30, 2012 | | As at June 30, 2011 | |
|---|---|---|---|---|
| | (₹) | (₹) | (₹) | (₹) |
| Cash and Cash Equivalents as defined in AS 3 – Cash Flow Statement | | | | |
| Cash on hand | | 1 174 | | 1 174 |
| Bank Balance | | | | |
| In current accounts | 10 64 45 785 | | 79 38 991 | |
| In EEFC accounts | 3 38 70 669 | | 1 52 21 839 | |
| In deposit accounts | 1 65 51 00 000 | | 1 24 74 55 000 | |
| | | 1 79 54 16 454 | | 1 27 06 15 830 |
| Other Bank Balances | | | | |
| In earmarked accounts | | | | |
| Unpaid dividend accounts | 1 41 16 925 | | 1 44 86 100 | |
| Other earmarked accounts (deposits with sales tax authorities) | 45 000 | | 45 000 | |
| Balances held as margin money securities against guarantees | 1 05 72 272 | | 1 08 70 000 | |
| Bank Deposits having original maturity more than 12 months | 35 00 000 | | 35 00 000 | |
| | | 2 82 34 197 | | 2 89 01 100 |
| | | 1 82 36 51 825 | | 1 29 95 18 104 |

## 17. Short-Term Loans and advances — Unsecured, considered good unless otherwise stated

| | As at June 30, 2012 | As at June 30, 2011 |
|---|---|---|
| | (₹) | (₹) |
| Loans to related parties (Refer Note 38) | 3 39 26 70 242 | 3 06 71 06 103 |
| Advances to related parties (Refer Note 38) | 41 55 01 774 | 25 99 23 808 |
| Security Deposits | 1 55 06 546 | 1 46 92 240 |
| Loans and advances to employees (Refer Note 39) | 11 31 91 441 | 6 28 51 885 |
| Prepaid Expenses | 1 14 04 127 | 2 76 46 446 |
| Balance with government authorities | | |
| VAT Credit receivable | 39 459 | 1 45 63 586 |
| CENVAT Credit Receivable | 10 46 701 | 2 16 05 154 |
| Other loans and advances to vendors | 30 46 38 018 | 6 96 90 134 |
| | 4 25 39 98 308 | 3 53 80 79 356 |

# Notes forming part of the financial statements

## 18. Other Current Assets

| | As at June 30, 2012 (₹) | As at June 30, 2011 (₹) |
|---|---|---|
| Interest accrued on Loan to related party (Refer Note 38) | 21 00 55 838 | 13 35 74 674 |
| Interest accrued on time deposits with bank | 9 52 494 | 52 87 288 |
| Others — Insurance claim receivable | — | 41 78 980 |
| | 21 10 08 332 | 14 30 40 942 |

## 19. Revenue from operations

| | For the year ended June 30, 2012 (₹) | (₹) | For the year ended June 30, 2011 (₹) | (₹) |
|---|---|---|---|---|
| **Sale of products (Refer Note (i) below)** | | | | |
| Manufactured products | 10 94 02 15 619 | | 9 16 46 43 323 | |
| Traded products | 2 07 11 20 251 | | 1 20 55 46 355 | |
| | | 13 01 13 35 870 | | 10 37 01 89 678 |
| **Other operating revenues** | | | | |
| License fee | 1 87 21 664 | | 1 64 62 283 | |
| Sale of scrap | 83 92 467 | | 97 02 853 | |
| | | 2 71 14 131 | | 2 61 65 136 |
| | | 13 03 84 50 001 | | 10 39 63 54 814 |

*Note:*

(i) Sale of products comprises

| | For the year ended June 30, 2012 (₹) | (₹) | For the year ended June 30, 2011 (₹) | (₹) |
|---|---|---|---|---|
| **Details of product sold** | Manufactured | Traded | Manufactured | Traded |
| Ointments and Creams | 2 35 73 86 920 | — | 1 87 83 61 809 | — |
| Cough Drops | 1 80 37 73 975 | — | 1 56 07 88 131 | — |
| Tablets | 72 84 59 527 | — | 69 61 38 459 | — |
| Personal Products, Toilet Preparations, etc. | 6 05 05 95 197 | 2 07 11 20 251 | 5 02 93 54 924 | 1 20 55 46 355 |
| | 10 94 02 15 619 | 2 07 11 20 251 | 9 16 46 43 323 | 1 20 55 46 355 |

## 20. Other Income

| | For the year ended June 30, 2012 (₹) | For the year ended June 30, 2011 (₹) |
|---|---|---|
| Interest on loans and deposits (gross) [tax deducted at source ₹85 09 385 (Previous year : ₹64 89 428)] | 8 03 46 485 | 6 40 14 224 |
| Interest on loan to fellow subsidiary (gross) [Tax Deducted at Source ₹3 88 48 554 (Previous year : ₹2 46 50 778)] | 38 84 85 537 | 24 65 07 784 |
| Write-back of liabilities no longer required | 1 49 06 441 | — |
| Interest on loans given to Employees | 1 33 41 629 | 1 07 23 177 |
| Research and Development and other charges | 42 69 237 | 23 70 969 |
| Exchange Gains (Net) | — | 88 74 805 |
| Business process outsourcing income | 22 62 388 | 30 21 193 |
| Miscellaneous Income | 55 50 497 | 1 85 72 777 |
| | 50 91 62 214 | 35 40 84 929 |

# Notes forming part of the financial statements

**21. (a) Cost of Raw and Packing Material Consumed**

| | For the year ended June 30, 2012 (₹) | For the year ended June 30, 2011 (₹) |
|---|---|---|
| Opening Stock | 25 14 17 478 | 14 84 19 008 |
| Add: Purchases | 4 02 62 55 285 | 3 09 99 91 293 |
| | 4 27 76 72 763 | 3 24 84 10 301 |
| Less: Closing Stock | 31 87 44 889 | 25 14 17 478 |
| | 3 95 89 27 874 | 2 99 69 92 823 |

**Material Consumed comprises of**

| Class of Goods | For the year ended June 30, 2012 Value (₹) | For the year ended June 30, 2011 Value (₹) |
|---|---|---|
| Pulp, Chemicals, waxes and oils | 2 54 60 96 236 | 1 84 11 21 124 |
| Sugar and liquid glucose | 31 75 97 708 | 25 29 58 817 |
| Foils | 18 83 03 348 | 12 35 88 297 |
| Containers, cartons, boxes etc. | 90 69 30 582 | 77 93 24 585 |
| | 3 95 89 27 874 | 2 99 69 92 823 |

**(b) Purchase of Traded goods**

| | 2012 (₹) | 2011 (₹) |
|---|---|---|
| Personal Products, Toilet Preparations, etc. | 1 45 06 39 532 | 90 53 10 307 |
| | 1 45 06 39 532 | 90 53 10 307 |

**(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade**

| | 2012 (₹) | 2012 (₹) | 2011 (₹) | 2011 (₹) |
|---|---|---|---|---|
| *Inventories at the beginning of the year:* | | | | |
| Finished goods [including excise duty ₹21 97 764 (Previous year ₹2 32 36 452)] | 26 66 69 991 | | 25 84 55 670 | |
| Work-in-process | 1 63 49 659 | | 1 68 23 021 | |
| Stock-in-trade | 5 19 67 144 | | 5 31 25 925 | |
| | | 33 49 86 794 | | 32 84 04 616 |
| *Inventories at the end of the year:* | | | | |
| Finished goods [including excise duty ₹35 63 355 (Previous year ₹21 97 764)] | 25 61 53 675 | | 26 66 69 991 | |
| Work-in-process | 2 72 82 142 | | 1 63 49 659 | |
| Stock-in-trade | 21 82 77 224 | | 5 19 67 144 | |
| | | 50 17 13 041 | | 33 49 86 794 |
| | | (16 67 26 247) | | (65 82 178) |

**22. Employee Benefit Expenses**

| | For the year ended June 30, 2012 (₹) | For the year ended June 30, 2011 (₹) |
|---|---|---|
| Salaries and Wages (Refer Note 36) | 80 73 69 310 | 63 19 74 352 |
| Contribution to provident and other funds | 14 13 97 396 | 12 07 85 278 |
| Expense on employee stock option (ISOP & ESOP) scheme (Refer Note 27) | 5 41 56 231 | 2 75 43 404 |
| Staff welfare expenses | 8 33 22 744 | 8 04 15 497 |
| Reimbursement of employee benefit expenses cross charged to related parties (Refer Note 35) | (43 96 46 949) | (35 50 36 599) |
| | 64 65 98 732 | 50 56 81 932 |

# Notes forming part of the financial statements

## 23. Finance Cost

| | For the year ended June 30, 2012 (₹) | For the year ended June 30, 2011 (₹) |
|---|---|---|
| Interest expenses on short term bank borrowings | 3 29 160 | 2 59 958 |
| | 3 29 160 | 2 59 958 |

## 24. Operating and other expenses

| | For the year ended June 30, 2012 | For the year ended June 30, 2012 (₹) | For the year ended June 30, 2011 | For the year ended June 30, 2011 (₹) |
|---|---|---|---|---|
| Consumption of Stores and spare parts (Refer Note 28) | | 6 15 64 741 | | 4 97 07 004 |
| Rent (Refer Note 34) | | 1 93 60 137 | | 1 98 25 426 |
| Increase of Excise Duty on inventory (Refer Note 41) | | (13 65 591) | | (2 10 38 688) |
| Processing charges | | 27 47 62 477 | | 25 07 63 649 |
| Power and fuel | | 9 83 54 685 | | 6 12 87 600 |
| Repairs and maintenance: | | | | |
| Plant and machinery | | 3 86 80 639 | | 2 95 79 928 |
| Buildings | | 32 12 061 | | 14 23 998 |
| Others | | 1 29 35 288 | | 34 43 832 |
| Insurance | | 22 00 280 | | 17 41 273 |
| Turnover and Resale Tax | | 6 80 94 257 | | 5 94 68 276 |
| Rates and Taxes | | 20 27 617 | | 14 93 301 |
| Communications | | 4 81 52 807 | | 4 22 57 586 |
| Travelling, Conveyance and Vehicle expenses | | 12 42 85 840 | | 9 99 59 044 |
| Computer expenses | | 2 03 58 399 | | 1 20 29 471 |
| Freight, transport, warehousing and distribution charges | | 66 73 50 042 | | 41 30 64 554 |
| Trade Incentives | | 96 00 62 180 | | 67 40 26 860 |
| Advertising expenses | | 1 37 43 34 708 | | 1 17 38 06 691 |
| Distributor Coverage Expenses | | 18 73 87 856 | | 19 52 17 429 |
| Royalty | | 63 41 82 722 | | 51 69 38 070 |
| Business process outsourcing expenses | | 13 36 33 049 | | 13 32 61 043 |
| Legal and Professional services | | 19 20 86 593 | | 15 72 87 015 |
| Auditor's remuneration: | | | | |
| As Auditor | 54 56 600 | | 51 32 600 | |
| Tax Audit and Certification | 17 15 000 | | 16 75 000 | |
| Reimbursement of Out-of-pocket expenses | 3 00 000 | | 1 88 147 | |
| Service Tax | 8 99 182 | | 7 20 562 | |
| Total Auditor's remuneration: | | 83 70 782 | | 77 16 309 |
| Commission to directors | | 22 47 200 | | 20 00 000 |
| Trade Receivables written off | 49 69 862 | | — | |
| Less: Adjusted against Provision for earlier years | (49 69 862) | — | — | — |
| Provision for trade receivable | | 2 43 056 | | 1 14 77 760 |
| Inventory written off (Net of Insurance claims) | | 3 73 00 888 | | 2 34 48 071 |
| Exchange Loss (Net) | | 8 38 06 066 | | — |
| Loss on sale / discard of Tangible assets (Net) | | 36 17 900 | | 1 92 33 533 |
| Others | | 18 22 07 358 | | 17 35 07 479 |
| | | 5 23 94 54 037 | | 4 11 29 26 514 |
| Reimbursement of expenses cross charged to related parties (Refer Note 35) | | (15 69 05 050) | | (12 07 77 053) |
| | | 5 08 25 48 987 | | 3 99 21 49 461 |

# Notes forming part of the financial statements

**25. (a) Contingent Liabilities :**

(i) In respect of Income Tax demands for which the company has preferred appeals with appropriate authorities - ₹28 55 21 351 (Previous year : ₹39 44 92 098). The liability is mainly on account of various disallowances by the Income Tax authorities on which assessee has preferred an appeal. These are on account of various grounds - primarily on account of advertisement expenses, tax holiday, etc.

(ii) In respect of Sales Tax matters for which the company has preferred appeals with appropriate authorities - ₹22 66 02 526 (Previous year : ₹13 25 41 268). The liability is in respect to matters related to non-submission of 'C' Forms / 'F' Forms ₹14 02 44 311 (Previous year : ₹9 90 02 084), Incomplete accounts books ₹1 81 31 079 (Previous year : ₹1 79 53 096), Classification issues ₹58 72 828 (Previous year : ₹58 21 917), Product valuation issues ₹5 38 37 377 (Previous year : ₹49 31 862), and other miscellaneous issues ₹85 16 931 (Previous year : ₹48 32 309).

(iii) In respect of Excise, Customs and Service Tax matters for which the company has preferred appeals with appropriate authorities ₹1 07 79 483 (Previous year : ₹3 32 79 483). The liability is in respect to: classification matters ₹8 74 000 (Previous year : ₹8 74 000), valuation matters ₹95 06 590 (Previous year : ₹95 06 590) and applicability of service tax on testing charges ₹1 64 678 (Previous year : ₹1 64 678) and others ₹2 34 215 (Previous year : ₹2 34 215). Contingent liability for customs duty is towards the old advance license matters which are under dispute.

(iv) In respect of counter guarantees given to bank against guarantees given by bank : ₹44 84 20 098 (Previous year : ₹33 61 54 658) At the request of the Company, its bankers have issued guarantees to third parties for performance obligation under various commercial agreements. The Company has issued counter guarantees to the banks in respect of these guarantees.

(v) In respect of other claims - ₹77 00 000 (Previous year : ₹13 14 000). The Company is a party to various legal proceedings in the normal course of business.

(vi) Custom duty liability for probable non fulfillment of export obligation ₹4 48 48 900 (Previous year : ₹6 44 64 860).

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

**(b)** Estimated amount of contracts remaining to be executed on capital account (net of advances) - ₹2 89 59 804 (Previous year : ₹28 19 284).

**26. I. Defined Contribution Plans**

a. Provident Fund

b. Superannuation Fund

c. State Defined Contribution Plans: Employer's Contribution to Employees' State Insurance

The Company has recognized the following amounts in Statement of Profit and Loss:

| | **For the year ended June 30, 2012 (₹)** | For the year ended June 30, 2011 (₹) |
|---|---|---|
| – Employer's Contribution to Provident Fund | **6 59 83 466** | 5 20 80 712 |
| – Employer's Contribution to Superannuation Fund | **2 93 38 359** | 3 09 79 329 |
| – Employer's Contribution to Employees' State Insurance | **4 38 148** | 3 93 231 |

The above amounts are included in Contribution to Provident and other Funds under Employee Benefits Expenses (Refer Note 22)

**II. Defined Benefit Plans**

a. Gratuity Fund (Funded Scheme): Gratuity is payable to all eligible employees of the Company on superannuation, death, permanent disablement and resignation in terms of the provisions of the Payment of Gratuity Act, 1972 or Company's scheme whichever is more beneficial. Benefits would be paid at the time of separation based on the last drawn base salary.

b. Post Retirement Medical Benefit (PRMB) (Non-funded Scheme): Under this scheme, employees get medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade at the time of retirement. Employees separated from the Company as part of early separation scheme are also covered under the scheme.

## Notes forming part of the financial statements

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

| | Funded Scheme (₹) Gratuity | | Non-Funded Scheme (₹) Post Retirement Medical Benefit | |
|---|---|---|---|---|
| | **For the year ended June 30, 2012** | For the year ended June 30, 2011 | **For the year ended June 30, 2012** | For the year ended June 30, 2011 |
| **(A) Changes in the Present Value of Obligation** | | | | |
| Present Value of Obligation as at opening date | **27 51 98 000** | 23 03 35 000 | **2 16 83 000** | 1 71 81 000 |
| Current Service Cost | **1 54 57 000** | 1 94 55 000 | **6 06 000** | 5 34 000 |
| Interest Cost | **2 20 36 000** | 1 93 34 000 | **17 58 000** | 13 83 000 |
| Actuarial (gain) / loss on Obligations | **3 13 27 000** | 1 18 30 000 | **15 33 000** | 44 03 000 |
| Benefits Paid | **(3 79 21 000)** | (57 56 000) | **(24 89 000)** | (18 18 000) |
| Present Value of Obligation as at closing date | **30 60 97 000** | 27 51 98 000 | **2 30 91 000** | 2 16 83 000 |
| **(B) Changes in the Fair Value of Plan Assets** (For Funded Scheme) | | | | |
| Fair Value of Plan Assets as at opening date | **27 69 13 000** | 27 34 12 000 | | |
| Expected Actual Return on Plan Assets | **2 06 36 000** | 2 16 43 000 | | |
| Actuarial Gains and (Losses) | **75 50 000** | (1 23 86 000) | | |
| Contributions | **—** | — | | |
| Benefits Paid | **(3 79 21 000)** | (57 56 000) | | |
| Fair Value of Plan Assets as at closing date | **26 71 78 000** | 27 69 13 000 | | |
| **(C) Amount recognized in the Balance Sheet** | | | | |
| Present Value of Obligation as at closing date | **30 60 97 000** | 27 51 98 000 | **2 30 91 000** | 2 16 83 000 |
| Fair Value of Plan Assets as at closing date | **26 71 78 000** | 27 69 13 000 | **—** | — |
| Liability/(Asset) recognized in the Balance Sheet | **3 89 19 000** | (17 15 000) | **2 30 91 000** | 2 16 83 000 |
| – Current Liability / (Asset) recognized in the Balance Sheet | **3 89 19 000** | (17 15 000) | **10 90 000** | 9 98 000 |
| – Non-current Liability / (Asset) recognized in the Balance Sheet | **—** | — | **2 20 01 000** | 2 06 85 000 |
| **(D) Expenses recognized in Statement of Profit and Loss** | | | | |
| Current Service Cost | **1 54 57 000** | 1 94 55 000 | **6 06 000** | 5 34 000 |
| Interest Cost | **2 20 36 000** | 1 93 34 000 | **17 58 000** | 13 83 000 |
| Expected Return on Plan Assets | **(2 06 36 000)** | (2 16 43 000) | **—** | — |
| Net actuarial (gain)/loss recognized in the year | **2 37 77 000** | 2 42 16 000 | **15 33 000** | 44 03 000 |
| Total Expenses recognized in Statement of Profit and Loss | **4 06 34 000** | 4 13 62 000 | **38 97 000** | 63 20 000 |

Included in Contribution to Provident and Other Funds under employee benefits expenses (Refer Note 22)

# Notes forming part of the financial statements

**(E) Category of Plan Assets**

Plan assets as a percentage of Total plan assets in respect of Gratuity are as follows:

| **Category** | **As at June 30, 2012** | As at June 30, 2011 |
|---|---|---|
| Public Sector Unit | **68%** | 39% |
| Government Of India Securities | **10%** | 12% |
| State Government Securities | **16%** | 33% |
| Special Deposit scheme | **3%** | 11% |
| Private Sector Unit | **3%** | 5% |

**(F) Sensitivity of Results to Medical Inflation Rate**

| **Medical Inflation Rate** | **Current Service + Interest Cost** | | **Present Value of Defined Benefit Obligation** | |
|---|---|---|---|---|
| | **For the year ended June 30, 2012** | For the year ended June 30, 2011 | **For the year ended June 30, 2012** | For the year ended June 30, 2011 |
| Effect of 1% increase (6.5 %) | **7 38 000** | 26 97 000 | **2 61 78 000** | 2 43 92 000 |
| Effect of 1% decrease (4.5%) | **5 33 000** | 19 95 000 | **2 06 45 000** | 1 95 20 000 |

**(G) Actuarial Assumptions**

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

| | **Funded Scheme Gratuity** | | **Non-Funded Scheme Post Retirement Medical Benefit** | |
|---|---|---|---|---|
| | **For the year ended June 30, 2012** | For the year ended June 30, 2011 | **For the year ended June 30, 2012** | For the year ended June 30, 2011 |
| Discount rate (per annum) | **8.5%** | 8.6% | **8.5%** | 8.6% |
| Average Salary increase rate | **7.0%** | 7.0% | **N/A** | N/A |
| Rate of Return on Plan Assets (For funded scheme) | **8.0%** | 8.0% | **N/A** | N/A |
| Medical Inflation Rate | **N/A** | N/A | **5.5%** | 5.5% |
| Expected Retirement age of employees (years) | **60** | 60 | **60** | 60 |

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

| **Age** | | | | |
|---|---|---|---|---|
| Upto 45 years | **5%** | 5% | **5%** | 5% |
| Above 45 years | **3%** | 3% | **3%** | 3% |

Mortality rates considered are as per the published rates in the Life Insurance Corporation (1994-96) Mortality table.

# Notes forming part of the financial statements

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

**Funded Scheme — Gratuity (₹)**

| **Experience History** | **For the year ended June 30, 2012** | For the year ended June 30, 2011 | For the year ended June 30, 2010 | For the year ended June 30, 2009 |
|---|---|---|---|---|
| Defined Benefit Obligation as at closing date | **(30 60 97 000)** | (27 51 98 000) | (23 03 35 000) | (23 83 21 000) |
| Plan Assets as at closing date | **26 71 78 000** | 27 69 13 000 | 27 34 12 000 | 29 13 93 000 |
| Funded Status - (Short) / Excess | **(3 89 19 000)** | 17 15 000 | 4 30 77 000 | 5 30 72 000 |
| Experience Gain/(Loss) adjustments on plan liabilities | **(2 83 73 000)** | (1 45 42 000) | (1 22 01 000) | (2 35 93 000) |
| Experience Gain/(Loss) adjustments on plan assets | **75 50 000** | (1 23 86 000) | (1 37 16 000) | 2 53 37 000 |
| Actuarial Gain/(Loss) due to change on assumptions | **(29 54 000)** | 27 12 000 | 70 12 000 | 1 23 44 000 |

**Non-funded Scheme — Post Retirement Medical Benefit (₹)**

| **Experience History** | **For the year ended June 30, 2012** | For the year ended June 30, 2011 | For the year ended June 30, 2010 | For the year ended June 30, 2009 |
|---|---|---|---|---|
| Defined Benefit Obligation as at closing date | **(2 30 91 000)** | (2 16 83 000) | (1 71 81 000) | (1 50 03 000) |
| Plan Assets as at closing date | **—** | — | — | — |
| Funded Status | **(2 30 91 000)** | (2 16 83 000) | (1 71 81 000) | (1 50 03 000) |
| Experience Gain/(Loss) adjustments on plan liabilities | **(12 03 000)** | (47 06 000) | 5 29 000 | 11 77 000 |
| Actuarial Gain/(Loss) due to change on assumptions | **(3 30 000)** | 3 03 000 | (19 40 000) | (9 75 000) |

**27. (a) International Stock Ownership Plan (Stocks of the Parent Company)**

The Procter and Gamble Company, USA has an “International Stock Ownership Plan” (employee share purchase plan) whereby specified employees of its subsidiaries have been given a right to purchase shares of the Parent Company i.e. The Procter and Gamble Company, USA. Every employee who opts for the scheme contributes by way of payroll deduction up to a specified percentage (upto 15%) of base salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee’s contribution (restricted to 2.5% of his base salary). Such contribution is charged to staff cost.

The shares of The Procter & Gamble Company, USA are listed with New York Stock Exchange and are purchased on behalf of the employees at market price on the date of purchase. During the year ended June 30, 2012, 4 517.96 (Previous year : 5 058.34) shares were purchased by employees at weighted average fair value of ₹3 208.38 (Previous year : ₹2 839) per share.

The Company’s contribution during the year on such purchase of shares amounting to ₹41 15 583 (Previous year : ₹37 89 582) has been charged under Employee Benefit Expenses.

**(b) Employees Stock Options Plan (Stocks of the Parent Company)**

The Procter and Gamble Company, USA has an “Employee Stock Option Plan” whereby specified employees of its subsidiaries covered by the plan are granted an option to purchase shares of the Parent Company i.e. The Procter and Gamble Company, USA at a fixed price (grant price) for a fixed year of time. The shares of The Procter & Gamble Company, USA are listed with New York Stock Exchange. The Options Exercise price equal to the market price of the underlying shares on the date of the grant. The Grants issued are vested after 3 years and have a 10 years life cycle.

# Notes forming part of the financial statements

Stock compensation expense of ₹5 00 11 448 (Previous years: ₹2 37 18 415) has been charged under Employee Benefit Expenses.

| Fair Value of shares at Grant date | | |
|---|---|---|
| | **15-Sep-11** | **$ 62.78** |
| | **29-Feb-12** | **$ 67.52** |
| | 15-Sep-10 | $ 61.11 |
| | 28-Feb-11 | $ 63.05 |

The other disclosures in respect of the plans for the year ended June 30, 2012 are:

| | **Shares arising out of option** | | **Amount in US$** | | **Remaining Contractual life (years)** | |
|---|---|---|---|---|---|---|
| | **For the year ended June 30, 2012** | For the year ended June 30, 2011 | **For the year ended June 30, 2012** | For the year ended June 30, 2011 | **For the year ended June 30, 2012** | For the year ended June 30, 2011 |
| Outstanding at the beginning of the year | **1 62 976** | 1 57 367 | **63.57** | 59.98 | **6.60** | 7.60 |
| Granted during the year | | | | | | |
| **15-Sep-11** | **2 936** | — | **62.78** | — | **10.00** | — |
| **29-Feb-12** | **2 575** | — | **67.52** | — | **5.00** | — |
| **29-Feb-12** | **15 736** | — | **67.52** | — | **10.00** | — |
| 15-Sep-10 | **—** | 5 590 | **—** | 61.11 | **—** | 10.00 |
| 28-Feb-11 | **—** | 15 961 | **—** | 63.05 | **—** | 10.00 |
| Forfeited during the year | **200** | 4 557 | **—** | — | **—** | — |
| Transferred/Adjustments during the year | **13 892** | (6 457) | **—** | — | **—** | — |
| Exercised during the year | **2 080** | 4 928 | **67.13** | 66.87 | **—** | — |
| Expired during the year | **—** | — | **—** | — | **—** | — |
| Outstanding at the end of the year | **1 95 835** | 1 62 976 | **61.25** | 63.57 | **5.92** | 6.60 |
| Exercisable at the end of the year | **1 16 099** | 1 00 556 | **61.25** | 63.57 | **4.90** | 6.60 |

## 28. Consumption of raw & packaging materials, stores & spares :

| | **For the year ended June 30, 2012** | | For the year ended June 30, 2011 | |
|---|---|---|---|---|
| | **(₹)** | **Percentage** | (₹) | Percentage |
| Raw and packaging materials: | | | | |
| Indigenously obtained | **2 41 71 74 853** | **61.1** | 1 68 88 91 012 | 56.4 |
| Imported at landed cost | **1 54 17 53 021** | **38.9** | 1 30 81 01 811 | 43.6 |
| | **3 95 89 27 874** | **100** | 2 99 69 92 823 | 100.0 |
| Stores and spare parts: | | | | |
| Indigenously obtained | **3 71 24 959** | **60.3** | 3 34 09 319 | 67.2 |
| Imported at landed cost | **2 44 39 782** | **39.7** | 1 62 97 685 | 32.8 |
| | **6 15 64 741** | **100.0** | 4 97 07 004 | 100.0 |

# Notes forming part of the financial statements

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

| | For the year ended June 30, 2012 (₹) | For the year ended June 30, 2011 (₹) |
|---|---|---|
| Raw materials | **1 29 71 87 117** | 1 03 44 70 432 |
| Spare parts | **4 28 74 839** | 1 62 97 685 |
| Capital goods | **27 26 14 924** | 8 56 79 225 |
| | **1 61 26 76 880** | 1 13 64 47 342 |

## 30. Expenditure in foreign currency:

| | For the year ended June 30, 2012 (₹) | For the year ended June 30, 2011 (₹) |
|---|---|---|
| Travel | **5 96 62 008** | 4 17 00 219 |
| Legal and Professional Services | **16 427** | 23 55 311 |
| Computer expenses | **1 62 19 809** | 76 88 585 |
| Business Process outsourcing expenses | **10 98 06 297** | 12 25 53 622 |
| Expenses cross charged | **2 19 09 789** | 23 43 80 780 |
| Relocation expenses | **12 83 37 835** | 15 93 86 241 |
| Other matters | **62 10 690** | 35 18 785 |
| | **34 21 62 855** | 57 15 83 543 |

## 31. Earnings in foreign exchange:

| | For the year ended June 30, 2012 (₹) | For the year ended June 30, 2011 (₹) |
|---|---|---|
| Business process outsourcing income | **22 62 388** | 30 21 193 |
| Research & Development and other cross recovery | **42 69 237** | 23 70 969 |
| Exports of goods calculated on F.O.B. basis (excludes Rupee exports to Nepal and Bhutan ₹ 5 71 02 929 (Previous year ₹ 5 06 40 190) | **7 56 27 506** | 4 80 69 870 |
| Others (freight, insurance etc) | **21 86 898** | 27 03 680 |
| | **8 43 46 029** | 5 61 65 712 |

## 32. Remittance made on account of dividend in foreign currency during the year:

| | For the year ended June 30, 2012 (₹) | For the year ended June 30, 2011 (₹) |
|---|---|---|
| Number of non-resident shareholders | **481** | 398 |
| Number of equity shares on which dividend were paid | **2 33 50 677** | 2 33 32 031 |
| Dividend remitted-net of tax-in respect of year ended : | | |
| June 30, 2011 Final (₹) | **52 53 90 233** | — |
| June 30, 2010 Final (₹) | **—** | 52 49 70 698 |

The Company does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by non-resident shareholders.

# Notes forming part of the financial statements

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

(a) No payments were due and outstanding to suppliers covered under the Micro Small and Medium Enterprises Development Act, 2006 as at the end of the current and previous accounting year on account of Principal and Interest respectively.

(b) No interest was paid in the current and the previous accounting year.

(c) No interest was payable at the end of the current and previous accounting year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.

(d) No amount of interest was accrued and unpaid at the end of the current and previous accounting year.

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

**34.** The Company has taken on lease guesthouses, accommodation for employees and godowns for storage of inventories, with an option of renewal at the end of the lease term and escalation clause in some of the cases. These leases can be terminated with a prior notice as per terms and conditions of the respective leave and license agreements with the lessor. Lease payments amounting to ₹ 4 45 37 027 (Previous Year : ₹ 4 88 39 305) have been charged to the Statement of Profit and Loss for the year.

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

| | **As at June 30, 2012 (₹)** | As at June 30, 2011 (₹) |
|---|---|---|
| Within one year | **98 54 825** | 96 86 600 |
| After one year but not more than five years | **29 76 975** | 1 28 31 800 |
| More than five years | **—** | — |
| | **1 28 31 800** | 2 25 18 400 |

**35.** Common service expenses paid / recovered include payments/recoveries on account of finance, personnel, secretarial, administration and planning services rendered under common services agreements with Procter and Gamble Home Products Limited and Gillette India Limited.

**36.** The Managing Director of the Company Mr. Shantanu Khosla, has been re-appointed as the Managing Director of the Company on completion of his five year term, for a period of five years with effect from June 1, 2012 by the Board of Directors at their meeting held on April 30, 2012. The said re-appointment is subject to the approval of the Members at the ensuing Annual General Meeting of the Company. The said approval for re-appointment shall also include either payment of remuneration to Mr. Khosla directly and/or the same may be reimbursed / cross charged to/from any other Company of which Mr. Khosla is also the Managing Director, as enumerated in the Explanatory Statement annexed pursuant to Section 173 of the Act, provided however that the remuneration payable to Mr. Khosla or the reimbursement as aforesaid shall not exceed the maximum limits for payment of managerial remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time. The Board of Directors of the Company has at the said meeting approved/ratified the payment towards the remuneration of Mr. Khosla either being made directly to Mr. Khosla or by way of re-imbursement to any other Company of which Mr. Khosla is also the Managing Director from June 1, 2012 till the date of the Annual General Meeting. Where in any Financial Year during the tenure of office of Mr. Khosla, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Mr. Khosla as specified in the said explanatory statement, subject to the approval of the Central Government, if and to the extent necessary. Mr. Shantanu Khosla is not liable to retire by rotation.

The re-appointment of Mr. Khosla as the Managing Director of the Company is notwithstanding the fact that he has been re-appointed as the Managing Director of Procter & Gamble Home Products Limited and Gillette India Limited (subject to approval of the Members and the Central Government) for a period of five years. Employee Benefit Expenses includes remuneration paid to the Managing Director, subsequent to the date of re-appointment i.e. June 01, 2012 amounting to ₹ 33 12 159 which is subject to approval of the members of the Company at the ensuing Annual General Meeting of the Company.

# Notes forming part of the financial statements

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

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

**a. Amounts receivable in foreign currency**

| | As at June 30, 2012 (₹) | Currency | In Foreign currency | As at June 30, 2011 (₹) | Currency | In Foreign currency |
|---|---|---|---|---|---|---|
| Export of goods | 2 17 62 985 | USD | 3 84 552 | 39 58 752 | USD | 88 419 |
| Other Receivable | 1 84 99 524 | USD | 3 26 887 | 1 39 57 711 | USD | 3 11 865 |
| | 5 10 658 | EUR | 7 174 | — | EUR | — |
| | 31 475 | THB | 17 797 | — | THB | — |

**b. Amounts payable in foreign currency**

| | As at June 30, 2012 (₹) | Currency | In Foreign currency | As at June 30, 2011 (₹) | Currency | In Foreign currency |
|---|---|---|---|---|---|---|
| Import of goods and services | 23 30 18 850 | USD | 41 17 443 | 8 59 02 756 | USD | 19 18 644 |
| | 19 76 475 | EUR | 27 768 | 1 79 852 | EUR | 3 160 |
| | 4 41 61 788 | SGD | 9 93 923 | 1 36 34 688 | SGD | 3 60 133 |
| Other payables | 12 75 69 324 | USD | 22 53 326 | 13 37 32 607 | USD | 29 83 446 |
| | — | GBP | — | 8 17 730 | GBP | 11 341 |
| | 10 72 666 | SGD | 24 142 | 16 387 | SGD | 450 |
| | — | HKD | — | 2 47 639 | HKD | 43 056 |
| | 1 13 96 266 | KRW | 23 16 48 470 | — | KRW | — |
| | 1 86 69 909 | EUR | 2 62 302 | 14 64 864 | EUR | 22 555 |
| | 18 53 34 588 | JPY | 25 96 63 839 | 11 72 763 | JPY | 21 06 965 |
| | 91 32 779 | CNY | 10 25 979 | — | CNY | — |

**38. Related Party Disclosures:**

The Group Companies of The Procter & Gamble Company USA include, among others,

| | | |
|---|---|---|
| Procter & Gamble India Holdings BV | Procter & Gamble Luxembourg Global SARL | Procter & Gamble Canada Holding BV |
| Procter & Gamble Iron Horse Holding BV | Procter & Gamble International SARL | Procter & Gamble Overseas Canada, BV. |
| Procter & Gamble Eastern Europe LLC | Procter & Gamble India Holdings Inc. | Procter & Gamble Overseas India BV |
| Procter & Gamble Nordic LLC | Procter & Gamble International Operations, SA | Procter & Gamble Asia Holding BV. |
| Procter & Gamble Global Holdings Limited | Gillette Group (Europe) Holdings, BV | Rosemount BV. |

**(a) Parties where control exists:**

The Procter and Gamble Company, USA - Ultimate Holding Company

Procter and Gamble Asia Holding BV - Holding Company

**(b) Other related parties with whom transactions have taken place during the year**

(i) Fellow Subsidiaries:

| | | |
|---|---|---|
| Procter & Gamble Manufacturing (Thailand) Ltd. | Procter & Gamble Tuketim Mallari Sanayi A.S. | Procter & Gamble Philippines, Inc. |
| Procter & Gamble Home Products Limited | PT Procter & Gamble Home Products Indonesia | P&G Innovation Godo Kaisha |
| Procter & Gamble Europe SA Singapore Br. | Procter & Gamble Technical Centers Ltd. | Procter & Gamble (Guangzhou) Ltd. |
| *(Formerly Procter & Gamble Asia Pte Limited)* | Procter & Gamble International Operations SA-ROHQ | Procter & Gamble Services Company NV |
| Procter & Gamble Bangladesh Private Limited | *(formerly Procter & Gamble Asia Pte Ltd. (MROH))* | The Gillette Company |

## Notes forming part of the financial statements

| | | |
|---|---|---|
| Procter & Gamble International Operations SA Singapore Br. | Procter & Gamble International Operations SA | Procter & Gamble Trading (Thailand) Ltd. |
| The Procter & Gamble Company | Procter & Gamble Distributing (Philippines), Inc. | Procter & Gamble Indochina Company Ltd. |
| Gillette India Limited | Temple Trees Impex & Investment Pvt. Ltd. | Procter & Gamble Gulf Fze |
| Procter & Gamble Australia Pty Ltd. | Procter & Gamble Kabushiki Kaisha | Fameccanica Machinery (Shanghai) Co. |
| Rosemount LLC | PT Procter & Gamble Operations Indonesia | Fameccanica Data S.P.A. |
| Procter & Gamble International Operations Pte. Ltd. | Procter & Gamble (Guangzhou) Consumer Products Co., Ltd. | Procter & Gamble UK |
| Procter & Gamble Malaysia Sdn Bhd | The Procter & Gamble US Business Services Company | The Procter & Gamble Distributing |
| P&G Northeast Asia Pte Ltd. - Japan | Procter & Gamble International | Procter & Gamble Korea, Inc. |
| Procter & Gamble Hong Kong Limited | Procter & Gamble Manufacturing GmBH | Procter & Gamble Distribution SRL |

(ii) Key Managerial Personnel of the Company — No. of shares held

Mr. Shantanu Khosla (Managing Director) — 67 (Previous year : 67)

Note : Related parties have been identified by the management

**(c) Transactions during the year**

(Amount in ₹)

| Nature of transactions | | Holding & Ultimate Holding Company | Fellow Subsidiary Companies | Key Management Personnel | Total |
|---|---|---|---|---|---|
| **Sale of Products** | | | | | |
| Procter & Gamble International Operations SA Singapore Br. | **2011-2012** | **—** | **3 54 55 279** | **—** | **3 54 55 279** |
| Procter & Gamble Bangladesh Private Limited | **2011-2012** | **—** | **2 56 40 355** | **—** | **2 56 40 355** |
| Procter & Gamble International Operations Pte. Ltd. | **2011-2012** | **—** | **96 55 502** | **—** | **96 55 502** |
| Procter & Gamble Home Products Ltd. | **2011-2012** | **—** | **70 63 268** | **—** | **70 63 268** |
| Procter & Gamble International Operations Pte Ltd. | 2010-2011 | — | 2 04 64 792 | — | 2 04 64 792 |
| Procter & Gamble Bangladesh Pvt Ltd. | 2010-2011 | — | 1 96 06 977 | — | 1 96 06 977 |
| Procter & Gamble Home Products Ltd. | 2010-2011 | — | 1 07 01 780 | — | 1 07 01 780 |
| **Sale of Assets / Spares** | | | | | |
| Procter & Gamble Home Products Limited | **2011-2012** | **—** | **49 13 668** | **—** | **49 13 668** |
| Procter & Gamble Manufacturing (Thailand) Ltd. | 2010-2011 | — | 5 87 854 | — | 5 87 854 |
| **Recovery of expenses cross charged** | | | | | |
| Procter & Gamble Home Products Ltd. | **2011-2012** | **—** | **50 94 85 518** | **—** | **50 94 85 518** |
| Gillette India Ltd. | **2011-2012** | **—** | **23 22 05 246** | **—** | **23 22 05 246** |
| Others | **2011-2012** | **1 12 95 771** | **3 69 36 067** | **—** | **4 82 31 838** |
| Procter & Gamble Home Products Ltd. | 2010-2011 | — | 22 85 38 803 | — | 22 85 38 803 |
| Gillette India Ltd. | 2010-2011 | — | 16 32 66 661 | — | 16 32 66 661 |
| Others | 2010-2011 | — | 4 66 52 204 | — | 4 66 52 204 |
| **Business Process Outsourcing income** | | | | | |
| Procter & Gamble Europe SA Singapore Br. | **2011-2012** | **—** | **22 62 388** | **—** | **22 62 388** |
| Procter & Gamble Europe SA Singapore Br. | 2010-2011 | — | 30 21 193 | — | 30 21 193 |
| **Retirals and other reimbursements** | | | | | |
| The Procter & Gamble Company | **2011-2012** | **15 33 363** | **—** | **—** | **15 33 363** |
| Procter & Gamble (Guangzhou) Ltd. | **2011-2012** | **—** | **14 26 340** | **—** | **14 26 340** |

# Notes forming part of the financial statements

(Amount in ₹)

| Nature of transactions | | Holding & Ultimate Holding Company | Fellow Subsidiary Companies | Key Management Personnel | Total |
|---|---|---|---|---|---|
| Procter & Gamble Home Products Limited | 2011-2012 | — | 50 37 685 | — | 50 37 685 |
| Procter & Gamble International Operations SA Singapore Br. | 2011-2012 | — | 19 28 361 | — | 19 28 361 |
| Others | 2011-2012 | — | 26 26 531 | — | 26 26 531 |
| The P&G Company, USA | 2010-2011 | 30 56 958 | — | — | 30 56 958 |
| Procter & Gamble (Guangzhou) Ltd. | 2010-2011 | — | 39 26 019 | — | 39 26 019 |
| Procter & Gamble International Operations SA Singapore Br. | 2010-2011 | — | 33 76 692 | — | 33 76 692 |
| Procter & Gamble Home Products Ltd. | 2010-2011 | — | 80 81 721 | — | 80 81 721 |
| Others | 2010-2011 | — | 82 42 241 | — | 82 42 241 |
| **Reimbursement of expenses shared by related parties** | | | | | |
| Procter & Gamble Home Products Ltd. | 2011-2012 | — | 72 82 63 082 | — | 72 82 63 082 |
| Gillette India Limited | 2011-2012 | — | 22 24 61 153 | — | 22 24 61 153 |
| Procter & Gamble Home Products Ltd. | 2010-2011 | — | 72 08 53 205 | — | 72 08 53 205 |
| Gillette India Limited | 2010-2011 | — | 23 44 12 947 | — | 23 44 12 947 |
| **Interest Income** | | | | | |
| Procter & Gamble Home Products Ltd. | 2011-2012 | — | 38 84 85 537 | — | 38 84 85 537 |
| Others | 2011-2012 | — | — | 4 96 721 | 4 96 721 |
| Procter & Gamble Home Products Ltd. | 2010-2011 | — | 24 65 07 784 | — | 24 65 07 784 |
| Others | 2010-2011 | — | — | 1 36 839 | 1 36 839 |
| **Purchases of Goods** | | | | | |
| Procter & Gamble Home Products Ltd. | 2011-2012 | — | 1 24 64 64 134 | — | 1 24 64 64 134 |
| Procter & Gamble International Operations SA Singapore Br. | 2011-2012 | — | 21 22 63 832 | — | 21 22 63 832 |
| Others | 2011-2012 | — | 5 09 30 775 | — | 5 09 30 775 |
| Procter & Gamble Home Products Ltd. | 2010-2011 | — | 99 96 41 877 | — | 99 96 41 877 |
| Others | 2010-2011 | — | 4 92 12 950 | — | 4 92 12 950 |
| **Royalty** | | | | | |
| The Procter & Gamble Company, USA | 2011-2012 | 56 97 77 948 | — | — | 56 97 77 948 |
| The Procter & Gamble Company, USA | 2010-2011 | 46 66 13 238 | — | — | 46 66 13 238 |
| **Purchase of Assets / Spares** | | | | | |
| Procter & Gamble Kabushiki Kaisha | 2011-2012 | — | 17 73 29 988 | — | 17 73 29 988 |
| Others | 2011-2012 | — | 5 53 13 945 | — | 5 53 13 945 |
| The P&G Distributing LLC | 2010-2011 | — | 1 68 79 036 | — | 1 68 79 036 |
| Procter & Gamble Kabushiki Kaisha | 2010-2011 | — | 96 73 676 | — | 96 73 676 |
| Fameccanica Machinery (Shanghai) Co. | 2010-2011 | — | 1 54 20 525 | — | 1 54 20 525 |
| Others | 2010-2011 | — | 59 40 990 | — | 59 40 990 |
| **Business Process Outsourcing expenses** | | | | | |
| Procter & Gamble Europe SA Singapore Br. | 2011-2012 | — | 8 06 73 989 | — | 8 06 73 989 |
| Procter & Gamble International Operations SA-ROHQ | 2011-2012 | — | 2 91 32 308 | — | 2 91 32 308 |
| Others | 2011-2012 | — | 58 41 227 | — | 58 41 227 |
| Procter & Gamble Europe SA Singapore Br. | 2010-2011 | — | 4 61 63 156 | — | 4 61 63 156 |
| Procter & Gamble International Operations SA-ROHQ | 2010-2011 | — | 7 63 90 466 | — | 7 63 90 466 |
| **Expenses cross charged** | | | | | |
| Procter & Gamble Home Products Ltd. | 2011-2012 | — | 34 19 91 238 | — | 34 19 91 238 |
| Gillette India Limited | 2011-2012 | — | 20 87 02 329 | — | 20 87 02 329 |
| Others | 2011-2012 | 70 09 882 | 1 48 99 907 | — | 2 19 09 789 |
| Procter & Gamble Home Products Ltd. | 2010-2011 | — | 13 94 23 135 | — | 13 94 23 135 |
| Gillette India Limited | 2010-2011 | — | 8 89 53 080 | — | 8 89 53 080 |
| The P&G Company, USA | 2010-2011 | 23 27 31 232 | — | — | 23 27 31 232 |
| Others | 2010-2011 | — | 1 21 69 266 | — | 1 21 69 266 |

## Notes forming part of the financial statements

(Amount in ₹)

| Nature of transactions | | Holding & Ultimate Holding Company | Fellow Subsidiary Companies | Key Management Personnel | Total |
|---|---|---|---|---|---|
| **Reimbursement of expenses cross charged to related parties** | | | | | |
| Procter & Gamble Home Products Ltd. | **2011-2012** | **—** | **25 59 02 361** | **—** | **25 59 02 361** |
| Gillette India Limited | **2011-2012** | **—** | **9 82 69 875** | **—** | **9 82 69 875** |
| Procter & Gamble Home Products Ltd. | 2010-2011 | — | 36 73 90 958 | — | 36 73 90 958 |
| Gillette India Limited | 2010-2011 | — | 13 33 17 080 | — | 13 33 17 080 |
| **Computer expenses** | | | | | |
| Procter & Gamble US Business Services Co. | **2011-2012** | **—** | **1 60 29 252** | **—** | **1 60 29 252** |
| Procter & Gamble US Business Services Co. | 2010-2011 | — | 76 88 585 | — | 76 88 585 |
| **Remuneration** | | | | | |
| Mr. S. Khosla | **2011-2012** | **—** | **—** | **5 20 68 948** | **5 20 68 948** |
| Mr. S. Khosla | 2010-2011 | — | — | 7 97 66 190 | 7 97 66 190 |
| **Loans** | | | | | |
| **Loans Given** | | | | | |
| Procter & Gamble Home Products Ltd. | **2011-2012** | **—** | **32 55 64 139** | **—** | **32 55 64 139** |
| Mr. S. Khosla (Refer Note 39) | **2011-2012** | **—** | **—** | **47 01 027** | **47 01 027** |
| Procter & Gamble Home Products Ltd. | 2010-2011 | — | 1 06 04 05 403 | — | 1 06 04 05 403 |
| **Loans Repaid** | | | | | |
| Mr. S. Khosla | **2011-2012** | **—** | **—** | **4 16 125** | **4 16 125** |
| Mr. S. Khosla | 2010-2011 | — | — | 15 33 945 | 15 33 945 |
| **Dividend Remitted / Paid** | | | | | |
| The P&G Company, USA | **2011-2012** | **47 74 93 943** | **—** | **—** | **47 74 93 943** |
| Others | **2011-2012** | **—** | **3 84 25 950** | **1 508** | **3 84 27 458** |
| The P&G Company, USA | 2010-2011 | 47 74 93 943 | — | — | 47 74 93 943 |
| Others | 2010-2011 | — | 3 84 25 950 | 1 508 | 3 84 27 458 |

**(d) Outstandings**

(Amount in ₹)

| Nature of balance | As at | Holding & Ultimate Holding Company | Fellow Subsidiary Companies | Key Management Personnel | Total |
|---|---|---|---|---|---|
| **Trade Payables** | | | | | |
| The P&G Company, USA | **June 30, 2012** | **25 25 93 071** | **—** | **—** | **25 25 93 071** |
| Procter & Gamble Home Products Ltd. | **June 30, 2012** | **—** | **70 03 93 160** | **—** | **70 03 93 160** |
| Gillette India Limited | **June 30, 2012** | **—** | **16 29 76 280** | **—** | **16 29 76 280** |
| Procter & Gamble Kabushiki Kaisha | **June 30, 2012** | **—** | **17 89 41 742** | **—** | **17 89 41 742** |
| Others | **June 30, 2012** | **—** | **14 21 42 251** | | **14 21 42 251** |
| The P&G Company, USA | June 30, 2011 | 39 30 08 312 | — | — | 39 30 08 312 |
| Procter & Gamble Home Products Ltd. | June 30, 2011 | — | 16 51 18 902 | — | 16 51 18 902 |
| Others | June 30, 2011 | — | 12 73 90 593 | — | 12 73 90 593 |
| **Trade Receivables** | | | | | |
| Procter & Gamble International Operations SA Singapore Br. | **June 30, 2012** | **—** | **1 16 41 310** | **—** | **1 16 41 310** |
| Procter & Gamble Bangladesh Private Limited | **June 30, 2012** | **—** | **1 01 21 675** | **—** | **1 01 21 675** |
| Procter & Gamble Home Products Ltd. | **June 30, 2012** | **—** | **33 04 536** | **—** | **33 04 536** |
| Procter & Gamble Home Products Ltd. | June 30, 2011 | — | 80 78 694 | — | 80 78 694 |
| Procter & Gamble International Operations SA Singapore Br. | June 30, 2011 | | 39 69 008 | | 39 69 008 |
| Others | June 30, 2011 | — | 10 26 828 | — | 10 26 828 |

# Notes forming part of the financial statements

(Amount in ₹)

| Nature of balance | As at | Holding & Ultimate Holding Company | Fellow Subsidiary Companies | Key Management Personnel | Total |
|---|---|---|---|---|---|
| **Short-term Loans and advances** | | | | | |
| Procter & Gamble Home Products Ltd. | **June 30, 2012** | **—** | **29 66 37 162** | **—** | **29 66 37 162** |
| Gillette India Limited | **June 30, 2012** | **—** | **10 46 78 371** | **—** | **10 46 78 371** |
| Others | **June 30, 2012** | **—** | **1 41 86 241** | **—** | **1 41 86 241** |
| Procter & Gamble Home Products Ltd. | June 30, 2011 | — | 17 38 94 326 | — | 17 38 94 326 |
| Gillette India Limited | June 30, 2011 | — | 5 61 64 485 | — | 5 61 64 485 |
| Others | June 30, 2011 | — | 2 98 64 997 | — | 2 98 64 997 |
| **Interest accrued** | | | | | |
| Procter & Gamble Home Products Ltd. | **June 30, 2012** | **—** | **21 00 55 838** | **—** | **21 00 55 838** |
| Procter & Gamble Home Products Ltd. | June 30, 2011 | — | 13 35 74 674 | — | 13 35 74 674 |
| **Loans** | | | | | |
| Procter & Gamble Home Products Ltd. | **June 30, 2012** | **—** | **3 39 26 70 242** | **—** | **3 39 26 70 242** |
| Mr. S. Khosla | **June 30, 2012** | **—** | **—** | **42 84 902** | **42 84 902** |
| Procter & Gamble Home Products Ltd. | June 30, 2011 | — | 3 06 71 06 103 | — | 3 06 71 06 103 |

**39.** During the year, the Company has advanced a Car Loan to the Managing Director amounting to ₹ 47 01 027 (Previous year ₹ Nil) pursuant to approval received in respect of the same from the Ministry of Corporate Affairs vide its letter no. 6/52/2011-CL.VI dated July 22, 2011.

**40.** The Company operates in a single reportable business segment i.e. Manufacturing and Marketing of Health and Hygiene Products and one reportable Geographical segment i.e. within India.

**41.** Excise duty deducted from turnover represents amount of excise duty collected by the company on sale of goods. Excise duty shown under note 24 - Operating and other expenses represents difference in amount of excise duty on closing stock and opening stock of finished goods.

**42.** No borrowing costs were capitalised during the year.

**43.** Earnings per share (EPS)

| | **For the year ended June 30, 2012 (₹)** | For the year ended June 30, 2011 (₹) |
|---|---|---|
| Calculation of Basic and diluted earnings per share (₹) | | |
| Profit after Tax for the year | **1 81 29 03 128** | 1 50 87 62 770 |
| Weighted average number of equity shares outstanding for Basic / Diluted EPS | **3 24 60 736** | 3 24 60 736 |
| Nominal value of equity per share | **10** | 10 |
| Basic / Diluted / Earnings per share | **55.85** | 46.48 |

**44.** Salaries and wages includes ₹ Nil (Previous year: ₹ 55 68 000) towards expenditure on Voluntary Retirement Scheme.

**45.** Professional fees in Note 24 Operating and other expenses includes an amount of ₹ 5 61 800 (Previous year : ₹ 1 10 300) on account of fees to cost auditors.

**46.** The Revised Schedule VI has become effective for period commencing on or after 1 April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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

**R. A. Shah**
*Chairman*

**S. Khosla**
*Managing Director*

***Directors:***

**B. S. Mehta**

**A. Vyas**

**S. Harlalka**
*Company Secretary*

**T. J. Buch**
*Chief Financial Officer*

**Mumbai, August 23, 2012**

## TEN YEAR FINANCIAL HIGHLIGHTS

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | **2012** |
|---|---|---|---|---|---|---|---|---|---|---|
| **YEAR END FINANCIAL POSITION (₹ Crores)** | | | | | | | | | | |
| Gross Fixed Assets | 177.9 | 170.9 | 178.8 | 127.0 | 163.6 | 203.1 | 221.8 | 243.0 | 312.9 | **345.9** |
| Net Fixed Assets | 74.3 | 80.2 | 79.1 | 65.4 | 94.0 | 123.1 | 132.3 | 130.3 | 190.4 | **198.4** |
| Net Worth | 230.4 | 249.1 | 225.7 | 272.7 | 291.2 | 346.6 | 440.0 | 534.6 | 600.6 | **697.0** |
| **SUMMARY OF OPERATIONS (₹ Crores)** | | | | | | | | | | |
| Gross Sales | 474.3 | 616.0 | 738.1 | 596.8 | 553.0 | 652.6 | 773.0 | 913.5 | 1037.0 | **1301.1** |
| Profit before Tax | 92.6 | 127.2 | 177.8 | 193.3 | 145.5 | 180.6 | 231.7 | 233.6 | 176.7 | **223.0** |
| Profit after Tax | 68.0 | 92.1 | 124.6 | 139.5 | 89.8 | 131.4 | 178.8 | 179.8 | 150.9 | **181.3** |
| Dividend | 43.3 | 64.9 | 129.8 | 81.2 | 64.9 | 64.9 | 73.0 | 73.0 | 73.0 | **73.0** |
| **PER SHARE DATA** | | | | | | | | | | |
| EPS (₹) | 31.44 | 28.39 | 38.39 | 42.98 | 27.67 | 40.48 | 55.10 | 55.38 | 46.48 | **55.85** |
| Dividend (%) | 200 | 200 | 400++ | 250 | 200 | 200 | 225 | 225 | 225 | **225** |
| **NUMBER OF SHARES** | | | | | | | | | | |
| Shares (Lakhs) | 216.40 | 324.61 | 324.61 | 324.61 | 324.61 | 324.61 | 324.61 | 324.61 | 324.61 | **324.61** |
| **NUMBER OF EMPLOYEES** | | | | | | | | | | |
| Employees | 350 | 345 | 368 | 251 | 273 | 250 | 282 | 324 | 370 | **394** |

++ Includes a special dividend of 200% amounting to ₹64.92 crores

# PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED

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

## ATTENDANCE SLIP

I certify that I am a registered Member/proxy for the registered Member of the Company.

I hereby record my presence at the Forty-Eighth (48$^{th}$) ANNUAL GENERAL MEETING of the Members of the Company at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai 400 021 on Thursday, December 6, 2012 at 3.30 p.m.

Name of the attending member ..........................................................................................................
(in Block letters)

Member's Folio No./DP ID/Client ID . ..................................................................................................

Name of Proxy.......................................................................................................................................
(in Block Letters, to be filled in if the proxy attends instead of the member)

No. of Shares held ................................................................................................................................

.............................................................................
*Member's/Proxy's Signature

* To be signed at the time of handing over the slip.

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP AT THE MEETING. NO DUPLICATE WILL BE ISSUED.

CUT HERE

# PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED

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

## PROXY FORM

Folio No./DP ID/(Client ID) ...................

I/We ..........................................................................................of ..........................................................................................

in the district of ...................................................................................................................being a member/members of

**Procter & Gamble Hygiene and Health Care Limited** hereby appoint ..........................................................................

of ...........................................................................in the district of ..........................................................................

or failing him ...............................................................of ..........................................................................................

in the district of ............................................................................................... as my/our proxy to attend and vote for me/us, on my/our behalf at the Forty-Eighth (48$^{th}$) ANNUAL GENERAL MEETING of the Members of the Company to be held on Thursday, December 6, 2012 at 3.30 p.m. at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai 400 021 and at any adjournment thereof.

Signed this ..........................................day of............................................. 2012

Signature(s) ..................................................................

(affix ₹ 1.00 revenue stamp)

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**Note:** This proxy form duly completed and signed, should be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.

Consumers

## P&G Values

Integrity

Leadership

Ownership

Passion for Winning

Trust

P&G Brands

P&G People

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

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

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

Registered Office :

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

Tel : (91-22) 2826 6000  Fax : (91-22) 6693 9698

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