

Procter & Gamble
Hygiene and Health Care Limited



whisper®



Old Spice®

—50th—
ANNUAL REPORT
2013 - 2014

P&G

BOARD OF DIRECTORS

Mr. R. A. Shah
Chairman

Mr. Shantanu Khosla
Managing Director

Mr. B. S. Mehta
Mr. A. K. Gupta
Mr. Pramod Agarwal
Ms. Sonali Dhawan
Mr. Shailymanyu Singh
.....

Ms. Preeti Bishnoi
Company Secretary

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Dear Shareholders,

I am pleased to share with you that this Financial Year 2013-14 witnessed us deliver another year of sustained growth and strong results, behind a sharpened focus on winning with our consumer. It is this dedicated approach towards value creation that will drive the business for years to come. We will ensure the right mix of innovation, superior consumer propositions and operational excellence to drive year on year sustained growth. It is with this sustained commitment to touch and improve the lives of all our stakeholders that I stand before you with the recollections of yet another successful year.

Your Company's strong performance results for the Financial Year 2013-14, against a backdrop of economic uncertainty, are testament to our focus on winning with the consumer.

The Company's focus on innovation and productivity continued to sustain growth momentum by delivering total *Net Sales of ₹ 2,047 crores, up 22% versus year ago.*

Profit After Tax (PAT) for the Financial Year stood at ₹ 302 crores, up 49% up versus year ago, driven by a sustained focus on productivity across all key cost buckets.

We have exceeded a historic landmark in Sales of ₹ 2000 crores. Our Sales growth is driven by the strength of our Portfolio, superior innovation, pricing and mix.

The Feminine Hygiene business in India continued to deliver sustained growth. It delivered a robust sales growth of 24%, versus a year ago. The growth was broad based and helped us deliver record shares.

And as the business grows, we continue to improve more lives more completely with P&G's National Parivartan Programme (Whisper School Girl Programme) in schools. The program on an average reaches *3.5 million girls annually*, providing them with timely menstrual education and product samples. P&G's Whisper School Girl Program, over the past 2 decades, has protected millions of adolescent girls in India from getting trapped in traditional practices of using unhygienic cloth for sanitary protection.

Your Company's *Health Care business sales registered a growth of 11%, versus a year ago.* Financial Year 2013-14 was an excellent year with *Vaporub* reached its highest ever Value share.

The launch of *Old Spice* is delivering in line with expectations. Strong sales were driven by improved distribution and brand building innovations like *Smell Mantastic* where we restaged the Brand character & created awareness about *Old Spice* 'Manly Mantastic' deodorants.

To 'touch and improve lives' is the vision that guides P&G and will continue to do so for generations to come. At P&G, we look at sustainability as a business driver, and focus on three key sustainability aspects – social responsibility, environmental sustainability and effective disaster relief efforts.

P&G's signature corporate sustainability program P&G Shiksha has till date built and supported over 330 schools across the country that will impact the lives of over 600,000 children, in partnership with a number of NGOs like – Army Wives Welfare Association, Navy Wives Welfare Association, Round Table India, Save the Children, amongst others.

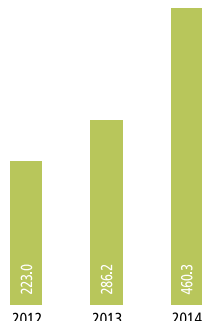
P&G, over the past year, continued its efforts to provide timely aid and relief to families affected by natural disasters. Over 15,800 families affected by the Uttarakhand Floods and the Odisha Cyclone, received relief aid in the form of hygiene kits comprising of P&G products as well as Children's Safe Drinking Water sachets.

In closing, I would like to re-iterate that as a Company, we are keenly focused on ensuring value creation and disruptive innovation for our investors and consumers, as we continue to drive operational discipline. P&G's dedicated pursuit of leading sustainable development initiatives has empowered us to truly make a meaningful impact on the lives of the communities around us. Lastly, I would also like to express my gratitude to all our consumers, customers, employees, business partners and YOU, our valued shareholders for your unwavering trust in the Company. I look forward to your sustained support and participation in the growth of your Company as we continue to touch and improve lives.

R. A. Shah
Chairman

REPORT OF THE DIRECTORS

Profit Before Tax (₹ crores)



Your Directors have the pleasure of presenting the 50th Annual Report and the Audited Accounts of the Company for the Financial Year ended June 30, 2014.

FINANCIAL RESULTS

(Figures in ₹ crores)

	2013/14	2012/13
Sales including Excise	2063	1697
Net Sales (less excise duty)	2047	1685
Profit before tax	460	286
Profit after tax	302	203
Proposed Dividend plus tax thereon	104	95
Transfer to General Reserve	30	20
Balance carried forward	663	495

DIVIDEND

The Directors are pleased to recommend a dividend of ₹ 27.5 for each Equity Share of ₹ 10 each for the Financial Year ended June 30, 2014.

BUSINESS PERFORMANCE

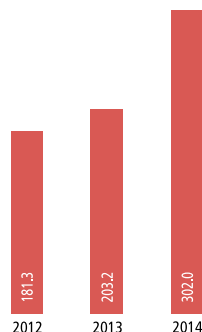
Your Company delivered another year of strong performance in the Financial Year 2013-14, despite challenging economic conditions – particularly volatility in the Rupee and inflationary market conditions. By balancing the needs of the consumer, the customer and the Members, we are delighted to report very strong financial results for your Company. Your Company achieved a strong double-digit sales growth during the Financial Year 2013-14. Sales for the Financial Year increased by 22 per cent to ₹ 2,047 crores as against ₹ 1,685 crores during the previous year. Earnings after tax increased by 49 per cent to ₹ 302 crores as against ₹ 203 crores during the previous year.

Feminine Hygiene Business

Feminine Hygiene business recorded the 11th consecutive year of strong double-digit growth. This business has been a growth engine for your Company, with all the variants of *Whisper* sanitary napkins posting strong growth. *Whisper* further fortified its market leadership position by achieving its highest-ever value share.

During the Financial Year under review, a number of strategic initiatives were designed to meet the consumers' needs across segments. The top-tier consumers were delighted by our longer length *Whisper Ultra* product, with the promise of all day long protection. On *Whisper Choice*, your Company continued its focus on driving increased usage of sanitary napkins particularly among non-users and increased availability. Continuing our relentless focus on superior products for our consumers, your Company also drove the "thin" product form within the existing mid-tier consumers and non-users in the form of *Whisper Choice Ultra*.

Profit After Tax (₹ crores)



Your Company also continued its disproportionate focus on the Point of Market Entry consumer. The *Whisper School* program reached nearly 4 million menstruating girls across private and government schools, educating them about sanitary hygiene and its importance. Not only did the program reach out to more potential consumers, but it also increased its depth by reaching out to small towns.

Health Care Business

The Company's Health Care sales posted a double-digit growth again this Financial Year behind the strength of its strong portfolio, which includes *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500* and *Vicks Inhaler*. The growth was driven by combination of product initiatives and increased investment behind proven equity advertising. *Vicks VapoRub* had a record year posting the highest ever market share. *Vicks Inhaler* 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.

Overall, the Company continued to focus on driving consumer meaningful innovations backed by distribution expansion and strong advertising support thereby delivering consistent growth. Earnings have also benefited from focus on mix, pricing and productivity.



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.

Following the successful integration of *Old Spice* into your Company, Financial Year 2013-14 was a strong year for the brand, with business results exceeding management expectations. This was behind our strong marketing efforts and investments in advertising and distribution expansion. The marketing campaign has been successful in restaging the brand and has been recognized with multiple external awards over the past year.

We continue with our efforts to grow this brand behind strong innovation, including significant packaging upgrades as well as the launch of new outstanding fragrances.

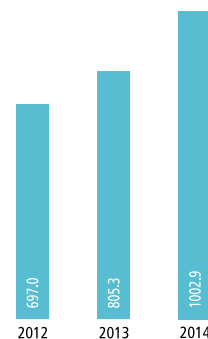
CORPORATE SOCIAL RESPONSIBILITY

Building business by improving lives

P&G's continued focus on purpose-inspired growth, drives us to not only serve our consumers with unique and superior product propositions, but also to touch and improve their lives by contributing towards the communities we operate in. This dedicated commitment is the driving force behind our Corporate Social Responsibility initiatives like '*P&G Shiksha*' and '*Project Parivartan*'.

Over the past decade, P&G's sustainability mantra '**to touch and improve the lives of consumers, now and for generations to come**' has inspired an enduring CSR strategy supported by three pillars – *P&G Shiksha*, *The Whisper*

Networth
(₹ crores)

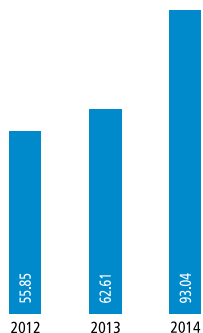


Outflow of Dividend
(₹ crores)



Procter & Gamble Hygiene and Health Care Limited

E.P.S. (₹)



School program (Education) & Project Parivartan (Transformation) and Timely Disaster Relief. While *P&G Shiksha* and *Project Parivartan* provide children from underprivileged backgrounds with access to basics like health and education, P&G's disaster relief activities aim to rehabilitate and empower the victims of natural disasters by providing them with daily essential commodities and safe drinking water.

P&G's *Project Parivartan* continued its efforts in providing essential menstrual health and hygiene education to girl children across the country. Over the past year alone, the program reached out to over 3.5 million girls in schools across the country.

P&G's signature corporate sustainability program *P&G Shiksha* has till date built and supported over 330 (+110 since last year) schools across the country that will impact the lives of over 600,000 (+180,000 since last year) children, in partnership with a number of NGOs like – Army Wives Welfare Association, Navy Wives Welfare Association, Round Table India, Save the Children, amongst others. These partners serve as specialists, lending their expertise to particular aspects of the education system. The NGO Round Table India for example is dedicated towards constructing educational infrastructure and supporting schools across India. The NGO Save the Children focuses on girl child's education by aiding government funded programs like the Kasturba Gandhi Balika Vidhyalayas. Similarly, the NGOs Army Wives Welfare Association and Navy Wives Welfare Association are experts in serving the educational needs of disabled children.

Since its commencement in 2005, *P&G Shiksha* has empowered consumers to contribute towards the education of underprivileged children by exercising conscious brand choices, which has enabled P&G to share a part of the

sales towards this movement. *P&G Shiksha* has till date made a cumulative donation of over ₹ 32 crores towards building new schools, providing critical infrastructural amenities at existing schools or reviving non-operational government schools.

In the course of the past year, *Save the Children* in partnership with *P&G Shiksha* has expanded its impact. Six Kasturba Gandhi Balika Vidyalayas (KGBV) and fourteen primary and middle schools were supported through the provision of sports kits and laboratory equipment, which has enhanced the self-confidence and the learning abilities of the girl children. Additionally through this partnership, *Baal Sansads* and School Management Committees (SMCs) have also been strengthened through capacity building of its members, to monitor the activities of schools for ensuring quality education. These initiatives have thus resulted in a positive change in the overall environment of KGBVs, for example, teachers have started taking initiatives in practicing innovative pedagogical methods (such as promoting an effective use of the library facility, project work, story building as well as an overall better planning and execution of multi-level teaching).

P&G continues its association with a local school (adopted under the *P&G Shiksha* program) to promote the education of girl children in Mewat. The students are provided holistic support in the form of uniforms, library, meals, infrastructure, recreational activities & study tours. This year, the initiative received a prestigious recognition with the *Bhamashah* award by the Rajasthan Government for outstanding contribution in promoting education and creating a transformational change in the lives of young girl children. Similarly, at Goa, in association with Matruchhaya, a local public charitable trust, P&G is providing educational and infrastructural support

Employees (Nos.)



to a school for the orphaned, destitute and abandoned children. Going beyond the tangible, P&G has also lent assistance in organizing a *Fun Day* for the children with volunteers (employees and family members) which saw the donation of important amenities and equipment to the school. These activities under the *P&G Shiksha* program have exemplified its motto 'पढ़ेगा इंडिया तो बढ़ेगा इंडिया', and have further strengthened our resolve of touching and improving lives.

The Baddi plant organized the 'World Environment Day' event in Lodhimajra Village School in order to create awareness amongst school children on merits of a clean and healthy environment for the overall community.

Under the theme 'एक पेड़, एक ज़िंदगी', and "Best Out of Waste", the event brought together school children, who participated in poster design, slogan writing competitions and making of useful items from Waste Material which was meant to create awareness on the importance of a safe and healthy environment.

The Baddi plant additionally organized a "Blood Donation Camp" at the site in collaboration

with the Rotary & Blood Bank Society Resource Centre, Chandigarh. This first time event was a huge success with 83 volunteers donating blood during the camp. The plant also organized a "Health Check-up Camp" at the Government High School Lodhimajra in order to create awareness and improve the personal health of the school students.

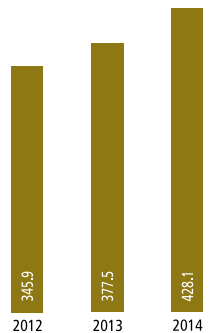
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P&G's conscious commitment towards the pursuit of sustainable development programs has empowered us to truly make a substantial impact on the lives of the communities around us while simultaneously providing them with superior product propositions. This unequivocal principle has fueled our social responsibility programs aimed at improving lives and also lends inspiration to our efforts on environmental sustainability and economic accountability. At P&G, Corporate Social Responsibility has and will remain an important component of our ability to improve consumers' lives and to create value for our shareholders.

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, consumers and the environment. We ensure this with a focus on technologies, processes and improvements that matter for the environment.

Fixed Assets (₹ crores)



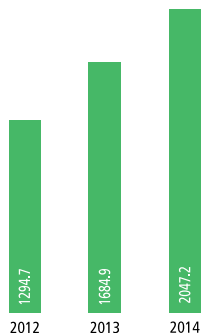
Net Current Assets (₹ crores)



"Wall writing on Right To Education awareness at Bonua village under Sonua Block of West Singhbhum district"

Procter & Gamble Hygiene and Health Care Limited

Net Sales
(₹ crores)



Our Company's Head Office at Mumbai reduced its annual energy consumption by over 37.9% over the last 10 years, saving over 2159 gigajoules of energy. In the last one year, our plant in Goa has reduced Diesel Generation Utilization by 19% for Plant Operations, resulting in reduction of Diesel consumption and reduced Carbon footprint by 40%.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. that in the preparation of the Annual Accounts for the Financial Year ended June 30, 2014, 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, 2014, 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

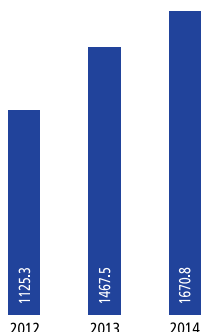
The Company operates in a highly competitive environment vis-à-vis attracting the best talent for its operations and therefore the human resources management function has assumed vital importance in the Company. The Company focuses on attracting, motivating and retaining the best talent. Its people systems like 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.

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

Ms. Sonali Dhawan and Mr. Shailymanyu Singh have been appointed as Additional Directors of the Company with effect from May 7, 2014 and March 15, 2014 respectively and hold office upto the date of the ensuing 50th Annual General Meeting of the Company. Notices

Total Expenditure
(₹ crores)



under Section 160 of the Companies Act, 2013 have been received from them proposing their respective candidatures as Directors of the Company, liable to retire by rotation.

Mr. Pramod Agarwal, Director, retires by rotation and, being eligible, offers himself for re-appointment.

In terms of Section 149 of the Companies Act, 2013, an Independent Director is required to be appointed for a tenure of five years at a time and shall not be liable to retire by rotation. Accordingly, Mr. R. A. Shah, Mr. B. S. Mehta and Mr. A. K. Gupta meet the criteria of independence and your Board recommends their appointment as Non-Executive Independent Directors for a period of five years with effect from September 24, 2014, not being liable to retire by rotation. Resolutions in this regard forms part of the Notice of the ensuing 50th Annual General Meeting.

The brief resumes of Directors proposed to be appointed/reappointed at the ensuing 50th Annual General Meeting 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 50th Annual General Meeting, which the Board recommends for your approval.

AUDITORS

The Auditors, M/s. Deloitte Haskins & Sells LLP, Mumbai, Chartered Accountants (Firm Registration No. 117366W/W-100018) retire at the ensuing 50th Annual General Meeting. In terms of the Companies Act, 2013, they are eligible for appointment for three Financial Years and hence they offer themselves for re-appointment upto the conclusion of 53rd Annual General Meeting.

COST AUDITORS

Your Company has re-appointed M/s. Ashwin Solanki & Associates, Cost Accountants, to conduct the cost audit for the Financial Year 2014-15.

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.

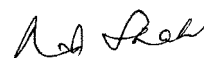
TRADE RELATIONS

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
August 12, 2014

R. A. Shah
Chairman

ANNEXURE TO THE REPORT OF DIRECTORS

A. Power & Fuel Consumption		
Particulars	2013-14	2012-13
1. Electricity		
(a) Purchased:		
Units (KWH)	11,81,19,656	75,08,455
Total Amount (₹)	6,27,32,013	3,84,44,634
Rate/Unit (₹)	5.5	5.12
(b) Own Generation:		
(i) Through Diesel Generator		
Unit (KWH)	18,78,047	39,79,387
Unit Per lts. of Diesel Oil	3.5	3.3
Cost/Unit (₹)	17.5	13.8
(ii) Through Steam		
Turbine/Generator	N.A.	N.A.
2. Coal (Specify Quality and where used)	N.A.	N.A.
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	2013-14	2012-13
Other Products	1,673	1,606

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:

- Specific areas in which R&D 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.

- 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.

- Future Plan of Action:

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

- Expenditure on R&D:

₹ Lakhs

		2013-14	2012-13
(a)	Capital	—	—
(b)	Recurring	160.26	222.90
(c)	Total	160.26	222.90
(d)	Total R&D expenditure as a percentage of total turnover	—	—

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

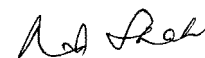
- Efforts, in brief, made towards technology absorption, adaption and innovation: Continued implementation of Quality Control/Quality Assurance procedures of natural products, new products and processes were successfully adapted on commercial scale to utilize local, raw materials and machinery; Technical Services for reliability, quality, cost savings and technology transfer from overseas.
- 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.
- 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.

On behalf of the Board of Directors



Mumbai
August 12, 2014

R. A. Shah
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Economic Scenario and impact of Union Budget 2014-15

The Indian economy is showing positive signals of regaining growth momentum, especially in core areas of Manufacturing and Infrastructure. However, the weaker than expected monsoon is an area of worry and could impact growth as well as consumption. The recent stability in the rupee is welcome news as it enables the economic recovery.

The Union Budget 2014-15 is forward looking and recognizes the growth opportunity in the economy while looking to contain the Fiscal Deficit to 4.1% of GDP.

The FMCG Sector and Indian consumers

The Indian FMCG sector is around \$15 Billion and continues to grow at a healthy pace, though it has slowed down versus the historical growth rate. The long term prospects remain bright. There is significant opportunity to grow penetration, trial and consumption. We have strong Indian companies and most major Multinationals operating in this area offering a wide array of products to the Indian consumer.

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, Feminine Hygiene and Personal Care products. Under these businesses it has in its portfolio: *VICKS* – India's No-1 cough and cold brand, *WHISPER* – India's leading Feminine Hygiene brand (in value terms) and *OLD SPICE*. The discussion on financial performance of the Company is elaborated in the Directors' Report.

Feminine Hygiene Business

Feminine Hygiene business recorded the 11th consecutive year of strong double-digit growth. This business has been a growth engine for your Company, with all the variants of *Whisper* sanitary napkins posting strong growth. *Whisper* further fortified its market leadership position by achieving its highest-ever value share.

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the brand and has been recognized with multiple external awards over the past year.

We continue with our efforts to grow this brand behind strong innovation, including significant packaging upgrades as well as the launch of new outstanding fragrances.

Risk Management

Business, Finance & Operational risks

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

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

Regulatory and Compliance risks

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

Internal Controls & their adequacy

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

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

- o Controls Self Assessments (CSA's); are performed by the organization to assess process compliances with standards prescribed by Company in the Controls

check list and to identify process outages. The organization undertakes a process review supported by random sample checking to evaluate process effectiveness which enables organization to identify control weaknesses and initiate actions to mitigate them.

- o Stewardship Reviews, led by a team of three fulltime Internal Controls experts to ensure that all key audit processes in the area of Selling, Distribution, Trade and Marketing Spending, Vendor Payments, and Plant Operations are reviewed and assessed at frequent intervals. The observations and findings are shared with senior management who implement quality action plans to remediate the observations. These are then supplemented by independent internal audits by P&G's Global Internal Audit team, where they rotate key areas every year.
- o Governance and stewardship boards comprising of the Chief Financial Officer, Chief Human Resource Officer and Legal Counsel reviews the Internal controls, Key Legal issues and Ethics Culture to create a standard, structured approach to identify Governance risks and proactively mitigate them.

During the Financial Year under review, the Global Internal Audit (GIA), performed Audits of key areas covering Marketing, Organization General Controls, IT Assets and Revenue (Accounts Receivable and Order Shipping Billing). Across these Audits, Controls were rated as '*Strong with low controls risks*'. Local management has developed and executed quality action plans to remediate all the findings reported by GIA.

HR Initiatives

The Company operates in a highly competitive environment vis-à-vis attracting the best talent for its operations and therefore the human resources management function has assumed vital importance in the Company. The Company focuses on attracting, motivating and retaining the best talent. Its people systems like 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 & Retaining Talent: India continues to be a key market for Global talent. In this scenario, our recruiting focus, innovative campus initiatives (digital and face to face), foray into Social media helped us reach a large number of prospective candidates. We continue to strengthen our position as employer of choice. 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/technical campuses, where we are a preferred employer. Our roles, careers and compensation & 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 3(Rank 2) in the Annual Nielsen Campus survey.

Developing Talent: Our organization survey scores were strong showing good increase in areas of Diversity & Inclusion, Culture of Innovation and Career & Guidance. 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. Our 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. A renewed leadership development program called "*P&G Leadership Academy*", leveraging virtual learning platforms and innovative learning methodologies beyond the classroom has been launched to ensure we focus on building leadership at all levels in the organization. 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 as on June 30, 2014 was 406.

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:

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

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

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

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

them. This Manual describes the Company's *"Worldwide Business Conduct Standards"*. These standards flow from the following core values of the Company:

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

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

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

BOARD OF DIRECTORS

(a) Composition of the Board

The Board of Directors of the Company comprises an optimum combination of Executive and Non-Executive Directors. As on date, the Board comprises of Non-Executive Independent Chairman, Managing Director (Executive) and five other Non-Executive Directors. Mr. Shantanu Khosla, Managing Director is involved in the day-to-day management of the Company while the Non-Executive Directors bring external perspective and independence to decision making. Mr. R. A. Shah (Chairman), Mr. B. S. Mehta and Mr. A. K. Gupta are 'Non-Executive Independent Directors' as per Clause 49 I (A) of the Listing Agreement with the Stock Exchanges. 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. All other Directors, except the Managing Director and the Non-Executive Independent Directors, are Directors liable to retire by rotation.

The composition and other required details of the Board of Directors as on June 30, 2014 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	12	8	3
Mr. S. Khosla	ED	Managing Director	2	2	Nil
Mr. B. S. Mehta	NED/ID	Director	13	9	4
Mr. A. K. Gupta	NED/ID	Director	1	2	1
Mr. P. Agarwal	NED	Director	1	Nil	Nil
Mr. S. Singh [#]	NED	Director	Nil	Nil	Not Applicable
Ms. S. Dhawan ^{##}	NED	Director	1	Nil	Not Applicable

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 shareholders' grievance committees of public companies.

Mr. S. Singh was appointed as an Additional Director of the Company w.e.f. March 15, 2014

Ms. S. Dhawan was appointed as an Additional Director of the Company w.e.f. May 7, 2014

(b) Number of Board meetings

Four (4) meetings of the Board were held during the period July 1, 2013 to June 30, 2014. These meetings were held on August 14, 2013, November 1, 2013, February 3, 2014 and May 7, 2014. The Annual General Meeting for the Financial Year ended June 30, 2013 was held on December 9, 2013.

(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 (Whether attended)
Mr. R. A. Shah	4	4	Yes
Mr. S. Khosla	4	4	Yes
Mr. B. S. Mehta	4	4	Yes
Mr. A. K. Gupta	4	4	Yes
Mr. P. Agarwal	4	—	No
Mr. A. Vyas*	3	3	No
Mr. S. Singh [#]	1	—	Not Applicable*
Ms. S. Dhawan [§]	1	1	Not Applicable [§]

* Mr. A. Vyas ceased to be a Director of the Company w.e.f. February 26, 2014

Mr. S. Singh was appointed as an Additional Director of the Company w.e.f. March 15, 2014

§ Ms. S. Dhawan was appointed as an Additional Director of the Company w.e.f. May 7, 2014

(d) Materially significant related party transaction having potential conflict with the interest of the Company

There are no material pecuniary relationships/ significant transactions made by the Company with its Promoters, Directors or management, their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note No. 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. The said resolution had also empowered the Board of Directors and/or a Committee thereof to fix the quantum of commission payable to each of the Non-Executive Independent Directors and to also determine the period for which the said commission is payable. In view of the above, the Board of Directors had accorded approval for payment of Annual Commission of ₹ 10 Lacs to each of the Non-Executive Independent Directors for the Financial Year 2013-14. The said commission is within the limits of 1% of the net profits of the Company in the aggregate, as calculated as per

Procter & Gamble Hygiene and Health Care Limited

applicable statutory provisions. The Non-Executive Independent Directors are paid to compensate their valuable contribution to the Company owing to their wealth of experience and knowledge.

Mr. Shantanu Khosla was re-appointed as the Managing Director of the Company for a period of five years w.e.f. June 1, 2012 by the Members of the

Company at their 48th Annual General Meeting held on December 6, 2012 on such terms and conditions as the Board may consider appropriate, provided, that the terms of remuneration of Mr. Khosla shall not exceed the statutory ceilings.

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

Details of the remuneration paid/provided to the Directors of the Company during the Financial Year ended June 30, 2014 are given below:

Name of Director	Relationship with other Directors	Salary including Bonus + PF contribution (₹)	Perquisites (₹)	Commission (₹)	Service Tax	Total Cost to Company (₹)	Shares held (Equity Shares of ₹ 10/- each)
Mr. R. A. Shah	None	—	—	10,00,000	1,23,600	11,23,600	11,406 [@]
Mr. S. Khosla	None	6,93,85,743 ^{\$}	—	—	—	—	67
Mr. B. S. Mehta	None	—	—	10,00,000	1,23,600	11,23,600	3,799
Mr. A. K. Gupta	None	—	—	10,00,000	1,23,600	11,23,600	—
Mr. P. Agarwal	None	—	—	—	—	—	—
Mr. A. Vyas [#]	None	— ^{\$\$}	—	—	—	—	—
Mr. S. Singh [*]	None	— ^{\$\$\$}	—	—	—	—	—
Ms. S. Dhawan [§]	None	— ^{\$\$\$\$}	—	—	—	—	30

^{\$} Employee benefit expenses under Note No. 22 to the Financial Statements includes expenses in respect of managerial personnel of ₹ 532 Lakhs (Previous Year: ₹ 574 Lakhs) cross charged to Gillette India Ltd and Procter & Gamble Home Products Limited.

^{\$\$} Employee benefit expenses under Note No. 22 to the Financial Statements includes expenses in respect of managerial personnel of ₹ 11 Lakhs (Previous Year : ₹ 13 Lakhs) cross charged from Gillette India Limited in terms of the common service agreement.

^{\$\$\$} Employee benefit expenses under Note No. 22 to the Financial Statements includes expenses in respect of managerial personnel of ₹ 2 Lakhs (Previous Year : Nil) cross charged from Gillette India Limited in terms of the common service agreement.

^{\$\$\$\$} Employee benefit expenses under Note No. 22 to the Financial Statements includes expenses in respect of managerial personnel of ₹ 8 Lakhs (Previous Year : Nil) cross charged from Procter & Gamble Home Products Limited and Procter & Gamble Hygiene and Health Care Limited in terms of the common service agreement.

[@] There was an increase in shareholding of Mr. R. A. Shah, due to transmission of 5856 shares from Late Mrs. Shah.

[#] Mr. A. Vyas ceased to be a Director of the Company w.e.f. February 26, 2014.

^{*} Mr. S. Singh was appointed as an Additional Director of the Company w.e.f. March 15, 2014.

[§] Ms. S. Dhawan was appointed as an Additional Director of the Company w.e.f. May 7, 2014.

NOTE : No sitting fee is paid to any Director.

Stock Options

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

(f) Committees of the Board

Audit Committee

The Audit Committee comprises of Non-Executive Independent Directors namely Mr. R. A. Shah (Chairman), Mr. B. S. Mehta (Member) and Mr. A. K. Gupta (Member). The Audit Committee met on August 14, 2013, November 1, 2013, February 3, 2014 and May 7, 2014.

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. A. K. Gupta	Member	NED/ID	Consultant	4	4
Mr. A. Vyas*	Member	NED	Service	3	3

NED – Non Executive Director

ED – Executive Director

ID – Independent Director

* Mr. A. Vyas ceased to be a Director of the Company w.e.f. February 26, 2014.

Ms. Preeti Bishnoi is the Secretary to the Committee.

The Audit Committee 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 powers of Audit Committee include the following:

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

The role of Audit Committee includes the following:

- 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.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- 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 Section 217(2AA) 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 Stock Exchange(s) and Legal requirements concerning 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
- Reviewing with the management, the Quarterly Financial Statements before submission to the Board for approval.

- (e) Reviewing with the management, external and internal auditors, 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' Grievance Committee

The Shareholders' Grievance Committee comprises of Mr. Shailymanyu Singh (Chairman), Mr. Anil Kumar Gupta (Member) and Mr. Shantanu Khosla (Member). Ms. Preeti Bishnoi is the Secretary to the Committee. During the Financial Year, four meetings were held on August 14, 2013, November 1, 2013, February 3, 2014 and May 7, 2014.

Directors	No. of Meetings held during tenure	No. of Meetings attended
Mr. S. Khosla	4	4
Mr. A. K. Gupta*	1	1
Mr. S. Singh**	1	Nil
Mr. A. Vyas***	3	3

* Mr. A. K. Gupta was inducted as a Member of the Shareholders' Grievance Committee on March 15, 2014.

** Mr. S. Singh was inducted as Member and appointed as the Chairman of the Shareholders' Grievance Committee on March 15, 2014.

*** Mr. A. Vyas ceased to be a Director of the Company w.e.f. February 26, 2014 and consequently ceased to be the Chairman of the Shareholders' Grievance Committee w.e.f. February 26, 2014.

The role of the Committee is as follows:

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

During the Financial Year, the Company received 93 complaints from Members. These complaints have been resolved to the satisfaction of the Members 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, 2014.

(g) Disclosures regarding appointment/re-appointment of Directors

- i. **Mr. Pramod Agarwal**, Non-Executive Director, is a Bachelor of Commerce from Kanpur University and a Post Graduate in Management from Indian Institute of Management, Ahmedabad. He is Vice President – Finance & Accounting for Global Hair Care & Color Business of Procter & Gamble based out of Geneva, Switzerland. Mr. Agarwal is an expert in Finance with deep knowledge of the business in various geographies and product categories. Prior to the current role, he was the Vice President – Finance & Accounting for

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 has an experience of over 27 years and has worked across multiple geographies including Thailand, Japan, Philippines, USA, Singapore and now in Geneva, Switzerland.

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.

Mr. Agarwal, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 50th Annual General Meeting.

- ii. **Mr. R. A. Shah**, Chairman of the Company 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 in Abbott India Limited, The Bombay Dyeing and Manufacturing Company Limited, BASF India Limited, Century Enka Limited, Deepak Fertilizers & Petrochemicals Corporation Limited, Lupin Limited, Wockhardt Limited and Atul Limited.

Mr. Shah is also a Committee Member of Bombay Chamber of Commerce and Indo German Chamber of Commerce.

Mr. Shah meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 and has furnished a declaration to the Company in this respect. Accordingly, the Board of Directors recommends the Members of the Company to appoint Mr. Shah as the Non-Executive Independent Director for a period of five years in terms of Section 149 of the Companies Act, 2013, not being liable

to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 50th Annual General Meeting.

- iii. **Mr. B. S. Mehta** is a graduate in Commerce and a fellow member of the Institute of Chartered Accountants of India. Mr. Mehta is an accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He is a director on the boards of several prominent companies in India.

Mr. Mehta is also a Director on the Board of Atul Limited, Bharat Bijlee Limited, Century Enka Limited, CEAT Limited, Housing Development Finance Corporation Limited, IL&FS Investment Managers Limited, J B Chemicals & Pharmaceuticals Limited, Pidilite Industries Limited, Sasken Communication Technologies Limited, SBI Capital Markets Limited, Gillette India Limited, NSDL E-Governance Infrastructure Limited and Sudarshan Chemicals Industries Limited.

Mr. Mehta meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 and has furnished a declaration to the Company in this respect. Accordingly, the Board of Directors recommends the Members of the Company to appoint Mr. Mehta as the Non-Executive Independent Director for a period of five years in terms of Section 149 of the Companies Act, 2013, not being liable to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 50th Annual General Meeting.

- iv. **Mr. A. K. Gupta** is an Engineer from IIT, Delhi besides holding a PG Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. Mr. Gupta is an expert in the field of manufacturing and supply chain management. He has vast experience of over 35 years in India and abroad in the field of manufacturing and product supply and had held various senior management positions.

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

Mr. Gupta meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 and has furnished a declaration to the Company in this respect. Accordingly, the Board of Directors recommends the Members of the Company to appoint Mr. Gupta as the Non-Executive Independent Director for a period of five years in terms of Section 149 of the Companies Act, 2013, not being liable to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 50th Annual General Meeting.

- v. **Mr. Shailymanyu Singh** graduated in Law from Maharishi Dayanand University, Rohtak, and completed his Masters of Law from Bond University, Australia. He is a fellow member of the Center for American and International Law, Texas.

Previously, Mr. Singh has also practiced independently. During his private practice tenure, he was also appointed as a member of the Disciplinary Committee of the Bar Council of India for a six month term. Mr. Singh has been associated with Procter & Gamble for last six years and has held various positions in legal department.

Mr. Singh was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from March 15, 2014. As an Additional Director he holds office upto the date of the 50th Annual General Meeting. A notice under Section 160 of the Companies Act, 2013 has been received from him proposing his candidature as the Non-Executive Director of the Company, liable to retire by rotation, along with a deposit of ₹ 1 Lakh. Resolution in respect of his appointment as the Non-Executive Director, liable to retire by rotation forms part of the Notice of the ensuing 50th Annual General Meeting.

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

Ms. Dhawan joined Procter & Gamble in 1998. She has handled various roles in Marketing across different regions which include ASEAN, India & Australia. Through a career spanning 15 years, she brings with her a wealth of experience.

Ms. Dhawan is also a Director on the Board of Gillette India Limited.

Ms. Dhawan was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from May 7, 2014. As an Additional Director she holds office upto the date of the 50th Annual General Meeting. A notice under Section 160 of the Companies Act, 2013 has been received from her proposing her candidature as the Non-Executive Director of the Company, liable to retire by rotation, along with a deposit of ₹ 1 Lakh. Resolution in respect of her appointment as the Non-Executive Director, liable to retire by rotation forms part of the Notice of the ensuing 50th Annual General Meeting.

Communication to Shareholders

- (i) The quarterly results of the Company are announced within 45 days of completion of the quarter, as prescribed under the 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.
- (ii) The Company's results and official news releases are published on Company's website: www.pg.com/en_IN.
- (iii) No presentations were made to Analysts and Institutional Investors during the course of the Financial Year.
- (iv) This Annual Report comprising of Notice calling the General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. for the Financial Year 2013-14, in electronic form, is being sent to the Members at the email address provided/updated by the Members with the Depository Participants/Registrar and Share Transfer Agent, as applicable.

Statutory Compliance

The Company has complied with all 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.

General Meetings

AGM	Date	Time	Venue	No. of special resolutions passed
49 th	December 9, 2013	3.30 p.m.	All the three Annual General Meetings were held at Y. B. Chavan Pratisthan, Gen. Jagannathrao Bhonsle Marg, Mumbai-400 021	—
48 th	December 6, 2012	3.30 p.m.		—
47 th	November 23, 2011	3.30 p.m.		1

At the 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 one percent 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, 2014.

Whistle Blower Policy

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

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

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

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

CEO/CFO Certification

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

Adoption of non-mandatory requirements

The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement:

- There are no audit qualifications in the Company’s financial statements for the Financial Year 2013-14.
- 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.
- The Company has adopted a Whistle Blower Policy, as described above.

Code of Conduct

(i) Code of Conduct for Directors

The Company has in place a Code of Conduct for its Directors and senior management. This Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. The Board Members and Senior Management Personnel have affirmed their compliance with the Code of Conduct and a CEO certificate to that effect is annexed to this Corporate Governance Report. The Code of Conduct has been posted on the Company’s website at www.pg.com/en_IN

(ii) Code of Conduct for Prohibition of Insider Trading

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

GENERAL SHAREHOLDER INFORMATION

I. Annual General Meeting

The 50th Annual General Meeting will be held on **Wednesday, September 24, 2014 at 10.30 a.m.** at Y. B. Chavan Pratisthan, Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021.

II. Financial Calendar

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

III. Book Closure Dates: Wednesday, September 10, 2014, to Wednesday, September 24, 2014 (both days inclusive).

The said book closure is for payment of dividend.

IV. Dividend Payment Date: On or around October 10, 2014.

V. Listing of Equity Shares on Stock Exchange

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

VI. Stock Code

BSE Limited, Mumbai - Code : 500459

National Stock Exchange of India Ltd - Code : PGHH

The dematerialization ISIN Code is **INE 179A01014**

VII. Stock Price Data

(₹)

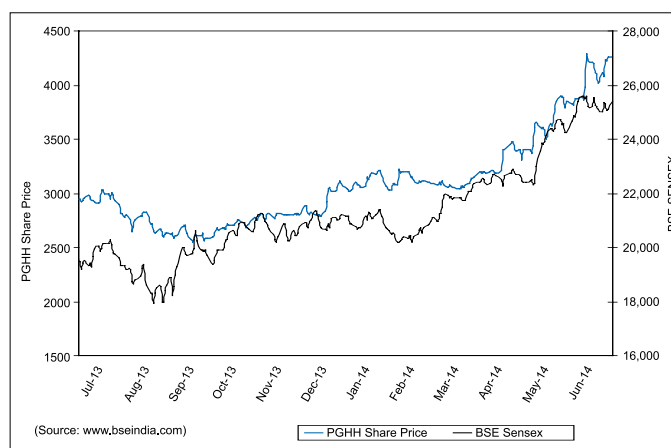
Month	BSE Ltd		National Stock Exchange of India Ltd.	
	High	Low	High	Low
July – 2013	3,090.00	2,705.00	3,135.00	2,679.95
August – 2013	2,984.00	2,551.00	2,895.00	2,355.00
September – 2013	2,775.00	2,542.05	2,788.00	2,505.25
October – 2013	2,858.90	2,611.00	2,869.95	2,600.00
November – 2013	2,856.95	2,727.30	2,875.00	2,735.00
December – 2013	3,187.00	2,760.00	3,184.20	2,755.05
January – 2014	3,240.00	3,000.05	3,253.00	3,000.05
February – 2014	3,325.00	3,051.00	3,329.95	3,042.00
March – 2014	3,224.00	3,010.00	3,220.00	3,010.20
April – 2014	3,500.00	3,155.00	3,519.00	3,133.40
May – 2014	4,400.00	3,315.00	3,945.00	3,105.10
June – 2014	4,344.30	3,804.00	4,338.00	3,760.00

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

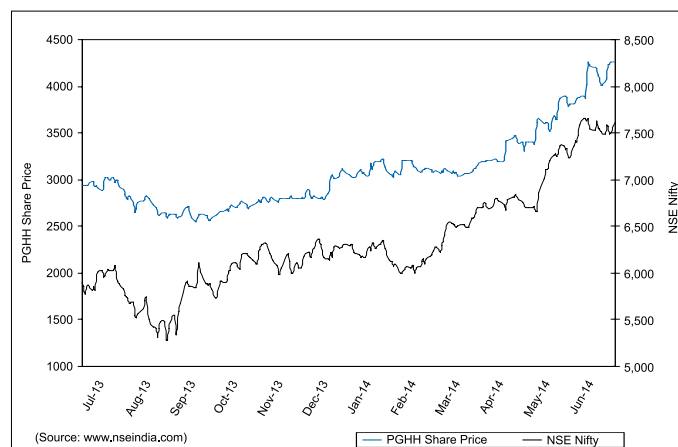
Note: High and low are in Rupees (₹) per traded share

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

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the Financial Year 2013-14:



The following chart shows the performance of the Company's shares as compared to the NSE Nifty during the Financial Year 2013-14:



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 7799
Fax – (022) 2594 6969
e-mail – rnt.helpdesk@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. Shares under objection are returned within two weeks.

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

XI. Distribution of shareholding by size class as on June 30, 2014

Share holding	Shareholders		Shares	
	Number	% to Total	Number	% to Total
Upto 500	20,889	92.36	17,79,040	5.48
501 – 1000	967	4.28	6,85,092	2.11
1001 – 2000	445	1.97	6,18,923	1.91
2001 – 3000	110	0.49	2,71,217	0.84
3001 – 4000	51	0.23	1,81,522	0.56
4001 – 5000	34	0.15	1,54,449	0.48
5001 – 10000	47	0.21	3,16,876	0.98
10001 and above	74	0.33	2,84,53,617	87.66
TOTAL	22,617	100.00	3,24,60,736	100.00

Distribution of shareholding by ownership as on June 30, 2014

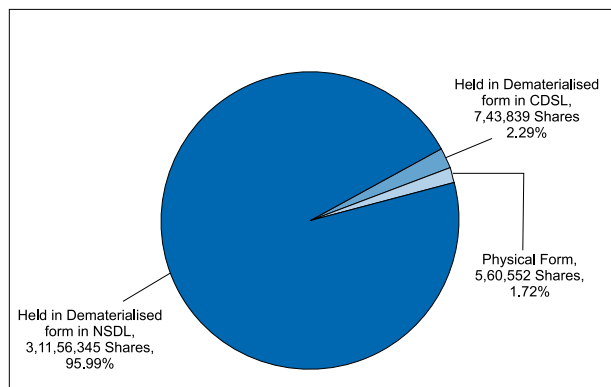
Category	Number of Shares held	% of Shares held
Foreign & Indian promoters	2,29,29,773	70.64
Resident Individuals and others	40,27,284	12.41
Mutual Funds & UTI	29,51,790	9.09
Financial Institutions/Banks	1,57,418	0.48
Insurance Companies	8,75,429	2.70
Foreign Institutional Investors	7,84,796	2.42
Private Corporate Bodies	5,96,616	1.84
NRIs & Foreign Nationals	1,20,351	0.37
Directors and their relatives	17,279	0.05
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 Exchange(s) in dematerialised form. As on June 30, 2014, 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	3,11,56,345	95.99
Held in dematerialised form in CDSL	7,43,839	2.29
Held in Physical form	5,60,552	1.72
TOTAL	3,24,60,736	100.00

Shares held in demat/physical form as on June 30, 2014



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

XIV. Unclaimed/Unpaid Dividends

The amount of the unclaimed dividend for and upto the Financial Year ended June 30, 2006, 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, 2007 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
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
59	06.12.2012	30.06.2012	11.01.2020
60	09.12.2013	30.06.2013	14.01.2021

During the Financial Year 2013-14, unclaimed final dividend amount for the Financial Year ended June 30, 2006 of ₹ 17,33,375/- was transferred to the Investor Education and Protection fund on December 5, 2013.

The Ministry of Corporate Affairs ("MCA") had 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., December 9, 2013 with MCA as required. The said details have also been posted on the website of the Company, viz., www.pg.com/en_IN.

XV. 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

XVI. Address for Correspondence

Ms. Preeti Bishnoi
Company Secretary & Compliance Officer
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) 2826 7303.
Email: bishnoi.p@pg.com

Declaration

As provided under Clause 49 of the Listing Agreement with Stock Exchange(s), the Board Members have confirmed compliance with the Directors' Code of Conduct for the year ended June 30, 2014 and the Senior Management has complied with the Business Conduct Manual for the year ended June 30, 2014.

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

Mumbai
August 12, 2014

sd/-
Shantanu Khosla
Managing Director

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 year ended on June 30, 2014, 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.

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366WW-100018)

Shyamak R. Tata
Partner
Membership No. 038320

MUMBAI, August 12, 2014

INDEPENDENT AUDITORS' REPORT

To the Members of

Procter & Gamble Hygiene and Health Care Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Procter & Gamble Hygiene and Health Care Limited** ("the Company"), which comprise the Balance Sheet as at June 30, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend

on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by Section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act,

2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

- (e) On the basis of the written representations received from the directors as on June 30, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm Registration No. 117366W/W-100018)

Shyamak R. Tata

(Partner)

(Membership No. 038320)

MUMBAI, August 12, 2014

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year are such that clauses xi, xii, xiii, xiv, xvi, xix and xx of paragraph 4 of the Order are not applicable to the Company. In respect of the other clauses, we report as under:

- (i) In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c. During the year, in our opinion, a substantial part of fixed assets has not been disposed off by the Company.
- (ii) In respect of its inventories:
 - a. As explained to us, the inventories were physically verified during the year by the 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.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) 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.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there are no contracts or arrangements that needed to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year within the meaning of the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company, as prescribed by the Central Government under Section 209(1)(d) of the Act and are of the opinion that prima facie the prescribed cost records have been maintained and are being made up. 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, and according to the books and records as produced and examined by us, in our opinion:
 - 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, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable to it with the appropriate authorities.

- b. There were no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues in arrears as at June 30, 2014 for a period of more than six months from the date they became payable.
- c. As at June 30, 2014, the following are the particulars of dues on account of income tax, sales tax, wealth tax, service tax, excise duty, and cess, matters that have not been deposited on account of any dispute

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates*	Amount involved (₹ in lakhs)
Sales Tax and VAT Laws as per statutes applicable in various states	Sales Tax and VAT	Appellate Authority –upto Commissioners/ Revisional authorities level	1997-98 to 2001-02, 2003-04 to 2011-12	2 172
		Appellate Authority – Tribunal	1996-97, 2001-02, 2002-03, 2005-06, 2006-07 and 2007-08	698
		High Court	1990-91 to 1997-98 and 2002-03	17
Sub-total				2 887
The Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal	2004-05 to 2008-09	10
Sub-total				10
Finance Act, 1994	Service Tax	Appellate Authority - upto Commissioners/ Revisional authorities level	2006-07 to 2012-13	1 225
Sub-total				1 225
The Income - Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2008 – 09	2 441
Sub-total				2 441

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

Out of the total disputed dues aggregating ₹ 6 563 lakhs as above, ₹ 2 441 lakhs has been stayed for recovery by the relevant authorities.

- (x) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from banks and financial institutions.
- (xii) 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 funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xiii) During the year the Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

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

Shyamak R. Tata
(Partner)
(Membership No. 038320)

MUMBAI, August 12, 2014

Procter & Gamble Hygiene and Health Care Limited

Balance Sheet as at June 30, 2014

	Note No.	As at June 30, 2014		As at June 30, 2013	
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
EQUITY AND LIABILITIES					
Shareholders' funds					
Share Capital	3	3 246		3 246	
Reserves and Surplus	4	97 044		77 286	
			1 00 290		80 532
Non-current Liabilities					
Other Long-Term Liabilities	6	28		36	
Long-Term Provisions	7	266		243	
			294		279
Current Liabilities					
Trade Payables	8	23 032		20 446	
Other Current Liabilities	9	6 279		8 466	
Short-Term Provisions	10	20 899		15 208	
			50 210		44 120
TOTAL			1 50 794		1 24 931
ASSETS					
Non-current Assets					
Fixed Assets	11				
Tangible Assets		23 951		21 487	
Capital work-in-progress		9 817		4 124	
		33 768		25 611	
Deferred Tax Assets (Net)	5	717		295	
Long-Term Loans and Advances	12	15 066		14 944	
Other Non-current Assets	13	—		11	
			49 551		40 861
Current Assets					
Inventories	14	11 852		11 890	
Trade Receivables	15	8 605		8 087	
Cash and Bank Balances	16	26 908		16 603	
Short-Term Loans and Advances	17	49 348		43 844	
Other Current Assets	18	4 530		3 646	
			1 01 243		84 070
TOTAL			1 50 794		1 24 931

The accompanying notes 1 to 41 are an integral part of the Financial Statements.

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Shyamak R Tata
Partner

Mumbai
August 12, 2014

For and on behalf of Board of Directors

R. A. Shah
Chairman

P. Bishnoi
Company Secretary

S. Khosla
Managing Director

K. Natarajan
Chief Financial Officer

Statement of Profit and Loss for the year ended June 30, 2014

	Note No.	For the year ended June 30, 2014 ₹ in Lakhs	For the year ended June 30, 2013 ₹ in Lakhs
INCOME			
Revenue from sale of products (Gross)		2 06 356	1 69 666
Less: Excise Duty attributable to product sold		1 636	1 180
Revenue from sale of products (Net)		2 04 720	1 68 486
Other operating revenues		374	192
Revenue from operations	19	2 05 094	1 68 678
Other Income	20	8 020	6 696
Total Revenue		2 13 114	1 75 374
EXPENSES			
Cost of Raw and Packing Material Consumed	21a	52 450	49 410
Purchase of Stock-in-Trade	21b	28 341	24 379
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21c	488	(3 339)
Employee Benefits Expense	22	9 496	9 965
Finance Costs	23	539	1
Depreciation and Amortisation Expense	11	3 518	3 131
Other Expenses	24	72 250	63 207
Total Expenses		1 67 082	1 46 754
Profit before Tax		46 032	28 620
Current tax			
– for current year		14 336	8 440
– for earlier year		1 916	—
Deferred tax			
– for current year		(376)	(142)
– for earlier year		(46)	—
Profit after Tax for the year		30 202	20 322
Earnings per Equity share (in ₹)	40		
Basic and diluted earnings per share (in ₹)		93.04	62.61
Face Value of Equity Share (in ₹)		10.00	10.00

The accompanying notes 1 to 41 are an integral part of the Financial Statements.

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Shyamak R Tata
Partner

Mumbai
August 12, 2014

For and on behalf of Board of Directors

R. A. Shah
Chairman

P. Bishnoi
Company Secretary

S. Khosla
Managing Director

K. Natarajan
Chief Financial Officer

Cash Flow Statement for the year ended June 30, 2014

	For the year ended June 30, 2014		For the year ended June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
A. Cash Flow from Operating Activities				
Profit Before Tax		46 032		28 620
Adjustments for:				
Depreciation and Amortisation Expense	3 518		3 131	
Interest income	(6 081)		(4 907)	
Finance costs	40		1	
Deposits / advances written off	—		60	
Provision for employee benefits	333		760	
Provision for doubtful trade receivable	—		33	
Unrealised Foreign Exchange - Loss / (Gain) (Net)	(176)		(496)	
Loss on sale / discard of Fixed assets (Net)	189		579	
		(2 177)		(839)
Operating profit before working capital changes		43 855		27 781
Changes in working capital				
Adjustments for (increase) / decrease in operating assets:				
Inventories	38		(2 663)	
Trade receivables	(715)		(2 899)	
Short-term loans and advances	(925)		516	
Long-term loans and advances	(293)		(1 349)	
Other current assets	(749)		1 061	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	2 936		(4 676)	
Other current liabilities	552		(528)	
Other long-term liabilities	(8)		—	
		836		(10 538)
Cash generated from operations		44 691		17 243
Income tax paid		(11 370)		(6 823)
Net Cash generated from operating activities		33 321		10 420
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(14 710)		(3 776)	
Sale of Fixed assets	49		53	
Interest received	5 957		6 458	
Loans Realised	2 17 661		1 14 770	
Loans Given	(2 22 239)		(1 20 745)	
Net movement in Bank Balances not considered as cash and cash equivalents	(19)		33	
Net Cash used in investing activities		(13 301)		(3 207)

Cash Flow Statement for the year ended June 30, 2014

	For the year ended June 30, 2014		For the year ended June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
C. Cash Flow from Financing Activities				
Dividend paid	(8 115)		(7 304)	
Corporate Tax on Dividend paid	(1 379)		(1 185)	
Finance costs	(7)		(1)	
Net Cash used in financing activities		(9 501)		(8 490)
Net increase / (decrease) in Cash and Cash Equivalents		10 519		(1 277)
Opening cash and cash Equivalents		16 131		17 311
Effect of exchange differences on restatement of foreign currency cash and cash equivalents		(10)		97
Closing cash and cash Equivalents		26 640		16 131
Reconciliation of cash and cash equivalents with the Balance Sheet:		As at June 30, 2014		As at June 30, 2013
		₹ in Lakhs		₹ in Lakhs
Cash and Cash Equivalents as above		26 640		16 131
Less: Bank Balances not considered as cash and cash equivalents as defined in AS 3 – Cash Flow Statements		268		249
Temporary overdrawn book balances (Refer Note 9)		—		223
Cash and Bank Balances (Refer Note 16)		26 908		16 603

Note:

- 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".
- 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) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

The accompanying notes 1 to 41 are an integral part of the Financial Statements.

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Shyamak R Tata
Partner

Mumbai
August 12, 2014

For and on behalf of Board of Directors

R. A. Shah
Chairman

P. Bishnoi
Company Secretary

S. Khosla
Managing Director

K. Natarajan
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 Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act")) in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.02 Use of estimates

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

2.03 Revenue Recognition

Sale of products is recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on the dispatch of goods. Sales exclude 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 / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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

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.

Notes forming part of the financial statements

	Years
Leasehold land	Over the remaining period of the lease/or management estimate whichever is lower
Buildings	19 - 21
Plant, Machinery and Equipment	3 - 15
Furniture and Fixtures	3 - 15
Office equipment	3 - 6
Moulds and Dies	3 - 6
Vehicles including Forklifts	8 - 14

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 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 Currency Transactions

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

2.08 Employee benefits

(i) Post-employment Benefits

(a) Defined Contribution Plans:

The Company has Defined Contribution Plans for post employment benefits, charged to 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.

Notes forming part of the financial statements

(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.

– Compensated Absences (Plant Technicians) as per its policy

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

- (ii) Liability for Compensated Absences and Leave Travel Allowance which are in the nature of short term benefits is provided for as per company rules 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 Ultimate Holding Company i.e. The Procter and Gamble Company, USA. Every employee who opts for the scheme contributes by way of payroll deduction up to a specified percentage (upto 15%) of base salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee’s contribution (restricted to 2.5% of his base salary) and charged to Employee Benefit Expenses.
- (vi) The Procter & Gamble Company, USA has an “Employee Stock Option Plan (ESOP)” whereby 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. Such costs are charged under Employee Benefit Expenses.

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 is based on the results of the period July 1 to March 31 (later part of the fiscal year ended March 31) and for the balance and for the period April 1 to June 30 (beginning of the next fiscal year) as per the 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.

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.

Notes forming part of the financial statements

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 the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

Notes forming part of the financial statements

3. Share Capital

	As at June 30, 2014		As at June 30, 2013	
	Number of Shares	Amount (₹ in Lakhs)	Number of Shares	Amount (₹ in Lakhs)
Authorised				
Equity shares of ₹10 each	3 50 00 000	3 500	3 50 00 000	3 500
Issued, Subscribed and Paid up				
Equity shares of ₹ 10 each fully paid	3 24 60 736	3 246	3 24 60 736	3 246
Reconciliation of fully paid equity shares				
Equity shares at the beginning of the year	3 24 60 736	3 246	3 24 60 736	3 246
Equity shares of ₹ 10 each issued during the year	—	—	—	—
Equity shares at the end of the year	3 24 60 736	3 246	3 24 60 736	3 246

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 Ultimate holding company, Holding company and its Subsidiaries

	As at June 30, 2014		As at June 30, 2013	
	Number of Shares	Amount (₹ in Lakhs)	Number of Shares	Amount (₹ in Lakhs)
Ultimate Holding company				
The Procter and Gamble Company, USA	—	—	—	—
Holding company				
Procter & Gamble Asia Holding BV	2 12 21 953	2 122	2 12 21 953	2 122
Subsidiaries of the Ultimate Holding Company				
Rosemount LLC	10 88 137	109	10 88 137	109
Temple Trees Impex & Investment Pvt. Ltd.	6 19 683	62	6 19 683	62

Details of shares held by each shareholder holding more than 5% equity shares:

	As at June 30, 2014		As at June 30, 2013	
	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	19 07 544	5.88%	18 72 335	5.77%

Notes forming part of the financial statements

4. Reserves and Surplus

	As at June 30, 2014		As at June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Securities Premium Account				
Balance as per last balance sheet		7 519		7 519
General Reserve				
Balance as per last balance sheet	20 245		18 212	
Add: Transferred from Surplus in Statement of Profit and Loss	3 021		2 033	
		23 266		20 245
Surplus in Statement of Profit and Loss				
Balance as per last balance sheet	49 522		40 727	
Add: Profit after tax for the year	30 202		20 322	
Less:				
Proposed Dividend to Equity Shareholder at ₹ 27.50 per share (Previous year ₹ 25.00 per share)	(8 927)		(8 115)	
Corporate tax on proposed dividend	(1 517)		(1 379)	
Transfer to General Reserve	(3 021)		(2 033)	
Balance as at the year end		66 259		49 522
Total Reserves and Surplus		97 044		77 286

5. Deferred Tax Liabilities / (Assets) (Net)

	As at June 30, 2014		As at June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Tax effect of items constituting deferred tax assets				
Excise and Sales Tax Provisions	685		615	
Payments made under Voluntary Retirement Scheme	175		146	
Disallowance of payments made U/s 43 B of the Income Tax Act, 1961	875		579	
Other timing differences	75		93	
		1 810		1 433
Tax effect of items constituting deferred tax liabilities				
On difference between Book and Tax Depreciation	1 093		1 138	
		1 093		1 138
Net Deferred Tax Liabilities / (Assets)		(717)		(295)

6. Other Long-Term Liabilities

	As at June 30, 2014		As at June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Trade / Security Deposits	28		36	
	28		36	

Notes forming part of the financial statements

7. Long-Term Provisions

	As at June 30, 2014 ₹ in Lakhs	As at June 30, 2013 ₹ in Lakhs
Provision for employee benefits (Refer Note 26)		
Compensated Absences	49	—
Post Retirement Medical Benefits	217	243
	<u>266</u>	<u>243</u>

8. Trade Payables

	As at June 30, 2014 ₹ in Lakhs	As at June 30, 2013 ₹ in Lakhs
Total Outstanding dues to Micro & Small Enterprises (Refer Note 33)	332	1
Total Outstanding dues to trade payables other than Micro Enterprises & Small Enterprises	22 700	20 445
	<u>23 032</u>	<u>20 446</u>

9. Other Current Liabilities

	As at June 30, 2014 ₹ in Lakhs	As at June 30, 2013 ₹ in Lakhs
Trade / Security Deposits	7	—
Gratuity (Refer Note 26)	1 394	1 114
Superannuation	23	22
Unclaimed/unpaid dividends*	142	141
Temporary overdrawn book balances	—	223
Other payables		
Payables on Purchase of Fixed Assets	842	3 639
Others Payables (Including Statutory remittances, Excise and Sales Tax Payable)	3 871	3 327
	<u>6 279</u>	<u>8 466</u>

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

10. Short-Term Provisions

	As at June 30, 2014 ₹ in Lakhs	As at June 30, 2013 ₹ in Lakhs
Provision for Employee benefits (Refer Note 26)		
Compensated Absences	499	469
Post Retirement Medical Benefits	11	11
Provision for tax	9 945	5 234
Proposed Equity Dividend	8 927	8 115
Corporate Tax on Proposed Dividend	1 517	1 379
	<u>20 899</u>	<u>15 208</u>

Notes forming part of the financial statements

11. Tangible fixed assets

Particulars – Own use assets	Gross Block at Cost			Depreciation & Amortisation				Net Block
	As at July 1, 2013 ₹ in Lakhs	Additions/ Transfers during the year ₹ in Lakhs	Deletions/ Transfers during the year ₹ in Lakhs	As at June 30, 2014 ₹ in Lakhs	As at July 1, 2013 (Refer Note 2 below) ₹ in Lakhs	For the Year ₹ in Lakhs	On Deletions/ Transfers ₹ in Lakhs	As at June 30, 2014 ₹ in Lakhs
Land – Freehold (Refer Note 3 below)	677 (677)	—	—	677 (677)	—	—	—	677 (677)
Land – Leasehold	172 (172)	—	—	172 (172)	148 (146)	2 (2)	—	22 (24)
Buildings	10 132 (9 608)	449 (541)	— (17)	10 581 (10 132)	2 903 (2 595)	365 (316)	— (8)	7 313 (7 229)
Plant, Machinery and Equipment	21 984 (19 958)	4 099 (4 091)	568 (2 065)	25 515 (21 984)	10 445 (9 523)	2 673 (2 396)	366 (1 474)	12 763 (11 539)
Furniture and fixtures	1 099 (795)	1 049 (317)	65 (13)	2 083 (1 099)	337 (281)	81 (63)	57 (7)	1 722 (762)
Office equipment	2 222 (2 126)	380 (257)	171 (161)	2 431 (2 222)	1 318 (1 245)	208 (208)	143 (135)	1 048 (904)
Moulds and Dies	1 411 (1 206)	243 (205)	355 —	1 299 (1 411)	1 070 (928)	185 (142)	355 —	399 (341)
Vehicles including Forklifts	50 (50)	—	1 —	49 (50)	39 (35)	4 (4)	1 —	7 (11)
Total	37 747 (34 592)	6 220 (5 411)	1 160 (2 256)	42 807 (37 747)	16 260 (14 753)	3 518 (3 131)	922 (1 624)	23 951 (21 487)
					Capital work-in-progress			9 817 (4 124)
					Grand Total			33 768 (25 611)

Notes:

- Figures in brackets pertain to previous year.
- Opening accumulated depreciation includes impairment on Land-Leasehold ₹ 91 Lakhs; on Buildings ₹ 7 50 Lakhs; on Plant and Machinery ₹ 2 05 Lakhs and on Office Equipment ₹ 0.30 Lakhs in 2002-03.
- Land - Freehold includes ₹ 6 67 Lakhs (Previous year ₹ 6 67 Lakhs) 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, 2014		As at June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Security Deposits		175		210
Loans and advances to employees		5 461		5 206
Prepaid expenses		—		6
Advance income tax		8 469		8 640
Other loans and advances*		961		882
Doubtful loans and advances	1 389		1 273	
Less: Provisions for doubtful loans and advances	1 389		1 273	
		<u>15 066</u>		<u>14 944</u>

* 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, 2014		As at June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Interest accrued on time deposits with bank		— α		11
		<u>—</u>		<u>11</u>

α ₹ 15 725

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

	As at June 30, 2014		As at June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Raw materials (Including goods-in-transit ₹ Nil (Previous year ₹ 213 Lakhs))		1 938		1 698
Packing materials		787		744
Work-in-progress				
Female Hygiene Products	90		165	
Formulation	148		82	
		<u>238</u>		<u>247</u>
Stock-in-trade (goods purchased for resale) - (including goods-in-transit ₹ Nil (Previous year ₹ 300 Lakhs))		1 614		1 715
Finished goods (manufactured)		6 016		6 394
Consumable Stores and Spares		1 259		1 092
		<u>11 852</u>		<u>11 890</u>

15. Trade Receivables – Unsecured

	As at June 30, 2014		As at June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Trade receivable outstanding for a period exceeding six months from the date they were due for payment				
Considered good	72		111	
Considered doubtful	40		54	
		<u>112</u>		<u>165</u>
Other trade receivables – considered good		8 533		7 976
		<u>8 645</u>		<u>8 141</u>
Less: Provision for doubtful Trade receivables		40		54
		<u>8 605</u>		<u>8 087</u>

Notes forming part of the financial statements

16. Cash and Bank Balances

	As at June 30, 2014		As at June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Cash and Cash Equivalents				
Balances with Bank				
Current accounts	632		977	
EEFC accounts	—		75	
Deposit accounts	26 008		15 302	
		26 640		16 354
Other Bank Balances				
Earmarked accounts				
Unpaid dividend accounts	142		141	
Other earmarked accounts (deposits with sales tax authorities)	— #		— #	
Bank deposits (Refer Note 1)	126		108	
		268		249
		26 908		16 603

Note 1 : Balances with bank includes ₹ 126 Lakhs (Previous year ₹ 9 lakhs) deposits with remaining maturity of more than 12 month from the balance sheet date.

₹ 45 000

17. Short-term Loans and advances

Unsecured, considered good unless otherwise stated

	As at June 30, 2014		As at June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Loans to related parties (Refer Note 38)	44 481		39 902	
Security Deposits	190		158	
Loans and advances to employees	788		669	
Prepaid Expenses	103		124	
Balance with government authorities				
VAT Credit receivable	4		— μ	
CENVAT Credit Receivable	158		9	
Other loans and advances (Advances to vendors)	3 624		2 982	
	49 348		43 844	

Loans and advances to employees includes loan to Managing Director - ₹ 52 Lakhs (Previous year ₹ 38 Lakhs)
μ ₹ 34 601

18. Other Current Assets

	As at June 30, 2014		As at June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Interest accrued on loan to related parties (Refer Note 38)	620		532	
Interest accrued on time deposits with bank	67		20	
Others				
Due from related parties (Refer Note 38)	3 793		3 094	
Receivable for Scrap Sales	50		—	
		3 843		3 094
		4 530		3 646

Notes forming part of the financial statements

19. Revenue from operations

	For the year ended June 30, 2014		For the year ended June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Sale of products (Refer Note (i) below)				
Manufactured products	1 62 306		1 35 097	
Traded products	44 050		34 569	
		2 06 356		1 69 666
Other operating revenues				
License fee	—		93	
Sale of scrap	374		99	
		374		192
Revenue from operations (Gross)		2 06 730		1 69 858
Less: Excise Duty attributable to product sold		1 636		1 180
Total		2 05 094		1 68 678

Note

(i) Sale of products comprises

	For the year ended June 30, 2014		For the year ended June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Details of product sold	Manufactured	Traded	Manufactured	Traded
Ointments and Creams	32 756	—	29 616	—
Cough Drops	24 198	—	20 419	—
Tablets	6 640	—	7 314	—
Personal Products, Toilet Preparations, etc.	98 712	44 050	77 748	34 569
	1 62 306	44 050	1 35 097	34 569

20. Other Income

	For the year ended June 30, 2014	For the year ended June 30, 2013
	₹ in Lakhs	₹ in Lakhs
Interest on fixed deposits with bank	1 232	992
Interest on loan to related parties (Refer Note 38)	4 635	3 915
Interest on loans given to Employees	214	184
Interest on Income Tax refund	817	1 221
Write-back of liabilities no longer required	808	301
Research and Development and other charges	7	18
Business process outsourcing income	138	26
Miscellaneous Income	169	39
	8 020	6 696

Notes forming part of the financial statements

21. (a) Cost of Raw and Packing Material Consumed
(Refer Note 28 (a))

	For the year ended June 30, 2014 ₹ in Lakhs	For the year ended June 30, 2013 ₹ in Lakhs
Opening Stock	2 442	3 188
Add: Purchases	52 733	48 664
	55 175	51 852
Less: Closing Stock	2 725	2 442
	52 450	49 410

Material Consumed comprises of

	For the year ended June 30, 2014 ₹ in Lakhs	For the year ended June 30, 2013 ₹ in Lakhs
Class of Goods		
Pulp, Chemicals, waxes and oils	36 865	33 638
Sugar and liquid glucose	3 346	3 337
Foils	1 587	1 432
Containers, cartons, boxes etc.	10 652	11 003
	52 450	49 410

(b) Purchase of Stock-in-Trade

Personal Products, Toilet Preparations, etc.	28 341	24 379
	28 341	24 379

(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade*Inventories at the beginning of the year:*

Finished goods (manufactured)	6 394	2 561
Work-in-progress	247	273
Stock-in-trade (goods purchased for resale)	1 715	2 183
	8 356	5 017

Inventories at the end of the year:

Finished goods (manufactured)	6 016	6 394
Work-in-progress	238	247
Stock-in-trade (goods purchased for resale)	1 614	1 715
	7 868	8 356

Net Decrease / (Increase)

488 (3 339)

22. Employee Benefit Expenses
(Refer Note 36)

	For the year ended June 30, 2014 ₹ in Lakhs	For the year ended June 30, 2013 ₹ in Lakhs
Salaries and Wages	8 658	9 013
Contribution to provident and other funds (Refer Note 26)	1 302	1 752
Expense on Employee Stock Option (ISOP & ESOP) scheme (Refer Note 27)	1 159	1 427
Staff welfare expenses (Refer Note 34)	1 461	1 508
Reimbursement of employee benefit expenses cross charged to related parties (Refer Note 35)	(3 084)	(3 735)
	9 496	9 965

Salaries and Wages includes ₹ 283 Lakhs (Previous year: ₹ 463 Lakhs) towards expenditure on Voluntary Retirement Scheme.

Notes forming part of the financial statements

23. Finance Costs

	For the year ended June 30, 2014	For the year ended June 30, 2013
	₹ in Lakhs	₹ in Lakhs
Interest expenses on Income Tax	499	—
Interest expenses on Trade Payables (Refer Note 33)	33	—
Interest expenses on short term bank borrowings	7	1
	<u>539</u>	<u>1</u>

24. Other Expenses

	For the year ended June 30, 2014	For the year ended June 30, 2013
	₹ in Lakhs	₹ in Lakhs
Consumption of Stores and spare parts (Refer Note 28 (b))	932	759
Rent	155	387
Excise Duty on increase / (decrease) of Finished goods	(98)	(105)
Processing charges	4 988	4 128
Power and fuel	1 510	1 389
Repairs and maintenance:		
Plant and machinery	644	586
Buildings	221	131
Others	154	206
Insurance	51	31
Turnover and Resale Tax	1 078	1 022
Rates and Taxes	27	13
Communications	470	331
Travelling, Conveyance and Vehicle expenses	1 013	1 201
Computer expenses	255	204
Freight, transport, warehousing and distribution charges	8 103	7 379
Trade Incentives	12 395	12 567
Advertising expenses	17 054	15 960
Distributor Coverage Expenses	5 316	2 494
Royalty	9 554	7 980
Business process outsourcing expenses	3 284	1 570
Legal and Professional services	2 447	2 352
Payments to auditors (Refer Note below)	106	96
Commission to directors	43	28
Trade Receivables written off	14	46
Less: Adjusted against Provision for earlier years	(14)	(46)
Provision for doubtful trade receivable	—	33
Inventory written off (Net of Insurance claims)	230	327
Deposits / advances written off	—	60
Loss on foreign currency transactions - (Net)	153	234
Loss on sale / discard of Fixed assets (Net)	189	579
Miscellaneous expenses	2 877	3 342
	<u>73 151</u>	<u>65 284</u>
Reimbursement of expenses cross charged to related parties (Refer Note 35)	(901)	(2 077)
	<u>72 250</u>	<u>63 207</u>

Notes forming part of the financial statements

Note :

Particulars	For the year ended June 30, 2014		For the year ended June 30, 2013	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Payments to auditors comprise :				
(a) To Statutory Auditors				
For Audit	49		41	
For Taxation Matters	16		14	
For Limited Review	17		17	
For Other services	3		3	
Reimbursement of expenses	4		4	
Service Tax	10		10	
		99		89
(b) To Cost auditors for cost Audit		7		7
Total		106		96

25. (a) Contingent Liabilities :

- (i) In respect of Income Tax demands for which the company has preferred appeals with appropriate authorities - ₹ 5 014 Lakhs (Previous year : ₹ 2 836 Lakhs). 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 - ₹ 2 991 Lakhs (Previous year : ₹ 1 910 Lakhs). The liability is in respect to matters related to non-submission of "C" Forms / "F" Forms ₹ 2 022 Lakhs (Previous year : ₹ 1 023 Lakhs), Incomplete accounts books ₹ 227 Lakhs (Previous year : ₹ 227 Lakhs), Classification issues ₹ 59 Lakhs (Previous year : ₹ 59 Lakhs), Product valuation issues ₹ 527 Lakhs (Previous year : ₹ 516 Lakhs), and other miscellaneous issues ₹ 156 Lakhs (Previous year : ₹ 85 Lakhs).
- (iii) In respect of Excise and Service Tax matters for which the company has preferred appeals with appropriate authorities ₹ 1 332 Lakhs (Previous year : ₹ 1 262 Lakhs). The liability is in respect to: classification matters ₹ 9 Lakhs (Previous year : ₹ 9 Lakhs), valuation matters ₹ 95 Lakhs (Previous year : ₹ 95 Lakhs) and applicability of service tax matters ₹ 1 226 Lakhs (Previous year : ₹ 1 156 Lakhs) and others ₹ 2 Lakhs (Previous year : ₹ 2 Lakhs).
- (iv) In respect of counter guarantees given to bank against guarantees given by bank : ₹ 3 365 Lakhs (Previous year : ₹ 3 371 Lakhs). 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 - ₹ 41 Lakhs (Previous year : ₹ 41 Lakhs). The Company is a party to various legal proceedings in the normal course of business.

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) Commitments :

Estimated amount of contracts remaining to be executed on capital account (net of advances) - ₹ 188 Lakhs (Previous year : ₹ 86 Lakhs).

26. Employee Benefits

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

I. Defined Contribution Plans

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans: Employer's Contribution to Employees' State Insurance

Notes forming part of the financial statements

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

	For the year ended June 30, 2014	For the year ended June 30, 2013
	₹ in Lakhs	₹ in Lakhs
– Employer's Contribution to Provident Fund	752	721
– Employer's Contribution to Superannuation Fund	269	270
– Employer's Contribution to Employees' State Insurance	1	3

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

II. Defined Benefit Plans

- 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.
- Post Retirement Medical Benefits (PRMB) (Unfunded Scheme): Under this scheme, employees get medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade at the time of retirement. Employees separated from the Company as part of early separation scheme are also covered under the scheme.
- Leave Benefits (LB) (Unfunded Scheme): The Company provides for leave encashment on termination / retirement of service or leave with pay subject to rules. The employees are entitled to accumulate leave subject to limits for future encashment / availment. The Company makes provision for leave benefits based on an actuarial valuation carried out at the end of the year.

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

(A) Changes in the Present Value of Obligation

	Present Value of Obligation as at opening date	Current Service Cost	Interest Cost	Actuarial (gain) / loss on Obligations	Benefits Paid	Present Value of Obligation as at closing date
Funded Scheme (₹ in Lakhs)						
Gratuity						
For the year ended June 30, 2014	3 486	273	259	(91)	(231)	3 696
For the year ended June 30, 2013	3 061	278	236	487	(576)	3 486
Unfunded Scheme (₹ in Lakhs)						
Post Retirement Medical Benefits (PRMB)						
For the year ended June 30, 2014	254	9	19	(43)	(11)	228
For the year ended June 30, 2013	231	7	19	4	(7)	254
Leave Benefits						
For the year ended June 30, 2014	—	29	—	24	—	53
For the year ended June 30, 2013	—	—	—	—	—	—

(B) Changes in the Fair Value of Plan Assets (For Funded Scheme)

	Fair Value of Plan Assets as at opening date	Expected Return on Plan Assets	Actuarial Gains and (Losses)	Contributions	Benefits Paid	Fair Value of Plan Assets as at closing date
Funded Scheme (₹ in Lakhs)						
Gratuity						
For the year ended June 30, 2014	2 372	180	(19)	—	(231)	2 302
For the year ended June 30, 2013	2 672	190	86	—	(576)	2 372

Notes forming part of the financial statements

(C) Amount recognized in the Balance Sheet

	Present Value of Obligation as at closing date	Fair Value of Plan Assets as at closing date	Liability / (Asset) recognized in the Balance Sheet	Current Liability / (Asset) recognized in the Balance Sheet	Non-current Liability / (Asset) recognized in the Balance Sheet
Funded Scheme (₹ in Lakhs)					
Gratuity					
For the year ended June 30, 2014	3 696	2 302	1 394	1 394	—
For the year ended June 30, 2013	3 486	2 372	1 114	1 114	—
Unfunded Scheme (₹ in Lakhs)					
Post Retirement Medical Benefits (PRMB)					
For the year ended June 30, 2014	228	—	228	11	217
For the year ended June 30, 2013	254	—	254	11	243
Leave Benefits					
For the year ended June 30, 2014	53	—	53	4	49
For the year ended June 30, 2013	—	—	—	—	—

(D) Expenses recognized in Statement of Profit and Loss

	Current Service Cost	Interest Cost	Expected Return on Plan Assets	Net actuarial (gain) / loss recognized in the year	Total Expenses recognized in Statement of Profit and Loss
Funded Scheme (₹ in Lakhs)					
Gratuity					
For the year ended June 30, 2014	273	259	(180)	(72)	280
For the year ended June 30, 2013	278	236	(190)	401	725
Unfunded Scheme (₹ in Lakhs)					
Post Retirement Medical Benefits (PRMB)					
For the year ended June 30, 2014	9	19	—	(43)	(15)
For the year ended June 30, 2013	7	19	—	4	30
Leave Benefits					
For the year ended June 30, 2014	29	—	—	24	53
For the year ended June 30, 2013	—	—	—	—	—

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

(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, 2014	As at June 30, 2013
Public Sector Unit	18%	37%
Government of India Securities	7%	10%
State Government Securities	40%	33%
Special Deposit scheme	22%	13%
Private Sector Unit	13%	7%

Notes forming part of the financial statements

(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, 2014 ₹ in Lakhs	For the year ended June 30, 2013 ₹ in Lakhs	For the year ended June 30, 2014 ₹ in Lakhs	For the year ended June 30, 2013 ₹ in Lakhs
Effect of 1% increase (6.5%)	34	31	259	293
Effect of 1% decrease (4.5%)	23	22	203	223

(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		Unfunded Scheme			
	For the year ended June 30, 2014	For the year ended June 30, 2013	Post Retirement Benefit For the year ended June 30, 2014	Medical Benefit For the year ended June 30, 2013	Leave Benefits For the year ended June 30, 2014	For the year ended June 30, 2013
Discount rate (per annum)	8.8%	7.7%	8.8%	7.7%	8.8%	7.7%
Average Salary increase rate	7.0%	7.0%	N/A	N/A	7.0%	7.0%
Rate of Return on Plan Assets (For funded scheme)	8.0%	8.0%	N/A	N/A	N/A	N/A
Medical Inflation Rate	N/A	N/A	5.5%	5.5%	N/A	N/A
Expected Retirement age of employees (years)	60	60	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%	5%	5%
Above 45 years	3%	3%	3%	3%	3%	3%

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

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.

(H) Experience History

Funded Scheme — Gratuity (₹ in Lakhs)	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2010
Defined Benefit Obligation as at closing date	(3 696)	(3 486)	(3 061)	(2 752)	(2 303)
Plan Assets as at closing date	2 302	2 372	2 672	2 769	2 734
Funded Status - (Short) / Excess	(1 394)	(1 114)	(389)	17	431
Experience Gain/(Loss) adjustments on plan liabilities	(347)	(195)	(284)	(145)	(122)
Experience Gain/(Loss) adjustments on plan assets	(19)	86	76	(124)	(137)
Actuarial Gain/(Loss) due to change on assumptions	438	(292)	(30)	27	70

Notes forming part of the financial statements

Unfunded Scheme - Post Retirement Medical Benefit (₹ in Lakhs)	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2010
Defined Benefit Obligation as at closing date	(228)	(254)	(231)	(217)	(172)
Plan Assets as at closing date	—	—	—	—	—
Funded Status	(228)	(254)	(231)	(217)	(172)
Experience Gain/(Loss) adjustments on plan liabilities	11	34	(12)	(47)	5
Actuarial Gain/(Loss) due to change on assumptions	32	(38)	(3)	3	(19)
Unfunded Scheme - Leave Benefits (₹ in Lakhs)	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2010
Defined Benefit Obligation as at closing date	(53)	—	—	—	—
Plan Assets as at closing date	—	—	—	—	—
Funded Status	(53)	—	—	—	—
Experience Gain/(Loss) adjustments on plan liabilities	(24)	—	—	—	—
Actuarial Gain/(Loss) due to change on assumptions	—	—	—	—	—

27. (a) International Stock Ownership Plan (Stocks of the Ultimate Holding 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 Ultimate Holding Company i.e. The Procter and Gamble Company, USA. Every employee who opts for the scheme contributes by way of payroll deduction up to a specified percentage (upto 15%) of base salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 2.5% of his base salary). 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, 2014, 3 147.78 (Previous year: 3 166.10) shares were purchased by employees at weighted average fair value of ₹ 4 904.91 (Previous year ₹ 3 977.38) per share.

The Company's contribution during the year on such purchase of shares amounting to ₹ 41 Lakhs (Previous year ₹ 50 Lakhs) has been charged under Employee Benefit Expenses.

(b) Employees Stock Options Plan (Stocks of the Ultimate Holding 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 Ultimate Holding 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 5/10 years life cycle.

Stock compensation expense of ₹ 1 118 Lakhs (Previous years ₹ 1 377 Lakhs) has been charged under Employee Benefit Expenses.

Fair Value of shares at Grant date	13-Sep-13	\$ 79.05
	28-Feb-14	\$ 78.66
	14-Sep-12	\$ 69.16
	28-Feb-13	\$ 76.18

Notes forming part of the financial statements

The other disclosures in respect of the plans for the year ended June 30, 2014 are:

	Shares arising out of option		Amount in US\$ per share		Remaining Contractual life (years)	
	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2014	For the year ended June 30, 2013
Outstanding at the beginning of the year	2 71 423	1 95 835	76.99	61.25	4.90	5.92
Granted during the year						
13-Sep-13	2 540	—	79.05	—	10.00	—
28-Feb-14	3 600	—	78.66	—	5.00	—
28-Feb-14	15 553	—	78.66	—	10.00	—
14-Sep-12	—	2 197	—	69.16	—	10.00
28-Feb-13	—	3 195	—	76.18	—	5.00
28-Feb-13	—	9 796	—	76.18	—	10.00
Forfeited during the year	—	(9 222)	—	—	—	—
Transferred/Adjustments during the year	—	87 009	—	—	—	—
Exercised during the year	(100)	(17 387)	73.80	73.80	—	—
Expired during the year	—	—	—	—	—	—
Outstanding at the end of the year	2 93 016	2 71 423	78.59	76.99	4.26	4.90
Exercisable at the end of the year	1 97 671	79 011	78.59	76.99	3.28	4.22

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

	For the year ended June 30, 2014		For the year ended June 30, 2013	
	₹ in Lakhs	Percentage	₹ in Lakhs	Percentage
(a) Raw and packaging materials:				
Indigenously obtained	36 476	69.5	34 965	70.8
Imported at landed cost	15 974	30.5	14 445	29.2
	<u>52 450</u>	<u>100.0</u>	<u>49 410</u>	<u>100.0</u>
(b) Stores and spare parts:				
Indigenously obtained	514	55.2	521	68.6
Imported at landed cost	418	44.8	238	31.4
	<u>932</u>	<u>100.0</u>	<u>759</u>	<u>100.0</u>

Notes forming part of the financial statements

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

	For the year ended June 30, 2014 ₹ in Lakhs	For the year ended June 30, 2013 ₹ in Lakhs
Raw and Packing Material	16 221	14 685
Spare parts	562	351
Capital goods	7 242	1 552
	<u>24 025</u>	<u>16 588</u>

30. Expenditure in foreign currency

	For the year ended June 30, 2014 ₹ in Lakhs	For the year ended June 30, 2013 ₹ in Lakhs
Royalty	8 524	7 102
Business Process outsourcing expenses	3 040	1 469
Advertising expenses	817	283
Relocation expenses	672	1 395
Travelling expenses	558	699
Expenses cross charged by related parties	354	497
Computer expenses	240	166
Legal and Professional Services	32	50
Other matters	13	—
	<u>14 250</u>	<u>11 661</u>

31. Earnings in foreign exchange

	For the year ended June 30, 2014 ₹ in Lakhs	For the year ended June 30, 2013 ₹ in Lakhs
Business process outsourcing income	138	26
Research & Development and other cross recovery	7	18
Exports of goods calculated on F.O.B. basis (excludes Rupee exports to Nepal and Bhutan ₹ 1 262 Lakhs (Previous year ₹ 595 Lakhs))	2 380	1 741
Others (freight, insurance etc.)	110	89
	<u>2 635</u>	<u>1 874</u>

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

	For the year ended June 30, 2014	For the year ended June 30, 2013
Number of non-resident shareholders	2	2
Number of equity shares on which dividend were paid	2 23 10 090	2 23 10 090
Dividend remitted-net of tax-in respect of year ended:		
June 30, 2013 Final (₹ in Lakhs)	5 578	—
June 30, 2012 Final (₹ in Lakhs)	—	5 020

Notes forming part of the financial statements

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

	For the year ended June 30, 2014 ₹ in Lakhs	For the year ended June 30, 2013 ₹ in Lakhs
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	299	1
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	33	1
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	—	—
(d) The amount of interest due and payable for the year	33	1
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	33	1
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	—	—

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

34. The Company has taken on lease guesthouses for accommodation of employees with an option of renewal at the end of the lease term and escalation clause in some of the cases. Leases can be terminated with a prior notice as per terms and conditions of the respective lease agreements with the lessor. Lease payments amounting to ₹ 293 Lakhs (Previous Year : ₹ 315 Lakhs) have been charged to the Statement of Profit and Loss for the year.

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

	As at June 30, 2014 ₹ in Lakhs	As at June 30, 2013 ₹ in Lakhs
Within one year	140	240
After one year but not more than five years	108	168
More than five years	—	—
	<u>248</u>	<u>408</u>

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. Employee Benefit Expenses include expenses in respect of Managerial personnel of ₹ 532 Lakhs (Previous Year : ₹ 574 Lakhs) cross charged to Gillette India Limited and Procter and Gamble Home Products Limited in terms of the common service agreement (Refer Note 35).

Employee Benefit Expenses include expenses in respect of Managerial personnel of ₹ 20 Lakhs (Previous Year : ₹ 13 Lakhs) cross charged from Gillette India Limited and Procter and Gamble Home Products Limited in terms of the common service agreement (Refer Note 35).

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, 2014			As at June 30, 2013		
	₹ in Lakhs	Currency	In Foreign currency	₹ in Lakhs	Currency	In Foreign currency
Export of goods	211	USD	3 50 612	262	USD	4 36 954
Other Receivable	118	USD	1 97 026	106	USD	1 77 228
	19	KRW	3 12 50 000	—	KRW	—

b. Amounts payable in foreign currency

	As at June 30, 2014			As at June 30, 2013		
	₹ in Lakhs	Currency	In Foreign currency	₹ in Lakhs	Currency	In Foreign currency
Import of goods and services	919	USD	15 30 010	1 461	USD	24 40 681
	235	SGD	4 89 082	161	SGD	3 39 615
	39	EUR	47 071	322	EUR	4 11 744
	—	AUD	—	20	AUD	35 533
Other payables	3 163	USD	52 66 622	2 850	USD	47 59 704
	141	EUR	1 72 073	175	EUR	2 24 165
	16	JPY	26 32 547	55	JPY	91 39 845
	1	CAD	1 340	—	CAD	—
	—	KRW	—	140	KRW	26 81 05 380
	—	HUF	—	4	HUF	16 18 121

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) Enterprises where control exists:

The Procter and Gamble Company, USA – Ultimate Holding Company
Procter & Gamble Asia Holding BV, The Netherlands – Holding Company

Notes forming part of the financial statements

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

(i) Fellow Subsidiaries:

Fameccanica Machinery (Shanghai) Co. Ltd.	Procter & Gamble Gulf FZE	Procter & Gamble Technical Centers Ltd.
Fameccanica. Data S.P.A.	Procter & Gamble Home Products Ltd.	Procter & Gamble Trading (Thailand) Ltd.
Gillette Diversified Operations Pvt. Ltd.	Procter & Gamble International Operations Pte. Ltd.	Procter & Gamble Japan K.K.
Gillette India Limited	Procter & Gamble International Operations SA	Procter & Gamble Kabushiki Kaisha
Hyginett KFT	Procter & Gamble International Operations SA Singapore Br.	Procter & Gamble Korea, Inc.
The Gillette Company	Procter & Gamble International Operations SA-Rohq	Procter & Gamble Manufacturing GmbH
Procter & Gamble (Guangzhou) Ltd.	Procter & Gamble (Guangzhou) Consumer Products Co., Ltd.	Procter & Gamble Nigeria Ltd.
Procter & Gamble (Singapore) Pte. Ltd.	Procter & Gamble Technology (Beijing) Co. Ltd.	The Procter & Gamble Distributing LLC
Procter & Gamble Australia Pty. Ltd.	PT Procter & Gamble Home Products Indonesia	Wella India Hair Cosmetics Pvt. Ltd.
Procter & Gamble Product Supply (U.K.) Ltd.	PT Procter & Gamble Operations Indonesia	Procter & Gamble Bangladesh Pvt. Ltd.
Procter & Gamble Distributing (Philippines) Inc.	The Procter & Gamble US Business Services Company	
Procter & Gamble Europe SA Singapore Br.	Procter & Gamble Services Company NV	

(ii) Key Management Personnel of the Company
Mr. Shantanu Khosla
(Managing Director)

No. of shares held
67 (Previous year : 67)

Note : Related parties have been identified by the management

(c) Transactions during the year

(Amount in ₹ in Lakhs)

Nature of transactions		Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Sale of Products					
Procter & Gamble International Operations SA Singapore Br.	2013-2014	—	1 843	—	1 843
Procter & Gamble Bangladesh Private Ltd.	2013-2014	—	504	—	504
Others	2013-2014	—	143	—	143
Procter & Gamble International Operations SA Singapore Br.	2012-2013	—	1 078	—	1 078
Procter & Gamble Bangladesh Private Ltd.	2012-2013	—	358	—	358
Procter & Gamble International Operations Pte. Ltd.	2012-2013	—	317	—	317
Others	2012-2013	—	77	—	77

Notes forming part of the financial statements

(Amount in ₹ in Lakhs)

Nature of transactions		Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Sale of Assets/Spares					
Procter & Gamble Home Products Ltd.	2013-2014	—	30	—	30
Procter & Gamble Nigeria Ltd.	2012-2013	—	7	—	7
Procter & Gamble Home Products Limited	2012-2013	—	5	—	5
Recovery of expenses cross charged					
Procter & Gamble Home Products Ltd.	2013-2014	—	4 599	—	4 599
Gillette India Ltd.	2013-2014	—	3 000	—	3 000
Others	2013-2014	185	592	—	777
Procter & Gamble Home Products Ltd.	2012-2013	—	5 460	—	5 460
Gillette India Ltd.	2012-2013	—	2 057	—	2 057
Others	2012-2013	61	356	—	417
Business Process Outsourcing income					
The Procter & Gamble Company	2013-2014	110	—	—	110
Procter & Gamble Europe SA Singapore Br.	2013-2014	—	28	—	28
Procter & Gamble Europe SA Singapore Br.	2012-2013	—	26	—	26
Reimbursement from related parties for expenses shared					
Procter & Gamble Home Products Ltd.	2013-2014	—	3 236	—	3 236
Gillette India Limited	2013-2014	—	749	—	749
Procter & Gamble Home Products Ltd.	2012-2013	—	5 016	—	5 016
Gillette India Limited	2012-2013	—	796	—	796
Interest Income					
Procter & Gamble Home Products Ltd.	2013-2014	—	4 013	—	4 013
Wella India Hair Cosmetics Pvt. Ltd.	2013-2014	—	622	—	622
Others	2013-2014	—	—	6	6
Procter & Gamble Home Products Ltd.	2012-2013	—	3 915	—	3 915
Others	2012-2013	—	—	5	5
Purchases of Goods					
Procter & Gamble Home Products Ltd.	2013-2014	—	21 729	—	21 729
Others	2013-2014	—	3 008	—	3 008
Procter & Gamble Home Products Ltd.	2012-2013	—	20 062	—	20 062
Others	2012-2013	—	2 513	—	2 513

Notes forming part of the financial statements

(Amount in ₹ in Lakhs)

Nature of transactions		Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Royalty					
The Procter & Gamble Company	2013-2014	8 524	—	—	8 524
The Procter & Gamble Company	2012-2013	7 102	—	—	7 102
Purchase of Assets/Spares					
The Procter & Gamble Distributing LLC	2013-2014	—	6 609	—	6 609
Others	2013-2014	—	332	—	332
Fameccanica Data S.P.A.	2012-2013	—	391	—	391
The Procter & Gamble Distributing LLC	2012-2013	—	377	—	377
Procter & Gamble Kabushiki Kaisha	2012-2013	—	140	—	140
Others	2012-2013	—	181	—	181
Business Process Outsourcing expenses					
Procter & Gamble Europe SA Singapore Br.	2013-2014	—	2 665	—	2 665
Procter & Gamble International Operations SA-ROHQ	2013-2014	—	375	—	375
Procter & Gamble Europe SA Singapore Br.	2012-2013	—	1 165	—	1 165
Procter & Gamble International Operations SA-ROHQ	2012-2013	—	304	—	304
Expenses cross charged					
Procter & Gamble Home Products Ltd.	2013-2014	—	3 717	—	3 717
Gillette India Limited	2013-2014	—	557	—	557
Others	2013-2014	194	182	—	376
Procter & Gamble Home Products Ltd.	2012-2013	—	4 139	—	4 139
Gillette India Limited	2012-2013	—	2 225	—	2 225
Others	2012-2013	109	388	—	497
Computer expenses					
Procter & Gamble US Business Services Co.	2013-2014	—	237	—	237
Procter & Gamble US Business Services Co.	2012-2013	—	164	—	164
Remuneration					
Mr. S. Khosla	2013-2014	—	—	694	694
Mr. S. Khosla	2012-2013	—	—	730	730

Notes forming part of the financial statements

(Amount in ₹ in Lakhs)

Nature of transactions		Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Loans					
Loans Given					
Procter & Gamble Home Products Ltd.	2013-2014	—	1 91 117	—	1 91 117
Wella India Hair Cosmetics Pvt. Ltd.	2013-2014	—	31 122	—	31 122
Others	2013-2014	—	—	22	22
Procter & Gamble Home Products Ltd.	2012-2013	—	1 19 145	—	1 19 145
Wella India Hair Cosmetics Pvt. Ltd.	2012-2013	—	1 600	—	1 600
Loans Realised					
Procter & Gamble Home Products Ltd.	2013-2014	—	1 94 539	—	1 94 539
Wella India Hair Cosmetics Pvt. Ltd.	2013-2014	—	23 122	—	23 122
Others	2013-2014	—	—	7	7
Procter & Gamble Home Products Ltd.	2012-2013	—	1 14 770	—	1 14 770
Others	2012-2013	—	—	5	5
Dividend Remitted/Paid					
Procter & Gamble Asia Holding BV	2013-2014	5 305	—	—	5 305
Others	2013-2014	—	427	— ₹	427
Procter & Gamble Asia Holding BV	2012-2013	4 775	—	—	4 775
Others	2012-2013	—	384	— ¢	384
₹ ₹ 1 675 / ¢ ₹ 1 508					

(d) Outstanding

(Amount in ₹ in Lakhs)

Nature of balance	As at	Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Trade Payables					
Procter & Gamble Home Products Ltd	30-Jun-14	—	2 104	—	2 104
The Procter & Gamble Company	30-Jun-14	1 807	—	—	1 807
Procter & Gamble Europe SA Singapore Br.	30-Jun-14	—	1 594	—	1 594
Others	30-Jun-14	—	1 676	—	1 676
Procter & Gamble Home Products Ltd.	30-Jun-13	—	2 945	—	2 945
The Procter & Gamble Distributing LLC	30-Jun-13	—	1 688	—	1 688
The Procter & Gamble Company	30-Jun-13	1 655	—	—	1 655
Others	30-Jun-13	—	2 593	—	2 593

Notes forming part of the financial statements

(Amount in ₹ in Lakhs)

Nature of balance	As at	Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Trade Receivables					
Procter & Gamble Bangladesh Private Ltd.	30-Jun-14	—	115	—	115
Procter & Gamble International Operations SA Singapore Br.	30-Jun-14	—	88	—	88
Others	30-Jun-14	—	47	—	47
Procter & Gamble International Operations SA Singapore Br.	30-Jun-13	—	184	—	184
Procter & Gamble International Operations Pte. Ltd.	30-Jun-13	—	78	—	78
Other Current Assets					
Procter & Gamble Home Products Ltd.	30-Jun-14	—	2 388	—	2 388
Gillette India Limited	30-Jun-14	—	1 088	—	1 088
Others	30-Jun-14	65	252	—	317
Procter & Gamble Home Products Ltd.	30-Jun-13	—	2 151	—	2 151
Gillette India Limited	30-Jun-13	—	798	—	798
Others	30-Jun-13	20	125	—	145
Interest income accrued					
Procter & Gamble Home Products Ltd.	30-Jun-14	—	462	—	462
Wella India Hair Cosmetics Pvt. Ltd.	30-Jun-14	—	158	—	158
Procter & Gamble Home Products Ltd.	30-Jun-13	—	526	—	526
Others	30-Jun-13	—	6	—	6
Loans					
Procter & Gamble Home Products Ltd.	30-Jun-14	—	34 881	—	34 881
Wella India Hair Cosmetics Pvt. Ltd.	30-Jun-14	—	9 600	—	9 600
Others	30-Jun-14	—	—	52	52
Procter & Gamble Home Products Ltd.	30-Jun-13	—	38 302	—	38 302
Others	30-Jun-13	—	1 600	38	1 638

Notes forming part of the financial statements

39. The Company operates in a single segment i.e. Manufacturing, Trading and Marketing of Health and Hygiene Products.

40. Earnings per share (EPS)

	For the year ended June 30, 2014	For the year ended June 30, 2013
Calculation of Basic and diluted earnings per share (₹)		
Profit after Tax for the year (₹ in Lakhs)	30 202	20 322
Weighted average number of equity shares outstanding for Basic / Diluted EPS (Nos.)	3 24 60 736	3 24 60 736
Nominal value of equity per share (₹)	10	10
Basic / Diluted Earnings per share (₹)	93.04	62.61

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

For and on behalf of Board of Directors

R. A. Shah
Chairman

P. Bishnoi
Company Secretary

Mumbai
August 12, 2014

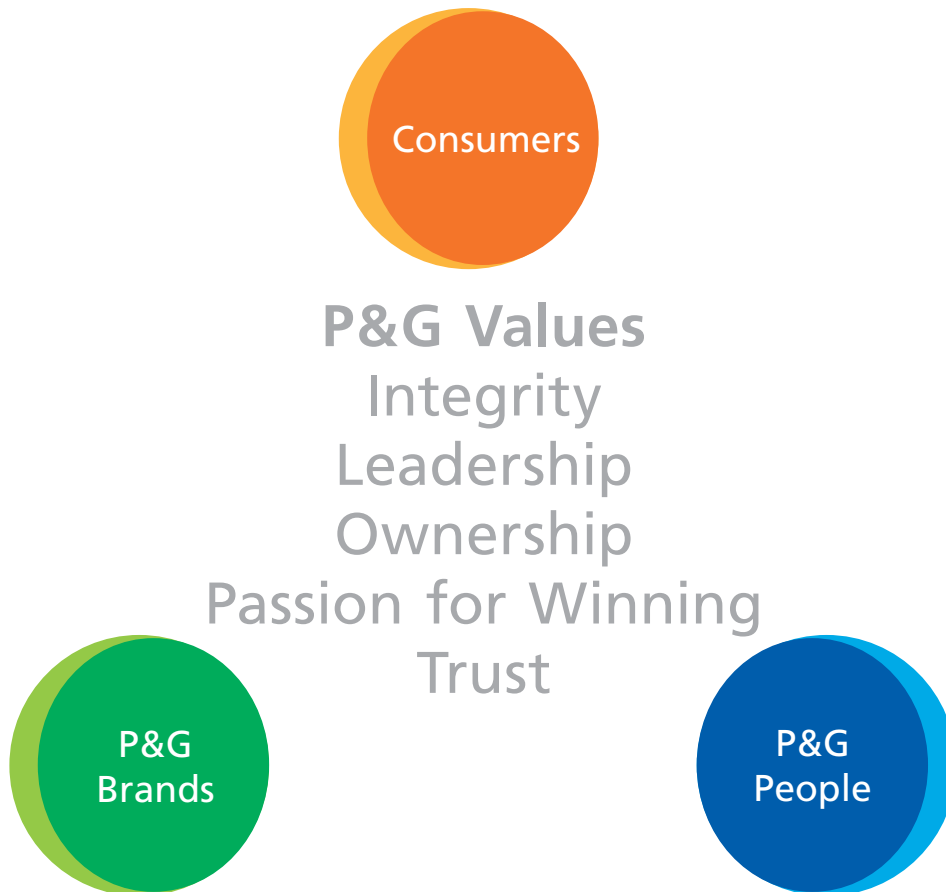
S. Khosla
Managing Director

K. Natrajan
Chief Financial Officer

TEN YEAR FINANCIAL HIGHLIGHTS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
YEAR END FINANCIAL POSITION (₹ Crores)										
Gross Fixed Assets	178.8	127.0	163.6	203.1	221.8	243.0	312.9	345.9	377.5	428.1
Net Fixed Assets	79.1	65.4	94.0	123.1	132.3	130.3	190.4	198.4	214.9	239.5
Net Worth	225.7	272.7	291.2	346.6	440.0	534.6	600.6	786.6	805.3	1002.9
SUMMARY OF OPERATIONS (₹ Crores)										
Gross Sales	738.1	596.8	553.0	652.6	773.0	913.5	1037.0	1310.1	1696.7	2063.6
Profit before Tax	177.8	193.3	145.5	180.6	231.7	233.6	178.7	223.0	286.2	460.3
Profit after Tax	124.6	139.5	89.8	131.4	178.8	179.8	150.9	182.9	203.2	302.0
Dividend	129.8	81.2	64.9	64.9	73.0	73.0	73.0	73.0	81.2	89.3
PER SHARE DATA										
EPS (₹)	38.39	42.98	27.67	40.48	55.10	55.38	46.48	57.30	62.61	93.04
Dividend (%)	400++	250	200	200	225	225	225	225	250	275
NUMBER OF SHARES										
Shares (Lakhs)	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61
NUMBER OF EMPLOYEES										
Employees	368	251	273	250	282	324	370	435	408	406

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



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
(CIN: L24239MH1964PLC012971)

Registered Office:
P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (E), Mumbai - 400 099
Tel: (91-22) 2826 6000; Fax: (91-22) 2826 7303
Website: www.pg.com/en_IN

PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED

(CIN: L24239MH1964PLC012971)

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

Website: www.pg.com/en_IN • Tel: (91-22) 2826 6000; Fax: (91-22) 2826 7303

NOTICE

NOTICE is hereby given that the Fiftieth (50th) Annual General Meeting of the Members of the Company will be held on **Wednesday, September 24, 2014, at 10.30 a.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, 2014, 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, 2014.
3. To appoint a Director in place of Mr. Pramod Agarwal (DIN 00066989), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs. Deloitte Haskins and Sells LLP, Chartered Accountants (Firm Reg. No. 117366W/W-100018) as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the Fifty Third (53rd) Annual General Meeting, subject to ratification of their appointment at every 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:**

Appointment of Mr. R. A. Shah as the Non-Executive Independent Director of the Company, not liable to retire by rotation

"RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder, read with Schedule IV to the Act (as amended from time to time) and any other applicable law, Mr. R. A. Shah (DIN 00009851), Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as the Non-Executive Independent Director of the Company for a term upto five years with effect from September 24, 2014, not being liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/or Ms. Preeti Bishnoi, Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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. B. S. Mehta as the Non-Executive Independent Director of the Company, not liable to retire by rotation

"RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder, read with Schedule IV to the Act (as amended from time to time) and any other applicable law, Mr. B. S. Mehta (DIN 00035019), Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as the Non-Executive Independent Director of the Company for a term upto five years with effect from September 24, 2014, not being liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/or Ms. Preeti Bishnoi, Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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. A. K. Gupta as the Non-Executive Independent Director of the Company, not liable to retire by rotation

"RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder, read with Schedule IV to the Act (as amended from time to time) and any other applicable law, Mr. A. K. Gupta (DIN 02588131), Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment,

be and is hereby appointed as the Non-Executive Independent Director of the Company for a term upto five years with effect from September 24, 2014, not being liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/or Ms. Preeti Bishnoi, Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

8. 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. Shailymanyu Singh as a Non-Executive Director of the Company, liable to retire by rotation

"RESOLVED THAT Mr. Shailymanyu Singh (DIN 06832523) who was appointed as an Additional Director of the Company on March 15, 2014, by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and pursuant to the Articles of Association of the Company, and who holds such office until this Annual General Meeting and who has submitted a notice in writing under Section 160 of the Companies Act, 2013, proposing his candidature for the office of a Director, be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/or Ms. Preeti Bishnoi, Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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

Appointment of Ms. Sonali Dhawan as Non-Executive Director of the Company, liable to retire by rotation

"RESOLVED THAT Ms. Sonali Dhawan (DIN 06808527) who was appointed as an Additional Director of the Company on May 7, 2014, by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and pursuant to the Articles of Association of the Company, and who holds such office until this Annual General Meeting and who has submitted a notice in writing under Section 160 of the Companies

Act, 2013, proposing her candidature for the office of a Director, be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/or Ms. Preeti Bishnoi, Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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

Payment of Remuneration to the Cost Auditor for the Financial Year 2014-15

"RESOLVED THAT pursuant to Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder (as amended from time to time) and other applicable laws, such other permissions as may be necessary, subject to such amendatory notification issued hereunder, the Members hereby approve the remuneration of ₹ 6,00,000/- plus service tax and out-of-pocket expenses payable to M/s Ashwin Solanki & Associates, Cost Accountants, who are appointed by the Board of Directors of the Company to conduct audit of the Cost records maintained by the Company for the Financial Year 2014-15."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/or Ms. Preeti Bishnoi, Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board of Directors

sd/-
Preeti Bishnoi
Company Secretary

Mumbai
August 12, 2014

Registered Office:

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

NOTES

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of business under Item Nos. 5 to 10 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.** Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Paid-Up Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. A Proxy Form is annexed to this Report.
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(s) 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. In compliance with Clause 35B of the Listing Agreement and the provisions of Section 108 of the Companies Act, 2013 and the Rules framed there under, Members may cast their votes electronically, through the e-voting services, on all the resolutions set forth in this Notice. The e-voting period commences on Tuesday, September 16, 2014 at 9:00 a.m. and ends on Thursday, September 18, 2014 at 5:00 p.m. During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on August 14, 2014, will be eligible to cast their vote electronically. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by a Member, he shall not be allowed to change it subsequently. The Company has appointed Mr. B. V. Dholakia, Practising Company Secretary,

to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

Procedure For E-Voting

A. The Company has entered into an arrangement with National Securities Depository Limited (NSDL) for facilitating e-voting for the Annual General Meeting. The instructions for e-voting are as under:

a) In case of Members receiving an e-mail from NSDL:

- (i) Open the PDF file 'PGHH e-voting.pdf' attached to the e-mail, using your Client ID / Folio No. as password. The PDF file contains your User ID and Password for e-voting. Please note that the Password provided in PDF is an 'Initial Password'.
- (ii) Launch an internet browser and open <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login.
- (iv) Insert 'User ID' and 'Initial Password' as noted in step (i) above and click 'Login'.
- (v) Password change menu will appear. Change the Password with a new Password of your choice. Please keep a note of the new Password. It is strongly recommended not to share your Password with any person and take utmost care to keep it confidential.
- (vi) Home page of e-voting will open. Click on e-Voting > Active E-voting Cycles.
- (vii) Select 'EVEN' of Procter & Gamble Hygiene and Health Care Limited.
- (viii) Now you are ready for e-voting as 'Cast Vote' page opens.
- (ix) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'Confirm' when prompted.
- (x) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) For the votes to be considered valid, the Institutional Members (other than individuals, HUF, NRI etc) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/

Authority Letter etc together with attested specimen signatures of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at bvdholakia@dholakia-associates.com with a copy marked to evoting@nsdl.co.in. Please note that the requisite documents should be sent on the aforesaid email id's before close of voting.

b) In case of members receiving physical copy of the Notice of Annual General Meeting and Attendance Slip

- (i) Initial Password is provided at the bottom of the Attendance Slip.
 - (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast vote.
- B. In case of any queries, you may refer to the 'Frequently Asked Questions' ("FAQs") and 'e-voting user manual' available at the Downloads section of NSDL's e-voting website www.evoting.nsdl.com.
- C. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for casting vote.
- D. The results along with the Scrutinizer's Report, shall be placed on the website of the Company.
6. The Register of Members and the Share Transfer books of the Company will remain closed from **Wednesday, September 10, 2014, to Wednesday, September 24, 2014** (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.
7. The dividend on Equity Shares for the Financial Year ended June 30, 2014, as recommended by the Board of Directors, if approved at the Annual General Meeting, will be paid on or around October 10, 2014 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 *September 9, 2014*;
 - (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 *September 24, 2014*.

8. In line with the circular issued by the Securities and Exchange Board of India ("SEBI"), the Company is required to update bank details of the Members of the Company to enable usage of the electronic mode of remittance such as ECS [LECS (Local ECS)/ RECS (Regional ECS)/NECS (National ECS)], NEFT for distributing dividends and other cash benefits to its Members.

In this regard, Members holding shares in electronic form are requested to furnish their bank details to their Depository Participants. Members holding shares in physical form are requested to furnish their bank details, alongwith a photocopy of a blank cancelled cheque pertaining to your bank account to the Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. Ltd.

9. 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 7799, Fax: (022) 2594 6969, e-mail: rnt.helpdesk@linkintime.co.in.
- (a) Bank Mandate with full particulars 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; and send share certificate(s) for consolidation;
 - (d) Request for nomination forms for making nominations, as per the format prescribed under the Companies Act, 2013, which is available on the website of the Company.
- Members holding shares in the Dematerialized (electronic) Form are requested to intimate the aforesaid changes directly to their Depository Participants, as applicable.
10. SEBI has mandated submission of Permanent Account Number ("PAN") for all transactions in the securities market. Members who are holding shares in dematerialized form are requested to submit their PAN details to their respective Depository Participant. Members holding shares in physical form can submit their PAN details to M/s. Link Intime India Private Limited. 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 mandatory.

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 and furnish particulars of any change(s) desired.
12. Non-resident Indian Members are requested to immediately inform the Company or M/s. Link Intime India Private Limited or the concerned Depository Participants, 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 Non-Resident External (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. In terms of Clause 5A of the Listing Agreement, the Company has identified the unclaimed Physical Share Certificates lying with the Company and sent the requisite reminders to the respective Members. The Company is in process of crediting the same to demat suspense account.
17. 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. 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 rnt.helpdesk@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.

We request the Members to support the Green Initiative introduced by the Ministry of Corporate Affairs and make it a success.

Members may kindly note that no gifts in any form shall be given to any Member and the Company will not entertain any requests in this regard.

By Order of the Board of Directors

sd/-
Preeti Bishnoi
Company Secretary

Mumbai
August 12, 2014

Registered Office:

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

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 5

Appointment of Mr. R. A. Shah as the Non-Executive Independent Director of the Company, not liable to retire by rotation

Mr. R. A. Shah, Chairman of the Company 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 meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 ("Act") and has furnished a declaration to the Company in this respect. In the opinion of the Board of Directors, Mr. Shah fulfils the conditions specified in the Act and the Rules made thereunder and is independent of the management. Accordingly, the Board of Directors recommends appointment of Mr. R. A. Shah as the Non-Executive Independent Director for a period of five years with effect from September 24, 2014 in terms of Act, not being liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. R. A. Shah, are concerned or interested, financially or otherwise, in this item.

Item No. 6

Appointment of Mr. B. S. Mehta as the Non-Executive Independent Director of the Company, not liable to retire by rotation

Mr. B. S. Mehta is a graduate in commerce and a fellow member of the Institute of Chartered Accountants of India. Mr. Mehta is an accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He is a director on the boards of several prominent companies in India.

Mr. Mehta meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 ("Act") and has furnished a declaration to the Company in this respect. In the opinion of the Board of Directors, Mr. Mehta fulfils the conditions specified in the Act and the Rules made thereunder and is independent of the management. Accordingly, the Board of Directors recommends appointment of Mr. B. S. Mehta as the Non- Executive Independent Director for a period of five years with effect from September 24, 2014 in terms of Act, not being liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. B. S. Mehta, are concerned or interested, financially or otherwise, in this item.

Item No. 7

Appointment of Mr. A. K. Gupta as the Non-Executive Independent Director of the Company, not liable to retire by rotation

Mr. A. K. Gupta is an Engineer from Indian Institute of Technology, Delhi besides holding a Post-graduate Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. Mr. Gupta is an expert in the field of manufacturing and supply chain management. He has vast experience of over 35 years in India and abroad in the field of manufacturing and product supply and had held various senior management positions.

Mr. Gupta meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 ("Act") and has furnished a declaration to the Company in this respect. In the opinion of the Board of Directors, Mr. Gupta fulfils the conditions specified in the Act and the Rules made thereunder and is independent of the management. Accordingly, the Board of Directors recommends appointment of Mr. A. K. Gupta as the Non-Executive Independent Director for a period of five years with effect from September 24, 2014 in terms of Act, not being liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. A. K. Gupta, are concerned or interested, financially or otherwise, in this item.

Item No. 8

Appointment of Mr. Shaillyamanyu Singh as the Non-Executive Director of the Company, liable to retire by rotation

Mr. Shaillyamanyu Singh was appointed as an Additional Director of the Company by the Board of Directors on March 15, 2014, pursuant to Section 161 of the Companies Act, 2013. Mr. Singh holds such office till the date of ensuing Fiftieth (50th) Annual General Meeting of the Company. Hence, it is proposed to appoint Mr. Singh as a Director liable to retire by rotation.

Mr. Singh graduated in Law from Maharishi Dayanand University, Rohtak, and completed his Masters of Law from Bond University, Australia. He is a fellow member of the Center for American and International Law, Texas. Previously, Mr. Singh has also practiced independently.

During his private practice tenure, he was also appointed as a member of the Disciplinary Committee of the Bar Council of India for a six month term. Mr. Singh has been associated with Procter & Gamble for last six years and has held various positions in legal department.

Pursuant to Section 160 of the Companies Act, 2013, Mr. Singh has submitted a notice together with a deposit of ₹ 1,00,000/- proposing his candidature for the office of Director liable to retire by rotation.

The Board recommends the appointment of Mr. Singh as the Non-Executive Director of the Company, liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Shailymanyu Singh, are concerned or interested, financially or otherwise, in this item.

Item No. 9

Appointment of Ms. Sonali Dhawan as the Non-Executive Director of the Company, liable to retire by rotation

Ms. Sonali Dhawan was appointed as an Additional Director of the Company by the Board of Directors on May 7, 2014, pursuant to Section 161 of the Companies Act, 2013. Ms. Dhawan holds such office till the date of ensuing Fiftieth (50th) Annual General Meeting of the Company. Hence, it is proposed to appoint Ms. Dhawan as a Director liable to retire by rotation.

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

Ms. Dhawan joined Procter & Gamble in 1998. She has handled various roles in Marketing across different regions which include ASEAN, India & Australia. Through a career spanning 15 years, she brings with her a wealth of experience.

Pursuant to Section 160 of the Companies Act, 2013, Ms. Dhawan has submitted a notice together with a deposit of ₹ 1,00,000/- proposing her candidature for the office of Director liable to retire by rotation.

The Board recommends the appointment of Ms. Dhawan as a Director of the Company, liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Ms. Sonali Dhawan, are concerned or interested, financially or otherwise, in this item.

Item No. 10

Payment of Remuneration to the Cost Auditor for the Financial Year 2014-15

The Board of Directors at their meeting held on August 12, 2014, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Ashwin Solanki & Associates, Cost Accountants as the Cost Auditors to conduct the audit of the Cost records of the Company for the Financial Year 2014-15 and remuneration of ₹ 6,00,00/- plus service tax and out-of-pocket expenses.

In terms with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company.

The Board recommends passing of the resolution at item no. 10 as an Ordinary resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives, are concerned or interested, financially or otherwise, in this item.

By Order of the Board of Directors

sd/-
Preeti Bishnoi
Company Secretary

Mumbai
August 12, 2014

Registered Office:

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

**Details of Directors proposed to be appointed/re-appointed
at the forthcoming 50th Annual General Meeting
(in pursuance to Clause 49 IV (G) of the Listing Agreement)**

Name of Director	Mr. R. A. Shah	Mr. B. S. Mehta	Mr. A. K. Gupta	Mr. Pramod Agarwal	Mr. Shailymanyu Singh	Ms. Sonali Dhawan
Age	83 years	78 years	68 years	52 years	38 years	38 years
Date of appointment on the Board	20th July, 1964	26th October, 2005	28th March, 2009	August 13, 2012	March 15, 2014	May 7, 2014
Expertise in specific field	Solicitor	Chartered Accountant	Engineer, IIT & PGDM in Industrial Management	MBA in Finance	Masters in Law	MBA in Marketing
Names of other Companies in which he holds Directorships	Public Companies 1. Pfizer Ltd 2. BASF Limited 3. Godfrey Phillips India Ltd 4. The Bombay Dyeing Manufacturing Company Limited 5. Deepak Fertilizers & Petrochemicals Corporation Ltd 6. Abbott India Limited 7. Colgate-Palmolive India Limited 8. Lupin Limited 9. Atul Ltd 10. Clariant (Chemicals) India Ltd 11. Century Enka Limited 12. Wokhardt Ltd Alternate Directorships 1. Schrader Duncan Limited 2. RPG Life Sciences Ltd 3. Modicare Ltd 4. Uhde India Pvt Ltd	Public Companies 1. Atul Limited 2. Bharat Bijlee Limited 3. Century Enka Limited 4. CEAT Limited 5. Gillette India Limited 6. Housing Development Finance Corporation Limited 7. IL&FS Investment Managers Limited 8. J.B. Chemicals & Pharmaceuticals Ltd 9. Pidilite Industries Limited 10. Sasken Communication Technologies Limited 11. SBI Capital Markets Limited 12. Sudarshan Chemical Industries Limited 13. NSDL E-Governance Infrastructure Limited Foreign Company Jumbo World Holdings Limited	Public Companies 1. Gillette India Limited	Public Companies 1. Gillette India Limited Private Companies 1. Temple Trees Impex & Investment Private Limited	Private Companies 1. Temple Trees Impex & Investment Private Limited	Public Companies 1. Gillette India Limited
Chairman/ Member of the Committee(s) of the Board of Directors of the Company	Audit Committee - Member	Audit Committee - Member	Audit Committee – Member Shareholders Grievance Committee – Member	Nil	Shareholders Grievance Committee – Chairman	Nil
Chairman/ member of the committee(s) of board of directors of other companies in which he is a director	Audit Committee 1. Colgate Palmolive India Ltd 2. Pfizer Limited 3. Clariant Chemicals India Ltd 4. The Bombay Dyeing & Manufacturing Company Limited 5. Abbott India Limited 6. BASF Ltd 7. Century Enka Limited 8. Workhardt Ltd Remuneration Committee 1. The Bombay Dyeing & Manufacturing Company Limited 2. Lupin Ltd 3. Century Enka Limited	Audit Committee 1. IL&FS Investment Managers Limited (Chairman & Member) 2. Sudarshan Chemicals Limited (Chairman & Member) 3. Sasken Communication Technologies Limited (Chairman & Member) 4. Pidilite Industries Limited (Chairman & Member) 5. Gillette India Limited (Member) 6. Housing Development Finance Corporation Limited (Member) 7. Atul Limited (Member) 8. Century Enka Limited (Member) 9. NSDL e-Governance Infrastructure Limited (Member) Remuneration/Compensation Committee 1. Housing Development Finance Corporation Limited (Member) 2. NSDL e-Governance Infrastructure Limited (Member) 3. Century Enka Limited (Member) 4. IL&FS Investment Managers Limited (Member) 5. Pidilite Industries Limited (Member) CSR Committee 1. IL&FS Investment Managers Limited (Member) 2. NSDL e-Governance Infrastructure Limited (Member)	Audit Committee 1. Gillette India Limited (Member) Shareholders' Grievances Committee 1. Gillette India Limited (Chairman)	Nil	Nil	Nil
Shareholding in the Company	11,406 Equity Shares, face value of ₹ 10 each	3,799 Equity Shares, face value of ₹ 10/- each	Nil	Nil	Nil	Nil



Procter & Gamble Hygiene
and Health Care Limited
CIN: L24239MH1964PLC012971
Registered Office:
P&G Plaza
Cardinal Gracias Road, Chakala
Andheri (E), Mumbai 400 099
Tel: (91-22) 2826 6000
Fax: (91-22) 2826 7303
www.pg.com/en_IN

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	Procter and Gamble Hygiene and Health Care Limited
2.	Annual financial statements for the year ended	June 30, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by-	
	Mr. S. Khosla Managing Director	
	Mr. Karthik Natarajan Chief Financial Officer	
	Mr. R. A. Shah Audit Committee Chairman	
	Auditor of the Company	Refer our Audit Report dated August 12, 2014 on the Financial Statements of Procter and Gamble Hygiene and Health Care Limited. For DELOITTE HASKINS & SELLS LLP Chartered Accountants (Firm Registration No. 117366W/W-100018)  (Shyamak R Tata) (Partner) (Membership No. 038568) Mumbai, <u>August 26, 2014</u>

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