Gillette India Limited

Annual Report
2010-2011

BOARD OF DIRECTORS

Mr. S. K. Poddar
Chairman

Mr. S. Khosla
Managing Director

Mr. B. S. Mehta
Mr. C. R. Dua
Mr. G. C. Das
Mr. J. Sagar
Mr. A. Poddar
Ms. D. A. Henretta
Mr. A. K. Gupta
Ms. Nayantara Bali

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Mr. D. Acharya
(Company Secretary)

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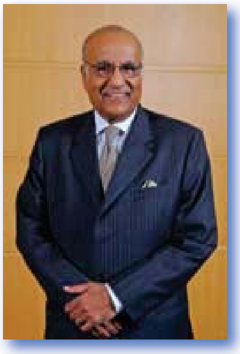


Dear Shareholders,

Your Company's continued focus on delivering innovations that touch and improve more lives, and prudent investments that allow us to serve more consumers, have resulted in another year of strong financial performance. As I share with you your Company's annual performance for the Financial Year 2010-11, I take pride in the strong sales and volume growth that the business has seen across the three business segments of *Oral Care,* Personal Grooming and Portable Power.

The FMCG industry is poised to grow between 10 to 12 per cent annually, and your Company has harnessed this momentum to achieve accelerated sales and share growth. I am happy to share that over the last 12 months, the Company has delivered more than 24% increase in sales as compared to last year. This has enabled the Board of Directors to recommend a dividend of ₹15 per Share for all the Stakeholders this Financial Year.

This Fiscal Year, your Company made increased investments behind brand building initiatives, to be able to achieve accelerated sales growth and make our products reach under-served consumers across India. For instance, India is the largest shaving market in the World in volume terms, but it is relatively low in value terms, thus displaying tremendous opportunity to reach more consumers through our products and marketing innovations. These steps are critical for category development and long-term growth of the Company, but impact margins and earnings in the short to medium term. This is a strategic choice that your Company is making, in line with its purpose-driven growth strategy and its commitment to deliver value to its Stakeholders.

This Fiscal Year was marked by breakthrough innovations that aim to further enhance the value we provide to our consumers, especially the common man that continues to trust our brands. These innovations panned across the technologies as well as marketing communications behind our product propositions. A great example of this is Gillette, which made strategic and high investments in the Indian market behind the launch of Gillette Guard. A product designed specifically for the needs of the mid-to-low income Indian consumer, it provides a safe and affordable shave, at just ₹1 per shave. Within less than a Year since its launch, the product has ensured that Gillette strengthens its position both as a market leader and as a brand synonymous with cutting-edging shaving innovations. Gillette *Mach 3's* innovative marketing campaign 'Shave India Movement' also continued to win esteemed accolades for your Company, such as an unsurpassed two Silver Lions at the prestigious Cannes International Festival of Creativity.

Oral-B invested behind robust sales growth, that was driven by meaningful and consumer relevant innovations such as the Smile India Movement. The initiative partnered with over 10,000 dentists to provide free dental check-ups across the country, and garnered the support of over 10 million consumers who took a pledge to improve their oral hygiene. The initiative resulted in the highest ever share for *Oral-B,* as well as stronger equity as the *'brands most dentists themselves use worldwide'* amongst Indian consumers.

As a Company, we continue to remain committed to our purpose of touching and improving the lives of consumers, in more parts of India and more completely. Inspired by this purpose, our signature Social Responsibility Program in India – *Shiksha* – has nearly doubled its impact to reach 280,000 children and support over 140 schools in its 7th Year since inception. This Financial Year was marked by heightened support from our consumers as well as partners such as NGOs, retailers, media and other Stakeholders – thus enabling us to further the cause of building schools brick-by-brick. Our efforts towards environmental sustainability were also strengthened, with our Baddi and Bhiwadi plants reducing their environmental footprint further by effectively reducing CO_2 emissions, energy & water consumption as well waste disposal. For instance, the Baddi plant is now a Zero Discharge plant with 100% of its waste being treated on site and it also now uses 100% hydro-electric power.

To conclude, I re-affirm your Company's focus on delivering robust Financial Results, amidst an uncertain economic climate that determines factors such as high input costs and consumer demand. I would like to thank all our employees for their outstanding performance and shareholders for their resolute trust in the Company. I look forward to your continued support and participation in the growth of the Company.

S. K. Poddar
Chairman

Mumbai
August 26, 2011

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting their Twenty-Seventh Annual Report together with the Audited Accounts for the Financial Year ended June 30, 2011.

FINANCIAL RESULTS

(Figures in ₹ Crores)

	2010-11	2009-10
Sales (less excise duty)	**1056.86**	852.48
Other Income	**33.56**	21.18
Profit before tax & exceptional items	**133.97**	212.76
Profit after tax	**86.15**	137.09
Transfer to General Reserve	**8.62**	13.71
Proposed dividend plus tax thereon	**56.81**	57.00
Balance carried forward	**294.28**	282.55

DIVIDEND

Your Directors are pleased to recommend, subject to the approval of the Members, a dividend of ₹15/- per Equity Share of ₹10 each, amounting to ₹48.88 crores, for the Financial Year ended June 30, 2011.

OPERATIONS

Your Company achieved healthy sales growth during the Financial Year ended June 30, 2011. The total sales (net of excise) at ₹1057 crores are up by 24% when compared to ₹852 crores of the previous year. The sales in all the three business segments have grown with Oral Care, Personal Grooming and Portable Power all growing in double digits. Your Directors are pleased with these solid results that are driven by a continued focus on the consumer, robust innovation and distribution expansion.

Profit Before Tax (PBT) for the year under review is ₹134 crores as against ₹213 crores last year. Profit After Tax (PAT) for the year under review is ₹86 crores as against ₹137 crores last year. This decline represents choices made to deliver growth via category acceleration and defend heavy competition. Your Directors are of the opinion that we continue to have significant opportunity for long term growth by upgrading men from traditional Double Edge blades to superior modern shaving systems. This requires multi-year investments in Capital, Advertising & Promotion and Overheads. Your Directors expect to sustain the strategy given evolving consumer demographics and competitive dynamics.

PERSONAL GROOMING

Mach3, our premium Blades & Razors brand posted a strong double digit growth. This was aided by the successful launch of the *Gillette Mach3* Turbo Sensitive razor, aimed at the consumers having sensitive skin thus enabling more consumers to experience the ultimate comfort of *Mach3*. During the year under review, *Mach3* distribution increased by 70,000 stores throughout India. The high double digit growth in Razor sales versus year ago, was on account of powerful marketing campaigns and razor placement programs.

The *Shave India Movement* introduced in January 2011 to launch the *Mach3* Turbo Sensitive razor generated unprecedented brand awareness and trial for the product. As a result of this, consumer awareness level has gone up as compared to previous Fiscal. This also helped create a significant digital interaction (duplicated) through popular social networking sites.

The personal care category of the male grooming business includes pre-shave/post-shave products (shaving cream and gel) and deodorants. This category has performed very well with exceptional volume growth over the previous year.

Gillette Guard, the Entry Level system that was designed specifically for the consumers of low income market, in October 2010 continued to grow the consumer base of Gillette systems. The volume sales of *Guard,* after its successful launch, is more than the combined volume sales of Vector and *Mach3* razors. *Guard* became the number one system razor (unit off-take) in just the second month of its launch. *Guard* has also become the fastest distributed B&R brand with a impressive distribution reach.

The double edged blades' business recorded an excellent value growth in double digits led by Gillette *Wilkinson Sword.* Thus, the entire Gillette Male Grooming portfolio witnessed a strong growth across brands.

Gillette India wins an Effectiveness Lion and 2 silver Lion at Cannes Ad Fest:

Your Company's campaign *"Women Against Lazy Stubble"* has yet again won an Effectiveness Lion at the Cannes Ad Festival this year. This year's campaign – *Shave India Movement – Shave Sutra* also won 2 silver Lion's at Cannes Ad Festival.

ORAL CARE

Oral-B toothbrushes had a strong year with strong double digits growth. This was driven by robust performance of its products across price tiers following fundamental brand building activities.

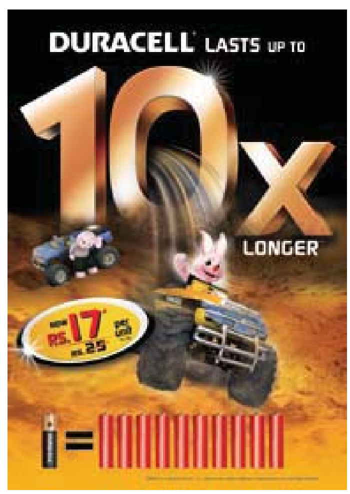
Oral-B continues to grow across tiers. Strong *CrossAction family* promotions have helped *Oral-B* continue to grow in the super premium tier segment. *Oral-B 123* and *Classic* continue to lead our growth in the premium tier by providing superior propositions to the consumer. *Oral-B Shiny Clean* further helped strengthen its position in the mid-tier segment. Multiple initiatives were undertaken to expand *Oral-B* distribution, which also resulted in the Brand being widely available to the consumers across India.

Oral-B, which is the No. 1 toothbrush brand most Dentists use themselves Worldwide, *[Based on surveys of a representative worldwide sample of Dentists carried out for P&G]* continued its partnership with Dentists across India, to promote oral health awareness for yet another year through its *Smile India Movement* initiative. This campaign helped in improving the

lives of consumers by offering them a free dental checkup close to their residence simply on the purchase of an *Oral-B* toothbrush.

PORTABLE POWER

During the year under review *Duracell* has registered strong growth while growing the alkaline segment and has been able to successfully trade up consumers from lower priced zinc batteries. Base brand building activities are designed to grow your brand's equity and availability. We expect that in the coming year *Duracell* will be able to leverage consumer habit changes behind strong high drain device penetration gains, where *Duracell* has a right to win. With increasing power needs, *Duracell* has strong growth potential to gain value and share from Zinc.



MANUFACTURING

Your Directors have pleasure to inform you that during the year under review, Bhiwadi and Baddi plants continued to perform at record levels. Our new initiative called Integrated Work System (IWS), has helped enhance overall factory/people capability. As a result, plants delivered outstanding performance in all key measures such as Safety, Quality, Productivity, Cost etc. During the Financial Year your Company's Plants delivered highest ever volume with a flawless customer service.

In our pursuit of delivering best quality product to consumers, Bhiwadi plant achieved 95% Quality Assurance Capability in the Company's QA system audit.

Your Directors also have the pleasure to inform you that the Baddi plant implemented a major initiative of local production of *Mach3* razors which is now resulting in cost savings on being exported to European Market.

CORPORATE SOCIAL RESPONSIBILITY

***Shiksha:* ' पढ़ेगा इंडिया तो बढ़ेगा इंडिया '**

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

Students at the Shiksha supported Sankalp School in Mumbai for differently-abled children of Naval families, run by the Navy Wives Welfare Association (NWWA)

P&G's flagship Corporate Social Responsibility Program *'Shiksha'* is an integral part of our global philanthropy program – Live, Learn & Thrive, which currently reaches out to over 50 million children annually. Now in its 7th year, Shiksha enabled over 280,000 lesser-privileged children with access to good quality education by supporting sustainable and critical assets of schools. By the end of fiscal year 2011, *Shiksha* will be supporting over 140 schools by interventions such as reactivating defunct Government schools, building new schools or enhancing education infrastructure at existing schools. Since its inception in 2005, *Shiksha* has made a cumulative donation of over ₹22 crores towards helping children on the path to better education. This is a result of the support from our consumers who participated in the *Shiksha* movement by buying P&G brands in the months of April, May and June 2011 and enabling P&G to contribute a part of the sales towards the cause. During the Financial year ended June 30, 2011 alone, P&G India closed *Shiksha* with the largest-ever contribution of ₹5.6 crores in association with its partner NGOs, namely Save the Children India, Child Rights & You (CRY), Army Wives Welfare Association (AWWA), Round Table India (RTI), amongst others. Each of *Shiksha's* NGO partners focuses on a critical approach towards education, with NGO Round Table India specializing in building educational infrastructure and supporting schools across India, NGO Save the Children laying emphasis on the girl child via supporting the government's Kasturba Gandhi Balika Vidhyalayas, and the NGOs AWWA and NWWA serving the unique educational needs of differently-abled children of Naval and Army Officers' families. These activities together help *Shiksha* further its motto ***' पढ़ेगा इंडिया तो बढ़ेगा इंडिया '***, and help us touch and improve the lives of our consumers.

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. The manufacturing technologies we use are low emission and generate almost 60% less emission than the local norms. We are committed to achieving the P&G global 2012 goal of 20% reduction of our footprints. Compliance is an integral part of our business strategy – All our product and formulations comply with Global and Indian regulatory requirements.

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) that in the preparation of the Annual Accounts for the Financial Year ended June 30, 2011, 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, 2011, 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.

DIRECTORS

Mr. Subhash Bansal, Whole-time Director ceased to be a Director with effect from May 31, 2011 consequent to his attainment of superannuation from the services of the Company. The Board places on record deep appreciation for the contributions made by Mr. Bansal during his tenure.

Mr. A. Poddar and Mr. Jyoti Sagar retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

Ms. Nayantara Bali was appointed as an Additional Director on the Board of the Company with effect from August 26, 2011. As an Additional Director she holds office upto the date of the ensuing 27th Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a Member proposing her candidature as a Director of the Company liable to retire by rotation along with a deposit of ₹500/-.

The brief resumes of Mr. A. Poddar, Mr. Jyoti Sagar and Ms. Nayantara Bali 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 Annual General Meeting, which the Board recommends for your approval.

AUDITORS

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

COST AUDITORS

Your Company has re-appointed M/s. Ashwin Solanki & Associates, Cost Accountants, to conduct the cost audit of drug formulations for the Financial Year ended June 30, 2012. The Company has received the necessary Central Government approval for the re-appointment of Cost Auditor.

CONSERVATION OF ENERGY & FOREIGN EXCHANGE

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.

HUMAN RESOURCE DEVELOPMENT

Your Company has continued to focus on building employee capability and commitment, critical for sustaining business growth and profitability. Competence enhancement initiatives to lead and manage change, develop team and to coach individuals have led to higher levels of employee productivity. The culture of innovation has been strengthened by building innovation skills and the processes to facilitate developments and successful implementation of new ideas.

Your Directors wish to place on record their appreciation for the strong contribution made by employees who have through consistent and highly motivated performance enabled your Company to achieve these results.

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 Compliance Officer at the Corporate Office of the Company.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the services rendered by its suppliers, distributors, wholesalers, retailers, clearing and forwarding agents and all other business associates and acknowledge their efficiency and continued support in producing such healthy growth in the Company's business.

For and on behalf of the Board

S. K. Poddar
Chairman

Mumbai
August 26, 2011

ANNEXURE TO THE DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The Company has an efficient energy conservation task force, which is actively involved in continuous monitoring of energy usage and its conservation.

1. Measures taken this year were –

(a) Significant power consumption reduction by installing single energy efficient screw chillers of higher capacity replacing three reciprocating chillers;

(b) For increased load, installed new transformer but with inbuilt Voltage Regulation Function via OLTC, thereby saving energy by eliminating losses due to separate AVR;

(c) Realized high savings in form of rebate in Electricity Bills by maintaining PF in range of 0.99 throughout the year;

(d) Few minor projects of installing efficient air washer coolers, LED lights for outside lighting, etc were done in the journey towards energy conservation.

2. Plans for next year:

(a) Project for buying power through open access which means that we can take power from Energy Exchange at variable rates;

(b) To improve efficiency of diesel generators by using fuel catalysts;

(c) Project of replacing shop floor lights with LED lighting;

(d) Plan to get an energy audit done to identify areas of energy conservation.

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B.

Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Efforts and initiatives in relation to exports.

   The Company's products continue to be accepted in the overseas markets. Efforts are on to further increase exports of personal grooming products to the other countries.

2. The particulars of Foreign Exchange earned / utilized during the Financial Year are given in Schedule 17.B.8(j) to the Accounts, respectively.

For and on behalf of the Board

S. K. Poddar
Chairman

Mumbai
August 26, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT, 2011

Review of Economic Scenario and impact of Union Budget 2011

The Economic Survey 2010-11 presented by the Hon'ble Finance Minister to the Parliament states that the Indian economy has emerged with remarkable rapidity from the slowdown caused by the global financial crises of 2007-09. The survey further states that notwithstanding the tightening of money markets and moderate growth in deposits, the financial situation remained orderly with a pick up in credit growth, vibrant equity market and stable foreign exchange market. The survey further states that though the down side risks of global events, particularly movement in prices of commodities like crude oil (exacerbated by the political turmoil in the Middle East), remain, the Indian economy is poised to further improve and consolidate in terms of key macroeconomic indicators.

The Union Budget 2011-12 was presented admist generally optimistic growth outlook with notable improvements in private savings and investment rates as well as a resumption of private consumption demand. While highlighting the strong and robust performance of the economy, the Finance Minister struck a tone of caution with respect to a number of challenges that the economy currently faces. Foremost among all was the trend of inflation that originated with supply bottlenecks but has become more generalized in recent times. Overall, the policy prescriptions outlined in the Budget sends a signal that the general direction in which the economy is headed is on course to deliver high growth and therefore does not warrant any significant course correction.

Monsoon does play an important role on the economy of a country like India. In India, agriculture provides around 70% of employment either directly or indirectly. This is the major reason for the economic growth of India to depend on Monsoon Season. If the monsoon is good, it boosts up the economy of the country and helps in maintaining GDP growth.

The FMCG Sector and Indian consumers

India is one of the fastest growing markets in the world. According to some leading studies the total consumption in India is likely to quadruple making India the fifth largest consumer market by 2025. Urban India will account for nearly 68 per cent of consumption growth while rural consumption will grow by 32 per cent by 2025. India ranks first in the Nielsen Global Consumer Confidence survey released in January 2011. As per leading studies more than 80 percent of FMCG categories are growing faster in rural India as compared to urban India. Not only are most categories growing faster in rural markets than in urban, rural India's contribution to growth in these categories is significantly high. Rural India, mostly termed as "high opportunity" market, is no longer just an opportunity, but is now yielding results.

BUSINESS REVIEW:

PERSONAL GROOMING

Your Directors are of the view that the personal grooming sector represents a sizable business opportunity for your Company. According to market research data, the Blades and Razors market alone is estimated at over ₹1400 crores, and about 5.5 billion units in size.

ORAL CARE

Manual toothbrushes continue to dominate the Oral Care market in India. According to market research data, the toothbrush market is estimated at over ₹1200 crores and growing at a rate of 10% per year.

PORTABLE POWER

The growing usage in the high and mid-drain devices like toys and cameras and increased purchasing power in India indicate a huge potential in the coming years for alkaline batteries and thus for *Duracell*.

Outlook and Opportunities

The Government's continued focus on liberalization, trade friendly policies and improvement in infrastructure have resulted in a steady inflow of global investments into the Indian market. This, in turn, has translated into immense employment opportunities and a sustained economic boom. The disposable income has gone up and as a result people working in old manufacturing sector as well as new emerging sectors such as BPOs, IT, ITES, retail etc. are open to invest in their grooming needs. Organized retailing continues to make progress in India and we expect it to continue to strengthen in years to come, which in turn will benefit your Company.

Cable television has penetrated in to the smallest of Indian towns and has taken with it awareness of latest lifestyle trends and brands, which have become an aspiration for many consumers. This increased awareness coupled with the increase in disposable incomes has translated into a desire to upgrade lifestyles through owning and using better quality Brands. All this has positively impacted the brands of your Company.

Threats, Risks & Concerns

One of the hurdles faced by your Company is that the market is largely price driven as consumers do not perceive any benefit in paying incremental price for a quality product. Your Company has taken this as a challenge and has attempted to upgrade its consumers to better technology products through various campaigns which have been successful.

Some other barriers include low frequency of shaving, low attention to oral hygiene habits, low priced but unhygienic barbers and emergence of rechargeable batteries. The attempt to change lifestyles and spending pattern will be gradual, but your Company has achieved significant success in its endeavors in this direction and will continue to address and overcome these issues.

Risk Management

Business, Finance & Operational risks

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

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

Regulatory and Compliance risks

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

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

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

Security Risks

Your Company has installed comprehensive security programs to protect employees and assets at all its offices and plants. Security measures are overseen by a specially designated Global Security Manager – South Asia and a reputed security agency has been appointed to guard our premises, through screening all visitors and items received inwards. There is also a system for continuous monitoring of security alerts across the country. Training is regularly given to all security guards who are on duty 24x7. Evacuation drills are conducted twice a year. 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 year under review no breaches or major accidents occurred at any of the Company's Plants. Your Company has installed the best of the security measures and processes to protect its personnel and assets.

HR Initiatives

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

Attracting Talent: Recruiting continues to be a key focus – Your Company has a well established campus recruitment process that currently visits some of the top business schools and engineering campuses for both the summer internship and final hiring cycles. Over the years we have partnered closely with the top institutes in India to establish P&G as a preferred employer. Your Company runs function-wise pre placement talks and activities to help students gain an understanding of the roles, responsibilities and the organisation to enable them to make informed choices. Compensation and benefits is another key part to attracting the best talent. Your Company's benefit programs are best in class giving it a competitive advantage. As a result, we continue to be chosen ahead of competitors by students.

Developing Talent: Strong induction and training systems for new hires is a key part of retention program. Your Company allows new hires to handle responsibility and large roles consistent with their capability, thus allowing exposure to decision making and strategy. Clearly defined functional career paths helps employees to plan their career goals and understand the skills needed to be built. Your Company's annual performance management system is very robust and clearly assesses and differentiates amongst employees on the basis of performance and potential. Your Company leverages its size as a global organisation in giving employees the opportunity to work across regions and business units, as well as moving them to international assignments on a regular, planned basis. Your Company is committed to providing meaningful, fast growing, international careers to employees and this is a key part of our retention efforts. This year we also focussed on developing leadership capability at senior manager level through 'Build our Future' training programme involving trainers from across Asia to ensure that our people have all the skills needed to deliver business and organization growth.

Your Company has been ranked among the *"Top 1 most preferred employer"* as per Nielsen Survey in our targeted campuses. In the internal P&G survey, we continue to see high employee engagement and scores on key indicators are among the highest in the P&G world. This year we will continue to focus on building capability in all areas of the organization, and continue to work on initiatives to strengthen our employee engagement both internally and externally.

Employee and trade relations related developments are covered in the Directors' Report. The number of employees as on June 30, 2011 was 683.

Internal Controls & their adequacy

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

A system of Control Self Assessments (CSA) is in place for managing risk, assessing controls in operational areas, collating documented process, policies, evidences and proofs to identify, control weaknesses and initiate actions to mitigate them.

During the year under review, the Global Internal Audit (GIA) group of P&G Asia performed Audits of major operational areas of the Company. They undertook extensive tests and verified documentary evidence and shared their findings/ issues to the Company's top management for remediation. GIA also performed follow up audits of previous engagement findings to assess that Control issues are fully remediated by the Company.

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

1. CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

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

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

- Treat the Company's assets as you would treat your own;
- Behave with the Company's long term success in mind;
- Always do the right thing;
- 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.

2. 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 headed by a Non-Executive Chairman. The Independent Directors do not have any material pecuniary relationships or transactions either with the Company or with the promoters / management that may affect their judgment in any manner. The Directors are experienced and eminent professionals in business, law, finance, public enterprise and corporate management. The Board meets at least once in a Quarter to review, amongst other business, the quarterly performance of the Company and Financial Results. Directors actively participate in the deliberations at these meetings.

The composition and other details of the Board of Directors during the year ended June 30, 2011 are given below:

Name of the Director	Category	Designation	Other Directorships #		Membership of other Board Committees ##	
			Member	Chairman	Member	Chairman
Mr. S. K. Poddar	NED	Chairman	10	6	2	2
Mr. Shantanu Khosla	ED	Managing Director	2	1	2	1
Mr. B. S. Mehta	ID	Director	14	None	9	5
Mr. C. R. Dua	ID	Director	6	None	3	1
Mr. Gurcharan Das	ID	Director	3	None	None	None
Mr. Akshay Poddar	NED	Director	9	None	6	2
Ms. Deborah Henretta	NED	Director	1	None	None	None
Mr. Jyoti Sagar	ID	Director	None	None	None	None
Mr. Anil Kumar Gupta	ID	Director	None	None	None	None
Mr. Subhash Bansal*	ED	Whole-time Director	None	None	None	None

NED – Non-Executive Director

ED – Executive Director

ID – Independent Director

* *Mr. Subhash Bansal ceased to be a Director consequent to his retirement (superannuation) with effect from May 31, 2011.*

\# ***Excludes directorships of Private Limited Companies, Foreign Companies and Alternate Directorships and Companies under Section 25 of the Companies Act, 1956.***

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

(b) Number of Board Meetings:

During the Financial Year 2010-11, four (4) Board Meetings were held on August 18, 2010, October 29, 2010, January 28, 2011 and April 25, 2011 respectively. The Annual General Meeting for Financial Year ended June 30, 2010 was held on November 18, 2010.

(c) Directors' attendance record:

The attendance of Directors at the Board Meetings and at the last Annual General Meeting held on November 18, 2010 was as under:

Name of Director	No. of Board Meetings attended	Whether attended the AGM held on November 18, 2010
Mr. S. K. Poddar	3	Yes
Mr. Shantanu Khosla	4	Yes
Mr. B. S. Mehta	3	Yes
Mr. C. R. Dua	2	Yes
Mr. Gurcharan Das	2	No
Mr. Akshay Poddar	3	No
Ms. Deborah Henretta	NIL	No
Mr. Jyoti Sagar	3	No
Mr. Anil Kumar Gupta	4	Yes
Mr. Subhash Bansal*	3	Yes

* *Mr. Subhash Bansal ceased to be a Director consequent to his retirement (superannuation) with effect from May 31, 2011.*

(d) Material significant Related Party Transactions:

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 B-14 of Schedule 17 forming part of the Financial Statements.

(e) Remuneration of Directors:

In terms of the resolution passed at the 24th Annual General Meeting of the Members of the Company held on October 22, 2008, all the Non-Executive Directors are entitled to commission upto one per cent of the Net Profits of the Company for each Financial Year.

The remuneration of Whole-time Director comprises salary, house rent allowance, perquisites, performance linked incentive, contribution to provident and other funds, gratuity and leave travel allowance and other perquisites and benefits as per the policy of the Company. The details of remuneration paid/provided to the Executive/ Non-Executive Directors during the Financial Year 2010-11 are as under:

Amount in ₹

Name of Director	Relationship with other directors	Salary including Bonus + PF contribution	Perquisites	Commission	Total
Mr. S. K. Poddar	Father of Mr. Akshay Poddar	Nil	Nil	10,000,000	10,000,000
Mr. Shantanu Khosla	None	Nil**	Nil**	Nil	Nil
Mr. C. R. Dua	None	Nil	Nil	1,000,000	1,000,000
Mr. B. S. Mehta	None	Nil	Nil	1,000,000	1,000,000
Mr. Gurcharan Das	None	Nil	Nil	1,000,000	1,000,000
Mr. Akshay Poddar	Son of Mr. S. K. Poddar	Nil	Nil	1,000,000	1,000,000
Ms. Deborah Henretta	None	Nil	Nil	Nil	Nil
Mr. Jyoti Sagar	None	Nil	Nil	1,000,000	1,000,000
Mr. Anil Kumar Gupta	None	Nil	Nil	1,000,000	1,000,000
Mr. Subhash Bansal*	None	10,141,022#	243,714	Nil	10,384,736

* *Mr. Subhash Bansal ceased to be a Director consequent to his retirement (superannuation) with effect from May 31, 2011.*

** *Remuneration charged to the accounts in respect of the Managing Director ₹12,318,995/-.*

\# *Includes Performance Incentive (short term achievement reward) of ₹875,599/-.*

NOTE - No sitting fee are payable to any Director.

At the 24th Annual General Meeting held on October 22, 2008, a Special Resolution had been passed according approval for payment of commission upto 1% of the net profits per annum (maximum permissible by the Companies Act, 1956) in the aggregate to the Non- Executive Directors of the Company. 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 Directors and to also determine the period for which the said commission is payable. The said Special Resolution is effective for a period of five years w.e.f. January 1, 2008. Accordingly the Board of Directors had at their meeting held on October 29, 2010 accorded approval for payment of Commission to the Non-Executive Directors in respect of the Financial Year. As per the past practice, the said amounts of commission have already been paid to the Non-Executive Directors on June 30, 2011.

However, on the finalization and audit of the Annual Financial Statements of the Company for the Financial Year ended June 30, 2011, it has emanated that the aggregate of the amount of the said Commission (₹16,000,000/-) paid to the Non-Executive Directors exceeds the maximum payable amount of ₹ 13,859,035/- by ₹ 2,140,965/-. In terms of the provisions of section 309 and other applicable provisions of the Companies Act, 1956 waiver of recovery of this excess amount needs prior approval from the Central Government. The Company proposes to apply to the Central Government for the said purpose and hence Board has recommended passing of the Special Resolution in the ensuing 27th Annual General Meeting. Till the date of receipt of the final approval from the Central Govt. the said excess amounts of commission shall be held in trust by the Non-Executive Directors. (Refer Note B5 of Schedule 17 forming part of the Financial Statements).

The term of the Managing Director (MD) and Whole-time Director (WTD) is for a period of five years from the date of their respective appointment. No fee / compensation is payable to the directors on severance of their directorship with the Company.

The Company has not issued stock options to any of its Directors. However, all employees of the Company including its Whole-Time Directors 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 options of the ultimate holding Company under its 'Employee Stock Option Plan'. Details as regards the same are disclosed vide note nos. B-15 and B-16 of Schedule 17 forming part of the Financial Statements.

Number of Shares held by Non-Executive Directors:

Name	No. of Shares
Mr. S. K. Poddar (included in the Promoter Group)	3,23,480
Mr. Akshay Poddar (included in the Promoter Group)	76,923

(f) Committees of the Board:

(i) Audit Committee

The Audit Committee comprises of Mr. C. R. Dua (Chairman), Mr. S. K. Poddar, Mr. B. S. Mehta, Mr. J. Sagar, Mr. G. Das and Mr. A. K. Gupta. During the Financial Year 2010-11, Four Audit Committee meetings were held on August 18, 2010, October 29, 2010, January 28, 2011 and April 25, 2011 respectively.

Mr. D. Acharya is the Secretary of the Audit Committee.

The attendance of each member of the Committee is given below:

Name	**Designation**	**Category**	**Profession**	**No. of meetings attended**
Mr. C. R. Dua	Chairman	Independent Director	Advocate	2
Mr. S. K. Poddar	Member	Non-Executive Director	Business	3
Mr. B. S. Mehta	Member	Independent Director	Chartered Accountant	3
Mr. Jyoti Sagar	Member	Independent Director	Advocate	3
Mr. Gurcharan Das	Member	Independent Director	Management Consultant	2
Mr. A. K. Gupta	Member	Independent Director	Consultant	4

All the members have extensive financial background and accounting knowledge. The terms of reference of the Audit Committee are in line with revised clause 49 II (C) and (D) of the Stock Exchange Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee inter alia, provides reassurance to the Board on the existence of an effective internal control environment. The quorum for the Committee is two members, who are independent Directors.

The term of reference of Audit Committee is as per the Audit Charter which amongst other things includes the following:

(a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statements are correct, sufficient and credible;

(b) Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the Auditors;

(c) Reviewing with the management the Financial Statements before submission to the Board, focusing primarily on:

– Any change 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 regulations and legal requirements concerning Financial Statements
- Related Party Transactions

(d) Reviewing with the management, external and internal Auditors, the adequacy of internal control system and the Company's statement on the same prior to endorsement by the Board;

(e) Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;

(f) Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;

(g) Discussion with the external auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;

(h) Reviewing the Company's financial and risk management policies;

(i) Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(j) Considering such other matters as may be required by the Board;

(k) Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

The minutes of the Committee are placed before the Board. The Company Secretary is the Secretary of the Committee.

(ii) Remuneration Committee

The Remuneration Committee comprises of the following Non-Executive Directors namely Mr. Akshay Poddar, Mr. C. R. Dua and Mr. B. S. Mehta.

The Chairman is elected from amongst the members of the Committee, being an Independent Director.

The scope of the Remuneration Committee includes finalizing the remuneration packages for the Executive Director(s) of the Company.

No meeting of this Committee was held during the Financial Year.

(iii) Share Transfer and Shareholders'/ Investors' Grievance Committee

The Shareholders' Committee comprises of Mr. Akshay Poddar, Mr. Anil K. Gupta**, Mr. Subhash Bansal* and Mr. Shantanu Khosla.

* *Mr. Subhash Bansal ceased to be a Member of the Committee consequent to his retirement (superannuation) as Director with effect from May 31, 2011.*

** *Mr. Anil K. Gupta has been inducted as a Member of Shareholders'/Investors' Grievance Committee at the Board Meeting held on August 26, 2011.*

Mr. Akshay Poddar is the Chairman of the Committee. The various issues addressed in connection with shareholders and investors' services and complaints are:

Share Transfers:

(a) Approve and register transfer and transmission of shares, wherever applicable;

Sub-division/consolidation/rematerialisation of share certificates;

Issue of duplicate share certificates in lieu of lost share certificates;

Affix Common Seal on Share Certificates and maintain safe custody of the Common Seal.

(b) Shareholders/Investors complaints pertaining to:

(i) Non-receipt of shares after transfer/ Annual Report / dividend.

(ii) Other matters related to or arising out of shareholders' / investors' services.

The minutes of the Committee are placed before the Board. The present quorum for this Committee is two members. The Committee meets regularly to effect share transfers and for other related matters as referred in point (a) and (b) above. The Company Secretary is the Compliance Officer. He regularly addresses shareholders complaints, oversees share transfer process and liaises with the regulatory authorities.

During the Financial Year, 18 meetings of the Committee were held. The attendance of each member of the Committee is given below:

Name	No. of Committee meetings attended
Mr. Akshay Poddar	18
Mr. Shantanu Khosla	18
Mr. Subhash Bansal*	16
Mr. Anil K Gupta**	—

* *Mr. Subhash Bansal ceased to be a Director consequent to his retirement (superannuation) with effect from May 31, 2011, consequently ceased to be a Member of the Committee.*

** *Mr. Anil K. Gupta has been inducted as a Member of Shareholders' / Investors' Grievance Committee at the Board Meeting held on August 26, 2011.*

3. SHAREHOLDERS

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

At the forthcoming 27th Annual General Meeting, Mr. Akshay Poddar and Mr. Jyoti Sagar, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

Ms. Nayantara Bali was appointed as an Additional Director of the Company at the Board Meeting held on August 26, 2011. As an Additional Director she holds office upto the date of the 27th Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a Member proposing her candidature as a Director of the Company liable to retire by rotation along with a deposit of ₹500/-.

Brief resumes of the Directors are given hereunder:

Mr. Akshay Poddar, a graduate from London School of Economics is one of the promoter Directors of Poddar Heritage Enterprises. The group has promoted various projects including several joint ventures with leading international corporations, which includes Gillette India Limited (formerly known as Indian Shaving Products Limited – a joint venture with The Gillette Company, USA).

Mr. Poddar is a Chairman/Director of the following Public Limited Companies: Adventz Securities Enterprises Limited – Managing Director; Adventz Investments and Holdings Limited – Managing Director; Texmaco Limited; Syndak Teatech Limited; Gobind Sugar Mills Limited; Paradeep Phosphates Limited; Lionel Edwards Limited; Style Spa Furniture Limited and New Eros Tradecom Limited.

Mr. Poddar is a Director of the following Private Companies in India: Poddar Heritage Finance Private Limited; Abhishek Holdings Private Limited; Academiam Sales Private Limited; Fulford Vinimay Private Limited; Greenland Trading Private Limited and Indrakshi Trading Company Private Limited.

Mr. Poddar is also a Director in the following Companies Outside India: Planon Group Ltd.; Coltrane Corporation Ltd.; Globalware Holdings Ltd. and CFCL Technologies Ltd.

Mr. Poddar is also Chairman / Member of the Audit Committee of the following Companies: Gobind Sugar Mills Limited; Paradeep Phosphates Limited and Texmaco Limited. Mr. Poddar is also Chairman / Member of the Shareholders'/ Investors' Grievance Committee of the following

Companies: Adventz Securities Enterprises Limited (Formerly known as Poddar Heritage Corp Limited); Adventz Investments and Holdings Limited (Formerly known as Poddar Heritage Investments Limited) and Texmaco Limited.

Mr. Jyoti Sagar is the founder partner of J. Sagar Associates which was founded in 1991. Mr. Sagar has extensive experience in a wide range of practice areas including corporate and commercial laws, mergers & acquisitions, banking, finance and infrastructure projects. He has worked extensively on several policy issues including serving on various committees of Government of India and Chambers of Commerce. In addition to his practice in the firm, Mr. Sagar is also a Senior Partner of K&S Partners, New Delhi, a firm specializing in Intellectual Property Laws. He is associated with a number of national and international professional bodies and organizations.

Mr. Sagar is not a Director of any of the Public Limited Companies.

Ms. Nayantara Bali, a Bachelor of Economics from Madras University and a Post Graduate Diploma holder in Management from Indian Institute of Management, Ahmadabad, is the Vice President, Asia Male Grooming of the P&G Group. She is conscientious for leading the Company's Growth with Asian men by leveraging iconic brands like Gillette, Old Spice, across shaving, and all male personal care needs.

Ms. Bali joined Procter & Gamble India in 1988. She has worked across multiple categories in Asia, including Feminine Care, Baby Care, Fabric Care, Personal Cleansing, Hair Care and most recently Male Grooming. Ms. Bali has also worked as Marketing function head for the region to develop core marketing capabilities. In 2002 Ms. Bali moved to Singapore as General Manager and has led the regional Baby & Feminine Care and Hair businesses. In July 2009, Ms. Bali moved to Male Grooming as head of the Asia region.

Ms. Bali is known as a Marketing expert and often is a judge or panelist on Asia marketing forums like Asia Media Effectiveness, Spikes, etc. She has a passion for developing Asian talent, especially Asian women and actively mentors many people both within and outside P&G.

Ms. Bali is not a Director of any of the Public Limited as well as Private Limited Companies.

(b) 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 60 days of the end of Financial Year. Such results are published in the following newspapers:

Business Standard (English), Dainik Lokjivan, Jaipur (Hindi)

(ii) Half yearly reports are not sent to each household of the shareholders at present.

(iii) The Company has created a website viz., http://www.pg-india.com into which the Company's results and official news releases are published.

(iv) The Quarterly Financial Results and Shareholding Pattern are posted on Corp Filing website viz. http://www.corpfiling.co.in/home/homePage.aspx.

(v) No presentations were made to analysts and institutional investors.

(vi) Green Initiatives:- Your Company has taken requisite steps to ensure compliance with the Circular No. 17/2011 dated April 24, 2011 and Circular No. 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs, propagating the Green Initiative. This initiative involves paperless compliances by serving documents on the members through the electronic mails (e-mails). Specific details of the steps taken by the Company in this regard are given in the notes to the Notice convening the 27th Annual General Meeting of the Company.

(vii) The recorded version of the proceedings of the 27th Annual General Meeting would be webcast at the Company's website http://www.pg-india.com

(c) Disclosures:

(i) *Materially significant related party transactions:*

There are no material transactions during the Financial Year that have a potential conflict with the interests of the Company.

(ii) *Compliance by the Company:*

The Company has complied with all applicable requirements prescribed by the regulatory and statutory authorities including Stock Exchanges and SEBI during the preceding three Financial Years on all matters related to capital markets and no penalties/ strictures in this respect have been imposed on the Company.

(iii) *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 an 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 Alertline is not staffed or monitored by Company personnel. All calls can be completed anonymous if the caller desires. The Alertline can take calls in most languages spoken by the employees around the world.

Calls made to the Alertline 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 concern.

The Alertline was accessible to all employees.

(iv) *CEO / CFO Certification:*

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

(v) *Compliance with mandatory and adoption of non mandatory requirements:*

The Company has complied with all mandatory requirements and the following non-mandatory requirements of Clause 49 of the Listing Agreement.

Compliance with Non Mandatory Requirements

(a) (i) The Company has provided an office to the Chairman for his use, during his visits, at the Corporate Office at Mumbai.

(ii) There is no fixed tenure for Independent Directors.

(iii) The Board of Directors ensures that the person being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company.

(b) The Company has constituted a Remuneration Committee.

(c) There are no audit qualifications in the Company's Financial Statements for the Financial Year under reference.

(d) No specific training program was arranged for the Board Members.

(e) The Board comprises of professionals with expertise in their respective fields. They endeavor to keep themselves updated with changes in global economy and legislation. Moreover, at the Board Meetings, detailed presentations are made by senior managerial personnel on the business related matters.

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

(g) The Company follows a Whistle Blower Policy as laid down in its "Worldwide Business Conduct Manual".

(d) General Meetings of Members:

AGM	DATE	TIME	VENUE	No. of special resolutions passed
26th	18.11.2010	11.00 a.m.	All the three Annual General Meetings were held at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan 301 019	—
25th	27.10.2009	11.00 a.m.		1
24th	22.10.2008	11.00 a.m.		2

Postal Ballot

No postal ballot was undertaken during the Financial Year.

(e) Code of conduct:

(i) Code of conduct for Directors and Senior Management

The Company has adopted a Code of Conduct for its Directors and Senior Management. The code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct and it is applicable to all Directors and Senior Management of the Company. 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 http://www.pg-india.com

(ii) Code of conduct for Prevention of Insider Trading:

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

4. GENERAL SHAREHOLDERS INFORMATION:

(i) Annual General Meeting

The Annual General Meeting will be held on Monday, October 31, 2011 at 11.00 a.m. at the Registered Office of the Company at SPA-65A, Bhiwadi Industrial Area, Bhiwadi (Dist. Alwar), Rajasthan – 301 019.

(ii) Financial Calendar

Financial Year	:	July to June
Accounts Finalisation	:	August
Annual General Meeting	:	October – November
Dividend Dispatch	:	Within 30 days of Annual General Meeting.
Quarterly Results	:	Normally before the end of 45 days, except 4th quarter when Audited Annual Results are declared within 60 Days as permitted under the Listing Agreement.

(iii) Book Closure Date

October 24, 2011 to October 31, 2011 (both days inclusive).

(iv) Dividend Payment Details

Final Dividend, if declared : Will be paid on or around November 7, 2011

(v) Listing of Equity Shares on Stock Exchanges

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

(vi) Stock Code

Bombay Stock Exchange Limited:	507815
National Stock Exchange of India Limited:	GILLETTE
ISIN CODE:	INE322A01010

(vii) Stock Price Data

Monthly high and low quotation of shares traded on BSE and NSE during the Financial Year 2010-11.*

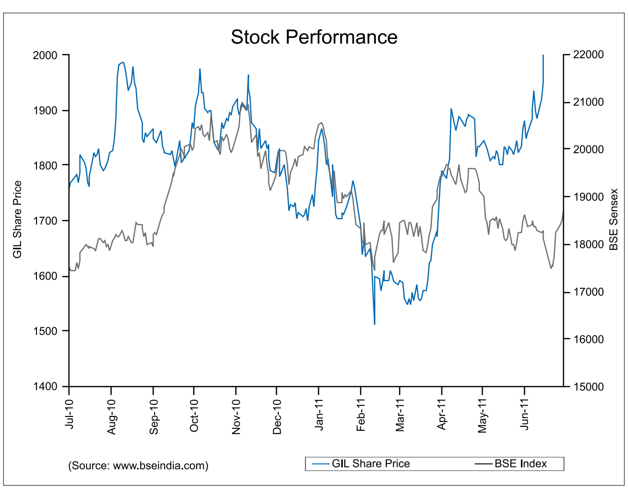
MONTH	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July 2010	1,890.00	1,705.00	1,862.00	1,712.00
August 2010	2,038.20	1,803.00	2,020.00	1,805.00
September 2010	1,930.00	1,782.00	1,909.95	1,785.00
October 2010	1,985.00	1,809.00	1,985.00	1,809.00
November 2010	2,000.00	1,760.00	1,994.00	1,762.00
December 2010	1,879.00	1,694.95	1,880.00	1,693.20
January 2011	1,880.00	1,626.40	1,892.90	1,635.10
February 2011	1,704.00	1,487.30	1,723.00	1,503.00
March 2011	1,786.00	1,503.00	1,800.00	1,517.00
April 2011	1,999.00	1,760.00	2,005.00	1,741.00
May 2011	1,965.95	1,792.80	1,970.00	1,793.00
June 2011	2,168.00	1,835.50	2,169.70	1,830.00

* source: www.bseindia.com and www.nseindia.com

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

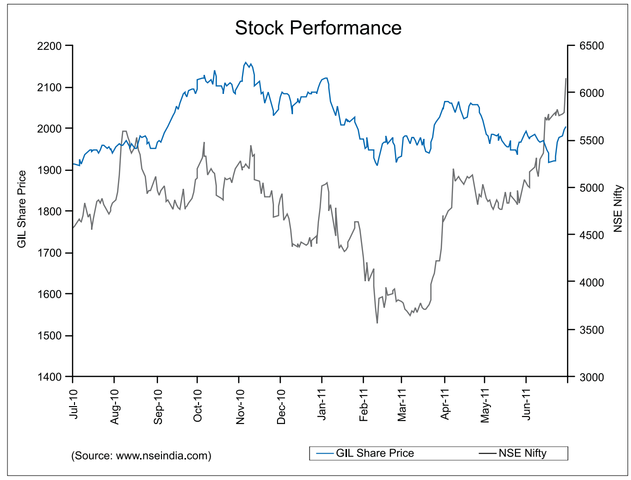
(viii) Performance in comparison to the BSE Sensex

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the Financial Year 2010-11:



Year –July 1, 2010 to June 30, 2011
(Source: www.bseindia.com)

The following chart shows the performance of the Company's share as compared to the NSE Nifty during the Financial Year 2010-11:



Year – July 1, 2010 to June 30, 2011
(Source: www.nseindia.com)

(ix) Registrar and Share Transfer Agents

MAS Services Limited
T-34, 2nd floor, Okhla Industrial Area
Phase II,
New Delhi – 110 020
Ph: 011-26387281-3 Fax: 011-26387384
E-Mail : info@masserv.com
Contact person: Mr. Sharwan Mangla

(x) Share Transfer System and Shareholders Complaints

The Company's share transfers are handled by MAS Services Ltd., Registrar and Share Transfer Agents (RTA). The shares received in physical mode by the Company / RTA are transferred expeditiously provided the documents are complete and shares under transfer are not under dispute. Confirmation in respect of the request for Dematerialization of shares is sent to the respective Depositories – National Securities Depository Limited/ Central Depository Services (India) Limited, within 15 days.

During the Financial Year ended June 30, 2011, the Company had received 43 shareholder complaints, which were resolved expeditiously. As on June 30, 2011, there are no complaints pending.

There is NIL share transfer pending as on June 30, 2011.

(xi) Distribution of shareholding by size class as on June 30, 2011

No. of Shares held	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 – 500	15,160	95.77	1,041,023	3.19
501 – 1000	333	2.10	248,452	0.76
1001 – 2000	153	0.97	217,754	0.67
2001 – 3000	55	0.35	137,277	0.42
3001 – 4000	20	0.13	70,496	0.22
4001 – 5000	26	0.16	122,173	0.37
5001 – 10000	28	0.18	216,857	0.67
10001 and above	54	0.34	30,531,185	93.70
Total	**15,829**	**100.00**	**32,585,217**	**100.00**

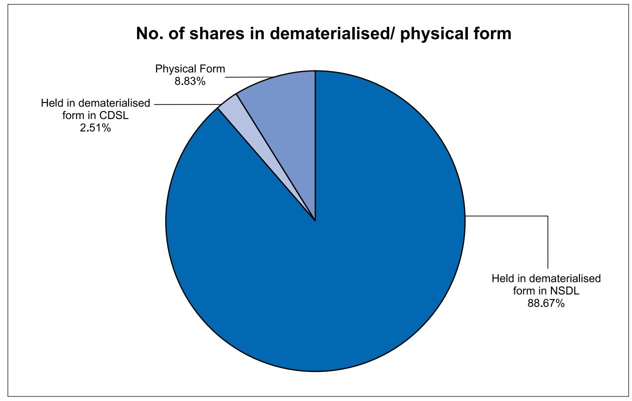
Distribution of shareholding by ownership as on June 30, 2011

Category	Number of Shares held	% of Shares held
Indian & Foreign Promoters	28,922,849	88.76
Resident Individuals and others	2,027,609	6.22
Mutual Funds & UTI	328,679	1.01
Financial Institutions / Banks	1,500	0.01
Foreign Institutional Investors	263,410	0.81
Private Corporate Bodies	900,517	2.76
NRIs	140,653	0.43
Directors and their Relatives	0	0
Total	**32,585,217**	**100.00**

(xii) Dematerialization of shares and liquidity

The Company's shares are required to be compulsorily traded on the Stock Exchanges in Dematerialized form. As on June 30, 2011 the number of shares in Dematerialized and Physical mode is as under:

	No. of shares	% to total capital issued
Held in dematerialized form in NSDL	28,892,291	88.66
Held in dematerialized form in CDSL	817,096	2.51
Physical	2,875,830	8.83
Total	**32,585,217**	**100.00**



(xiii) Shareholding of promoter/promoter group to be in dematerialized mode

In terms of Circular No - Cir/ISD/3/2011 dated June 17, 2011, SEBI has notified that the securities of Companies shall be traded in the normal segment of the Stock Exchanges, if and only if, the Company has achieved 100% of the Promoter's and Promoter group's shareholding in the dematerialized form latest by the Quarter Ended September 2011. Accordingly, the Company has initiated necessary steps to comply with the said SEBI Circular.

(xiv) Outstanding GDRs / ADRs, warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not made any GDR / ADRs / warrants or any convertible instruments till date.

(xv) Unclaimed / Unpaid Dividends

The amount of unclaimed dividends for and upto the Financial Year ended 2003 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 so far claimed their dividends for the said periods shall not be entitled to claim the same from the Company or the said Fund.

Final dividend for the Financial Years ended December 31, 2004 and 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 the said Financial

Years, are requested to seek issue of duplicate warrants on or before the due dates mentioned there against, by writing to the Company's RTA, M/s. MAS Services Limited.

Dividend No.	Date of Declaration	For the year ended	Due for transfer to IEPF
12	27.04.2005	31.12.2004	02.06.2012
13	29.04.2006	31.12.2005	04.06.2013
14 (Interim)	27.02.2007	30.06.2007	04.04.2014
15 (Final)	25.10.2007	30.06.2007	30.11.2014
16	22.10.2008	30.06.2008	28.11.2015
17	27.10.2009	30.06.2009	02.12.2016
18	18.11.2010	30.06.2010	24.12.2017

During the Financial Year 2010-11, unclaimed final dividend amount for the year ended December 31, 2003 of ₹ 6,36,726/- was transferred to the Investor Education and Protection Fund on June 15, 2011.

(xvi) Plant Locations

India Bhiwadi Manufacturing Centre
SPA – 65A, Bhiwadi Industrial Area,
Bhiwadi, (Dist. Alwar)
Rajasthan – 301 019

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

(xvii) Addresses

(i) **For Correspondence:**
Gillette India Limited
P&G Plaza, Cardinal Gracias Road,
Chakala, Andheri (East)
Mumbai - 400 099
Ph : 022-28266000; Fax : 022-66939696

(ii) **Registered Office:**
Gillette India Limited
SPA – 65A, Bhiwadi Industrial Area,
Bhiwadi, (Dist. Alwar)
Rajasthan - 301019

Compliance Officer:
Mr. Deepak Acharya,
Company Secretary
Ph : 022-28266000 Fax : 022-66939696
e-mail : acharya.d@pg.com

Declaration

As provided under clause 49 of the Listing Agreement with Stock Exchanges, the Board Members have confirmed compliance with the Directors' Code of Conduct for the Financial Year ended June 30, 2011 and the Senior Management has complied with the Business Conduct Manual for the Financial Year ended June 30, 2011.

For ***GILLETTE INDIA LIMITED***

Mumbai
August 26, 2011

S. Khosla
Managing Director

Auditors' Certificate on compliance of conditions of Corporate Governance under clause 49 of the Listing Agreement.

To,
The Members
Gillette India Limited

We have examined the compliance of conditions of Corporate Governance by Gillette India Limited ("the Company") for the Financial Year ended June 30, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

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

Excess commission paid to the Non-Executive Directors amounting to ₹21.41 lakhs is subject to the approval of the Members at the ensuing 27th Annual General Meeting of the Company and the Central Government.

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

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

K. A. Katki
Partner
Membership No. 038568

Mumbai,
August 26, 2011

AUDITORS' REPORT TO THE MEMBERS OF GILLETTE INDIA LIMITED

1. We have audited the attached Balance Sheet of Gillette India Limited ("the Company"), as at June 30, 2011, the Profit and Loss account and also the Cash Flow Statement of the Company for the Financial Year ended on that date, both annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

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

3. Attention is invited to Note B5 of Schedule 17 annexed to and forming part of the Financial Statements, regarding the excess commission paid to the Non-Executive Directors amounting to ₹ 21.41 lakhs, which is subject to the approval of the Members at the ensuing 27th Annual General Meeting of the Company and the Central Government.

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

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

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

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

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

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

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2011;

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

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

6. On the basis of written representations received from the Directors as on June 30, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on June 30, 2011 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

K. A. Katki
Partner
Membership No. 038568

Mumbai,
August 26, 2011

Annexure to the Auditors' Report
(Referred to in paragraph 4 of our report of even date)

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

(ii) In respect of its fixed assets

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

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

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

(iii) In respect of its inventory:

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

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

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

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

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

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

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of manufacture of shaving systems, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

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

a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales-tax, Wealth Tax, Service Tax, Custom 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 Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at June 30, 2011, for a period of more than six months from the date they became payable.

c. Details of Excise duty, Service Tax, Sales tax and Custom Duty which have not been deposited as on June 30, 2011 on account of disputes are given below:

Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ in Lakhs)
The Central Excise Act, 1944	Excise duty	Appellate Authorities	May - 1996, Nov '94 - May '96, Jul1 '97 - July 31'97, Apr '04 - Sep '04, Sept - 1995 - Nov - 1995, Apr '02 - Jan '03, Apr '02 - Jan '03, Dec '04 - Sept '07 and Apr '08 - Oct'10	5142.32
		Tribunal	Apr '94 - Sep '96 Nov '96 - May '98	142.33
		High Court	1991	8.92
	Sub-total			**5293.57**
Finance Act, 1994	Service tax	Appellate Authorities	2001-02, Jan '04 - Dec '04, Apr 05 to Mar 06, Apr 05 to Sep 05	49.55
	Sub-total			**49.55**
Customs Act, 1962	Custom Duty	Appellate Authorities	1996-97, May 05 to Dec06	1554.60
	Sub-total			**1554.60**
Sales Tax Laws as per statutes applicable in various states	Sales Tax	Tribunal	1997-98, 1999-2000, 2000-2001, 2002-2003 & 2003-2004	155.05
		Appellate Authorities	1997-1998 to 2009-10	2222.94
	Sub-total			**2377.99**
Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010	Entry Tax	Appellate Authorities	April 2011 to June 2011	90.30
	Sub-total			**90.30**

The above excludes disputed unpaid Excise demands of ₹ 2771.47 lakhs raised by the authorities on the third parties with whom the company has business transactions/contractual obligation.

There were no disputed dues remaining unpaid in respect of Income Tax, Wealth Tax and Cess during the Financial Year.

(x) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the funds raised on short term basis have not been used during the Financial Year for long term investment.

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

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

K. A. Katki
Partner
Membership No. 038568

Mumbai,
August 26, 2011

Balance Sheet as at June 30, 2011

	Schedule No.	As at June 30, 2011 (₹)	As at June 30, 2011 (₹)	As at June 30, 2010 (₹)	As at June 30, 2010 (₹)
Sources of Funds					
Shareholders' funds					
Share Capital	1	32 58 52 170		32 58 52 170	
Reserves and Surplus	2	5 67 74 62 449		5 38 39 97 142	
			6 00 33 14 619		5 70 98 49 312
Deferred Tax Liability – Net	3		5 54 86 810		6 72 16 810
TOTAL			6 05 88 01 429		5 77 70 66 122
Application of Funds					
Fixed Assets	4a				
Gross Block		3 09 95 11 230		2 89 46 80 963	
Less : Depreciation/Amortization		1 85 68 26 242		1 69 37 47 143	
Net Block		1 24 26 84 988		1 20 09 33 820	
Capital work-in-progress (including advances on capital account)		34 17 41 697		2 62 97 704	
			1 58 44 26 685		1 22 72 31 524
Fixed Assets held for disposal	4b		51 33 561		55 04 661
Current Assets, Loans and Advances					
Inventories	5	1 93 84 27 107		1 41 36 48 562	
Sundry Debtors	6	62 22 82 422		78 39 93 086	
Cash and Bank Balances	7	73 14 96 540		2 05 76 01 556	
Other Current Assets	8	11 39 06 008		5 91 19 030	
Loans and Advances	9	3 34 08 66 233		2 78 50 96 014	
		6 74 69 78 310		7 09 94 58 248	
Less : Current Liabilities and Provisions					
Current Liabilities	10	1 67 00 41 825		1 91 24 79 658	
Provisions	11	60 76 95 302		64 26 48 653	
		2 27 77 37 127		2 55 51 28 311	
Net Current Assets			4 46 92 41 183		4 54 43 29 937
TOTAL			6 05 88 01 429		5 77 70 66 122
Significant Accounting Policies and Notes to Accounts	17				

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

K. A. Katki
Partner

For and on behalf of Board of Directors

S. K. Poddar
Chairman

S. Khosla
Managing Director

T. J. Buch
Chief Financial Officer

D. Acharya
Company Secretary

Mumbai, August 26, 2011

Profit and Loss Account for the year ended June 30, 2011

	Schedule No.	2010-2011 (₹)	2009-2010 (₹)
Income			
Sales – Gross		10 71 37 00 284	8 61 34 18 180
Less : Excise duty (Refer Note B19 of Schedule 17)		14 51 03 800	8 86 25 519
Net Sales		10 56 85 96 484	8 52 47 92 661
Other Income	12	33 55 50 549	21 17 79 325
		10 90 41 47 033	8 73 65 71 986
Expenditure			
Raw materials and packaging materials consumed		2 67 89 61 452	2 16 89 84 378
Purchase of finished goods		1 95 44 29 793	1 21 82 50 862
Decrease/(Increase) in finished goods and work-in-process	13	(31 40 52 321)	(18 72 31 847)
Payments to and provisions for employees	14	63 28 91 079	51 26 01 570
Operating and other expenses	15	4 41 39 37 964	2 77 09 25 287
Interest	16	1 25 921	4 34 710
Depreciation/Amortization	4a, 4b	19 81 38 531	12 49 56 493
		9 56 44 32 419	6 60 89 21 453
Profit Before Taxation		1 33 97 14 614	2 12 76 50 533
Provision for taxation:			
Income Tax			
Current Tax		48 99 09 000	73 81 21 000
Deferred Tax charge/(Credit) – Net		(1 17 30 000)	1 85 89 000
Profit After Taxation		86 15 35 614	1 37 09 40 533
Balance brought forward from previous year		2 82 55 34 734	2 22 16 52 414
Amount available for appropriation		3 68 70 70 348	3 59 25 92 947
Appropriations			
Transfer to Contingency Reserve		9 00 00 000	6 00 00 000
Proposed Dividend		48 87 78 255	48 87 78 255
Corporate tax on Dividend		7 92 92 052	8 11 79 958
Transfer to General Reserve		8 62 00 000	13 71 00 000
		74 42 70 307	76 70 58 213
Balance carried forward		2 94 28 00 041	2 82 55 34 734
Number of equity shares outstanding during the year of ₹10/- each		3 25 85 217	3 25 85 217
Basic and diluted earnings per share (₹)		26.44	42.07
Significant Accounting Policies and Notes to Accounts	17		

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

K. A. Katki
Partner

Mumbai, August 26, 2011

For and on behalf of Board of Directors

S. K. Poddar
Chairman

S. Khosla
Managing Director

T. J. Buch
Chief Financial Officer

D. Acharya
Company Secretary

Cash Flow Statement for the year ended June 30, 2011

	2010-2011		2009-2010	
	(₹)	(₹)	(₹)	(₹)
A. Cash Flow from Operating Activities				
Profit Before Taxation		1 33 97 14 614		2 12 76 50 533
Adjustments for:				
Depreciation/Amortisation	19 81 38 531		12 49 56 493	
Provision for Employee Benefits	(3 30 65 445)		2 25 61 715	
Interest expense	1 25 921		4 34 710	
Interest income	(28 33 27 282)		(19 21 79 463)	
Unrealised Foreign Exchange Loss/(Gain)	(59 76 606)		(13 23 251)	
Provision for doubtful debts	1 11 48 480		—	
Inventories written off	6 09 69 452		5 91 29 847	
Loss on sale/scrapping of fixed assets (net)	1 07 96 610		3 60 484	
		(4 11 90 339)		1 39 40 535
Operating profit before working capital changes		1 29 85 24 275		2 14 15 91 068
Adjustments for:				
Decrease/(Increase) in Trade and other receivables	8 30 25 931		(15 98 74 529)	
Increase in Inventories	(58 57 47 997)		(46 32 25 027)	
(Decrease)/Increase in Trade and other payables	(23 12 77 731)		92 38 57 078	
		(73 39 99 797)		30 07 57 522
Cash generated from operations		56 45 24 478		2 44 23 48 590
Direct taxes paid (net)		(75 96 41 997)		(83 28 01 155)
Net Cash generated from/(used in) Operating Activities		(19 51 17 519)		1 60 95 47 435
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(56 81 35 456)		(44 32 20 370)	
Sale of Fixed Assets	23 76 254		5 18 969	
Interest received	22 85 40 304		14 90 18 082	
Loan to fellow subsidiaries received/(given) – (net)	(22 35 77 158)		(15 75 53 339)	
Inter Corporate Deposits (placed)/repaid – (net)	—		45 00 00 000	
Net Cash used in Investing Activities		(56 07 96 056)		(12 36 658)
C. Cash Flow from Financing Activities				
Dividend paid	(48 87 78 255)		(40 73 15 213)	
Corporate Tax on Dividend paid	(8 11 79 958)		(6 92 23 220)	
Interest paid	(1 25 921)		(4 34 710)	
Net Cash used in Financing Activities		(57 00 84 134)		(47 69 73 143)
D. Net Increase/(Decrease) in Cash and Cash Equivalents		(1 32 59 97 709)		1 13 13 37 634
E. Cash and Cash Equivalents at the beginning of the year		2 05 74 45 549		92 61 07 915
F. Cash and Cash Equivalents at the end of the year (D+E)		73 14 47 840		2 05 74 45 549

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 Cash Flow Statements.

	As at June 30, 2011 (₹)	As at June 30, 2010 (₹)
2. Cash and Bank balances include:		
Cash and Bank balances (refer Schedule 7)	73 14 96 540	2 05 76 01 556
Less : Deposits having maturity beyond 3 months	(75 000)	(75 000)
	73 14 21 540	2 05 75 26 556
Effect of exchange rate changes – gain/(loss)	26 300	(81 007)
Cash and Cash Equivalents – as restated	73 14 47 840	2 05 74 45 549

Cash and Bank balances include an amount of ₹ 57 48 790 (Previous year : ₹ 54 65 249) being balance in Unclaimed Dividend Accounts which is not available for use.

3. Previous year's figures have been regrouped or rearranged wherever considered necessary.

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

K. A. Katki
Partner

Mumbai, August, 26, 2011

For and on behalf of Board of Directors

S. K. Poddar
Chairman

S. Khosla
Managing Director

T. J. Buch
Chief Financial Officer

D. Acharya
Company Secretary

Schedules forming part of the accounts

	As at June 30, 2011		As at June 30, 2010	
	(₹)	(₹)	(₹)	(₹)
(1) Share Capital				
Authorised				
3 30 00 000 (Previous year : 3 30 00 000) equity shares of ₹10/- each		**33 00 00 000**		33 00 00 000
Issued and subscribed				
3 25 85 217 (Previous year : 3 25 85 217) equity shares of ₹10/- each fully paid up		**32 58 52 170**		32 58 52 170

Of the above shares

a) 1 97 18 532 equity shares (Previous year : 1 97 18 532 equity shares) have been allotted as fully paid up to the shareholders of erstwhile Wilkinson Sword India Limited and erstwhile Duracell (India) Limited.

b) 2 47 31 080 equity shares (Previous year : 2 47 31 080 equity shares) are held by the ultimate holding company, The Procter & Gamble Company, USA and its subsidiaries, of which 1 33 66 742 equity shares (Previous year : 1 33 66 742 equity shares) are held by Procter & Gamble India Holdings B.V., Netherlands.

(2) Reserves and Surplus				
Capital Reserve				
As per last Balance Sheet		**1 25 88 91 513**		1 25 88 91 513
Contingency Reserve (Refer Note B2 of Schedule 17)				
As per last Balance Sheet	**21 00 00 000**		15 00 00 000	
Transfer from Profit and Loss Account	**9 00 00 000**		6 00 00 000	
		30 00 00 000		21 00 00 000
Securities Premium				
As per last Balance Sheet		**32 90 16 500**		32 90 16 500
General Reserve				
As per last Balance Sheet	**76 05 54 395**		62 34 54 395	
Transfer from Profit and Loss Account	**8 62 00 000**		13 71 00 000	
		84 67 54 395		76 05 54 395
Profit and Loss Account				
Surplus as per Profit and Loss Account		**2 94 28 00 041**		2 82 55 34 734
		5 67 74 62 449		5 38 39 97 142
(3) Deferred Tax Liability – Net				
Deferred Tax Assets				
Voluntary retirement scheme		**23 65 921**		33 03 071
Provision for doubtful debts and advances		**85 64 742**		78 88 905
Disallowance u/s 43B of the Income Tax Act, 1961		**2 93 83 231**		2 76 12 511
Disallowance u/s 40(a)(ia) of the Income Tax Act, 1961		**2 92 01 564**		2 65 74 000
		6 95 15 458		6 53 78 487
Deferred Tax Liability				
Depreciation		**(12 50 02 268)**		(13 25 95 297)
		(12 50 02 268)		(13 25 95 297)
Net deferred tax liability		**(5 54 86 810)**		(6 72 16 810)

Schedules forming part of the accounts

(4a) Fixed Assets

Particulars	Gross Block at Cost				Depreciation/Amortization				Net Block	
	As at July 1, 2010 (₹)	Additions/ Transfers during the year (₹)	Deletions/ Transfers during the year (₹)	**As at June 30, 2011 (₹)**	As at July 1, 2010 (₹)	For the year (₹)	On Deletions/ Transfers (₹)	**As at June 30, 2011 (₹)**	**As at June 30, 2011 (₹)**	As at June 30, 2010 (₹)
Land – Freehold	7 26 567	—	—	**7 26 567**	—	—	—	**—**	**7 26 567**	7 26 567
Land – Leasehold	9 62 17 660	—	—	**9 62 17 660**	1 37 03 008	11 25 487	—	**1 48 28 495**	**8 13 89 165**	8 25 14 652
Buildings	29 76 88 920	1 85 54 159	—	**31 62 43 079**	8 94 20 454	1 23 56 132	—	**10 17 76 586**	**21 44 66 493**	20 82 68 466
Plant and Machinery	2 41 32 08 630	15 81 53 536	4 58 28 245	**2 52 55 33 921**	1 51 51 04 565	16 45 49 954	3 35 87 463	**1 64 60 67 056**	**87 94 66 865**	89 81 04 065
Furniture, Fittings and Office Equipment	8 17 17 507	7 59 83 768	20 32 951	**15 56 68 324**	7 40 64 624	1 93 51 750	11 00 869	**9 23 15 505**	**6 33 52 819**	76 52 883
Motor vehicles	51 21 679	—	—	**51 21 679**	14 54 492	3 84 108	—	**18 38 600**	**32 83 079**	36 67 187
	2 89 46 80 963	25 26 91 463	4 78 61 196	**3 09 95 11 230**	1 69 37 47 143	19 77 67 431	3 46 88 332	**1 85 68 26 242**	**1 24 26 84 988**	
Previous Year	2 46 01 45 938	44 12 44 605	67 09 580	2 89 46 80 963	1 57 49 91 877	12 45 85 393	58 30 127	1 69 37 47 143		1 20 09 33 820
Capital work in progress (including advances on capital account)									**34 17 41 697**	2 62 97 704
									1 58 44 26 685	1 22 72 31 524

(4b) Fixed Assets held for disposal

Particulars	Gross Block at Cost				Depreciation				Net Block	
	As at July 1, 2010 (₹)	Additions/ Transfers during the year (₹)	Deletions/ Transfers during the year (₹)	**As at June 30, 2011 (₹)**	As at July 1, 2010 (₹)	For the year (₹)	On Deletions/ Transfers (₹)	**As at June 30, 2011 (₹)**	**As at June 30, 2011 (₹)**	As at June 30, 2010 (₹)
Buildings	76 12 154	—	—	**76 12 154**	21 07 493	3 71 100	—	**24 78 593**	**51 33 561**	
Previous Year	76 12 154	—	—	76 12 154	17 36 393	3 71 100	—	21 07 493		55 04 661
									51 33 561	55 04 661

	As at June 30, 2011 (₹)	As at June 30, 2010 (₹)
(5) Inventories (At lower of cost and net realisable value)		
Raw materials (including Goods-in-transit ₹ 19 69 67 263 (Previous year : ₹ 21 39 63 365))	**67 88 39 773**	54 82 27 089
Packaging materials	**5 87 94 932**	2 25 12 800
Stores and spare parts	**10 58 49 347**	6 20 17 939
Work-in-process	**9 33 64 989**	6 51 18 366
Finished goods	**1 00 15 78 066**	71 57 72 368
	1 93 84 27 107	1 41 36 48 562
(6) Sundry Debtors – Unsecured		
Debts outstanding for a period exceeding six months		
– Considered good	**9 13 40 893**	2 61 57 684
– Considered doubtful	**2 63 97 724**	2 37 49 244
	11 77 38 617	4 99 06 928
Other debts – Considered good	**53 09 41 529**	75 78 35 402
	64 86 80 146	80 77 42 330
Less : Provision for doubtful debts	**2 63 97 724**	2 37 49 244
Total	**62 22 82 422**	78 39 93 086

(Refer Note B12 of Schedule 17 – Dues from Companies under the same management)

Schedules forming part of the accounts

	As at June 30, 2011 (₹)	As at June 30, 2010 (₹)
(7) Cash and Bank Balances		
Cash on hand	—	—
Bank Balances with scheduled banks on:		
Current accounts	8 91 37 025	1 89 87 227
Deposit accounts*	64 23 59 515	2 03 86 14 329
* includes ₹75 000 (Previous year : ₹75 000) placed with Sales Tax Authorities.		
	73 14 96 540	2 05 76 01 556
(8) Other Current Assets		
Interest accrued on Loan to fellow subsidiary	11 05 29 291	5 06 11 020
Interest accrued on bank deposits	33 76 717	85 08 010
	11 39 06 008	5 91 19 030
(9) Loans and Advances – Unsecured, considered good		
Loans and Advances recoverable in cash or in kind or for value to be received (Refer Note B13 of Schedule 17)	43 75 75 537	40 02 83 251
Loan to Fellow Subsidiary (Refer Note B13 of Schedule 17)	2 18 37 00 000	1 96 01 22 842
Other deposits	10 57 83 174	10 91 83 827
Balance with customs and excise	4 33 30 970	1 47 62 539
Taxes paid less provisions (Advance Income tax net of provisions ₹4 40 49 25 685 (Previous year : ₹3 91 50 16 685))	57 04 76 552	30 07 43 555
	3 34 08 66 233	2 78 50 96 014
(10) Current Liabilities		
Sundry creditors		
Total Outstanding dues to Micro Enterprises and Small Enterprises (Refer Note B9 of Schedule 17)	—	—
Total Outstanding dues to Creditors other than Micro Enterprises and Small Enterprises	1 58 03 21 776	1 77 48 43 628
Investor Education and Protection Fund		
– Unclaimed dividends*	57 48 790	54 65 249
Other current liabilities	8 39 71 259	13 21 70 781
	1 67 00 41 825	1 91 24 79 658

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

	As at June 30, 2011 (₹)	As at June 30, 2010 (₹)
(11) Provisions		
Provision for Employee Benefits	3 46 24 995	6 76 90 440
Provision for Fringe Benefit Tax (Net of Advance Fringe Benefit tax ₹7 12 00 000 (Previous year : ₹7 12 00 000))	50 00 000	50 00 000
Proposed dividend	48 87 78 255	48 87 78 255
Corporate tax on dividend	7 92 92 052	8 11 79 958
	60 76 95 302	64 26 48 653

Schedules forming part of the accounts

	2010-2011		2009-2010	
	(₹)	(₹)	(₹)	(₹)
(12) Other Income				
Interest on Fixed Deposits/Inter-Corporate Deposits (gross) (tax deducted at source ₹56 02 772 (Previous year : ₹77 68 678))		**4 95 61 156**		6 63 83 397
Interest on loan from Fellow Subsidiaries (tax deducted at source ₹1 94 96 967 (Previous year : ₹1 42 24 121))		**22 80 87 948**		12 19 06 072
Interest on Income Tax Refund		**2 25 03 586**		—
Interest on loans from Employees		**56 78 178**		38 89 994
Sale of Scrap		**1 51 92 806**		1 61 27 586
Rental Income		**4 32 055**		3 49 833
Miscellaneous Income		**1 40 94 820**		31 22 443
		33 55 50 549		21 17 79 325
(13) Decrease/(Increase) in finished goods and work-in-process				
Opening Balance				
Work-in-process	**6 51 18 366**		4 33 04 958	
Finished goods (including excise duty ₹1 88 20 023 (Previous year : ₹1 32 75 540))	**71 57 72 368**		55 03 53 929	
		78 08 90 734		59 36 58 887
Closing Balance				
Work-in-process	**9 33 64 989**		6 51 18 366	
Finished goods (including excise duty ₹1 18 84 005 (Previous year : ₹1 88 20 021))	**1 00 15 78 066**		71 57 72 368	
		1 09 49 43 055		78 08 90 734
		(31 40 52 321)		(18 72 31 847)
(14) Payments to and provisions for employees				
Salaries, wages and bonus		**45 51 77 448**		33 79 11 966
Contribution to provident and other funds		**5 49 03 657**		8 77 81 948
Staff welfare expenses		**3 12 60 315**		2 35 58 763
Add : Reimbursement of Salary and Benefits shared by group companies (Refer Note B3 of Schedule 17)		**9 15 49 659**		6 33 48 893
		63 28 91 079		51 26 01 570

Schedules forming part of the accounts

	2010-2011		2009-2010	
	(₹)	(₹)	(₹)	(₹)
(15) Operating and other expenses				
Consumption of Stores and spare parts		**7 75 51 886**		6 40 76 293
Rent (Refer Note B4 of Schedule 17)		**1 33 83 803**		1 68 17 301
Rates and Taxes:				
Excise Duty (Refer Note B18 of Schedule 17)		**69 36 018**		55 44 481
Others		**16 31 906**		5 12 305
Insurance		**37 61 973**		39 50 905
Power and fuel		**6 07 64 015**		7 16 64 536
Repairs and maintenance:				
Plant and machinery		**2 22 18 694**		1 51 99 366
Buildings		**12 64 468**		17 55 119
Others		**34 59 418**		56 26 383
Processing charges		**20 13 42 423**		11 09 28 334
Auditor's remuneration:				
As Auditor	**74 60 000**		63 95 240	
Tax Audit and Certification	**12 70 000**		11 10 000	
Reimbursement of Out-of-pocket expenses	**1 88 147**		2 00 000	
Service Tax	**9 18 569**		7 93 640	
		98 36 716		84 98 880
Trade Incentives		**1 26 32 79 606**		76 72 99 114
Advertising expenses		**1 52 02 87 062**		92 01 86 175
Freight, transport, warehousing and distribution charges		**48 32 26 436**		32 14 60 697
Commission to Directors		**1 38 59 035**		1 80 00 000
Royalty		**9 20 74 709**		1 04 20 297
Turnover and Resale Tax		**11 39 99 660**		9 91 57 208
Travelling, conveyance and vehicle expenses		**3 34 92 733**		3 34 87 822
Communications		**69 63 211**		58 05 853
Business process outsourcing expenses		**10 79 85 993**		7 76 19 989
Computer expenses		**36 63 401**		84 40 856
Provision for doubtful debts:				
Sundry debtors written off	**1 96 48 480**		—	
Less: Adjusted against provision for doubtful debts for earlier years	**85 00 000**		—	
		1 11 48 480		—
Inventories Written-off (net of insurance claim)		**6 09 69 452**		5 91 29 847
Loss on sale/scrapping of fixed assets (Net)		**1 07 96 610**		3 60 484
Exchange Loss (Net)		**35 96 654**		74 70 461
Distributor Coverage Expenses		**17 56 08 558**		9 61 73 565
Professional Services		**4 69 37 118**		4 71 31 024
Others		**9 17 20 623**		8 30 96 859
		4 44 17 60 661		2 85 98 14 154
Add/(less) : Reimbursement of expenses shared by group companies – Net (Refer Note B4 of Schedule 17)		**(2 78 22 697)**		(8 88 88 867)
		4 41 39 37 964		2 77 09 25 287
(16) Interest				
Interest on temporary overdrawn Bank balance		**1 25 921**		4 34 710
		1 25 921		4 34 710

Schedules forming part of the accounts

(17) Significant Accounting Policies and Notes to Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

Accounting Convention

The financial statements are prepared under the historical cost convention, on an accrual basis, in accordance with the Generally Accepted Accounting Principles and applicable Accounting Standards as notified under the Companies (Accounting Standards) Rules 2006.

Use of estimates

The preparation and presentation of financial statements in conformity with Generally Accepted Accounting Principles requires making of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual result and estimates are recognised in the period in which the results are known / materialised.

Revenue Recognition

Sale of products are recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on the despatch of goods. Sales are exclusive of sales tax. Interest income is recognised on time proportion basis.

Fixed assets

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

Depreciation / Amortisation

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

	Years
Leasehold Land	Over the remaining period of the lease
Plant and Machinery	1 to 10
Furniture, Fitting and Office Equipments	1 to 16
Factory Buildings	26 to 30
Other Buildings	61
Motor Vehicles	1 to 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. Cost of leasehold land is amortised over the year of the lease or management estimate whichever is lower.

Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

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. Cost of Inventories is determined on weighted average basis.

Schedules forming part of the accounts

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.

Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items in foreign currencies are stated at the closing exchange rate. 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 Profit and Loss Account. Gains/Losses on conversion/translation have been recognised in the Profit and Loss Account.

Employee benefits

(i) Post-employment Benefits

(a) Defined Contribution Plans:

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

— Superannuation Fund as per Company policy administered by the Life Insurance Corporation of India.

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

(b) Defined Benefit Plans:

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

— Gratuity for all employees administered through a trust where two other group companies are also participants. The Company contributes to the trust, which has taken group policies with the Life Insurance Corporation of India to cover its liabilities towards employees' gratuity.

— Provident Fund for all permanent employees is administered through a trust. The Provident Fund is administered by trustees of an independently constituted common trust recognised by the Income Tax authorities where two other group Companies are also participants. Periodic contributions to the Fund are charged to revenue. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and notified interest rate by the Government.

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

— Post Retirement Medical Benefits (PRMB) 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. The liability for compensated absences for its employees at its Bhiwadi Plant is in the nature of long term benefits and the same is provided on the basis of an actuarial valuation carried out at the year end.

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

(iv) The Actuarial gains and losses arising during the year are recognised in the Profit and Loss Account for the year.

(v) The Procter & Gamble Company, USA has a "Employee Stock Option Plan" whereby the 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.

Schedules forming part of the accounts

Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the period 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, 2011 is based on the results of the 9 months ended March 31, 2011 (Assessment year 2011-12) and for the 3 months ended June 30, 2011 (Assessment year 2012-13). The ultimate liability for the Assessment year 2011-12 is determined on the total income of the Company for the year ending on March 31, 2011. The deferred tax charge or credit and the corresponding deferred tax liabilities and / or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future.

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

The Fringe Benefit Tax has been calculated and accounted for in accordance with the provisions of the Income tax Act, 1961 and the guidance note on Accounting for Fringe Benefits Tax issued by the Institute of Chartered Accountants of India. Pursuant to enactment of Finance Act 2009, Fringe Benefit stands abolished w.e.f. April 01, 2009.

Borrowing cost

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

Leases

Lease payments under operating lease are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term with the lessor.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

Contingent Assets are not recognized in financial statements as they may never be realized.

B. NOTES TO ACCOUNTS

1. (a) Contingent Liabilities:

(i) In respect of Income Tax demands for which the company has preferred appeals with appropriate authorities – ₹13 42 95 184 (Previous year : ₹12 99 57 557). The contingent liability is in respect of matters related to: Income tax dispute on inventory write-off, allowability of losses carried forward from merged entities and others.

(ii) In respect of Sales tax matters for which the Company has preferred appeals with appropriate authorities – ₹22 16 36 473 (Previous year : ₹22 70 19 399). The contingent liability is in respect of matters related to: non submission of "C" Forms / "F" Forms ₹19 37 99 184 (Previous year : ₹18 21 19 292) and Interest demand on VAT rate difference ₹8 831 (Previous year : ₹56 85 537) and others ₹2 78 28 458 (Previous year : ₹3 92 14 570).

(iii) In respect of Excise and Customs matters for which the company has preferred appeals with appropriate authorities – ₹1 04 98 83 545 (Previous year : ₹1 92 44 66 782). The contingent liabilities are in respect of denial of excise duty benefits at excise exempt location ₹51 15 19 503 (Previous year : ₹1 51 26 75 466), denial of Cenvat credit ₹35 07 41 809 (Previous year : ₹22 34 04 285), Customs valuation disputes ₹15 28 06 226 (Previous year : ₹15 28 06 226) and others ₹3 48 16 007 (Previous year : ₹3 55 80 805).

Schedules forming part of the accounts

(iv) In respect of counter guarantees given to bank against guarantees given by bank – ₹11 99 29 266 (Previous year : ₹6 86 85 067). At the request of the Company, its banks have issued guarantees in the event of the Company failing to fulfil its 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 – ₹2 00 31 519 (Previous year : ₹1 53 00 000).
The Company is a party to various legal proceedings in the normal course of business. The Company does not expect the outcome of these proceedings to have a material adverse effect on the Company's financial conditions, results of operations or cash flows.

(vi) In respect of Demand raised by Delhi Development Authority towards interest on belated payment of Unearned Increase in respect of leasehold land charges ₹3 94 57 027 (Previous year : ₹3 94 57 027).

(b) Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹61 02 977 (Previous year : ₹5 92 63 288).

2. As informed in the last Financial Statements, the Company had filed a writ petition in the High Court of Himachal Pradesh at Shimla challenging the premature withdrawal of Excise duty exemption for packing / repacking activities at its Baddi Manufacturing Facility. The High Court has since passed an order in favour of your company and has struck down the notification withdrawing the excise exemption. The Excise department has preferred an appeal with the Hon'ble Supreme Court of India against the said order of the High Court. The company has as a matter of prudence, created a Contingency Reserve of ₹30 00 00 000 (Previous year : ₹21 00 00 000) by way of appropriation of profits to the extent of excise duty payable on despatches made from the Baddi plant. Accordingly during the current year profit of ₹9 00 00 000 (Previous year : ₹6 00 00 000) have been appropriated. These Reserves will be reviewed as and when this litigation is finally decided.

3. Common service expenses paid/recovered include payment/recoveries on account of finance, personnel, secretarial, administration and planning services rendered under common services agreement of the Company with Procter and Gamble Hygiene and Healthcare Limited and Procter and Gamble Home Products Limited.

4. The Company has taken on lease guesthouses for accommodation of employees and godowns for storage of inventories, with an option of renewal at the end of the lease term and escalation clause in some of the cases. These leases can be terminated with a prior notice as per terms and conditions of the respective lease agreements. Lease payments amounting to ₹1 48 96 204 (Previous year : ₹1 90 69 601) have been charged to the Profit and Loss Account for the year. There are no 'Non-cancellable' leases.

5. **Computation of Net Profit in accordance with Section 349 and Section 309 (5) of the Companies Act, 1956:**

	2010-2011 (₹)	2009-2010 (₹)
Profit before Tax	**1 33 97 14 614**	2 12 76 50 533
Add : Managerial Remuneration	**2 42 43 771**	2 93 83 999
Add : Loss on sale / scrapping of assets (Net)	**1 07 96 610**	3 60 484
Add : Provision for doubtful debts	**1 11 48 480**	—
Net profit u/s 349 for the purpose of Directors' Commission	**1 38 59 03 475**	2 15 73 95 016
Maximum remuneration permissible to whole-time Directors under the Act at 10%	**13 85 90 347**	21 57 39 502
Total managerial remuneration charged to accounts	**1 03 84 736**	1 13 83 999
Commission payable to non-executive Directors at 1%	**1 38 59 035**	2 15 73 950
Commission paid to the non-executive Directors	**1 60 00 000**	1 80 00 000

In terms of Board resolution dated January 29, 2010, the commission payable to Mr. S. K. Poddar, non-executive Chairman was enhanced from ₹60 00 000 to ₹80 00 000 for the financial year ended

Schedules forming part of the accounts

30th June 2009. Accordingly, additional commission of ₹20 00 000 was paid during the previous year. Further w.e.f. 1st July 2009, the commission of Mr. S. K. Poddar is ₹1 00 00 000 per annum.

The commission to Non-Executive Directors of ₹1 60 00 000 paid during the year is in excess of limits specified in Section 309 (4) of the Companies Act, 1956 by ₹21 40 965. The said excess amount of ₹21 40 965 is considered as an advance held under trust for the company by the respective non-executive directors (Refer note 13(b) below). The company is seeking the approval of the shareholders and of the Central Government to enable the non-executive Directors to retain the amounts in excess of the limit of 1%.

6. Managerial Remuneration under Section 198 of the Companies Act, 1956:

	2010-2011 (₹)	2009-2010 (₹)
Salary	86 59 239	94 91 749
Contribution to Provident Fund and other Funds (excluding gratuity)	14 81 783	16 16 490
Perquisites in cash or in kind	2 43 714	2 75 760
Commission to Non-Executive Directors	1 38 59 035	1 80 00 000
Total Managerial Remuneration	2 42 43 771	2 93 83 999

The above excludes expenses in respect of managerial personnel ₹1 23 18 995 (Previous year : ₹91 56 225) cross charged from Procter and Gamble Hygiene and Healthcare Ltd. in terms of the common services agreement referred to in note 3 above.

7. Employee Benefits

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

I. Defined Contribution Plans

(a) Superannuation Fund.

(b) State Defined Contribution Plans: Employer's Contribution to Employees' State Insurance.

	2010-2011 (₹)	2009-2010 (₹)
During the year, the Company has recognized the following amounts in the Profit and Loss Account:		
— Employer's Contribution to Superannuation Fund	1 65 24 896	1 89 07 184
— Employer's Contribution to Employees' State Insurance	13 52 394	7 68 363

The above amounts are included in Contribution to Provident and other Funds (Refer Schedule 14).

II. Defined Benefit Plans

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

(b) Providend Fund (Funded Scheme): Provident Fund for all permanent employees is administered through a trust. The Provident Fund is administered by trustees of an independently constituted common trust recognised by the Income Tax authorities where two other group Companies are also participants. Periodic contributions to the Fund are charged to revenue. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and notified interest rate by the Government. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

Schedules forming part of the accounts

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

(d) Compensated absences for Bhiwadi Plant employees (Non-funded Scheme): Eligible employees can carry forward and encash leave as per Company policy.

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

		Funded Scheme-Gratuity (₹)	Funded Scheme-Provident Fund (₹)	Non-Funded Scheme-Post Retirement Medical Benefit (₹)	Non-Funded Scheme-Leave Encashment for Bhiwadi Plant employees (₹)
(A) Changes in the Present Value of Obligation					
Present Value of Obligation as at opening date					
	2010-2011	**12 67 37 600**	**30 43 58 000**	**38 81 000**	**96 04 383**
	2009-2010	9 51 51 000	24 53 41 000	35 53 000	77 03 509
Interest Cost					
	2010-2011	**1 01 80 414**	**—**	**2 84 082**	**4 65 751**
	2009-2010	73 71 290	—	2 50 443	5 77 763
Current Service Cost					
	2010-2011	**1 01 25 525**	**2 75 88 548**	**2 96 964**	**7 20 329**
	2009-2010	91 84 675	1 71 67 236	2 48 491	5 35 001
Service Contribution – Employee					
	2010-2011	**—**	**4 85 45 398**	**—**	**—**
	2009-2010	—	3 19 56 187	—	—
Interest Cost – earned					
	2010-2011	**—**	**3 16 19 334**	**—**	**—**
	2009-2010	—	2 18 75 188	—	—
Benefits Paid					
	2010-2011	**(1 27 45 755)**	**(5 54 17 447)**	**—**	**—**
	2009-2010	(1 32 91 800)	(2 26 92 058)	—	—
Acquisitions / Transfer in					
	2010-2011	**—**	**—**	**—**	**—**
	2009-2010	—	—	—	—
Actuarial (gain) / loss on Obligations					
	2010-2011	**1 23 15 416**	**(15 32 333)**	**(4 49 946)**	**(22 17 380)**
	2009-2010	2 83 22 435	1 07 10 447	(1 70 934)	7 88 110
Present Value of Obligation as at closing date					
	2010-2011	**14 66 13 200**	**35 51 61 500**	**40 12 100**	**85 73 083**
	2009-2010	12 67 37 600	30 43 58 000	38 81 000	96 04 383

Schedules forming part of the accounts

		Funded Scheme-Gratuity (₹)	Funded Scheme-Provident Fund (₹)	Non-Funded Scheme-Post Retirement Medical Benefit (₹)	Non-Funded Scheme-Leave Encashment for Bhiwadi Plant employees (₹)
(B) Changes in the Fair Value of Plan Assets					
(For Funded Scheme)					
Fair Value of Plan Assets as at opening date					
	2010-2011	**9 77 42 490**	**30 43 58 000**	**—**	**—**
	2009-2010	8 01 15 439	24 53 41 000	—	—
Expected Actual Return on Plan Assets					
	2010-2011	**88 92 050**	**3 00 87 001**	**—**	**—**
	2009-2010	69 82 131	3 25 85 635	—	—
Actuarial Gains / (Losses)					
	2010-2011	**21 09 798**	**—**	**—**	**—**
	2009-2010	(7 67 777)	—	—	—
Contributions					
	2010-2011	**4 63 39 095**	**7 61 33 946**	**—**	**—**
	2009-2010	2 47 04 497	4 91 23 423	—	—
Benefits Paid					
	2010-2011	**(1 27 45 755)**	**(5 54 17 447)**	**—**	**—**
	2009-2010	(1 32 91 800)	(2 26 92 058)	—	—
Fair Value of Plan Assets as at closing date					
	2010-2011	**14 23 37 677**	**35 51 61 500**	**—**	**—**
	2009-2010	9 77 42 490	30 43 58 000	—	—
(C) Amount recognized in the Balance Sheet					
Present Value of Obligation					
	as at June 30, 2011	**14 66 13 200**	**35 51 61 500**	**40 12 100**	**85 73 083**
	as at June 30, 2010	12 67 37 600	30 43 58 000	38 81 000	96 04 383
Fair Value of Plan Assets	**as at June 30, 2011**	**14 23 37 677**	**35 51 61 500**	**—**	**—**
	as at June 30, 2010	9 77 42 490	30 43 58 000	—	—
Liability recognized in the Balance Sheet included in provision for Employee Benefit (Refer Schedule 11)					
	as at June 30, 2011	**42 75 523**	**—**	**40 12 100**	**85 73 083**
	as at June 30, 2010	2 89 95 110	—	38 81 000	96 04 383
(D) Expenses recognized in the Profit and Loss Account					
Current Service Cost					
	2010-2011	**1 01 25 525**	**2 75 88 548**	**2 96 964**	**7 20 329**
	2009-2010	91 84 675	1 71 67 236	2 48 491	5 35 001
Interest Cost					
	2010-2011	**1 01 80 414**	**3 16 19 334**	**2 84 082**	**4 65 751**
	2009-2010	73 71 290	2 18 75 188	2 50 443	5 77 763
Expected Return on Plan Assets					
	2010-2011	**(88 92 050)**	**(3 00 87 001)**	**—**	**—**
	2009-2010	(69 82 131)	(3 25 85 635)	—	—
Net actuarial (gain) / loss recognized					
	2010-2011	**1 02 05 619**	**(15 32 333)**	**(4 49 946)**	**(22 17 380)**
	2009-2010	2 90 90 212	1 07 10 447	(1 70 934)	7 88 110
Total Expenses recognized in the Profit and Loss Account					
	2010-2011	**2 16 19 508**	**2 75 88 548**	**1 31 100**	**(10 31 300)**
	2009-2010	3 86 64 046	1 71 67 236	3 28 000	19 00 874
Included in Contribution to Provident and Other Funds (Refer Schedule 14)					

Schedules forming part of the accounts

(E) Category of Plan Assets

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

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

Public Sector Unit		
	2010-2011	**44%**
	2009-2010	43%
Government of India Securities		
	2010-2011	**40%**
	2009-2010	42%
State Government Securities		
	2010-2011	**16%**
	2009-2010	15%

(F) Sensitivity of Results to Medical Inflation Rate

Medical Inflation Rate		Current Service + Interest Cost (₹)	Present Value of Defined Benefit Obligation (₹)
Effect of 1% increase (6.5%)	**2010-2011**	**7 30 206**	**44 66 383**
Effect of 1% decrease (4.5%)	**2010-2011**	**4 67 820**	**29 73 423**
Effect of 1% increase (5%)	2009-2010	6 43 995	47 84 126
Effect of 1% decrease (3%)	2009-2010	3 91 601	31 84 955

(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	Funded Scheme - Provident Fund	Non-Funded Scheme - Post Retirement Medical Benefit	Non-Funded Scheme-Leave Encashment for Bhiwadi Plant employees
Discount rate (per annum)					
	2010-2011	**8.60%**	**8.60%**	**8.60%**	**7.50%**
	2009-2010	8.50%	8.50%	8.50%	7.50%
Average Salary increase rate					
	2010-2011	**7.00%**	**7.00%**	**N/A**	**8.00%**
	2009-2010	7.00%	7.00%	N/A	8.00%
Rate of Return on Plan Assets (For funded scheme)					
	2010-2011	**8.00%**	**9.50%**	**N/A**	**N/A**
	2009-2010	8.00%	8.50%	N/A	N/A
Medical Inflation Rate					
	2010-2011	**N/A**	**N/A**	**5.50%**	**N/A**
	2009-2010	N/A	N/A	5.50%	N/A
Expected Retirement age of employees (years)					
	2010-2011	**60**	**60**	**60**	**58**
	2009-2010	60	60	60	58

Schedules forming part of the accounts

		Funded Scheme - Gratuity	Funded Scheme - Provident Fund	Non-Funded Scheme - Post Retirement Medical Benefit	Non-Funded Scheme-Leave Encashment for Bhiwadi Plant employees
Withdrawal : Plan Members are assumed to withdraw in accordance with the following table:					
	Age		**Withdrawal Rate (%)**		
2010-2011	**Upto 30 years**	**N/A**	**N/A**	**N/A**	**3%**
2009-2010		N/A	N/A	N/A	3%
2010-2011	**From 31-44 years**	**N/A**	**N/A**	**N/A**	**2%**
2009-2010		N/A	N/A	N/A	2%
2010-2011	**Above 44 years**	**N/A**	**N/A**	**N/A**	**1%**
2009-2010		N/A	N/A	N/A	1%
2010-2011	**Upto 45 years**	**5%**	**N/A**	**5%**	**N/A**
2009-2010		5%	N/A	5%	N/A
2010-2011	**Above 45 years**	**3%**	**N/A**	**3%**	**N/A**
2009-2010		3%	N/A	3%	N/A

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

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.

Experience History		**Funded Scheme-Gratuity** (₹)	**Non-Funded Scheme-Post Retirement Medical Benefit** (₹)	**Non-Funded Scheme-Leave Encashment for Bhiwadi Plant employees** (₹)
Defined Benefit Obligation at end of the year				
	2010-2011	**14 66 13 200**	**40 12 100**	**85 73 083**
	2009-2010	12 67 37 600	38 81 000	96 04 383
	2008-2009	9 51 51 000	35 53 000	77 03 509
	2007-2008	8 42 49 756	28 27 000	59 72 686
Plan Assets at end of the year				
	2010-2011	**14 23 37 677**	**—**	**—**
	2009-2010	9 77 42 490	—	—
	2008-2009	8 01 15 439	—	—
	2007-2008	5 04 07 869	—	—
Funded Status				
	2010-2011	**42 75 523**	**40 12 100**	**85 73 083**
	2009-2010	2 89 95 110	38 81 000	96 04 383
	2008-2009	1 50 35 561	35 53 000	77 03 509
	2007-2008	3 38 41 887	28 27 000	59 72 686
Experience Gain/(Loss) adjustments on plan liabilities				
	2010-2011	**(96 11 929)**	**1 51 428**	**52 83 313**
	2009-2010	(2 15 39 523)	12 10 992	(13 29 625)
	2008-2009	(1 24 82 391)	3 10 074	6 41 268
	2007-2008	(58 84 685)	—	—
Experience Gain / (Loss) adjustments on plan assets				
	2010-2011	**22 15 160**	**—**	**—**
	2009-2010	(7 45 591)	—	—
	2008-2009	(19 90 938)	—	—
	2007-2008	35 18 585	—	—
Actuarial Gain / (Loss) due to change on assumptions				
	2010-2011	**14 01 877**	**89 681**	**—**
	2009-2010	36 57 827	(7 88 956)	—
	2008-2009	49 61 294	(3 74 358)	—
	2007-2008	17 47 654	—	—

Schedules forming part of the accounts

The contribution expected to be made by the Company for leave encashment is ₹11 79 826 (Previous year : ₹12 55 761) during financial year ending June 30, 2012 and for other obligations it has not been ascertained.

The Company's Provident Fund is administered by Company's own Trust Fund. The Company has an obligation to service the shortfall on account of interest generated by the Fund and on maturity of Fund investments and hence the same has been classified as Defined Benefit Obligation.

During the current year, there was a shortfall of ₹7 54 394 (Previous year : ₹Nil) in the fund between the return from the investment of the trust and notified interest rate by Government. This was adjusted from the opening balance of reserves and surplus of the fund in accordance with the clarification dated March 17, 2011 issued in this regard by the Employees Provident Fund Organisation.

8. (a) Sales

Class of Goods	Units	2010-2011 Quantity *	2010-2011 Value (₹)	2009-2010 Quantity *	2009-2010 Value (₹)
Shaving system and cartridges	Millions	**318.75**	**4 50 96 28 995**	224.27	3 66 97 20 758
Safety razor blades	Millions	**1183.31**	**1 74 03 44 066**	1002.91	1 51 63 01 259
Tooth brushes	Millions	**201.42**	**2 89 26 54 161**	172.40	2 13 05 99 540
Batteries	Millions	**43.28**	**54 85 84 437**	24.63	41 46 54 008
Toiletries	Millions	**11.11**	**89 07 10 094**	13.98	75 07 54 485
Oral care products	Millions	**1.84**	**3 34 88 394**	0.82	4 49 16 840
Shaving brushes	Millions	**2.88**	**9 53 38 793**	2.41	7 89 88 741
Components			**29 51 344**		74 82 549
			10 71 37 00 284		8 61 34 18 180

* includes items given as samples / gifts and shortages / damages

(b) Purchase of finished goods

Class of Goods	Units	2010-2011 Quantity	2010-2011 Value (₹)	2009-2010 Quantity	2009-2010 Value (₹)
Shaving system and cartridges	Millions	**4.03**	**6 28 09 486**	2.56	4 55 60 747
Safety razor blades	Millions	**229.76**	**12 73 21 932**	0.00	—
Tooth brushes	Millions	**191.76**	**1 22 23 28 189**	142.66	81 05 83 893
Toiletries	Millions	**17.96**	**37 87 70 144**	14.79	30 77 53 444
Oral care products	Millions	**0.37**	**94 70 275**	0.31	52 67 884
Shaving brushes	Millions	**3.01**	**4 98 21 695**	2.22	3 39 24 255
Batteries	Millions	**13.54**	**10 39 08 072**	0.20	1 51 60 639
			1 95 44 29 793		1 21 82 50 862

(c) Opening and closing stock of Finished Goods:

	Units		Opening Quantity	Opening Value (₹)	Closing Quantity	Closing Value (₹)
Shaving system and cartridges	Millions	**2010-2011**	**25.36**	**32 20 85 179**	**88.32**	**37 76 18 383**
		2009-2010	17.08	20 78 45 194	25.36	32 20 85 179
Safety razor blades	Millions	**2010-2011**	**56.21**	**4 04 36 503**	**58.51**	**4 57 42 357**
		2009-2010	107.69	11 34 00 460	56.21	4 04 36 503
Tooth brushes	Millions	**2010-2011**	**19.05**	**15 77 50 617**	**26.33**	**24 82 61 179**
		2009-2010	23.90	10 85 63 158	19.05	15 77 50 617
Batteries	Millions	**2010-2011**	**2.90**	**4 79 40 944**	**10.59**	**15 95 03 361**
		2009-2010	4.93	4 83 93 073	2.90	4 79 40 944
Toiletries	Millions	**2010-2011**	**3.73**	**12 58 48 512**	**3.05**	**15 45 82 328**
		2009-2010	2.93	5 03 24 808	3.73	12 58 48 512
Oral care products	Millions	**2010-2011**	**0.42**	**1 74 90 938**	**4.45**	**90 94 854**
		2009-2010	0.40	1 53 16 771	0.42	1 74 90 938
Shaving brushes	Millions	**2010-2011**	**0.27**	**42 19 675**	**0.40**	**67 75 604**
		2009-2010	0.46	65 10 465	0.27	42 19 675
		2010-2011		**71 57 72 368**		**1 00 15 78 066**
		2009-2010		55 03 53 929		71 57 72 368

Schedules forming part of the accounts

(d) Production in respect of Goods Manufactured – Licensed and installed capacities and actual production:

Particulars of goods manufactured	Units of Measurement		Licensed capacity	Installed capacity	Actual production
Razors and Cartridges					
Twin type shaving system and cartridges	Millions	2010-2011	N.A.	686	382
	Millions	2009-2010	N.A.	686	230
Blades					
Others (Single edge blade sets)	Millions	N.A. *	N.A. *	—	—
Safety razor blades	Millions	2010-2011	N.A. *	2 931	956
	Millions	2009-2010	N.A. *	1 340	951
Tooth brushes **	Millions	2010-2011	N.A.	—	21
	Millions	2009-2010	N.A.	—	25
Batteries **	Millions	2010-2011	N.A.	—	27
	Millions	2009-2010	N.A.	—	22

Installed capacities are as at June 30, 2011 and being a technical matter, are as certified by the management.

* These items have been de-licensed as per Government of India Notification No. S.O.477(E) dated July 25, 1991.

** Production through job work only.

(e) Consumption of Raw materials and Packing materials (Excluding loss on write down of inventories)

	Units	2010-2011 Quantity	2010-2011 Value (₹)	2009-2010 Quantity	2009-2010 Value (₹)
Steel strips	M.T.	746	20 64 64 145	780	22 51 07 697
Shaving system and cartridges #	Millions	332	1 34 56 95 582	220	1 13 49 38 670
Batteries #	Millions	44	47 96 06 316	23	26 47 90 105
Others			64 71 95 409		54 41 47 906
			2 67 89 61 452		2 16 89 84 378

\# Bulk raw materials

(f) Percentage of materials consumed

	2010-2011 (₹)	2010-2011 Percentage	2009-2010 (₹)	2009-2010 Percentage
(a) Raw materials and consumables				
(i) Imported	1 99 35 98 004	74.4	1 51 39 02 875	69.8
(ii) Indigenous	68 53 63 448	25.6	65 50 81 503	30.2
	2 67 89 61 452	100.00	2 16 89 84 378	100.00
(b) Stores and spare parts				
(i) Imported	1 97 40 146	25.5	1 64 10 907	25.6
(ii) Indigenous	5 78 11 740	74.5	4 76 65 386	74.4
	7 75 51 886	100.00	6 40 76 293	100.00

Schedules forming part of the accounts

		2010-2011 (₹)	2009-2010 (₹)
(g)	**CIF value of imports**		
	(i) Raw materials	**1 74 33 12 738**	1 49 72 82 592
	(ii) Stores and spare parts	**4 87 35 919**	3 54 20 316
	(iii) Capital goods	**31 42 82 179**	28 01 63 944
		2 10 63 30 836	1 81 28 66 852
(h)	**Expenditure in foreign currency**		
		(₹)	(₹)
	(i) Travel	**77 90 786**	76 13 011
	(ii) Computer expenses	**34 75 176**	81 62 727
	(iii) Business process outsourcing expenses	**10 79 85 993**	7 76 19 989
	(iv) Professional Fees	**6 44 557**	3 40 143
	(v) Retirals & Other Reimbursement	**24 02 922**	2 40 69 810
	(vi) Others	**27 41 344**	91 23 347
		12 50 40 778	12 69 29 027
(i)	**Remittance made on account of dividend in foreign currency:**		
	(i) Amount remitted (₹)	**22 17 98 355**	18 06 67 113
	(ii) Number of non-resident shareholders (nos.)	**481**	107
	(iii) Number of shares held by them (nos.)	**1 47 86 557**	1 44 53 369
	(iv) Period to which the dividend relates	**2010**	2009

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

		2010-2011 (₹)	2009-2010 (₹)
(j)	**Earnings in foreign exchange:**		
	Exports of goods calculated on F.O.B. basis (excludes Rupee exports to Nepal and Bhutan ₹3 54 86 624 (Previous year : ₹5 27 44 622))	**45 01 11 101**	51 04 46 002
	Others (freight, insurance etc.)	**1 18 77 302**	1 34 85 940
		46 19 88 403	52 39 31 942

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

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

(b) No interest was paid during the year and in the previous period.

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

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

The above information and that given in Schedule 10 “Current Liabilities” regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Schedules forming part of the accounts

10. Earnings per share (EPS)

	For the year ended June 30, 2011 (₹)	For the year ended June 30, 2010 (₹)
Basic and diluted earnings per share (₹)		
Profit After Taxation	86 15 35 614	1 37 09 40 533
Weighted average number of equity shares outstanding for Basic / Diluted EPS (Nos.)	3 25 85 217	3 25 85 217
Nominal value of equity per share	10	10
Basic / Diluted Earnings per share	26.44	42.07

11. There are no outstanding derivative instruments as at the 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 on account of the following:

	Currency	As at June 30, 2011	As at June 30, 2010
Export of goods	₹	3 74 16 675	10 13 37 470
	USD	8 12 201	21 72 458
	EUR	18 630	—
	GBP	—	1 237
Capital and Spares	₹	9 22 111	19 59 773
	GBP	—	568
	USD	19 859	41 517
Reimbursable expenses receivable	₹	23 13 302	3 99 202
	USD	51 679	8 567

(b) Amounts payable in foreign currency on account of the following:

	Currency	As at June 30, 2011	As at June 30, 2010
Import of goods and services	₹	41 56 56 851	30 90 08 523
	USD	89 19 587	62 73 009
	SEK	9 95 543	3 88 340
	EUR	1 37 746	1 64 374
	AUD	—	1 26 360
Capital and Spares	₹	1 95 34 785	9 25 88 069
	EUR	10 548	23 350
	GBP	26 114	68 842
	USD	3 78 342	18 54 715
Reimbursable expenses payable	₹	4 14 17 285	4 09 41 354
	USD	9 25 318	12 68 364
	AUD	—	7 513
	SGD	—	1 41 586

Schedules forming part of the accounts

12. Sundry debtors include amounts due from Companies under the same management as follows:

	As at June 30, 2011 (₹)	As at June 30, 2010 (₹)
P&G Ceemea	5 73 573	47 28 570
Gillette Shanghai Limited (GTM)	7 52 947	33 64 551
Procter & Gamble International Operations SA SG Branch (Formerly known as Procter & Gamble International Operations Pte. Ltd.)	1 78 46 074	5 88 90 540
Procter & Gamble International Operations SA	54 91 450	2 69 94 478
Procter & Gamble Bangladesh Private Limited	1 16 92 301	1 99 33 284
Gillette UK Ltd.	—	86 844
	3 63 56 345	11 39 98 267

13. (a) Loans and advances include the following amounts due from Companies under the same management as follows:

	As at June 30, 2011 (₹)	Maximum Balance (₹)	As at June 30, 2010 (₹)	Maximum Balance (₹)
The Procter & Gamble Distributing LLC	—	—	—	1 65 915
Gillette Diversified Operations Private Limited – Loan A/C	33 97 00 000	33 97 00 000	24 72 11 168	24 72 11 168
Gillette Diversified Operations Private Limited – Others	1 22 41 485	1 22 41 485	50 48 169	50 48 169
P&G Europe S.A., SG Branch (Formerly known as Procter & Gamble Asia Pte Ltd.)	59 675	59 970	—	8 96 874
P&G Int'L Ops SA – ROHQ (Formerly known as Procter & Gamble Asia Pte Ltd. (MROH))	15 22 516	15 30 049	—	—
Procter & Gamble Trading (Thailand)	48 570	48 810	39 151	70 200
The P&G Company	1 08 089	2 83 619	1 85 731	1 85 731
The Gillette Company	—	—	—	2 11 496
Gillette UK Limited	—	2 04 613	—	—
P&G US Business Serv Co.	11 85 252	11 85 252	—	—
Procter & Gamble Hygiene & Healthcare Limited	3 68 17 809	8 84 29 594	5 38 60 389	5 38 60 389
Procter & Gamble Home Products Limited – Loan A/C	1 84 40 00 000	1 95 16 60 988	1 71 29 11 674	1 95 16 60 988
Procter & Gamble Home Products Limited – Others	16 74 02 598	21 79 16 054	12 89 13 021	17 44 79 797
Procter & Gamble International Operations SA SG Branch (Formerly known as Procter & Gamble International Operations Pte. Ltd.)	5 49 988	9 68 800	9 69 421	40 42 173
	2 40 36 35 982		2 14 91 38 724	

Schedules forming part of the accounts

(b) Directors Loan/Advances

Loans and advances include

– Housing Loans to the directors amounting to ₹Nil (Previous year : ₹12 58 132).

The maximum balance outstanding during the year amounted to ₹12 58 132 (Previous year : ₹23 72 153).

– Advances to non-executive directors' amounting to ₹21 40 965 (Previous year : ₹ Nil)

The maximum balance outstanding during the year amounted to ₹21 40 965 (Previous year : ₹ Nil).

14. Related Party Disclosures:

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

(a) Parties where control exists:

The Procter & Gamble Company, USA – Ultimate Holding Company

The Procter & Gamble India Holdings B.V. – Holding Company

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

(i) Fellow Subsidiaries:

Wella India Haircosmetics Private Limited (Formerly known as Gillette Group India Private Limited)	Procter & Gamble Distributing (Philipines) Inc.
Gillette Diversified Operations Private Limited	Procter & Gamble US Business Services Co.
Gillette Products Private Limited	P&G Ceemea
Mining Consultants (India) Private Limited	Procter & Gamble Home Products Limited
Nexus Mercantile Private Limited	Procter & Gamble Hygiene & Healthcare Limited
Gillette UK Limited	The Gillette Company, USA
Procter & Gamble Trading (Thailand) Ltd.	Procter & Gamble International Operations SA
Gillette Shanghai Limited	Procter & Gamble DO Brasil SA
The Procter & Gamble Distributing LLC	P&G Europe S.A., SG Branch (Formerly known as Procter & Gamble Asia Pte. Ltd.)
Procter & Gamble International Operations SA SG Branch (Formerly known as Procter & Gamble International Operations Pte. Ltd.)	P&G Int'L Ops SA-ROHQ (Formerly known as Procter & Gamble Asia Pte. Ltd. (MROH))
Procter & Gamble Lanka Private Limited	Procter & Gamble Bangladesh Pvt. Ltd.
Procter & Gamble Australia Pty Ltd.	

(ii) Investing company in respect of which the Company is an associate: # Also being a fellow subsidiary Company — Wella India Haircosmetics Private Limited ("Wella") (Formerly known as Gillette Group India Private Limited (GGIPL)) #

(iii) Key Management Personnel

Mr. Shantanu Khosla	Managing Director
Mr. Subhash Bansal (till May 31, 2011)	Whole-time Executive Director

All the 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 Employees Stock Option Plan.

Under the above plan, Mr. Subhash Bansal has been granted the right to purchase Nil shares (Previous year : 2600 shares) during the year.

Schedules forming part of the accounts

(c) Transactions

(Amount in ₹)

Nature of transactions		Holding Company & Ultimate Holding Company	Wella	Fellow Subsidiary Companies	Key Management Personnel	Total
Sales & Income						
Goods						
– Procter & Gamble International Operations SA SG Branch	**2010-2011**	**—**	**—**	**34 90 05 276**	**—**	**34 90 05 276**
– Procter & Gamble International Operations SA	**2010-2011**	**—**	**—**	**5 93 90 901**	**—**	**5 93 90 901**
– Others	**2010-2011**	**—**	**—**	**5 35 92 226**	**—**	**5 35 92 226**
– Procter & Gamble International Operations SA SG Branch	2009-2010	—	—	36 68 93 744	—	36 68 93 744
– Procter & Gamble Bangladesh Pvt. Ltd.	2009-2010	—	—	7 02 85 763	—	7 02 85 763
– Procter & Gamble International Operations SA	2009-2010	—	—	5 46 28 685	—	5 46 28 685
– Others	2009-2010	—	—	2 77 72 656	—	2 77 72 656
Relocation and other reimbursements						
– Procter & Gamble Home Products Ltd.	**2010-2011**	**—**	**—**	**12 97 79 786**	**—**	**12 97 79 786**
– Procter & Gamble Hygiene and Healthcare Ltd.	**2010-2011**	**—**	**—**	**7 40 46 639**	**—**	**7 40 46 639**
– Others	**2010-2011**	**—**	**—**	**2 24 50 552**	**—**	**2 24 50 552**
– Procter & Gamble Home Products Ltd.	2009-2010	—	—	10 05 89 191	—	10 05 89 191
– Procter & Gamble Hygiene and Healthcare Ltd.	2009-2010	—	—	2 38 33 630	—	2 38 33 630
– Others	2009-2010	—	—	1 39 51 676	—	1 39 51 676
Retirals reimbursements						
– Procter & Gamble International Operations SA SG Branch	**2010-2011**	**—**	**—**	**16 98 440**	**—**	**16 98 440**
– The P&G Company	**2010-2011**	**3 92 416**	**—**	**—**	**—**	**3 92 416**
– Others	**2010-2011**	**—**	**—**	**3 80 190**	**—**	**3 80 190**
– The Procter & Gamble Distributing LLC	2009-2010	—	—	1 67 328	—	1 67 328
– Procter & Gamble Trading (Thailand) Ltd.	2009-2010	—	—	2 22 480	—	2 22 480
– Procter & Gamble International Operations SA SG Branch	2009-2010	—	—	9 44 367	—	9 44 367
– The P&G Company	2009-2010	1 81 231	—	—	—	1 81 231
– Others	2009-2010	—	44 850	1 20 120	—	1 64 970
Reimbursement of Expenses shared by Group Companies						
– Procter & Gamble Hygiene and Healthcare Ltd.	**2010-2011**	**—**	**—**	**13 33 17 080**	**—**	**13 33 17 080**
– Procter & Gamble Home Products Ltd.	**2010-2011**	**—**	**—**	**36 01 31 387**	**—**	**36 01 31 387**
– Procter & Gamble Hygiene and Healthcare Ltd.	2009-2010	—	—	9 82 65 545	—	9 82 65 545
– Procter & Gamble Home Products Ltd.	2009-2010	—	—	22 35 45 052	—	22 35 45 052
Interest income						
– Procter & Gamble Home Products Ltd.	**2010-2011**	**—**	**—**	**19 81 46 774**	**—**	**19 81 46 774**
– Gillette Diversified Operations Pvt. Ltd.	**2010-2011**	**—**	**—**	**2 99 41 174**	**—**	**2 99 41 174**
– Others	**2010-2011**	**—**	**—**	**—**	**28 566**	**28 566**
– Procter & Gamble Home Products Ltd.	2009-2010	—	—	10 76 23 246	—	10 76 23 246
– Gillette Diversified Operations Pvt. Ltd.	2009-2010	—	—	1 42 82 826	—	1 42 82 826
– Others	2009-2010	—	—	—	74 610	74 610

Schedules forming part of the accounts

(Amount in ₹)

Nature of transactions		Holding Company & Ultimate Holding Company	Wella	Fellow Subsidiary Companies	Key Management Personnel	Total
Loans Given						
– Procter & Gamble Home Products Ltd.	**2010-2011**	**—**	**—**	**13 10 88 326**	**—**	**13 10 88 326**
– Gillette Diversified Operations Pvt. Ltd.	**2010-2011**	**—**	**—**	**9 24 88 832**	**—**	**9 24 88 832**
– Procter & Gamble Home Products Ltd	2009-2010	—	—	14 94 80 278	—	14 94 80 278
– Gillette Diversified Operations Pvt. Ltd.	2009-2010	—	—	80 73 061	—	80 73 061
Loans Repaid						
– Others	**2010-2011**	**—**	**—**	**—**	**12 58 132**	**12 58 132**
– Others	2009-2010	—	—	—	11 14 021	11 14 021
Purchases & Expenses						
Goods						
– Procter & Gamble International, Singapore	**2010-2011**	**—**	**—**	**1 81 54 65 360**	**—**	**1 81 54 65 360**
– Others	**2010-2011**	**—**	**—**	**19 81 65 490**	**—**	**19 81 65 490**
– The Gillette Company, USA	2009-2010	—	—	30 11 86 813	—	30 11 86 813
– Procter & Gamble International, Singapore	2009-2010	—	—	1 16 09 59 069	—	1 16 09 59 069
– Others	2009-2010	—	—	7 24 17 838	—	7 24 17 838
Assets/Spares						
– The Procter & Gamble Distributing LLC	**2010-2011**	**—**	**—**	**30 43 14 361**	**—**	**30 43 14 361**
– Others	**2010-2011**	**—**	**—**	**58 45 091**	**—**	**58 45 091**
– The Procter & Gamble Distributing LLC	2009-2010	—	—	27 65 51 578	—	27 65 51 578
– Others	2009-2010	—	—	1 29 85 079	—	1 29 85 079
Reimbursement of Expenses shared by Group Companies						
– Procter & Gamble Hygiene and Healthcare Ltd.	**2010-2011**	**—**	**—**	**23 44 12 947**	**—**	**23 44 12 947**
– Procter & Gamble Home Products Ltd.	**2010-2011**	**—**	**—**	**32 27 62 483**	**—**	**32 27 62 483**
– Procter & Gamble Hygiene and Healthcare Ltd.	2009-2010	—	—	19 29 29 081	—	19 29 29 081
– Procter & Gamble Home Products Ltd.	2009-2010	—	—	16 57 60 218	—	16 57 60 218
Business Process Outsourcing expenses						
– P&G Europe S.A., SG Branch	**2010-2011**	**—**	**—**	**3 40 58 493**	**—**	**3 40 58 493**
– P&G Int'L Ops SA - ROHQ	**2010-2011**	**—**	**—**	**7 39 27 500**	**—**	**7 39 27 500**
– P&G Europe S.A., SG Branch	2009-2010	—	—	2 80 17 440	—	2 80 17 440
– P&G Int'L Ops SA - ROHQ	2009-2010	—	—	4 96 02 549	—	4 96 02 549
Relocation and other reimbursements						
– Procter & Gamble Hygiene and Healthcare Ltd.	**2010-2011**	**—**	**—**	**14 83 60 220**	**—**	**14 83 60 220**
– Procter & Gamble Home Products Ltd.	**2010-2011**	**—**	**—**	**25 62 20 191**	**—**	**25 62 20 191**
– Others	**2010-2011**	**9 43 663**	**2 74 360**	**3 78 30 453**	**—**	**3 90 48 476**
– Procter & Gamble Hygiene and Healthcare Ltd.	2009-2010	—	—	12 76 69 214	—	12 76 69 214
– Procter & Gamble Home Products Ltd.	2009-2010	—	—	18 90 55 970	—	18 90 55 970
– Others	2009-2010	23 137	1 16 64 420	4 54 70 740	—	5 71 58 297
Royalty						
– The Gillette Company, USA	**2010-2011**	**—**	**—**	**9 20 74 709**	**—**	**9 20 74 709**
– The Gillette Company, USA	2009-2010	—	—	1 04 20 297	—	1 04 20 297
Remuneration (Refer Note B6 of Schedule 17)	**2010-2011**	**—**	**—**	**—**	**1 03 84 736**	**1 03 84 736**
	2009-2010	—	—	—	1 13 83 999	1 13 83 999
Dividend Remitted/Paid	**2010-2011**	**20 05 01 130**	**9 94 08 810**	**7 10 56 260**	**—**	**37 09 66 200**
	2009-2010	16 70 84 275	8 28 40 675	5 92 13 550	—	30 91 38 500

Schedules forming part of the accounts

(d) Outstandings

(Amount in ₹)

Nature of transactions	As On	Holding Company & Ultimate Holding Company	Wella	Fellow Subsidiary Companies	Key Management Personnel	Total
Payable						
– Procter & Gamble International Operations SA SG Branch	**30.06.2011**	**—**	**—**	**38 88 40 201**	**—**	**38 88 40 201**
– Procter & Gamble Home Products Ltd.	**30.06.2011**	**—**	**—**	**7 45 30 646**	**—**	**7 45 30 646**
– Others	**30.06.2011**	**87 835**	**—**	**14 91 03 393**	**—**	**14 91 91 228**
– The Procter & Gamble Distributing LLC	30.06.2010	—	—	10 27 08 903	—	10 27 08 903
– Procter & Gamble International Operations SA SG Branch	30.06.2010	—	—	25 51 81 868	—	25 51 81 868
– Procter & Gamble Home Products Ltd.	30.06.2010	—	—	9 26 88 876	—	9 26 88 876
– Others	30.06.2010	23 299	5 99 063	12 13 25 394	—	12 19 47 756
Receivables/Advances						
– Procter & Gamble Home Products Ltd.	**30.06.2011**	**—**	**—**	**6 91 14 793**	**—**	**6 91 14 793**
– Procter & Gamble Hygiene and Healthcare Ltd.	**30.06.2011**	**—**	**—**	**3 68 17 809**	**—**	**3 68 17 809**
– Procter & Gamble International Operations SA SG Branch	**30.06.2011**	**—**	**—**	**1 83 96 063**	**—**	**1 83 96 063**
– Others	**30.06.2011**	**1 08 089**	**—**	**2 13 26 283**	**—**	**2 14 34 372**
– Procter & Gamble Home Products Ltd.	30.06.2010	—	—	12 89 13 021	—	12 89 13 021
– Procter & Gamble Hygiene and Healthcare Ltd.	30.06.2010	—	—	5 38 60 389	—	5 38 60 389
– Procter & Gamble International Operations SA	30.06.2010	—	—	2 69 94 478	—	2 69 94 478
– Procter & Gamble International Operations SA SG Branch	30.06.2010	—	—	5 98 59 961	—	5 98 59 961
– Others	30.06.2010	1 85 731	—	3 32 00 569	—	3 33 86 300
Loans						
– Procter & Gamble Home Products Ltd.	**30.06.2011**	**—**	**—**	**1 84 40 00 000**	**—**	**1 84 40 00 000**
– Gillette Diversified Operations Pvt. Ltd.	**30.06.2011**	**—**	**—**	**33 97 00 000**	**—**	**33 97 00 000**
– Procter & Gamble Home Products Ltd.	30.06.2010	—	—	1 71 29 11 674	—	1 71 29 11 674
– Gillette Diversified Operations Pvt. Ltd.	30.06.2010	—	—	24 72 11 168	—	24 72 11 168
– Others	30.06.2010	—	—	—	12 58 132	12 58 132

15. Global Employee Stock Ownership Plan (Stocks of the Parent Company)

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

Every employee who opted for the scheme contributed up to a specified percentage (upto 10%) of his gross salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 1% of gross salary). Such contribution is charged to staff cost.

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

The shares of TGC (till 30 September 2005)/The Procter & Gamble Company, USA are listed with New York Stock Exchange of USA and are purchased on behalf of the employees at market price on the date of purchase.

Schedules forming part of the accounts

During the year 2 457.29 shares (Previous year : 2 161.60 shares) were purchased by employees at weighted average fair value of ₹2 841.87 (Previous year : ₹2 778.56) per share.

The Company's contribution during the year on such purchase of shares amounting to ₹21 22 809 (Previous year : ₹17 93 395) has been charged under Payment to and Provisions for employees under Schedule 14.

16. Employees Stock Options Plan (Stocks of the Parent Company)

The Gillette Company, USA (TGC) had an Employees Stock Options Scheme whereby employees of the Company covered by the plan were granted an option to purchase shares of the Ultimate Holding Company i.e. The Gillette Company, USA at a fixed price (grant price) for a fixed period of time.

Subsequent to the worldwide merger of Aquarium Acquisition Corporation (wholly owned subsidiary of the Procter & Gamble Company, USA) with The Gillette Company, USA on October 1, 2005, the shares of The Gillette Company got delisted from the New York Stock Exchange. Upon this change in control the 2005 Gillette Option award got automatically converted into P&G options at the established conversion ratio of 0.975 shares in the Procter and Gamble Company, USA for every share held in the Gillette Company.

The shares of the Gillette Company (till September 30, 2005)/The Procter & Gamble Company, USA were/are listed with New York Stock Exchange of USA. The options were issued to Key Employees of the Company with Exercise price equal to the market price of the underlying shares on the date of the grant. The Grants issued are vested after 3 years/5 years and have a 10 years life cycle.

Stock compensation expenses of ₹6 63 55 981 (Previous year : ₹66 56 778) has been charged under Payment to and Provisions for employees under Schedule 14.

Fair Value of shares at Grant dates:

2010-2011		2009-2010	
	Amount in US Dollar		Amount in US Dollar
15-Sep-10	**61.11**	15-Sep-09	55.03
28-Feb-11	**63.05**	26-Feb-10	63.28

The other disclosures in respect of the plans are:

	Shares arising out of option		**Amount in US Dollar**		**Remaining contractual life (Years)**	
	2010-2011	2009-2010	**2010-2011**	2009-2010	**2010-2011**	2009-2010
Outstanding at the beginning of the year	**78 386**	69 671	**51.10**	51.10	**7.12**	7.21
Granted during the year						
15-Sep-09	—	1 000	—	55.03	—	10.00
26-Feb-10	—	8 521	—	63.28	—	10.00
15-Sep-10	**1 500**	—	**61.11**	—	**10.00**	—
28-Feb-11	**8 175**	—	**63.05**	—	**10.00**	—
Forfeited during the year	**3 218**	906	—	—	—	—
Transferred/Adjustments during the year	**85 776**	100	—	—	—	—
Exercised during the year	**70 899**	—	**64.50**	68.50	—	—
Expired during the year	—	—	—	—	—	—
Outstanding at the end of the year	**99 720**	78 386	**63.57**	51.10	**6.89**	7.12
Exercisable at the end of the year	**64 319**	50 461	**63.57**	51.10	—	—

Schedules forming part of the accounts

17. Segment Information

(a) Primary Segment Information (by Business Segments)

	2010-2011 (₹)	2009-2010 (₹)
Segment Revenue		
– Grooming	7 09 38 69 492	5 93 46 50 843
– Portable Power	54 85 84 437	41 46 47 714
– Oral Care	2 92 61 42 555	2 17 54 94 104
Total Segment Revenue	10 56 85 96 484	8 52 47 92 661
Segment Results (before interest and unallocated income/expense)		
– Grooming	1 53 70 81 471	1 90 69 58 970
– Portable Power	(15 33 68 455)	(1 92 51 699)
– Oral Care	(8 48 13 385)	14 47 52 040
Total Segment Results	1 29 88 99 631	2 03 24 59 311
Less : Unallocated corporate non-interest expenses (net of non-interest income)	(26 48 89 964)	(9 65 53 531)
Operating Profit	1 03 40 09 667	1 93 59 05 780
Less : Unallocated Interest Expenses	1 25 921	4 34 710
Add : Unallocable Interest Income	30 58 30 868	19 21 79 463
Total Profit Before Tax	1 33 97 14 614	2 12 76 50 533
Segment Assets		
– Grooming	2 76 31 10 943	2 07 76 92 936
– Portable Power	30 83 40 161	18 59 45 484
– Oral Care	31 04 67 848	28 08 55 144
– Unallocated Corporate Assets	4 95 46 19 604	5 78 77 00 869
Total	8 33 65 38 556	8 33 21 94 433
Segment Liabilities		
– Grooming	25 44 87 053	61 87 65 146
– Portable Power	5 37 42 876	10 87 58 091
– Oral Care	12 47 16 148	27 08 14 344
– Unallocated Corporate Liabilities	1 90 02 77 860	1 62 40 07 541
Total	2 33 32 23 937	2 62 23 45 122
Capital Expenditure		
– Grooming	56 48 19 949	44 32 20 370
– Oral Care	17 68 928	—
– Unallocated	15 46 579	—
Total	56 81 35 456	44 32 20 370
Depreciation		
– Grooming	18 38 03 232	11 06 58 019
– Unallocated	1 43 35 299	1 42 98 474
Total	19 81 38 531	12 49 56 493
Non-cash expenses other than depreciation		
– Grooming	4 40 13 968	2 60 90 542
– Portable Power	69 43 430	1 36 74 703
– Oral Care	1 00 12 054	1 93 64 602
Total	6 09 69 452	5 91 29 847

Schedules forming part of the accounts

(b) Secondary Segment Information (by Geographic Segments)

	2010-2011 (₹)	2009-2010 (₹)
Segment Revenue – net of excise		
– Within India	10 07 12 54 838	7 94 81 16 097
– Outside India	49 73 41 646	57 66 76 564
Total	10 56 85 96 484	8 52 47 92 661
Segment Assets		
– Within India	8 29 67 08 121	8 21 70 01 863
– Outside India	3 98 30 435	11 51 92 570
Total	8 33 65 38 556	8 33 21 94 433
Capital Expenditure		
– Within India	56 81 35 456	44 32 20 370
– Outside India	—	—
Total	56 81 35 456	44 32 20 370

Notes on Segment Information:

(1) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the organisation structure as well as the differential risks and returns of these segments. Business segments have been considered as primary segments.

(2) Segment Revenue, Results and Capital Employed figures include the respective amounts identifiable to each of the segments. Unallocable income/expenses include income/expenses incurred at a corporate level which relate to the company as a whole. Unallocable income/expenses mainly includes income from investment of surplus funds and exchange gain/(loss).

(3) Details of type of products included in each segment:

Grooming	Blades, Razors and Toiletries
Portable Power	Batteries
Oral Care	Tooth brushes, and Oral Care products

(4) Unallocable Corporate assets include Cash and Bank balances, Debtors and Loans and Advances.

(5) Unallocable Corporate liabilities include Creditors and Provisions.

18. Excise duty deducted from turnover represents amount of excise duty collected by the company on sale of goods. Excise duty shown under Schedule 15 – operating and other expenses represents difference in amount of excise duty on closing stock and opening stock of finished goods.

19. Salaries, wages and bonus under Schedule 15 includes ₹ Nil (Previous year : ₹ 1 32 58 358) for expenditure on Voluntary Retirement Scheme.

20. Professional fees in Schedule 15 (Operating and other expenses) includes an amount of ₹ 1 10 300 (Previous year : ₹ 1 10 300) on account of fees to Cost Auditors.

21. No borrowing costs have been capitalised during the year.

22. Previous year's figures have been rearranged/regrouped wherever necessary.

For and on behalf of Board of Directors

S. K. Poddar
Chairman

S. Khosla
Managing Director

T. J. Buch
Chief Financial Officer

D. Acharya
Company Secretary

Mumbai, August 26, 2011

Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 for the year ended June 30, 2011

Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details

Registration No.	2890
State Code	17
Balance Sheet Date	June 30, 2011

II. Capital Raised during the Year (₹) — Nil

III. Position of Mobilisation and Deployment of Funds

	Amount (In ₹ Thousands)
Total Liabilities	6 05 88 01
Total Assets	6 05 88 01
Sources of Funds:	
Paid-up Capital	32 58 52
Reserves & Surplus	5 67 74 62
Secured Loans	Nil
Unsecured Loans	Nil
Application of Funds:	
Net Fixed Assets	1 58 44 27
Investments	Nil
Net Current Assets	4 46 92 41
Misc. Expenditure	Nil
Accumulated Losses	Nil

IV. Performance of Company:

Turnover & other income	10 90 41 47
Total Expenditure (including Exceptional items)	9 56 44 32
Profit Before Tax	1 33 97 15
Profit After Tax	86 15 36
Earning Per Share (₹)	26.44
Dividend Rate	150%

V. Generic Names of Two Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	82121001
Product Description	Shaving Systems
Item Code No. (ITC Code)	82122001
Product Description	Safety Razor Blades
Item Code No. (ITC Code)	96032100
Product Description	Toothbrushes

TEN YEAR FINANCIAL HIGHLIGHTS

	2001	2002	2003	2004	2005	*2006-07 (18 months)	2007-08	2008-09	2009-10	**2010-11**
YEAR END FINANCIAL POSITION (₹ Crores)										
Gross Fixed Assets	370	356	317	264	273	253	253	246	289	**310**
Net Fixed Assets	238	210	163	134	136	107	95	91	123	**159**
Net Worth	276	274	287	317	348	360	425	491	571	**600**
SUMMARY OF OPERATIONS (₹ Crores)										
Gross Sales	495	421	407	447	489	725	606	673	861	**1,071**
Profit before Tax	(42)	17	75	98	109	216	182	177	213	**134**
Profit after Tax	(28)	6	45	61	69	142	117	113	137	**86**
Dividend	7.33	8.96	27.70	27.70	32.59	**57	40.73	40.73	48.88	**48.88**
PER SHARE DATA										
EPS (₹)	(8.53)	1.98	13.75	18.79	21.09	43.69	36.02	34.72	42.07	**26.44**
Dividend (%)	15	27.5	85	85	100	**175	125	125	150	**150**
NUMBER OF SHARES										
Shares (Lakhs)	325.85	325.85	325.85	325.85	325.85	325.85	325.85	325.85	325.85	**325.85**
NUMBER OF EMPLOYEES										
Employees										

* 2006-07 # 18 Months accounts (January 2006 to June 2007).

** includes interim dividend.

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.

P&G

Gillette India Limited

Registered Office :
SPA-65 A, Bhiwadi Industrial Area,
Bhiwadi (Dist-Alwar), Rajasthan - 301 019

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