

NOTICE

NOTICE is hereby given that the Twenty-Eighth Annual General Meeting of the Members of the Company will be held on Tuesday, December 11, 2012 at 11.00 a.m. at the Registered Office of the Company at SPA - 65A, Bhiwadi Industrial Area, Bhiwadi (Distt. Alwar) Rajasthan - 301 019 to transact the following business:

ORDINARY BUSINESS

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

SPECIAL BUSINESS

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

Re-Appointment of Mr. Shantanu Khosla as the Managing Director of the Company for a period of five years with effect from January 29, 2012

“RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, 311, 316 and 317 and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to all the applicable statutory approvals, approval of the Company be and is hereby accorded to the re-appointment of Mr. Shantanu Khosla as the Managing Director of the Company with effect from January 29, 2012 for a period of five years on such terms and conditions as the Board may consider appropriate.”

RESOLVED FURTHER THAT subject to the applicable provisions and subject to the applicable statutory approvals, approval of the Company be and is hereby accorded for ratification and confirmation of all acts, deeds and whatsoever done, signed and executed by Mr. Khosla for and on behalf of the Company by virtue of his position of the Managing Director of the Company from January 29, 2012 to May 4, 2012, including and not limited to the powers and authorities vested in him by the Board of Directors of the Company.

RESOLVED FURTHER THAT subject to the said applicable provisions and subject to the statutory approvals, approval of the Company be and is hereby accorded for the re-appointment of Mr. Khosla as the Managing Director of the Company notwithstanding the fact that he has been re-appointed as the Managing Director of Procter & Gamble Home Products Limited and Procter and Gamble Hygiene & Health Care Limited.

RESOLVED FURTHER THAT the approval of the Company be and is hereby accorded to either pay remuneration to Mr. Khosla directly and/or the same may be reimbursed to any other Company of which Mr. Khosla is also the Managing Director, as enumerated in the Explanatory Statement annexed hereto pursuant to Section 173(2) of the Act, provided however that the remuneration payable to Mr. Khosla or the reimbursement as aforesaid shall not exceed the maximum limits for payment of managerial remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time.

RESOLVED FURTHER THAT the payment towards the remuneration of Mr. Khosla either being made directly to Mr. Khosla or by way of re-imbursement to any other Company of which Mr. Khosla is also the Managing Director from January 29, 2012 till the date of the Annual General Meeting, is hereby confirmed, approved and ratified.

RESOLVED FURTHER THAT subject to the applicable legal provisions and applicable statutory approvals, where in any Financial Year during the tenure of office of Mr. Khosla, the Company has no profits or if its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Mr. Khosla as specified in the Explanatory Statement hereto, subject to the approval of the Central Government, if and to the extent necessary.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

RESOLVED FURTHER THAT Mr. Shantanu Khosla shall not be liable to retire by rotation in terms of Article 126 (1) of the Articles of Association.”

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

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

“RESOLVED THAT Mr. Pramod Agarwal, who was appointed as an Additional Director by the Board of Directors of the Company, by a circular resolution dated July 20, 2012 and who holds office until the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 (“the Act”) and in accordance with the Articles of Association of the Company, in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

8. To consider and, if thought fit, to pass with or without modification/s, if any, the following resolution as a **SPECIAL RESOLUTION:**

Waiver of recovery of excess commission paid to the Non- Executive Directors for the Financial Year ended June 30, 2012

“RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions of the Companies Act 1956 (“the Act”), in conformity with the Articles of Association of the Company, in supersession of all the earlier General Meeting resolutions on the subject and subject to the final approval of the Central Government, approval of the Company be and is hereby accorded for waiver of recovery from the Non-Executive Directors of the respective amounts of commission paid to them in excess of one percent of the net profits of the Company for the Financial Year ended June 30, 2012, as enumerated in the Explanatory Statement annexed hereto in accordance with Section 173 (2) of the Act.

RESOLVED FURTHER THAT the Board of Directors and/or Committee hereof, be and is hereby authorized

to do all such acts, deeds and take such action, as may be considered necessary to give effect to the above resolution.”

9. To consider and, if thought fit, to pass with or without modification/s, if any, the following resolution as a **SPECIAL RESOLUTION:**

Payment of commission to the Non-Executive Directors of the Company for a period of Five Years with effect from January 1, 2013

“RESOLVED THAT in conformity of the provisions of Article 103 of the Articles of Association of the Company and pursuant to the provisions of Sections 198, 309, 310 and other applicable provisions of the Companies Act 1956 (“the Act”) and in supersession of all the earlier General Meeting resolutions on this subject, the Non-Executive Directors of the Company be paid, a commission up to one percent of the net profits of the Company per annum in the aggregate for a period of five years with effect from January 1, 2013 and as enumerated in the Explanatory Statement annexed hereto pursuant to Section 173(2) of the Act.

RESOLVED FURTHER THAT Board of Directors and/or a Committee hereof, be and is hereby authorized to do all such acts, deeds and take such action, as may be considered necessary to give effect to the above resolution.”

10. To consider and, if thought fit, to pass with or without modification/s, if any, the following resolution as a **SPECIAL RESOLUTION:**

Alteration of Articles of Association for enabling participation of Directors in Meetings through electronic mode

“RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956 (“the Act”) and other applicable provisions of the Act, if any, approval of the Company be and is hereby accorded to alter the Articles of Association of the Company in the following manner:

Insertion of the following Article 122A after the Article 122 of the Articles of Association of the Company:

Article 122 A: Participation of Directors in meetings through electronic mode

- (1) *The Directors of the Company may participate in a Meeting of the Board/Committee of Directors*

through electronic mode, as may be permissible under applicable law/rules/regulations in force, and the presence of such a Director participating through such permissible electronic mode shall be counted for the purpose of quorum.

- (2) *The rules and regulations for the conduct of the meetings of the Board/Committee, including for matters such as quorum, notices for meeting and agenda, as contained in these Articles or in the Act, insofar as applicable, shall apply to discussions through video conferencing or permissible electronic mode, as the case may be.*

RESOLVED FURTHER THAT the Directors of the Company and the Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

By Order of the Board of Directors

Amit K Vyas
Company Secretary

Mumbai

Date: August 23, 2012

Registered Office:

SPA-65A,
Bhiwadi Industrial Area,
Bhiwadi (Dist. Alwar),
Rajasthan - 301 019

NOTES

1. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business as Item No. 6 to 10 proposed to be transacted at the Annual General Meeting, is annexed hereto.
2. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy (ies) to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies, to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.** Proxies submitted on behalf of Limited Companies, Societies, Partnership Firms etc. must be supported by appropriate resolution/

authority, as applicable, issued by the member organization. A proxy may not vote except on a poll.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, December 1, 2012 to Tuesday, December 11, 2012 (both days inclusive), for the purpose of payment of dividend to those Members whose names stand on the Register of Members as on December 11, 2012. The dividend in respect of dematerialized shares will be payable to the beneficial owners of the dematerialized shares as at the end of business hours on November 30, 2012 as per details furnished by the depositories for this purpose.
4. The dividend on equity shares as recommended by the Directors for the Financial Year ended June 30, 2012, will be paid on or around December 18, 2012 in accordance with the resolution to be passed by the Members of the Company.
5. As per RBI notification, with effect from October 1, 2009 the remittance of money through ECS is replaced by National Electronic Clearing Services (NECS) and Banks have been instructed to move to the NECS platform. This is in addition to the existing facility of ECS in other locations. NECS essentially operates on the new unique bank account number, allotted by Banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions.

In this regard, Members holding shares in electronic form are requested to furnish the new 10-digit bank account number allotted to you by your Bank, (after implementation of CBS), along with photocopy of a cheque pertaining to the concerned account, to your Depository Participant (DP).

6. Members holding shares in physical form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agent (RTA), MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase II, New Delhi 110 020:
 - (a) Bank Mandate with full particulars (as per details given in Sr. No. 8 below) for remittance of dividend directly into their bank accounts, if declared at the meeting;
 - (b) Changes, if any, in their address/name, bank details, NECS/ECS, mandates, nominations, power of attorney etc. at an early date;

- (c) Apply for consolidation of folios, if shareholdings are under multiple folios;
- (d) Quote ledger folio numbers in all their correspondence;
- (e) Send their Share Certificates for consolidation; and
- (f) Request for nomination forms for making nominations as per amended provisions of the Companies Act, 1956.

Please send these details to the RTA, MAS Services Ltd., only if the shares are held in physical form, immediately.

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

7. As per a notification from the Securities and Exchange Board of India (SEBI), submission of Permanent Account Number (PAN) is compulsorily required for participating in the securities market, deletion of name of deceased Member or transmission/transposition of shares. Members holding shares in dematerialized mode are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Company's Registrars and Transfer Agents.
8. To avoid incidents of fraudulent encashment of the dividend warrants, Members are requested to intimate the RTA of the Company, under the signature of the sole/first joint holder, the following information so that the bank account number and name and address of the bank can be printed on the dividend warrant, if and when issued:
 - (a) Name of sole/first joint holder and folio number
 - (b) Particulars of bank account viz.
 - (i) Name of Bank;
 - (ii) Name of branch;
 - (iii) Complete address of the Bank with the pin code number;
 - (iv) Account type, whether Savings or Current account;
 - (v) Bank Account number allotted by the Bank.
9. In the case of dematerialized shares, the Company is obliged to print bank details on the dividend warrants, as are furnished by National Securities Depository Limited

(NSDL) and Central Depositories Services (India) Limited (CDSL) ("the depositories") to the Company and the Company cannot entertain any request for deletion/change of bank details without confirmation from the depositories. In this regard, Members are advised to contact their Depository Participant (DP) and furnish them the particulars of any change desired.

10. Non-resident Indian Members are requested to inform about the following to the Company or its RTA or the concerned DP, as the case may be, immediately:
 - (a) The change in the residential status on return to India for permanent settlement;
 - (b) The particulars of the NRE account with a bank in India, if not furnished earlier.
11. Members are requested to note that in case of transfer of shares held in physical form, submission of photocopy of PAN card of the transferee(s) alongwith the transfer deeds and share certificates at the time of lodgement of transfer of shares is now mandatory.
12. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.
13. Members' attention is particularly drawn to "Corporate Governance" section of the Annual Report in respect of unclaimed and unpaid dividends.
14. Members are requested to address all correspondence, including share transfer documents and dividend matters to the Company's RTA at -
M/s. MAS Services Limited,
T-34, 2nd Floor, Okhla Industrial Area,
Phase II, New Delhi 110 020.
Tel: (011) 26387281-3;
Fax: (011) 26387384;
Email: info@masserv.com
15. An archived webcast of the proceedings of the Annual General Meeting will be available at our website viz. http://www.pg.com/en_IN
16. Pursuant to the amended Clause 5A of the Listing Agreement which provides that shares held in physical form and remained unclaimed by Members due to insufficient/incorrect information or any other reason,

should be transferred in the demat mode to one folio in the name of 'Unclaimed Suspense Account' with one of the depository participants.

In this regard, as confirmed by the RTA to the Company, there are NIL Shares remaining unclaimed with the Company.

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

Accordingly, this Annual Report comprising of Notice calling the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. for the Financial Year 2011-12, in electronic form, is being sent to the Members at the email address provided/updated by you in your demat account and made available to us by depositories.

Members holding shares in physical form are requested to register/update their respective e-mail addresses with Company's RTA at their Website www.masserv.com. Members holding shares in dematerialized form are

requested to register/update their respective e-mail addresses with their respective Depository Participants (DPs). Members may kindly note that they are entitled to be furnished, free of cost a printed copy of the Annual Report of the Company, upon receipt of requisition at any time. The communications/documents issued by the Company would also be made available on the Company's website: www.pg.com/en_IN

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

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

By Order of the Board of Directors

Amit K Vyas
Company Secretary

Mumbai

Date: August 23, 2012

Registered Office:

SPA-65A,
Bhiwadi Industrial Area,
Bhiwadi (Dist. Alwar),
Rajasthan - 301 019

EXPLANATORY STATEMENT

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

Item No. 6

The Board of Directors of your Company has re-appointed Mr. Shantanu Khosla as the Managing Director for a period of five years with effect from January 29, 2012, subject to the approval of the Members of the Company at the 28th Annual General Meeting, and subject to all other applicable approvals.

Mr. Shantanu Khosla, is a B.Tech., IIT Mumbai and a post graduate in Business Management from IIM, Calcutta. He has been with Procter & Gamble Group (P&G) since 1983. He has over the years gained valuable experience, business skills and proficiencies by leading and managing Procter & Gamble's several business units both in India and abroad. He is also the Managing Director of Procter & Gamble Hygiene and Health Care Limited (PGHH) and Procter & Gamble Home Products Limited (PGHP).

Your Company has applied to the Central Government for seeking its approval under Section 316(4) of the Companies Act, 1956 to enable Mr. Khosla to act as the Managing Director of Gillette India Limited, Procter & Gamble Hygiene and Health Care Limited (PGHH) and Procter & Gamble Home Products Limited (PGHP). Therefore, Mr. Khosla's re-appointment as the Managing Director of your Company is subject to the approval of Central Government.

Mr. Khosla will be drawing his remuneration from Procter & Gamble Hygiene and Health Care Limited (PGHH) and your Company will contribute in proportion to the Company's Net Outside Sales.

The Board of Directors of PGHH at their Meeting held on April 25, 2012 had approved (subject to the approval of the Members of the said Company) the following terms and conditions of remuneration payable to Mr. Khosla for a period of Five Years w.e.f. June 1, 2012:

- a. *Salary*: Upto ₹ 7,00,00,000/- (Rupees Seven Crores Only) per annum.
- b. *Perquisites*: Accommodation, medical reimbursement, club membership, personal accident insurance, car loan and such other perquisites in accordance with the Company's rules. The monetary value of such perquisites will be determined in accordance with the Income Tax Rules, 1962.
- c. The Board of Directors shall be entitled to revise upwards the remuneration of Mr. Khosla, within the ceiling as set out in Schedule XIII to the Companies Act, 1956, as amended from time to time.

- d. The Board of Directors have provided their unanimous consent to the appointment of Mr. Khosla as the Managing Director of the Company, notwithstanding the fact that he has been reappointed as the Managing Director of Gillette India Limited (GIL) and Procter & Gamble Home Products Limited for a period of 5 years, (subject to the approval of the Central Government as may be required under the provisions of the Companies Act, 1956)

Your Directors therefore consider that Mr. Khosla's re-appointment as the Managing Director will be beneficial to the Company.

In terms of Article 126(1) of the Articles of Association of the Company, so long as Mr. Khosla holds office as the Managing Director of the Company, he shall not be liable to retire by rotation.

Where in respect of any Financial Year, during the tenure of Mr. Khosla as the Managing Director of the Company, the Company has no profits or its profits are inadequate, the aforesaid remuneration including perquisites shall be reckoned as the minimum remuneration subject to such approval(s), as may be required.

Other details of Mr. Khosla including his other directorships and Board Committee memberships of Public Limited Companies in India are given in the Corporate Governance section of the Annual Report.

The Board recommends the resolution for your approval.

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

Item No. 7

Mr. Pramod Agarwal was appointed as an Additional Director of the Company by the Board of Directors by a circular resolution dated July 20, 2012 under Article 99 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Mr. Pramod Agarwal holds office till the date of ensuing 28th Annual General Meeting of the Company.

Mr. Pramod Agarwal is a Bachelor of Commerce from Kanpur University and a Post Graduate Diploma holder in Management from the Indian Institute of Management, Ahmedabad. He is an expert in Finance and is the Vice President – Finance & Accounting Asia of P&G International Ops SA.

Mr. Agarwal has been with Procter & Gamble since 1987 and has worked across multiple geographies including Thailand (1995-98), Japan (1998-2000), Philippines (2000-01), USA (2001-03) and Singapore (2003 till date). Mr. Agarwal has worked on variety of businesses including Hair Care, Laundry and Feminine Care. Mr. Agarwal will assume responsibility as Vice President Finance for Global Hair Care & Color business based out of Geneva starting October 1, 2012.

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

Other details of Mr. Agarwal including his directorships and Board Committee memberships of Public Limited Companies in India are given in the 'Corporate Governance' section of this Annual Report.

A notice under Section 257 of the Companies Act, 1956 together with a deposit of ₹ 500/- has been received from a Member proposing his candidature for the office of Director liable to retire by rotation. Consent of Mr. Pramod Agarwal under Section 264(1) of the Companies Act, 1956 to act as a Director has been duly filed. Mr. Agarwal does not hold any shares in the Company.

The Board recommends the appointment of Mr. Pramod Agarwal as a Director of the Company.

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

Item No. 8

The Board of Directors of your Company at the Meeting held on August 23, 2012 have accorded approval for the payment of commission to the Non- Executive Directors for the Financial Year ended June 30, 2012, aggregating to ₹ 1,60,00,000/- (Rupees One Crore Sixty Lakhs only).

However, on the finalization and audit of the annual financial statements of the Company for the F.Y. ended June 30, 2012 it has emanated that the aggregate of the amount of the said commission (₹ 1,60,00,000/-) paid/provided for, to the Non Executive Directors exceeds the maximum payable amount of ₹ 1,21,63,895 (which is 1% of the net profits) by ₹ 38,36,105 (excluding Service tax of ₹ 9,88,000/-). 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.

Details in this regard are given here:

Sr. No.	Name of Non-Executive Director's	Remuneration Paid/Provided for (In ₹)	Proportion	Permissible Amount (In ₹)	Shortfall to be approved (In ₹)
1	Mr. S K Poddar	10,00,000	62.5	7,602,434.38	2,397,565.62
2	Mr. Akshay Poddar	1,00,000	6.25	760,243.44	239,756.56
3	Mr. C R Dua	1,00,000	6.25	760,243.44	239,756.56
4	Mr. Jyoti Sagar	1,00,000	6.25	760,243.44	239,756.56
5	Mr. Gurcharan Das	1,00,000	6.25	760,243.44	239,756.56
6	Mr. A K Gupta	1,00,000	6.25	760,243.44	239,756.56
7	Mr. B S Mehta	1,00,000	6.25	760,243.44	239,756.56
Total		16,00,000	100	12,163,895	3,836,105

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 approval of the Members of the Company as well as from the Central Government. The Company proposes to apply to the Central Government for the said purpose. Till the date of receipt of the final approval from the Central Government, the said excess amounts of commission shall be held in trust by the Non-Executive Directors. (Refer Note 36 forming part of the Financial Statements)

The Board recommends the passing of the aforesaid Resolution.

Non-Executive Directors of the Company namely Mr. S K Poddar, Mr. Akshay Poddar, Mr. C R Dua, Mr. Jyoti Sagar, Mr. Gurcharan Das, Mr. A K Gupta and Mr. B S Mehta are deemed to be interested and concerned in this item of business.

Item No. 9

At the 24th Annual General Meeting held on October 22, 2008, a Special Resolution was passed by the Members of the Company 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 i.e. till December 31, 2012.

It is therefore proposed to pass an enabling resolution to remunerate all the Non-Executive Directors of the Company for payment of commission upto 1% of the Net Profits per annum (maximum permissible by the Companies Act, 1956) in the aggregate for a period of Five (5) Years with effect from January 1, 2013.

The quantum of remuneration payable to each Non-Executive Director and the period for which commission is payable, will be decided by the Board of Directors or a Committee thereof. This resolution will be effective from January 1, 2013 and will remain in force for a period of five years.

Non-Executive Directors of the Company namely Mr. S K Poddar, Mr. Akshay Poddar, Mr. C R Dua, Mr. Jyoti Sagar, Mr. Gurcharan Das, Mr. A K Gupta and Mr. B S Mehta are deemed to be interested and concerned in this item of business.

The Board recommends the resolution for your approval.

Item No. 10

The Ministry of Corporate Affairs (MCA) vide its Circular dated May 20, 2011, had issued guidelines and procedures allowing Directors to participate at the Board/Committee Meetings of the Company through electronic mode, i.e., through video-conferencing facility. Hence, it is proposed to alter the provisions of the Articles of Association of the Company to include provisions which shall enable Directors to participate at the Board/Committee Meetings of the Company through electronic mode.

It is proposed to alter the Articles of Association of the Company in the following manner:

Insertion of the following Article 122A after the Article 122 of the Articles of Association of the Company:

Participation of Directors in meetings through electronic mode

- (1) The Directors of the Company may participate in a Meeting of the Board/Committee of Directors through electronic mode, as may be permissible under applicable law/rules/regulations in force, and the presence of

such a Director participating through such permissible electronic mode shall be counted for the purpose of quorum.

- (2) The rules and regulations for the conduct of the meetings of the Board/Committee, including for matters such as quorum, notices for meeting and agenda, as contained in these Articles or in the Act, insofar as applicable, shall apply to discussions through video conferencing or permissible electronic mode, as the case may be.

A copy of the Articles of Association of the Company alongwith the alterations shall be available for inspection at the Registered Office of the Company during the business hours of the Company between 2.00 to 4.00 p.m. upto the date of the 28th Annual General Meeting of the Company, i.e., December 11, 2012.

The Board recommends the resolution for your approval.

None of the Directors is concerned or interested in the said resolution.

By Order of the Board of Directors

Amit K Vyas
Company Secretary

Mumbai

Date: August 23, 2012

Registered Office:

SPA-65A,
Bhiwadi Industrial Area,
Bhiwadi (Dist. Alwar),
Rajasthan - 301 019

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

Name of Director	Mr. Bansi S Mehta	Mr. Anil K Gupta	Mr. Shantanu Khosla	Mr. Pramod Agarwal
Age	76 years	60 years	52 years	50 years
Date of appointment on the Board	26 th October, 2005	28 th March, 2009	26 th October, 2005	1 st August, 2012
Expertise in specific field	Chartered Accountant	Manufacturing & Supply Chain Management	General Management	Marketing Expert
Names of other Companies in which he holds Directorships	Public Limited Companies in India (i) Atul Ltd (ii) Bharat Bijlee Ltd. (iii) Century Enka Ltd. (iv) CEAT Ltd (v) Clariant Chemicals (India) Ltd (vi) Housing Development Finance Corporation Ltd (vii) IL&FS Investment Managers Ltd (viii) J. B. Chemicals & Pharmaceuticals Ltd (ix) Pidilite Industries Ltd (x) Sasken Communication Technologies Ltd (xi) SBI Capital Markets Ltd (xii) Sudarshan Chemical Industries Ltd (xiii) National Securities Depository Ltd (xiv) Procter & Gamble Hygiene and Health Care Ltd Alternate Directorships held (i) Uhde India Pvt. Ltd Companies Outside India (i) Jumbo World Holdings Limited (BVI)	NIL	Public Limited Companies in India: (i) Procter & Gamble Hygiene and Health Care Limited (Managing Director) (ii) Procter & Gamble Home Products Limited (Managing Director)	Public Limited Companies in India (i) Procter & Gamble Hygiene and Health Care Limited

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

Name of Director	Mr. Bansi S Mehta	Mr. Anil K Gupta	Mr. Shantanu Khosla	Mr. Pramod Agarwal
Chairman/ Member of the Committee(s) of the Board of Directors of the Company	Audit Committee – Member	Audit Committee – Member	Shareholders' Grievance Committee – Member	NIL
Chairman/ Member of the Committee(s) of Board of Directors of other Companies in which he/she is a Director.	Audit Committee Chairman & Member (i) IL & FS Investment Managers Ltd (ii) J.B Chemicals & Pharmaceuticals Ltd (iii) Sudarshan Chemicals Ltd (iv) Sasken Communication Technologies Ltd (v) Pidilite Industries Ltd Member - (i) Procter & Gamble Hygiene and Health Care Ltd (ii) Housing Development Finance Corporation Ltd (iii) Atul Ltd (iv) Century Enka Ltd Remuneration Committee Member - (i) Century Enka Limited Compensation Committee Member - (i) IL & FS Investment Managers Limited (ii) Housing Development Finance Corporation Ltd	NIL	Audit Committee Chairman & Member (i) Procter & Gamble Home Products Limited Shareholders' Grievance Committee Chairman & Member (i) Procter & Gamble Hygiene and Health Care Limited	NIL
Shareholding in the Company	NIL	NIL	NIL	NIL

Gillette India Limited

Regd. Office: SPA-65A, Bhiwadi Industrial Area, Bhiwadi (Dist. Alwar), Rajasthan - 301019

ATTENDANCE SLIP

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

I hereby record my presence at the Twenty-Eighth ANNUAL GENERAL MEETING of the Members of the Company at the Registered Office of the Company at SPA - 65A, Bhiwadi Industrial Area, Bhiwadi (Dist. Alwar), Rajasthan on **Tuesday, December 11, 2012 at 11:00 a.m.**

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

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

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

No. of Shares held.....

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

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

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

CUT HERE

Gillette India Limited

Regd Office: SPA-65A, Bhiwadi Industrial Area, Bhiwadi (Dist. Alwar), Rajasthan - 301019

PROXY FORM

Folio No./DP ID/(Client ID)

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

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

Gillette India Limited hereby appoint

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

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

in the district of.....as my/our proxy to attend and vote for me/us, on my/our behalf at the Twenty-Eighth ANNUAL GENERAL MEETING of the Members of the Company to be held on **Tuesday, December 11, 2012 at 11.00 a.m.** at the Registered Office of the Company at SPA-65A, Bhiwadi Industrial Area, Bhiwadi (Dist. Alwar), Rajasthan and at any adjournment thereof.

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

Signature(s).....

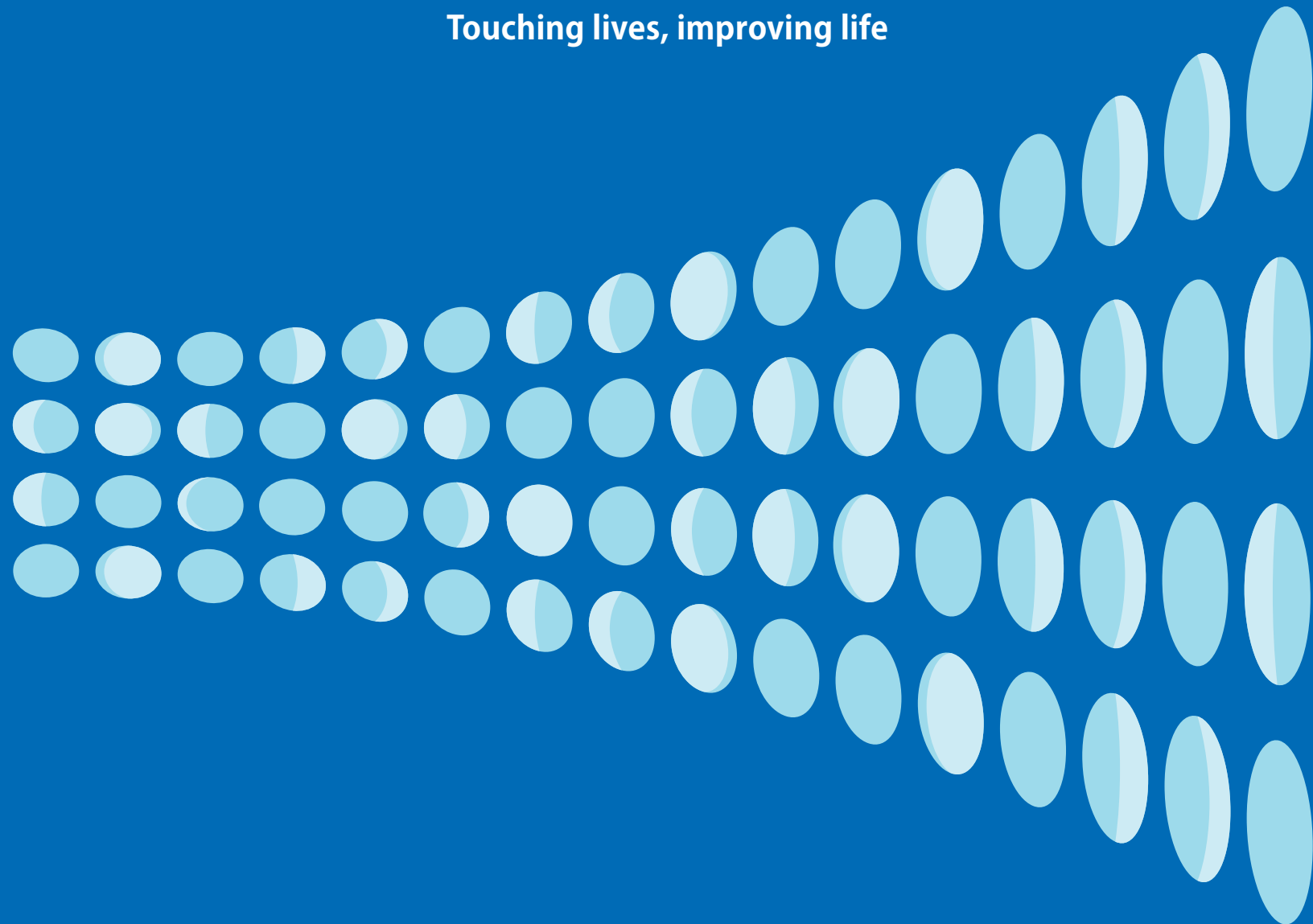
(affix 0.15p. revenue stamp)

Note: This proxy form duly completed and signed, should be deposited at the registered office of the Company not later than 48 hours before the time of the meeting.

Gillette India Limited

P&G

Touching lives, improving life



ANNUAL REPORT 2011-12

BOARD OF DIRECTORS

Mr. S. K. Poddar
Chairman

Mr. S. Khosla
Managing Director

Mr. B. S. Mehta

Mr. C. R. Dug

Mr. G. C. Das

Mr. J. Sagar

Mr. A. Poddar

Mr. P. Agarwal

Mr. A. K. Gupta

Mrs. N. Bali

Mr. Amit K. Vyas
(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 achieving strong business performance. As I share with you, your Company's annual performance for the Financial Year 2011-12, I take pride in the robust 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 10-12% 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 16.5% increase in sales as compared to last year. This has enabled the Board of Directors to recommend a dividend of ₹15 per Share for the Shareholders this Financial Year.

This Fiscal Year, your Company made increased investments behind brand building initiatives, to be able to achieve accelerated sales growth and serve consumers with superior product propositions & technological 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, who continue to trust our brands. These innovations spanned across the technologies as well as marketing communications behind our product propositions. A great example of this was the launch of the *Gillette Fusion* range, which is Gillette's best shaving system globally that guarantees an unparalleled shaving experience with its unique 5-blade shaving technology, aimed at consumers wanting to experience Gillette's best shave.

With this launch, Gillette strengthens its position both as a market leader and as a brand synonymous with cutting edge shaving innovations. Gillette *Mach 3's* innovative marketing campaign '*Shave India Movement*' also continued to win esteemed accolades for your Company, such as the Media Lion at the prestigious Cannes International Festival of Creativity among several others. This Financial Year, your Company also participated in the '*Thank you Mom*' campaign as part of P&G's global partnership with the Olympics.

Oral-B had another strong year with strong double digit growth driven by robust performance across price tiers driving fundamental brand building activities. *Oral-B*, which is the '*World's No. 1 Dentist used toothbrush brand*' continued its partnership with Dentists across India to promote oral health awareness for yet another year through the '*Oral-B Smile India Movement-2*' initiative.

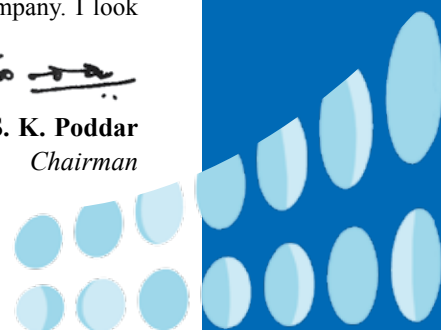
Duracell has achieved robust sales and grown its share in the market significantly. *Duracell* will continue to outperform the category focusing on high-drain consumers in need of superior performance.

As a Company, we continue to remain committed to our purpose of touching and improving the lives of consumers, in more parts of India and more completely. Inspired by this purpose, our signature social responsibility program in India – *Shiksha* – has empowered over 385,000 lesser-privileged children with access to good quality education through 200 schools across the length & breadth of the Country. This Financial Year was marked by heightened support from our consumers as well as partners such as, NGO's, Retailers, Media and other Stakeholders – thus enabling us to help take India one step closer to 100% *Shiksha*. Our efforts towards environmental sustainability were strengthened with our Corporate Office in Mumbai reducing its annual energy consumption by over 27% over the last 9 years, saving over 1700 gigajoules of energy.

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 Stakeholders 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 23, 2012



DIRECTORS' REPORT TO THE MEMBERS

The Directors have the pleasure in presenting their Twenty-Eighth Annual Report together with the Audited Accounts for the Financial Year ended June 30, 2012.

FINANCIAL RESULTS

(Figures in ₹ Crores)

	2011-12	2010-11
Sales (less excise duty)	1232.90	1058.38
Other Income	33.70	32.04
Profit before tax & exceptional items	116.97	133.97
Profit after tax	75.73	86.15
Transfer to General Reserve	7.58	8.62
Proposed dividend plus tax thereon	56.81	56.81
Balance carried forward	294.13	294.28

DIVIDEND

Your Directors are pleased to recommend, subject to the approval of the Members of the Company, a dividend of ₹ 15/- per equity share of ₹ 10 each, amounting to ₹ 48.88 crores, for the Financial Year ended June 30, 2012.

OPERATIONS

Your Company achieved a healthy sales growth during the Financial Year ended June 30, 2012. The total sales (net of excise) at ₹ 1,233 Crores are up by 16.5% when compared to ₹ 1,058 Crores of the previous year. The sales in all the three business segments have grown strongly. 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 Financial Year under review is ₹ 117 Crores as against ₹ 134 Crores last year. Profit After Tax (PAT) for the Financial Year under review stood at ₹ 76 Crores as against ₹ 86 Crores last year. The PBT and PAT have declined versus year ago, due to currency devaluation and increase in commodity prices as well as manufacturing charges.

PERSONAL GROOMING-BLADES & RAZORS

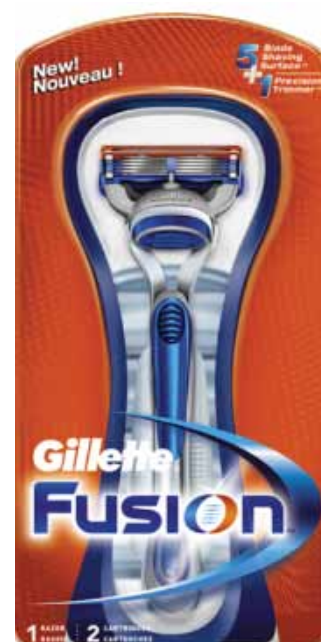
Gillette grooming portfolio had a strong year with high double digit growth combined with record market share growth. This was driven by robust performance across all product and price tiers through fundamental brand building activities.

Fusion, our premium Blades & Razors brand was successfully launched this Financial Year, in October, 2011. *Fusion*, with its unique 5-blade shaving technology was aimed at consumers wanting to experience Gillette's best shave.

Mach3, our other premium Blades & Razors brand posted a strong double digit growth. During the Financial Year under review, *Mach3* distribution increased by 50,000 stores throughout India. The high double digit growth in Razor sales versus year ago, was on account of powerful marketing campaigns such as the "Salute the Soldier" and "Shave India Movement" and razor placement programs.

"Salute the Soldier Movement" was launched in November, 2011, to strengthen the emotional connect between consumers and Gillette by personifying "The Gillette Man" using the soldier. As a result, it was for the first time that Gillette India Limited crossed 50% value share. It received widespread coverage with over one million Indians participating in the movement.

Gillette Guard, the Entry Level system that was designed specifically for the consumers of low income market continued to grow the consumer base of Gillette systems. *Gillette Guard Razor* has more than 60% volume share in razor category.



The personal care category of the male grooming business includes pre-shave and post-shave products. This category has performed very well with exceptional value and volume growth over the previous year. It further strengthened its leadership position within the pre shave category.

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

Gillette India wins a Media Lion at Cannes Ad Fest:

Your Company's campaign "*You Shave, I Shave*" as part of the "*Shave India Movement*" has won a Media Lion at the Cannes Ad Festival 2012.

ORAL CARE

Oral-B tooth- brushes had a strong year with strong double digit growth. This was driven by robust performance of its products across price tiers during fundamental brand building activities.

Oral-B continues to grow across tiers. Initiatives focused on establishing superiority of *Oral-B CrossAction* helped *Oral-B* grow in the super premium tier segment. *Oral-B 123* continues to lead our growth in the premium tier by providing superior propositions to the consumers. Dedicated TV Initiatives on *Oral-B Shiny Clean* along with strong plans to drive deeper distribution further helped strengthen *Oral-B's* position in the mid-tier segment. Multiple initiatives were undertaken to expand *Oral-B* distribution, which resulted in the brand being available to more consumers across India.

Oral-B, which is the *World's No. 1 dentist recommended toothbrush brand* (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 *Oral-B Smile India Movement-2* initiative. This campaign helped in educating the consumers on oral hygiene by offering them a free dental checkup close to their residence simply on the purchase of an *Oral-B* toothbrush.



PORTABLE POWER

For the Financial Year under review, *Duracell* has achieved robust sales and grown its share in the Market significantly by trading consumers up, given superior consumer proposition. Key initiatives such as distribution and base building activities have resulted in promising growth. Increasingly, device cavities are changing to AA/AAA sizes where *Duracell* has a higher scope to win versus zinc batteries.

Duracell has leveraged the scale of the Company, by participating in all Multi Brand campaigns e.g. '*Shiksha*' & '*Thank You Mom*'. The brand has focused on winning in Metro cities behind 'Multipoint Displays' and driving 'Top of Mind' during the path to purchase. This has led to overall Alkaline battery share leadership in Modern Retail. Overall the brand has expanded its distribution footprint by 15,000 stores and increased its offtake by 60% in Metro cities.

In the coming future, *Duracell* will continue to outperform the category focusing on high drain consumers in need of superior performance, whilst



continuing to service “Aspiring Indian” consumers who seek value for money from the battery.

MANUFACTURING

Your Directors have the pleasure of informing you that during the Financial Year under review, the 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, our 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 89% Quality Assurance Capability in the Company's Quality Assurance System Audit.

Your Directors are also pleased 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 the European Markets.

CORPORATE SOCIAL RESPONSIBILITY

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

P&G's focus on purpose-inspired growth drives us to not only serve our consumers with superior product propositions, but also truly touch and improve the lives of more consumers, more completely by contributing towards the communities we operate

in. This commitment is the purpose behind our Corporate Social Responsibility initiatives '*Shiksha*' and the '*Whisper School Program*,' that enables children from lesser-privileged background access their right to health and education.

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

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

Since its inception in 2005, the P&G Group (India) has through *Shiksha* made a cumulative donation of over ₹ 27 crores towards helping children on the path to better education. This is a result of the support from our consumers who participated in the *Shiksha* movement by buying P&G brands in the months of January, February and March 2012 and enabling P&G to contribute a part of the sales towards the cause. During the Financial Year under review, P&G Group (India) closed *Shiksha* with a contribution of ₹ 5.6 crores in association with its partner NGOs, namely, Save the Children India (STC), Army Wives Welfare Association (AWWA), Round Table India (RTI), Navy Wives Welfare Association (NWWA), Air Force Wives Welfare Association (AFWWA)



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



amongst others. Each of *Shiksha's* NGO partners focuses on a critical approach towards education, with NGO Round Table India specializing in building educational infrastructure and supporting schools across India, NGO Save the Children laying emphasis on the girl child via supporting the *Government's Kasturba Gandhi Balika Vidhyalayas* and the NGOs AWWA, NWWA & AFWWA serving the unique educational needs of differently-abled children of Naval, Air force and Army Officers' families. These activities together help *Shiksha* further its motto '*पढ़ेगा इंडिया तो बड़ेगा 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. We use low emission manufacturing technologies 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 products 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:

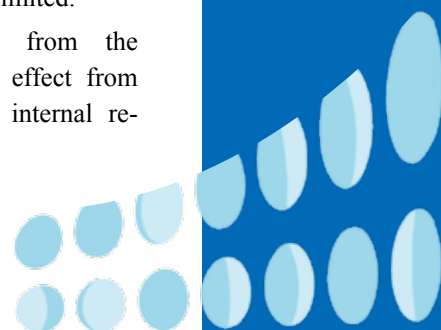
- (i) that in the preparation of the Annual Accounts for the Financial Year ended June 30, 2012, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss of the Company for the Financial Year under review;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the Financial Year ended June 30, 2012, on a "going concern" basis.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with the Auditors' Certificate on it's compliance with Clause 49 of the Listing Agreement is annexed to this Report.

DIRECTORS

- Mr. Shantanu Khosla has been re-appointed as the Managing Director of the Company with effect from January 29, 2012 by the Board of Directors' at their Meeting held on May 4, 2012. This re-appointment is subject to the approval of the Members of the Company at the 28th Annual General Meeting of the Company. The Company is also seeking the approval of the Central Government under Section 316(4) of the Companies Act, 1956, to enable Mr. Shantanu Khosla to function as the Managing Director of two other Group Companies namely Procter & Gamble Hygiene and Health Care Limited and Procter & Gamble Home Products Limited.
- Ms. Deborah Henretta resigned from the Directorship of the Company with effect from August 1, 2012 consequent to an internal re-organization.



Mr. Pramod Agarwal was appointed as an Alternate Director to Ms. Deborah Henretta at the Meeting of the Board of Directors held on February 2, 2012. Consequent to the resignation of Ms. Deborah Henretta from Directorship of the Company, with effect from August 1, 2012, Mr. Pramod Agarwal ceased to be an Alternate Director, from the said date.

- Mr. Pramod Agarwal has been appointed as an Additional Director of the Company with effect from August 1, 2012. As an Additional Director, he holds office upto the date of the 28th Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a Member proposing his candidature as a Director of the Company liable to retire by rotation along with a deposit of ₹ 500/-.
- Mr. B S Mehta and Mr. A K Gupta retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.
- The brief resumes of Mr. B S Mehta, Mr. A K Gupta and Mr. Pramod Agarwal 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 28th 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 for the Financial Year ending June 30, 2013. The Company is in the process of applying to the Central Government for seeking approval for the said 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

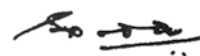
The Company's growth over the past few years demonstrates the core strengths of our employees to stay reality-based, embrace change and proactively influence the course of business. In a diverse organization and competitive environment, the efforts of our organization, strong capability plans and HR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

The information as per Section 217(2A) of the Companies Act, 1956 (“the 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 for 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 23, 2012



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 during the Financial Year were –

- (a) Project completion for buying power through open access enabling us to procure power from Energy Exchange at variable rates;
- (b) Power consumption reduction by replacing two reciprocating chillers with one energy efficient screw chiller;
- (c) Installed reactors for HT Capacitor bank for maintaining PF of >0.99 consistently and thus getting rebate in electricity bills;
- (d) Few minor projects of installing efficient design of AHU Blower, efficient air washer coolers, etc were done in journey towards energy conservation;
- (e) Conducted an Energy Audit for identification of areas for energy conservation.

2. Plans for next Financial Year:

- (a) Replacing three way modulating valves with two way valves with Drives in Chiller Lines for improving chiller efficiency to reduce the power consumption;

- (b) Project for replacing the immersion heating mechanism in Hardening process with heat pump for realization of energy savings;
- (c) Project for replacing the Boiler with efficient heat pump;
- (d) Identify and execute more projects with opportunities from energy audit.

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 overseas markets. Efforts are on to further increase exports of personal grooming products to other countries.

2. The particulars of foreign exchange earned/ utilized during the Financial Year are given in Note 37 to the Accounts, respectively.

For and on behalf of the Board



S. K. Poddar
Chairman

Place: Mumbai

Date: August 23, 2012



MANAGEMENT DISCUSSION AND ANALYSIS REPORT, 2012

Review of Economic Scenario and impact of Union Budget 2012

The Indian Economy showed signs of slowdown during the past year and the same could be entirely attributed to the Global Economic Slowdown. The Economic Survey 2011-12 states that despite a slowdown in the growth rate of the Indian Economy as compared to the preceding two years, India remains among the front runners in all cross country comparisons. The Survey further states that despite difficult conditions in the global economy, exports continued to be robust in the current year and registered a growth rate of 14.3% in real terms over & above the 22.7% growth achieved in the previous year (2010-11), as per Advance Estimates. The Survey also states that, the growth rate of private final consumption expenditure has been fairly consistent even when the economy's growth rate has fluctuated. The global economic environment, which has been tenuous at best throughout the year, turned sharply adverse in September, 2011, owing to turmoil in Eurozone and questions about the outlook on the US Economy provoked by rating agencies. However, for the Indian Economy, the outlook for growth & price stability looks more promising.

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

The FMCG Sector and Indian consumers

The Indian FMCG sector is the fourth largest in the Indian economy and has a market size of \$13.1 billion. The FMCG

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

BUSINESS REVIEW

PERSONAL GROOMING – BLADES & RAZORS

Your Directors are of the view that the Blades & Razors sector is a huge category and represents a sizable growth 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

The Oral Care category presents unique opportunities and challenges in India. Manual toothbrushes are a key part of Oral Hygiene with opportunity for better penetration and trade-up.

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 robust potential in the coming years for alkaline batteries and thus for *Duracell*.

Outlook and Opportunities

The Indian economy presents significant opportunity with a growing population, category whitespace and rising incomes. However, high inflation, supply bottlenecks and intense competition constrain margin growth in the near term. Your Company carefully studies these trends and makes timely choices to balance sales, shares and margins.

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' sites and operations are periodically reviewed by the Company for managing risks, if any.

Regulatory and Compliance risks

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

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

Your Company has set in place the requisite mechanism for meeting with the compliance requirements, periodic monitoring of compliance to avoid any deviations and regular updation 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, for conducting thorough screening of all visitors and items received inwards. There is also a system for continuous monitoring of security alerts across the country. Training is regularly given to all security guards who are on duty 24×7. Evacuation drills are conducted twice a year. A global policy is in place to issue travel advisories to all employees in case there is any adverse situation at any place in the world. If the situation warrants, 'travel bans' are imposed. During the Financial Year under review, no breaches or major accidents occurred at any of the Company's Plants. Your Company has installed the best of the security measures and processes to protect its personnel and assets.

HR Initiatives

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

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

Developing Talent: Our organization survey scores were very strong showing good increase in areas of learning and growth, career growth and pride in the Company. New hires into the Company are given a thorough on-boarding through the *"Future Stars Program"* to ensure that they are able to contribute in their roles as soon as they join. Clear career paths help employees to plan their career goals and understand the skills needed to be built. Your Company's annual performance management system is very robust and clearly assesses and differentiates amongst employees on the basis of performance and potential. We continue to build our talent through experiences both in India as well as internationally, ensuring that the benefits of a global organization are leveraged. Innovative Virtual/Self-learning Leadership Development program for our middle management, as part of the *"Build Our Future"* initiative, continued to set a benchmark in

development of our key leaders. All these initiatives make our retention among the best in the industry.

Employee and trade relations related developments are covered in the Directors' Report. The number of employees of the Company as on June 30, 2012 was 678.

Internal Controls & their adequacy

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

A system of Control Self Assessments (CSA) is in place for managing risk, assessing controls in operational areas, collating documented process, policies, evidences and proofs to identify control weaknesses and initiate actions to mitigate them. Local management has completed 11 audit processes for the Financial Year under review. The completed CSA's were reviewed by local Finance, Stewardship SPOC and Statutory Auditors (M/s. Deloitte Haskins & Sells) for adequacy and quality checks. All the issues identified during CSA cycle are 100% remediated by implementing quality action plans. The Corporate Governance and stewardship program including third party audit firm governance in key processes by your Company has further strengthened internal controls and Company policy compliances. Overall your Company has made strong progress in improving the state of the Internal Controls environment.

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

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 stakeholders 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 level, when Management is acting as if they are long-term investors in the Company.

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

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

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

Company's employees to make easier connections to relevant policies and the tools that support them. This manual describes the Company's *"Worldwide Business Conduct Standards"*. These standards flow from the following core values of the Company:

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

The *"Worldwide Business Conduct Manual"* also details the policy statements, operating policies/procedures/practices and Internal controls being followed by the Company with specific emphasis on ethical behaviour of Employees, compliance with all applicable laws in letter and spirit, ensuring accuracy of books and records, maintaining confidentiality of corporate data, avoidance of conflict of interest, fair dealings, fair competition, following 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 Financial Year ended June 30, 2012 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	12	8	1	1
Mr. Shantanu Khosla	ED	Managing Director	2	1	1	1
Mr. B. S. Mehta	ID	Director	14	1	7	5
Mr. C. R. Dua	ID	Director	6	None	3	None
Mr. Gurcharan Das	ID	Director	4	None	None	None
Mr. Akshay Poddar	NED	Director	11	None	7	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
Mrs. Nayantara Bali \$	NED	Director	None	None	None	None
Mr. Pramod Agarwal**	NED	Alternate to Ms. D. Henretta	1	None	None	None

NED – Non-Executive Director

ED – Executive Director

ID – Independent Director

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.

\$ Mrs. Nayantara Bali was appointed as a Director of the Company w.e.f. August 26, 2011.

* Ms. Deborah Henretta ceased to be a Director of the Company w.e.f. August 1, 2012.

** Mr. Pramod Agarwal was appointed as an Alternate Director to Ms. D. Henretta w.e.f. February 2, 2012, Mr. Agarwal ceased to be an Alternate Director on cessation of Ms. D. Henretta, w.e.f. August 1, 2012. Mr. Agarwal was subsequently appointed as an Additional Director of the Company w.e.f. August 1, 2012.

(b) Number of Board Meetings:

During the Financial Year 2011-12, four (4) Board Meetings were held on August 26, 2011, October 31, 2011, February 2, 2012 and May 4, 2012 respectively. The Annual General Meeting for Financial Year ended June 30, 2011 was held on October 31, 2011.

(c) Directors' attendance record:

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

Name of Director	No. of Board Meetings attended	Last AGM attendance
Mr. S. K. Poddar	4	Attended
Mr. Shantanu Khosla	4	Attended
Mr. B. S. Mehta	4	Attended
Mr. C. R. Dua	1	Attended
Mr. Gurcharan Das	2	Attended
Mr. Akshay Poddar	4	Attended
Ms. Deborah Henretta*	NIL	Not Attended
Mr. Jyoti Sagar	1	Not Attended
Mr. Anil Kumar Gupta	4	Attended
Mrs. Nayantara Bali #	2	Attended
Mr. Pramod Agarwal***	2	Not Attended

Mrs. Nayantara Bali was appointed as a Director of the Company w.e.f. August 26, 2011.

* Ms. Deborah Henretta ceased to be a Director of the Company w.e.f. August 1, 2012.

*** Mr. Pramod Agarwal was appointed as an Alternate Director to Ms. D. Henretta w.e.f. February 2, 2012, Mr. Agarwal ceased to be an Alternate Director on cessation of Ms. D. Henretta, w.e.f. August 1, 2012. Mr. Agarwal was subsequently appointed as an Additional Director of the Company w.e.f. August 1, 2012.

(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 no. 38 forming part of the Financial Statements.

(e) Remuneration of Directors:

A Special Resolution was passed by the Members of the Company at the 24th Annual General Meeting held on October 22, 2008, thereby 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 upto December 31, 2012. The Board of Directors of the Company at their Meeting held on August 23, 2012 have accorded approval (including ratification) for payment of commission for the Financial Year 2011-2012 to the tune of ₹ 1,60,00,000 (Rupees One Crore Sixty Lakhs Only) in the aggregate to all the Non- Executive Directors of the Company. In respect of the current year, the aggregate amount of Commission of ₹ 1,60,00,000 (exclusive of service tax of ₹ 9,88,800) payable to the Non-Executive Directors of the Company and charged for the Financial Year 2011-2012 in the

financial statements as is stated above, exceeds the maximum amount payable based on 1% of the net profits of the Company amounting to ₹ 1,21,63,895 for the Financial Year ended June 30, 2012, by an amount of ₹ 38,36,105 (excluding service tax of ₹ 9,88,800). The payment of the said excess amount of ₹ 38,36,105, is subject to approval of the Members of the Company, by way of a Special Resolution at the forthcoming 28th Annual General Meeting of the Company and is also subject to approval of the Central Government.

Mr. Shantanu Khosla has been re-appointed as the Managing Director of the Company for a period of five years with effect from January 29, 2012 by the Board of Directors at the meeting held on May 4, 2012. He is also the Managing Director of Procter & Gamble Hygiene and Health Care Limited (PGHH) and Procter & Gamble Home Products Limited (PGHP).

Your Company has applied to the Central Government for seeking its approval under Section 316(4) of the Companies Act, 1956 to enable Mr. Khosla to act as the Managing Director of Gillette India Limited, Procter & Gamble Hygiene and Health Care Limited (PGHH) and Procter & Gamble Home Products Limited (PGHP). Therefore, Mr. Khosla's re-appointment as the Managing Director of your Company is subject to the approval of Central Government and that of the Members of the Company at the 28th Annual General Meeting.

Mr. Shantanu Khosla will be drawing his remuneration from Procter & Gamble Hygiene and Health Care Limited (PGHH) and your Company will contribute in proportion to the Company's Net Outside Sales. The details of remuneration paid/provided to the Executive/Non-Executive Directors during the Financial Year 2011-12 are as under:

Name of Director	Relationship with other directors	Salary including Bonus + PF contribution	Perquisites	Commission #	Amount in ₹	
					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. A. K. Gupta	None	Nil	Nil	1,000,000	1,000,000	
Mr. Pramod Agarwal	None	Nil	Nil	Nil	Nil	
Mrs. Nayantara Bali	None	Nil	Nil	Nil	Nil	

The above Commission excludes service tax amounting to ₹ 9,88,800/-.

* Remuneration charged to the accounts in respect of the Managing Director ₹ 96,97,401/-.

NOTE - No sitting fee is payable to any Director.

The term of the Managing Director (MD) is for a period of five years from the date of 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 Managing Director are given the right to purchase shares of the ultimate holding Company – The Procter & Gamble Company, USA under its ‘International Stock Ownership Plan’. Certain employees of the Company are also entitled to stock options of the ultimate holding Company under its ‘Employee Stock Option Plan’. Details as regards the same are disclosed vide note no. 27 forming part of the Financial Statements.

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. Jyoti Sagar, Mr. Gurcharan Das and Mr. A.K. Gupta. During the Financial Year 2011-12, Four Audit Committee meetings were held on August 26, 2011, October 31, 2011, February 2, 2012 and May 4, 2012 respectively.

Mr. Amit Vyas* is the Secretary to the Audit Committee.

**Mr. Amit Vyas was appointed as the Secretary to the Audit Committee with effect from December 1, 2011. Prior to Mr. Vyas, Mr. Deepak Acharya was discharging the role of the Company Secretary.*

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

Name	Designation	Category	Profession	No. of meetings attended	No. of meetings held
Mr. C. R. Dua	Chairman	Independent Director	Advocate	1	4
Mr. S. K. Poddar	Member	Non-Executive Director	Business	4	4
Mr. B. S. Mehta	Member	Independent Director	Chartered Accountant	4	4
Mr. Jyoti Sagar	Member	Independent Director	Advocate	1	4
Mr. Gurcharan Das	Member	Independent Director	Management Consultant	2	4
Mr. A. K. Gupta	Member	Independent Director	Consultant	4	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 Listing Agreement with the Stock Exchange(s) 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:

- 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;
- 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; and
 - 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) Share Transfer and Shareholders'/ Investors' Grievance Committee

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

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 who regularly addresses Shareholder's complaints, oversees share transfer process and liaises with the regulatory authorities.

During the Financial Year under review, 20 meetings of the Committee were held. The attendance of each member of the Committee is given below:

Name	No. of Committee meetings attended	No. of Committee meetings held
Mr. Akshay Poddar	20	20
Mr. Shantanu Khosla	20	20
Mr. Anil K Gupta*	18	20

* 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:

Mr. Shantanu Khosla was appointed as the Managing Director of the Company for a period of five years w.e.f. January 29, 2007 i.e. till January 28, 2012. At the Meeting of the Board of Directors' held on May 4, 2012, Mr. Khosla was re-appointed as the Managing Director of the Company w.e.f. January 29, 2012 for a period of five years. The said re-appointment is subject to the approval of the Members of the Company at the 28th Annual General Meeting and of the Central Government.

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

Mr. Khosla is also the Managing Director of Procter & Gamble Hygiene and Health Care Limited and Procter & Gamble Home Products Limited.

Mr. Pramod Agarwal was appointed as an Alternate Director to Ms. Deborah Henretta at the Meeting of the Board of Directors held on February 2, 2012. Consequent to resignation of Ms. Deborah Henretta from Directorship of the Company, with effect from

August 1, 2012, Mr. Pramod Agarwal ceased to be an Alternate Director, from the said date.

Mr. Pramod Agarwal was appointed as an Additional Director of the Company by the Board of Directors by circular resolution dated July 20, 2012, with effect from August 1, 2012. He holds office till the date of 28th Annual General Meeting of the Company.

Mr. Agarwal is a Bachelor of Commerce from Kanpur University and a Post Graduate Diploma holder in Management from Indian Institute of Management, Ahmedabad. He is an expert in Finance and is the Vice President – Finance & Accounting Asia of P&G International Ops SA.

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

Presently, Mr. Agarwal is also a Director of Procter & Gamble Hygiene and Health Care Limited.

Mr. Bansi S. Mehta, Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 28th Annual General Meeting.

Mr. Mehta is a leading practicing Chartered Accountant and is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Mehta is the Chief Mentor of M/s. Bansi S. Mehta & Company, Chartered Accountants and specializes in the areas of taxation and financial management.

Presently, he is a Director of the following Public Limited Companies: Atul Limited, Bharat Bijlee Limited, Century Enka Limited, CEAT Limited, Clariant Chemicals (India) Limited (Previously known as Color-Chem Limited), Procter & Gamble Hygiene and Health Care Limited, Housing Development Finance Corporation Limited, IL&FS Investment Managers Limited (Previously known as IL&FS Venture Corporation Limited), J.B Chemicals & Pharmaceuticals Limited, National Securities Depository Limited,

Pidilite Industries Limited, Sasken Communication Technologies Limited, SBI Capital Markets Limited and Sudarshan Chemical Industries Limited.

Mr. Anil K. Gupta, Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 28th Annual General Meeting.

Mr. Gupta is an Engineer from IIT, Delhi besides holding a PG Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. Mr. Gupta is an expert in the field of manufacturing and supply chain management. He has vast experience of over 37 years in India and abroad in the field of manufacturing and product supply and had held various senior management positions.

Mr. Gupta is not a Director on the Board of any other Public Limited Company.

(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 and are published in 'Business Standard' (English) and 'Dainik Lokjivan, Jaipur' (Hindi)
- (ii) Half yearly reports are not sent to each household of the shareholders at present.
- (iii) The Company's results and official news releases are published on Company's website: www.pg.com/en_IN.
- (iv) The Quarterly Financial Results and Shareholding Pattern are also posted on Corp Filing website viz. <http://www.corpfiling.co.in>.
- (v) No presentations were made to analysts and institutional investors during the Year under review.
- (vi) Your Company has taken requisite steps to ensure compliance with the **Circular No. 17/2011 dated April 24, 2011 and Circular No. 18/2011 dated April 29, 2011** issued by the Ministry of Corporate Affairs, propagating the 'Green Initiative'.

This initiative involves paperless compliances by serving documents on the Members through the electronic mails (e-mails). Specific details of the steps taken by the Company in this regard are given in the notes to the Notice convening the 28th Annual General Meeting of the Company.

- (vii) The recorded version of the proceedings of the 28th Annual General Meeting would be webcast at the Company's website www.pg.com/en_IN

(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 the Stock Exchanges and the 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 the Worldwide Business Conduct Helpline (previously called Alertline), twenty-four hours a day, seven days a week, to report any concerns about violations of the Company's Worldwide Business Conduct Standards.

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

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

The Worldwide Business Conduct Helpline 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 Financial 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 with 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) The Board of Directors ensures that the person being appointed as an Independent Director has the requisite qualifications and experience which would be of value to the Company.
- (b) There are no audit qualifications in the Company's Financial Statements for the Financial Year under reference.
- (c) No specific training program(s) was arranged for the Board Members.
- (d) 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.

- (e) The Company has not adopted any mechanism for evaluating individual performance of Non-Executive Directors.
- (f) 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
27 th	31.10.2011	11.00 a.m.	All the three Annual General Meetings were held at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan 301 019	1
26 th	18.11.2010	11.00 a.m.		—
25 th	27.10.2009	11.00 a.m.		—

At the previous Annual General Meeting held on 31st October, 2011, a Special Resolution under Section 309 of the Companies Act, 1956 was passed by the Shareholders of the Company according approval (subject to the approval of the Central Government) for waiver of recovery from the Non-Executive Directors, of the amounts of commission paid to them in excess of 1% of the net profits of the Company for the Financial Year ended June 30, 2011.

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 www.pg.com.com/en_IN.

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

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

4. GENERAL SHAREHOLDERS INFORMATION:

(i) Annual General Meeting

The Annual General Meeting will be held on **Tuesday, December 11, 2012 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 Finalization	August
Annual General Meeting	October – November
Dividend Dispatch	Within 30 days of the Annual General Meeting
Quarterly Results	Normally before the end of 45 days, except 4 th quarter when Audited Annual Results are declared within 60 Days as permitted under the Listing Agreement

(iii) Book Closure Date

Saturday, December 1, 2012 to Tuesday, December 11, 2012 (both days inclusive).

(iv) Dividend Payment Details

Final Dividend, if declared: Will be paid on or before December 18, 2012

(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 2011-12.*

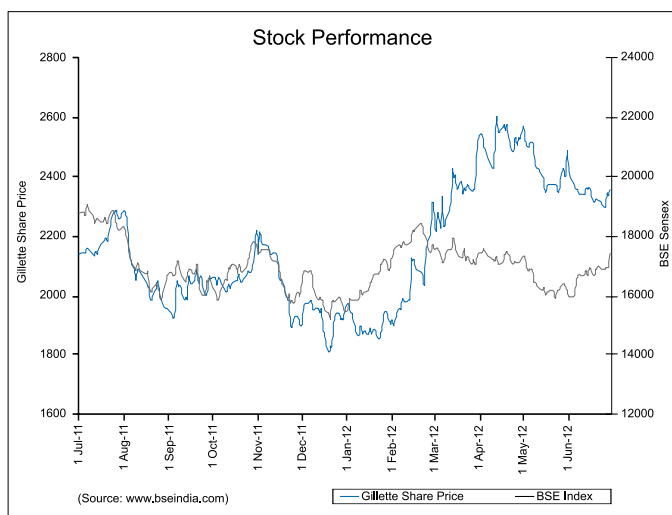
MONTH	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July 2011	2,314.85	2,085.00	2,400.00	2,081.10
August 2011	2,295.00	1,926.00	2,319.90	1,811.00
September 2011	2,100.00	1,900.00	2,100.00	1,910.00
October 2011	2,238.75	2,006.25	2,237.00	1,950.00
November 2011	2,228.95	1,865.00	2,226.50	1,887.00
December 2011	2,089.90	1,771.15	2,048.00	1,782.10
January 2012	1,988.00	1,840.00	1,978.00	1,833.00
February 2012	2,427.40	1,872.00	2,424.00	1,854.10
March 2012	2,542.95	2,201.00	2,780.50	2,197.00
April 2012	2,624.35	2,416.00	2,650.00	2,426.50
May 2012	2,580.00	2,305.20	2,580.95	2,310.10
June 2012	2,514.50	2,225.20	2,530.00	2,290.50

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

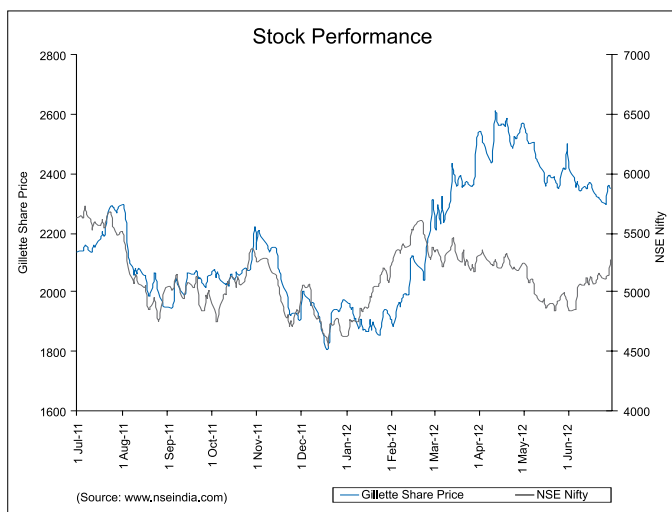
Note: High and Low are in Rupees (₹) per traded share.

(viii) Performance in comparison to the BSE Sensex and NSE Nifty

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



The following chart shows the performance of the Company's share as compared to the NSE Nifty during the Financial Year 2011-2012:



Year – July 1, 2011 to June 30, 2012
(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 as per the listing agreement 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 2011-12, the Company had received 71 shareholder complaints, which were resolved expeditiously. As on June 30, 2012, there are no complaints pending.

There is NIL share transfer pending as on June 30, 2012.

(xi) Distribution of shareholding by size class as on June 30, 2012

No. of Shares held	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 – 500	14,697	96.00	9,82,772	3.02
501 – 1000	306	2.00	2,21,370	0.68
1001 – 2000	140	0.91	2,05,953	0.63
2001 – 3000	52	0.34	1,31,235	0.40
3001 – 4000	22	0.14	77,537	0.24
4001 – 5000	16	0.11	76,182	0.23
5001 – 10000	24	0.16	1,85,199	0.57
10001 and above	52	0.34	307,04,969	94.23
Total	15,309	100.00	325,85,217	100.00

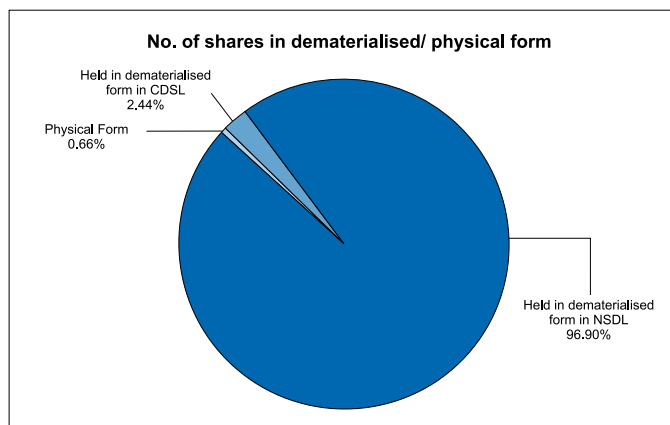
(xii) Distribution of shareholding by ownership as on June 30, 2012

Category	Number of Shares held	% of Shares held
Indian & Foreign Promoters	28,922,849	88.76
Resident Individuals and others	1,945,052	5.97
Mutual Funds & UTI	497,700	1.53
Financial Institutions/Banks	4,860	0.01
Foreign Institutional Investors	282,114	0.87
Private Corporate Bodies	793,575	2.44
NRIs	139,067	0.43
Directors and their Relatives	0	0
Total	32,585,217	100.00

(xiii) 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, 2012 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	315,76,634	96.90
Held in dematerialized form in CDSL	794,092	2.44
Physical	214,491	0.66
Total	325,85,217	100.00

**(xiv) 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. Accordingly, the Company has achieved 100% of the Promoter's and Promoter group's shareholding in the dematerialized form during the Financial Year.

(xv) 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.

(xvi) Unclaimed/Unpaid Dividends

The amount of unclaimed dividends for and upto the Financial Year ended 2004 has been transferred to the Investor Education and Protection Fund established by the Central Government. Pursuant to Section 205C of the Companies Act, 1956, those members who have not 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 Year ended December 31, 2005 and for the subsequent years, which remain unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on the dates mentioned in the table below.

Members who have not encashed their dividend warrants for the said Financial Years, are requested to seek issue of duplicate warrants on or before the due dates mentioned below, 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
13	29.04.2006	31.12.2005	04.06.2013
14*	27.02.2007	30.06.2007	04.04.2014
15#	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
19	31.10.2011	30.06.2011	06.12.2018

* Interim Dividend

Final Dividend

During the Financial Year 2011-12, unclaimed final dividend amount for the Financial Year ended December 31, 2004 of ₹ 6,14,436/- was transferred to the Investor Education and Protection Fund on June 28, 2012.

The details of dividends remaining unpaid for the aforementioned Previous Years are uploaded on the Company's website viz. www.pg.com.en_IN.

(xvii) 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 173 205, Dist. Solan,
Himachal Pradesh

(xviii) 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 - 301 019

Compliance Officer:

Mr. Amit Vyas,
Company Secretary

Ph : 022-28266000; Fax : 022-66939696

e-mail : vyas.a@pg.com

Declaration

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

For **GILLETTE INDIA LIMITED**

Mumbai
August 23, 2012

Shantanu 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, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

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

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

- i) The non-compliance noted in respect of Clause 49 (I)(C) wherein the gap between the meeting held on April 25, 2011, of the Board and the meeting held on August 26, 2011 is in excess of four months by one day.
- ii) As stated in Para (e) under 'Board of Directors' to the Corporate Governance report of the Company, excess commission paid to the

Non-executive directors amounting to ₹ 48,24,905 (including service tax amounting to ₹ 9,88,000) which is subject to the approval of the Members at the ensuing Annual General Meeting of the Company and the Central Government

- iii) As stated in Para (e) under 'Board of Directors' to the Corporate Governance report of the Company, the re-appointment of the Managing Director of the Company, which is subject to approval by the Central Government as required by sub-section (4) of Section 316 of the Companies Act, 1956 and the shareholders at the ensuing Annual General Meeting of the Company.

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

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Registration No. 117366W)

K. A. Katki
Partner

Mumbai, August 23, 2012

Membership No. 038568

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, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the 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:
 - (i) Note 36(a) to the financial statements regarding the re-appointment of the Managing Director of the Company which is subject to approval by the Central Government as required by sub-section (4) of Section 316 of the Companies Act, 1956, and the Members at the ensuing Annual General Meeting of the Company.
 - (ii) Note 36(b) to the financial statements, regarding the excess commission provided but not paid to the Non-Executive Directors amounting to ₹ 48 24 905 (including service tax of ₹ 9 88 800), which is subject to the approval of the Members at the ensuing 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 paragraphs 3 and the Annexure referred to in Paragraph 4 above, we report as follows:
 - (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the Year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the Financial Year ended on that date.
6. On the basis of written representations received from the Directors as on June 30, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on June 30, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

K. A. Katki
Partner

Mumbai, August 23, 2012

(Membership No. 038568)

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

- (i) Having regard to the nature of the Company's business/ activities/result, clauses vi, x, xi, xii, xiii, xiv, xv, xvi, xviii, xix and xx of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b. The fixed assets were physically verified during the Year by the Management in accordance with a regular programme of verification, which in our opinion provides for physical verification of all the fixed assets within an interval of three years. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. The fixed assets disposed off during the 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 cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable to it with the appropriate authorities. The provisions relating to Wealth Tax are not applicable to the Company.
 - b. There were no undisputed amounts payable in respect of Income-tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at June 30, 2012, for a period of more than six months from the date they became payable.
 - c. Details of Excise Duty, Service Tax, Sales tax and Custom Duty which have not been deposited as on June 30, 2012 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 (₹)
The Central Excise Act, 1944	Excise duty	Appellate Authority – upto Commissioners/ Revisional authorities level	Nov'94 - May'96, Sep'95 - Nov'95, May - 1996, July - 1997, Apr'02 - Jan'03, Apr'04 - Sep'04, Dec'04 - Sep'07, Apr'08 - Jan'12, Sep'09 - Mar'11	829689387
		Appellate Authority – Tribunal	Apr'94 - Sep'96 Nov'96 - May'98	14232540
		High Court	1991	891574
	Sub-total			844813501
Finance Act, 1994	Service tax	Appellate Authority – upto Commissioners/ Revisional authorities level	2001-02, Jan'04 - Dec'04, Apr'05 - Mar'06, Apr'05 - Sep'05	4954606
	Sub-total			4954606
Customs Act, 1962	Custom Duty	Appellate Authority – upto Commissioners/ Revisional authorities level	May'05 - Dec'06	157600562
		Customs, Excise and Service Tax Appellate Tribunal	1996	2653495
	Sub-total			160254057
Sales Tax Laws as per statutes applicable in various states	Sales Tax	Appellate Authority – upto Commissioners/ Revisional authorities level	1997-1998 to 2009-2010	215273908
		Appellate Authority – Tribunal	1997-1998, 1999-2000, 2002-2003, 2004-2005	15339400
	Sub-total			230613308
Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010	Entry Tax	High Court	April 2011 to June 2012	27185357
	Sub-total			27185357

The above excludes disputed unpaid Excise demands of ₹ 293896485 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 and Cess during the 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 year for long term investment.
- (xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

K. A. Katki
Partner

Mumbai, August 23, 2012

(Membership No. 038568)

Balance Sheet as at June 30, 2012

	Note No.	As at June 30, 2012 (₹)	As at June 30, 2011 (₹)
EQUITY AND LIABILITIES			
<i>Shareholders' Funds</i>			
Share Capital	3	32 58 52 170	32 58 52 170
Reserves and Surplus	4	5 86 67 30 718	5 67 74 62 449
		6 19 25 82 888	6 00 33 14 619
<i>Non-Current Liabilities</i>			
Deferred Tax Liability (Net)	5	6 37 48 810	5 54 86 810
Other Long-Term Liabilities	6	1 60 000	1 60 000
Long-Term Provisions	7	49 92 000	40 12 100
		6 89 00 810	5 96 58 910
<i>Current Liabilities</i>			
Trade Payables	8	2 84 45 76 399	1 36 22 14 656
Other Current Liabilities	9	72 49 56 074	31 19 42 686
Short-Term Provisions	10	60 26 69 091	59 44 17 954
		4 17 22 01 564	2 26 85 75 296
TOTAL		10 43 36 85 262	8 33 15 48 825
ASSETS			
<i>Non-Current Assets</i>			
Fixed Assets			
Tangible Assets	11a	1 51 45 91 995	1 24 26 84 988
Capital Work-in-Progress	11a	37 91 92 025	34 17 41 697
Tangible Assets held for Disposal	11b	47 62 461	51 33 561
Long-Term Loans and Advances	12	94 87 75 033	91 12 45 253
		2 84 73 21 514	2 50 08 05 499
<i>Current Assets</i>			
Inventories	13	2 10 88 34 604	1 93 84 27 107
Trade Receivables	14	68 66 68 730	62 22 82 422
Cash and Cash Equivalents & Other Bank Balances	15	1 16 71 47 245	73 14 96 540
Short-Term Loans and Advances	16	3 46 48 67 303	2 40 61 31 249
Other Current Assets	17	15 88 45 866	13 24 06 008
		7 58 63 63 748	5 83 07 43 326
TOTAL		10 43 36 85 262	8 33 15 48 825

See accompanying notes forming part of the financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

K. A. Katki
Partner

Place: Mumbai
Date: August 23, 2012

For and on behalf of Board of Directors
S. K. Poddar
Chairman

T. J. Buch
Chief Financial Officer

S. Khosla
Managing Director

A. Vyas
Company Secretary

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

	Note No.	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Income			
Revenue from Operations (Gross)	18	12 49 07 02 968	10 72 88 93 090
Less: Excise Duty		16 17 18 598	14 51 03 800
Revenue from Operations (Net)		12 32 89 84 370	10 58 37 89 290
Other Income	19	33 70 08 471	32 03 57 743
Total Revenue		12 66 59 92 841	10 90 41 47 033
Expenses			
Cost of Raw and Packing Materials Consumed	20a	2 47 91 53 741	2 67 89 61 452
Purchase of Stock-in-Trade	20b	3 24 89 76 315	1 95 44 29 793
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20c	(24 20 04 602)	(31 40 52 321)
Employee Benefit Expenses	21	77 14 80 024	63 28 91 079
Finance Costs	22	67 951	1 25 921
Depreciation and Amortization Expense	11a, 11b	23 92 98 844	19 81 38 531
Other Expenses	23	4 99 93 19 992	4 41 39 37 964
Total Expenses		11 49 62 92 265	9 56 44 32 419
Profit Before Tax		1 16 97 00 576	1 33 97 14 614
Tax Expenses			
Current Tax Expense		40 41 00 000	48 99 09 000
Deferred Tax Charge/(Credit) – (Net)		82 62 000	(1 17 30 000)
Profit After Tax for the year		75 73 38 576	86 15 35 614
Earnings per equity share (in ₹)			
Basic and diluted earnings per share (in ₹)	41	23.24	26.44
Face value of Equity share (in ₹)		10.00	10.00

See accompanying notes forming part of the financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

K. A. Katki
Partner

Place: Mumbai
Date: August 23, 2012

For and on behalf of Board of Directors
S. K. Poddar
Chairman

T. J. Buch
Chief Financial Officer

S. Khosla
Managing Director

A. Vyas
Company Secretary

Cash Flow Statement for the Year ended June 30, 2012

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
A. Cash Flow from Operating Activities		
Profit before Tax	1 16 97 00 576	1 33 97 14 614
Adjustments for:		
Depreciation and Amortization Expense	23 92 98 844	19 81 38 531
Provision for Doubtful Trade Receivables	1 98 56 775	1 11 48 480
Interest Income	(30 63 78 304)	(27 76 49 104)
Finance Costs	67 951	1 25 921
Provision for Employee Benefits	57 48 939	(3 30 65 445)
Unrealised Foreign Exchange – Loss/(Gain) (net)	12 32 80 754	(59 76 606)
Inventories written off	2 21 75 209	6 09 69 452
Loss on sale/discard of Fixed Assets (net)	77 02 373	1 07 96 610
	<u>11 17 52 541</u>	<u>(3 55 12 161)</u>
Operating Profit before Working Capital Changes	1 28 14 53 117	1 30 42 02 453
Changes in Working Capital		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(19 25 82 706)	(58 57 47 997)
Trade receivables	(7 88 01 103)	14 54 85 994
Long-term and Short-term Loans and Advances	(65 21 19 920)	(6 24 60 063)
	<u>(92 35 03 729)</u>	<u>(50 27 22 066)</u>
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	1 35 36 23 869	(34 49 85 733)
Other Non Current and Current Liabilities	9 88 28 518	5 66 10 553
	<u>1 45 24 52 387</u>	<u>(28 83 75 180)</u>
Cash generated from operations	1 81 04 01 775	51 31 05 207
Net Income Tax paid	(40 04 20 352)	(75 96 41 997)
Net Cash Generated from/(Used in) Operating Activities	1 40 99 81 423	(24 65 36 790)
B. Cash Flow from Investing Activities		
Capital expenditure on fixed assets	(24 92 74 817)	(51 67 86 798)
Proceeds from sale of fixed assets	6 79 279	23 76 254
Interest received	26 14 38 446	22 28 62 126
Loan to fellow subsidiary (given)/received back (net)	(42 93 35 837)	(22 35 77 158)
Bank balances not considered as Cash and Cash Equivalents (net)	(4 60 629)	—
Net Cash used in Investing Activities	(41 69 53 558)	(51 51 25 576)
C. Cash Flow from Financing Activities		
Dividend paid	(48 87 78 255)	(48 87 78 255)
Corporate Tax on Dividend paid	(7 92 92 052)	(8 11 79 958)
Finance Costs	(67 951)	(1 25 921)
Net Cash used in Financing Activities	(56 81 38 258)	(57 00 84 134)
Net Increase/(Decrease) in Cash and Cash Equivalents	42 48 89 607	(1 33 17 46 500)
Cash and Cash Equivalents at the beginning of the year	72 56 72 750	2 05 74 45 550
Effect of exchange differences on restatement of foreign currency Cash and Cash Equivalents	15 140	(26 300)
Cash and Cash Equivalents as restated at the end of the year	1 15 05 77 497	72 56 72 750
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 15)	1 16 71 47 245	73 14 96 540
Less : Bank balances not considered as Cash and cash equivalents as defined in AS 3 – Cash Flow Statements	(68 28 415)	(58 23 790)
Less : Temporary overdrawn book balances	(97 41 333)	—
Cash and Cash Equivalents at the end of the year	1 15 05 77 497	72 56 72 750

- Notes:**
- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 – "Cash Flow Statement".
 - Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

See accompanying notes forming part of the financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

K. A. Katki
Partner

Place: Mumbai
Date: August 23, 2012

For and on behalf of Board of Directors
S. K. Poddar
Chairman

T. J. Buch
Chief Financial Officer

S. Khosla
Managing Director

A. Vyas
Company Secretary

Notes forming part of Financial Statements

1. CORPORATE INFORMATION

Gillette India Limited ('the Company') is a public company incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the manufacturing and selling of branded packaged fast moving consumer goods in the grooming, portable power and oral care businesses. The Company's products are sold through retail operations including mass merchandisers, grocery stores, membership club stores, drug stores, department stores and high frequency stores. The Company has its manufacturing locations at Bhiwadi in Rajasthan and Baddi in Himachal Pradesh, apart from third party manufacturing locations spread across India.

2. SIGNIFICANT ACCOUNTING POLICIES

2.01 Basis of accounting and preparation of financial statements

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

2.02 Use of estimates

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

2.03 Revenue Recognition

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

2.04 Tangible Fixed Assets

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

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

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

2.05 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/or management estimate whichever is lower
Plant, Machinery and Equipment	1 to 10
Furniture and Fixtures	1 to 16
Office Equipment	1 to 6
Buildings	26 to 61
Motor Vehicles – Forklifts	1 to 14

Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Accelerated depreciation is charged on certain assets based on periodic review of estimated useful life.

Individual fixed assets costing less than ₹ 5000 are depreciated in full, in the year of purchase.

2.06 Impairment of Assets

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

Notes forming part of Financial Statements

2.07 Inventories

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

2.08 Foreign Exchange Transactions

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

2.09 Employee benefits

(i) Post-employment Benefits

(a) Defined Contribution Plans:

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

- (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 Statement of Profit and Loss for the year.

- (v) The Procter & Gamble Company, USA had a "Global Employee Stock Ownership Plan" (employee share purchase plan) whereby specified employees of its subsidiaries have been given a right to purchase shares of TGC.

Every employee who opted for the scheme contributed by way of payroll deduction up to a specified percentage (upto 15%) of his gross salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 2.5% of gross salary).

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

2.10 Taxes on income

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, 2012 is based on the results of the 9 months ended March 31, 2012 (Assessment year 2012-13) and for the 3 months ended June 30, 2012 (Assessment year 2013-14) as per the provisions of The Income Tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liabilities and/or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future.

Notes forming part of Financial Statements

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.

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

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

2.11 Borrowing cost

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

2.12 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue/expenses/assets/liabilities”.

2.13 Leases

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

2.14 Earnings per share

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

2.15 Provisions, Contingent Liabilities and Contingent Assets

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

2.16 Insurance claims

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

Notes forming part of the Financial Statements

	As at June 30, 2012		As at June 30, 2011	
	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)
3. Share Capital				
<i>Authorised</i>				
Equity shares of ₹ 10 each	3 30 00 000	33 00 00 000	3 30 00 000	33 00 00 000
<i>Issued, Subscribed and Paid-up</i>				
Equity shares of ₹ 10 each fully paid-up	3 25 85 217	32 58 52 170	3 25 85 217	32 58 52 170
Reconciliation of fully paid equity shares	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)
Equity shares at the beginning of the year	3 25 85 217	32 58 52 170	3 25 85 217	32 58 52 170
Equity shares of ₹ 10 each issued during the year	—	—	—	—
Equity shares outstanding at the end of the year	3 25 85 217	32 58 52 170	3 25 85 217	32 58 52 170

Rights attached to equity shares

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

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

	As at June 30, 2012		As at June 30, 2011	
	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)
Details of equity shares held by the holding company, the ultimate holding company and its subsidiaries:				
Ultimate Holding Company				
The Procter & Gamble Company, USA, ultimate holding company	—	—	—	—
Holding Company				
Procter & Gamble India Holdings B.V., Netherlands, holding company	1 33 66 742	13 36 67 420	1 33 66 742	13 36 67 420
Subsidiaries of the ultimate holding company				
Wella India Haircosmetics Private Limited	66 27 254	6 62 72 540	66 27 254	6 62 72 540
Gillette Diversified Operations Private Limited	19 79 433	1 97 94 330	19 79 433	1 97 94 330
Gillette Products Private Limited	19 87 280	1 98 72 800	19 87 280	1 98 72 800
Nexus Mercantile Private Limited	1 33 700	13 37 000	1 33 700	13 37 000
Mining Consultants (India) Private Limited	6 36 671	63 66 710	6 36 671	63 66 710
Details of shareholders holding more than 5% equity shares	Number of Shares	% of holding	Number of Shares	% of holding
Procter & Gamble India Holdings B.V., Netherlands	1 33 66 742	41.02	1 33 66 742	41.02
Wella India Haircosmetics Private Limited	66 27 254	20.34	66 27 254	20.34
Gillette Diversified Operations Private Limited	19 79 433	6.07	19 79 433	6.07
Gillette Products Private Limited	19 87 280	6.10	19 87 280	6.10
Adventz Investments and Holdings Limited	24 88 850	7.64	24 88 850	7.64

Notes forming part of the Financial Statements

	As at June 30, 2012		As at June 30, 2011	
	(₹)	(₹)	(₹)	(₹)
4. Reserves and Surplus				
Capital Reserve				
Balance as per last Balance Sheet		1 25 88 91 513		1 25 88 91 513
Securities Premium				
Balance as per last Balance Sheet		32 90 16 500		32 90 16 500
Contingency Reserve				
Balance as per last Balance Sheet	30 00 00 000		21 00 00 000	
Add : Transferred from Surplus in Statement of Profit and Loss (Refer Note 25)	11 50 00 000		9 00 00 000	
		41 50 00 000		30 00 00 000
General Reserve				
Balance as per last Balance Sheet	84 67 54 395		76 05 54 395	
Add : Transferred from Surplus in Statement of Profit and Loss	7 58 00 000		8 62 00 000	
		92 25 54 395		84 67 54 395
Surplus in the Statement of Profit and Loss				
Balance as per last Balance Sheet	2 94 28 00 041		2 82 55 34 734	
Profit after tax for the year	75 73 38 576		86 15 35 614	
Less :				
Proposed Dividend to Equity Shareholders @ ₹ 15 per share (Previous year : ₹ 15 per share)	(48 87 78 255)		(48 87 78 255)	
Corporate tax on proposed dividend	(7 92 92 052)		(7 92 92 052)	
Transfer to Contingency Reserve	(11 50 00 000)		(9 00 00 000)	
Transfer to General Reserve	(7 58 00 000)		(8 62 00 000)	
Balance as at the year end		2 94 12 68 310		2 94 28 00 041
Total Reserves and Surplus		<u>5 86 67 30 718</u>		<u>5 67 74 62 449</u>
5. Deferred Tax Liability				
Tax effect of items constituting deferred tax liability				
On differences between Book and Tax Depreciation	13 41 10 614		12 50 02 268	
		13 41 10 614		12 50 02 268
Tax effect of items constituting deferred tax assets				
Voluntary retirement scheme	26 61 072		23 65 921	
Provision for doubtful trade receivables and advances	1 05 99 942		85 64 742	
Disallowance u/s 43 B of the Income Tax Act, 1961	3 60 11 540		2 93 83 231	
Other Timing Differences	2 10 89 250		2 92 01 564	
		7 03 61 804		6 95 15 458
Net Deferred Tax Liability		<u>6 37 48 810</u>		<u>5 54 86 810</u>
6. Other Long-Term Liabilities				
Trade/Security Deposits received		1 60 000		1 60 000
		<u>1 60 000</u>		<u>1 60 000</u>
7. Long-Term Provisions				
Provision for Employee benefits		49 92 000		40 12 100
Post Retirement Medical Benefits (Refer Note 26)		<u>49 92 000</u>		<u>40 12 100</u>

Notes forming part of the Financial Statements

	As at June 30, 2012 (₹)	As at June 30, 2011 (₹)
8. Trade Payables		
Total Outstanding dues to Micro Enterprises and Small Enterprises (Refer Note 33)	—	—
Total Outstanding for Trade Payables other than Micro Enterprises and Small Enterprises	2 84 45 76 399	1 36 22 14 656
	<u>2 84 45 76 399</u>	<u>1 36 22 14 656</u>
9. Other Current Liabilities		
Gratuity (Refer Note 26)	—	42 75 520
Superannuation	7 83 147	—
Unpaid Dividend*	62 92 786	57 48 790
Temporary overdrawn book balance	97 41 333	—
Payables on Purchase of Fixed Assets	35 87 40 573	5 13 48 659
Other payables (including statutory remittances, excise and sales tax payable)	34 93 98 235	25 05 69 717
	<u>72 49 56 074</u>	<u>31 19 42 686</u>

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

10. Short-Term Provisions

Provision for Employee benefits		
Compensated absences	3 45 67 784	2 63 47 647
Post Retirement Medical Benefits (Refer Note 26)	31 000	—
Proposed Equity Dividend	48 87 78 255	48 87 78 255
Corporate Tax on Proposed Dividend	7 92 92 052	7 92 92 052
	<u>60 26 69 091</u>	<u>59 44 17 954</u>

11a. Tangible Assets

Particulars - Own Use Assets	Gross Block at Cost				Depreciation/Amortization				Net Block	
	As at July 1, 2011 (₹)	Additions/Transfers during the year (₹)	Deletions/Transfers during the year (₹)	As at June 30, 2012 (₹)	As at July 1, 2011 (₹)	For the year (₹)	On Deletions/Transfers (₹)	As at June 30, 2012 (₹)	As at June 30, 2012 (₹)	As at June 30, 2011 (₹)
Land - Freehold Land	7 26 567	—	—	7 26 567	—	—	—	—	7 26 567	7 26 567
Land - Leasehold Land	9 62 17 660	—	—	9 62 17 660	1 48 28 495	11 26 496	—	1 59 54 991	8 02 62 669	8 13 89 165
Buildings	31 62 43 079	25 09 708	3 13 637	31 84 39 150	10 17 76 586	1 25 16 580	86 857	11 42 06 309	20 42 32 841	21 44 66 493
Plant, Machinery and Equipment	2 52 55 33 921	46 72 54 284	4 87 76 197	2 94 40 12 008	1 64 60 67 056	20 71 26 340	4 19 84 794	1 81 12 08 602	1 13 28 03 406	87 94 66 865
Furniture and Fixtures	7 33 76 342	2 42 53 446	36 85 995	9 39 43 793	5 58 19 918	80 17 338	35 39 787	6 02 97 469	3 36 46 324	1 75 56 424
Office Equipment	8 22 91 982	2 51 98 965	63 51 191	10 11 39 756	3 64 95 587	97 57 653	51 41 079	4 11 12 161	6 00 27 595	4 57 96 395
Motor Vehicles - Forklifts	51 21 679	—	15 504	51 06 175	18 38 600	3 83 337	8 355	22 13 582	28 92 593	32 83 079
Total	3 09 95 11 230	51 92 16 403	5 91 42 524	3 55 95 85 109	1 85 68 26 242	23 89 27 744	5 07 60 872	2 04 49 93 114	1 51 45 91 995	1 24 26 84 988
Previous Year	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 89 37 84 020	1 58 44 26 685
							Capital work in progress		37 91 92 025	34 17 41 697

11b. Tangible Assets held for disposal

Particulars	Gross Block at Cost				Depreciation				Net Block	
	As at July 1, 2011 (₹)	Additions/Transfers during the year (₹)	Deletions/Transfers during the year (₹)	As at June 30, 2012 (₹)	As at July 1, 2011 (₹)	For the year (₹)	On Deletions/Transfers (₹)	As at June 30, 2012 (₹)	As at June 30, 2012 (₹)	As at June 30, 2011 (₹)
Buildings	76 12 154	—	—	76 12 154	24 78 593	3 71 100	—	28 49 693	47 62 461	—
Previous Year	76 12 154	—	—	76 12 154	21 07 493	3 71 100	—	24 78 593	—	51 33 561
									47 62 461	51 33 561

Notes forming part of the Financial Statements

	As at June 30, 2012 (₹)	As at June 30, 2011 (₹)
12. Long-Term Loans and Advances		
Unsecured, considered good unless otherwise stated		
Security deposits	1 52 42 093	1 50 00 966
Loans and advances to employees	16 45 49 702	14 37 33 568
Advance Income Tax (Net of provisions		
₹ 4 81 40 25 685 (Previous year : ₹ 4 40 99 25 685))	56 17 96 904	56 54 76 552
Advances to suppliers	80 00 000	80 00 000
Other loans and advances*	19 91 86 334	17 90 34 167
	<u>94 87 75 033</u>	<u>91 12 45 253</u>
* Includes amounts deposited with Excise, Sales Tax and other authorities as demanded pending resolution of disputes.		
13. Inventories (At lower of cost and net realisable value)		
Raw materials (including Goods-in-transit		
₹ 22 70 53 075 (Previous year : ₹ 19 69 67 263))	60 10 60 048	67 88 39 771
Packaging materials	4 12 74 805	5 87 94 932
Work-in-process		
Blades and Razors	4 06 91 264	7 63 27 925
Toothbrushes	—	1 70 37 064
	<u>4 06 91 264</u>	<u>9 33 64 989</u>
Finished goods (other than those acquired for trading)	43 39 87 152	42 89 41 085
Stock-in-trade (acquired for trading)	86 22 69 241	57 26 36 982
Consumable Stores and Spares	12 95 52 094	10 58 49 348
	<u>2 10 88 34 604</u>	<u>1 93 84 27 107</u>
14. Trade Receivables		
Unsecured		
Trade receivables outstanding for a period exceeding		
six months from the date they were due for payment		
– Considered Good	5 60 19 634	5 61 70 512
– Considered Doubtful	3 26 70 495	2 63 97 724
	<u>8 86 90 129</u>	<u>8 25 68 236</u>
Other trade receivables - considered good	63 06 49 096	56 61 11 910
	<u>71 93 39 225</u>	<u>64 86 80 146</u>
Less : Provision for doubtful trade receivables	3 26 70 495	2 63 97 724
	<u>68 66 68 730</u>	<u>62 22 82 422</u>
15. Cash and Cash Equivalents & Other Bank Balances		
Cash and Cash Equivalents as defined in AS 3 -		
Cash Flow Statement		
Bank Balances		
In current accounts	4 25 18 830	8 33 88 235
In deposit accounts	1 11 78 00 000	64 22 84 515
	<u>1 16 03 18 830</u>	<u>72 56 72 750</u>
Other Bank Balances		
In earmarked accounts		
– Unpaid dividend accounts	62 92 786	57 48 790
– Other earmarked accounts (deposit with		
sales tax authorities)	75 000	75 000
Bank Deposits having maturity more than 3		
months but less than 12 months	16 374	—
Bank Deposits having original maturity more		
than 12 months	4 44 255	—
	<u>68 28 415</u>	<u>58 23 790</u>
	<u>1 16 71 47 245</u>	<u>73 14 96 540</u>

Notes forming part of the Financial Statements

	As at June 30, 2012 (₹)	As at June 30, 2011 (₹)
16. Short-Term Loans and Advances		
Unsecured, considered good unless otherwise stated		
Loans to related parties (Refer Note 38)	2 61 30 35 837	2 18 37 00 000
Advances to related parties (Refer Note 38)	52 79 60 199	10 94 06 692
Loans and advances to employees	2 13 19 464	3 51 29 959
Balances with government authorities (includes Service Tax and Cenvat credit receivable)	7 09 88 929	5 00 29 102
Security Deposits	11 81 889	11 81 889
Prepaid Expenses	29 76 175	46 99 874
Other Loans and Advances (Advances to vendors)*	22 74 04 810	2 19 83 733
	<u>3 46 48 67 303</u>	<u>2 40 61 31 249</u>
*Other loans and advances include amounts due from directors	—	21 40 965
17. Other Current Assets		
Interest accrued on loans to related parties (Refer Note 38)	15 73 52 593	11 05 29 291
Interest accrued on deposits with banks	14 93 273	33 76 717
Others - Insurance claim receivable	—	1 85 00 000
	<u>15 88 45 866</u>	<u>13 24 06 008</u>
	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
18. Revenue from operations		
Sale of products (Refer Note (i) and (ii) below)	12 44 96 55 178	10 71 37 00 284
Other operating revenues (Refer Note (iii) below)	4 10 47 790	1 51 92 806
	<u>12 49 07 02 968</u>	<u>10 72 88 93 090</u>
Notes:		
Sale of products comprises		
(i) Manufactured goods		
Shaving System & cartridges	4 88 12 00 681	4 37 32 78 352
Blades	1 73 90 32 987	1 47 12 89 371
Battery	60 99 37 371	38 65 61 307
Oral Care	5 58 81 602	50 58 74 674
Components	39 88 467	36 36 915
Total - Sale of manufactured goods	<u>7 29 00 41 108</u>	<u>6 74 06 40 619</u>
(ii) Traded goods		
Blades	60 90 07 447	26 90 54 695
Battery	—	16 20 23 130
Oral Care	2 79 54 58 957	2 42 02 67 881
Shaving Brush	11 50 04 228	9 53 38 793
Shaving System & cartridges	52 49 49 476	13 56 65 072
Toiletries	1 11 24 62 827	89 07 10 094
Components	27 31 135	—
Total - Sale of traded goods	<u>5 15 96 14 070</u>	<u>3 97 30 59 665</u>
Total - Sale of products	<u>12 44 96 55 178</u>	<u>10 71 37 00 284</u>
(iii) Other operating revenues		
Sale of scrap	1 14 65 841	1 51 92 806
Others - sale of raw material	2 95 81 949	—
Total - Other operating revenues	<u>4 10 47 790</u>	<u>1 51 92 806</u>

Notes forming part of the Financial Statements

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
19. Other Income		
Interest on Fixed Deposits with banks (gross) (tax deducted at source ₹ 36 96 343) (Previous year : ₹ 56 02 772))	3 35 89 216	4 95 61 156
Interest on loan to related parties (gross) (Tax deducted at source ₹ 2 43 12 792) (Previous year : ₹ 1 94 96 967))	27 27 89 088	22 80 87 948
Interest on Income Tax Refund	1 31 54 588	2 25 03 586
Interest on loans from Employees	54 64 680	56 78 178
Rental Income	—	4 32 055
Miscellaneous Income	1 20 10 899	1 40 94 820
	<u>33 70 08 471</u>	<u>32 03 57 743</u>
20. (a) Cost of Raw and Packing Materials Consumed		
(Refer Note 28 (a))		
Opening stock	73 76 34 703	57 07 39 889
Add : Purchases	2 38 38 53 891	2 84 58 56 266
	<u>3 12 14 88 594</u>	<u>3 41 65 96 155</u>
Less : Closing stock	64 23 34 853	73 76 34 703
	<u>2 47 91 53 741</u>	<u>2 67 89 61 452</u>
Materials Consumed Comprises of:		
Steel strips	26 51 10 499	20 64 64 145
Shaving system and cartridges #	1 75 93 31 822	1 34 56 95 582
Batteries #	28 24 22 254	47 96 06 316
Oral care #	—	28 25 64 760
Others	17 22 89 166	36 46 30 649
	<u>2 47 91 53 741</u>	<u>2 67 89 61 452</u>
# Bulk raw materials		
(b) Purchase of Traded Goods		
Blades	30 83 51 050	12 73 21 932
Oral care	1 90 64 03 593	1 22 23 28 189
Oral care product	67 70 813	94 70 275
Shaving Brush	5 58 27 314	4 98 21 695
Shaving System & cartridges	37 09 03 431	6 28 09 486
Toiletries	60 07 20 114	37 87 70 144
Batteries	—	10 39 08 072
	<u>3 24 89 76 315</u>	<u>1 95 44 29 793</u>
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
<u>Inventories at the end of the year:</u>		
Finished Goods (including excise duty ₹ 64 18 693 (Previous year : ₹ 1 18 84 005))	43 39 87 152	42 89 41 084
Work-in-Process	4 06 91 264	9 33 64 989
Stock-in-Trade	86 22 69 241	57 26 36 982
	<u>1 33 69 47 657</u>	<u>1 09 49 43 055</u>
<u>Inventories at the beginning of the year:</u>		
Finished Goods (including excise duty ₹ 1 18 84 005 (Previous year : ₹ 1 88 20 021))	42 89 41 084	33 46 98 291
Work-in-Process	9 33 64 989	6 51 18 366
Stock-in-Trade	57 26 36 982	38 10 74 077
	<u>1 09 49 43 055</u>	<u>78 08 90 734</u>
Net Increase	<u>(24 20 04 602)</u>	<u>(31 40 52 321)</u>

Notes forming part of the Financial Statements

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
21. Employee Benefit Expenses		
Salaries and Wages	50 74 63 603	38 88 21 467
Contribution to Provident and Other Funds	7 18 83 541	5 49 03 657
Expense on Employee Stock Option (ESOP/ISOP) Scheme (Refer Note 27)	5 70 84 176	6 84 78 790
Staff Welfare Expenses	4 88 68 220	2 91 37 506
Reimbursement of Employee cost cross charged by related parties (Refer Note 35)	8 61 80 484	9 15 49 659
	<u>77 14 80 024</u>	<u>63 28 91 079</u>
22. Finance Costs		
Interest expense on short term bank borrowings	67 951	1 25 921
	<u>67 951</u>	<u>1 25 921</u>
23. Other Expenses		
Consumption of Stores and spare parts (Refer Note 28 (b))	12 41 48 719	7 75 51 886
Rent (Refer Note 34)	1 70 56 969	1 33 83 803
Increase of excise duty on inventory (Refer Note 40)	54 65 311	69 36 018
Processing charges*	32 69 61 891	20 13 42 423
Power and fuel	6 94 93 296	6 07 64 015
Repairs and maintenance:		
Plant and machinery	2 85 20 096	2 22 18 694
Buildings	3 74 285	12 64 468
Others	18 78 579	34 59 418
Insurance	30 08 506	37 61 973
Turnover and Resale Tax	12 83 74 265	11 39 99 660
Rates and Taxes	3 80 830	16 31 906
Communications	69 80 282	69 63 211
Travelling, Conveyance and Vehicle expenses	4 58 51 826	3 34 92 733
Computer expenses	65 89 727	36 63 401
Freight, transport, warehousing and distribution charges	63 32 26 802	48 32 26 436
Trade Incentives	1 09 82 78 579	1 26 32 79 606
Advertising expenses	1 55 03 00 036	1 52 02 87 062
Distributor Coverage Expenses	20 70 63 191	17 56 08 558
Royalty	12 15 14 794	9 20 74 709
Business process outsourcing expenses	12 23 99 899	10 79 85 993
Legal and Professional services	5 21 00 457	4 69 37 118
Auditor's remuneration:		
As Auditor	77 84 000	74 60 000
Tax Audit and Certification	12 90 000	12 70 000
Reimbursement of Out-of-pocket expenses	3 00 000	1 88 147
Service Tax	11 33 906	9 18 569
Total Auditor's remuneration:	1 05 07 906	98 36 716
Commission to Directors (Including ₹ 21 40 965 of 2011-12, Previous Year : ₹ Nil) (Refer Note 36 (b))	1 91 29 765	1 38 59 035
Trade Receivables written off	1 35 84 004	85 00 000
Less : Adjusted against Provision for earlier years	1 35 84 004	85 00 000
Provision for doubtful trade receivables	1 98 56 775	1 11 48 480
Inventory written off (Net of Insurance claims recovered)	2 21 75 209	6 09 69 452
Exchange Loss (Net)	16 97 12 779	35 96 654
Loss on sale/discard of Fixed Assets (Net)	77 02 373	1 07 96 610
Others	15 80 67 917	9 17 20 623
	<u>4 95 71 21 064</u>	<u>4 44 17 60 661</u>
Add/(Less) : Reimbursement of Expenses shared by related parties (Refer Note 35)	4 21 98 928	(2 78 22 697)
	<u>4 99 93 19 992</u>	<u>4 41 39 37 964</u>

*Processing charges includes charges of ₹ 11 24 13 636 (Previous year : ₹ Nil) paid to Contract Manufacturer towards commitment charges.

Notes forming part of the Financial Statements

24. (a) Contingent Liabilities:

- (i) In respect of Income Tax demands for which the company has preferred appeals with appropriate authorities – ₹ 54 27 91 889 (Previous year : ₹ 13 42 95 184). 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 37 29 095 (Previous year : ₹ 22 16 36 473). The contingent liability is in respect of matters related to: non submission of “C” Forms/ “F” Forms ₹ 16 08 55 701 (Previous year : ₹ 19 37 99 184) and Interest demand on VAT rate difference ₹ Nil (Previous year : ₹ 8 831) and others ₹ 6 28 73 394 (Previous year : ₹ 2 78 28 458).
- (iii) In respect of Excise, Service Tax and Customs matters for which the company has preferred appeals with appropriate authorities – ₹ 1 33 02 69 529 (Previous year : ₹ 1 04 98 83 545). The contingent liabilities are in respect of denial of excise duty benefits at excise exempt location ₹ 82 65 03 316 (Previous year : ₹ 65 70 84 390) out of which the Company has a right to claim Cenvat credit of ₹ 49 92 93 751 (Previous year : ₹ 39 38 12 373); denial of Cenvat credit ₹ 31 61 43 634 (Previous year : ₹ 32 39 26 267); service tax matters ₹ 49 54 606 (Previous year : ₹ 49 54 606); Customs valuation disputes ₹ 15 28 06 226 (Previous year : ₹ 16 18 04 057) and others ₹ 2 98 61 747 (Previous year : ₹ 2 72 81 963).
- (iv) In respect of counter guarantees given to bank against guarantees given by bank ₹ 16 51 57 448 (Previous year : ₹ 11 99 29 266). At the request of the Company, its bankers have issued guarantees to government bodies and third parties for performance obligation under various commercial agreements. The Company has issued counter guarantees to the banks in respect of these guarantees.
- (v) In respect of other claims ₹ 3 82 00 000 (Previous year : ₹ 2 00 31 519). The Company is a party to various legal proceedings in the normal course of business.
- (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).
- (vii) Other commitments of ₹ 4 50 22 577 (Previous year : ₹ Nil) (Payable to a Contract Manufacturer towards commitment charges).
Future Cash Flow in respect of the above, if any, is determinable only on receipt of judgements/decisions pending with the relevant authorities. The Company does not expect the outcome of matters stated in (i) to (vi) above to have a material adverse effect on the Company's financial condition, results of operations or cash flows.
- (b) Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 1 03 74 366 (Previous year : ₹ 61 02 977)

25. As informed in the previous 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 ₹ 41 50 00 000 (Previous year : ₹ 30 00 00 000) by way of appropriation of profits to the extent of excise duty payable (net of Cenvat credit) on dispatches made from the Baddi plant. Accordingly during the current year profit of ₹ 11 50 00 000 (Previous year : ₹ 9 00 00 000) have been appropriated. These Reserves will be reviewed as and when this litigation is finally decided.

26. 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

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss:

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
– Employer's Contribution to Superannuation Fund	93 90 755	1 65 24 896
– Employer's Contribution to Employees' State Insurance	14 84 508	13 52 394

The above amounts are included in Contribution to Provident and other Funds under Employee Benefit Expenses (Refer Note 21)

Notes forming part of the Financial Statements

II. Defined Benefit Plans

- 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.
- Provident 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.
- 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.

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

		Funded Gratuity	Funded Provident Fund	Non-Funded Post Retirement Medical Benefit	Non-Funded Compensated absences for Bhiwadi Plant employees#
		(₹)	(₹)	(₹)	(₹)
(A) Changes in the Present Value of Obligation					
Present Value of Obligation as at opening date	2011-2012	14 66 13 200	35 51 61 500	40 12 100	—
	2010-2011	12 67 37 600	30 43 58 000	38 81 000	96 04 383
Interest Cost	2011-2012	1 22 51 000	—	3 45 000	—
	2010-2011	1 01 80 414	—	2 84 082	4 65 751
Current Service Cost	2011-2012	1 01 99 000	3 21 11 000	3 43 000	—
	2010-2011	1 01 25 525	2 75 88 548	2 96 964	7 20 329
Service Contribution - Employee	2011-2012	—	5 48 39 000	—	—
	2010-2011	—	4 85 45 398	—	—
Transfer from other funds	2011-2012	—	7 05 000	—	—
	2010-2011	—	—	—	—
Interest Cost - earned	2011-2012	—	3 16 54 000	—	—
	2010-2011	—	3 16 19 334	—	—
Benefits Paid	2011-2012	(83 15 200)	(1 58 86 000)	—	—
	2010-2011	(1 27 45 755)	(5 54 17 447)	—	—
Actuarial (gain)/loss on Obligations	2011-2012	2 54 92 000	80 22 500	3 22 900	—
	2010-2011	1 23 15 416	(15 32 333)	(4 49 946)	(22 17 380)
Present Value of Obligation as at closing date	2011-2012	18 62 40 000	46 66 07 000	50 23 000	—
	2010-2011	14 66 13 200	35 51 61 500	40 12 100	85 73 083

Since the scheme is discontinued hence the liability is no longer required.

Notes forming part of the Financial Statements

		Funded Gratuity	Funded Provident Fund	Non-Funded Post Retirement Medical Benefit	Non-Funded Compensated absences for Bhiwadi Plant employees
		(₹)	(₹)	(₹)	(₹)
(B) Changes in the Fair Value of Plan Assets					
Fair Value of Plan Assets as at opening date	2011-2012 2010-2011	14 23 37 677 9 77 42 490	35 51 61 500 30 43 58 000	— —	— —
Expected Actual Return on Plan Assets	2011-2012 2010-2011	1 18 29 000 88 92 050	3 96 76 500 3 00 87 001	— —	— —
Actuarial Gains and (Losses)	2011-2012 2010-2011	2 53 62 523 21 09 798	— —	— —	— —
Contributions	2011-2012 2010-2011	1 93 55 000 4 63 39 095	8 76 55 000 7 61 33 946	— —	— —
Benefits Paid	2011-2012 2010-2011	(83 15 200) (1 27 45 755)	(1 58 86 000) (5 54 17 447)	— —	— —
Fair Value of Plan Assets as at closing date	2011-2012 2010-2011	19 05 69 000 14 23 37 677	46 66 07 000 35 51 61 500	— —	— —
(C) Amount recognized in the Balance Sheet					
Present Value of Obligation	As at June 30, 2012	18 62 40 000	46 66 07 000	50 23 000	—
	As at June 30, 2011	14 66 13 200	35 51 61 500	40 12 100	85 73 083
Fair Value of Plan Assets	As at June 30, 2012	19 05 69 000	46 66 07 000	—	—
	As at June 30, 2011	14 23 37 677	35 51 61 500	—	—
Liability/(Asset) recognized in the Balance Sheet					
— Current Liability/(Asset) recognized in the Balance Sheet	As at June 30, 2012	—	—	31 000	—
	As at June 30, 2011	—	—	—	—
— Non-current Liability/(Asset) recognized in the Balance Sheet	As at June 30, 2012	(43 29 000)	—	49 92 000	—
	As at June 30, 2011	42 75 523	—	40 12 100	85 73 083

Notes forming part of the Financial Statements

		Funded Gratuity	Funded Provident Fund	Non-Funded Post Retirement Medical Benefit	Non-Funded Compensated absences for Bhiwadi Plant employees
		(₹)	(₹)	(₹)	(₹)
(D) Expenses recognized in the Statement of Profit and Loss					
Current Service Cost	2011-2012	1 01 99 000	3 21 11 000	3 43 000	—
	2010-2011	1 01 25 525	2 75 88 548	2 96 964	7 20 329
Interest Cost	2011-2012	1 22 51 000	3 16 54 000	3 45 000	—
	2010-2011	1 01 80 414	3 16 19 334	2 84 082	4 65 751
Expected Return on Plan Assets	2011-2012	(1 18 29 000)	(3 16 54 000)	—	—
	2010-2011	(88 92 050)	(3 00 87 001)	—	—
Net actuarial (gain)/loss recognized in the year	2011-2012	1 29 477	80 22 500	3 22 900	—
	2010-2011	1 02 05 619	(15 32 333)	(4 49 946)	(22 17 380)
Total Expenses recognized in the Statement of Profit and Loss	2011-2012	1 07 50 477	4 01 33 500	10 10 900	—
	2010-2011	2 16 19 508	2 75 88 548	1 31 100	(10 31 300)

Included in Contribution to Provident and Other Funds under Employee Benefit Expenses (Refer Note 21)

(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:

	Provident Fund	
Category	As at June 30, 2012	As at June 30, 2011
Public Sector Unit	36%	38%
Government of India Securities	39%	40%
State Government Securities	18%	16%
Private Sector Unit	7%	6%

(F) Sensitivity of Results to Medical Inflation Rate

	Current Service + Interest Cost		Present Value of Defined Benefit Obligation	
Medical Inflation Rate	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2012	For the year ended June 30, 2011
	(₹)	(₹)	(₹)	(₹)
Effect of 1% increase (6.5%)	8 66 000	7 30 206	61 61 000	44 66 383
Effect of 1% decrease (4.5%)	5 54 000	4 67 820	41 44 000	29 73 423

Notes forming part of the Financial Statements

(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 Gratuity	Funded Provident Fund	Non-Funded Post Retirement Medical Benefit	Non-Funded Compensated absences for Bhiwadi Plant employees
Discount rate (per annum)	2011-2012	8.50%	8.50%	8.50%	N/A
	2010-2011	8.60%	8.60%	8.60%	7.50%
Average Salary increase rate	2011-2012	7.00%	7.00%	N/A	N/A
	2010-2011	7.00%	7.00%	N/A	8.00%
Rate of Return on Plan Assets (For funded scheme)	2011-2012	8.00%	8.60%	N/A	N/A
	2010-2011	8.00%	9.50%	N/A	N/A
Medical Inflation Rate	2011-2012	N/A	N/A	5.50%	N/A
	2010-2011	N/A	N/A	5.50%	N/A
Expected Retirement age of employees (years)	2011-2012	60	60	60	N/A
	2010-2011	60	60	60	58

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

		Funded Gratuity	Funded Provident Fund	Non-Funded Post Retirement Medical Benefit	Non-Funded Compensated absences for Bhiwadi Plant employees
Age					
Upto 30 years	2011-2012	N/A	N/A	N/A	N/A
	2010-2011	N/A	N/A	N/A	3%
From 31-44 years	2011-2012	N/A	N/A	N/A	N/A
	2010-2011	N/A	N/A	N/A	2%
Above 44 years	2011-2012	N/A	N/A	N/A	N/A
	2010-2011	N/A	N/A	N/A	1%
Upto 45 years	2011-2012	5%	N/A	5%	N/A
	2010-2011	5%	N/A	5%	N/A
Above 45 years	2011-2012	3%	N/A	3%	N/A
	2010-2011	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.

Notes forming part of the Financial Statements

Experience History		Funded Gratuity	Non-Funded Post Retirement Medical Benefit	Non-Funded Compensated absences for Bhiwadi Plant employees
		(₹)	(₹)	(₹)
Defined Benefit Obligation as at closing date	2011-2012	18 62 40 000	50 23 000	—
	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
Plan Assets as at closing date	2011-2012	19 05 69 000	—	—
	2010-2011	14 23 37 677	—	—
	2009-2010	9 77 42 490	—	—
	2008-2009	8 01 15 439	—	—
Funded Status - Excess/Short	2011-2012	(43 29 000)	50 23 000	—
	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
Experience Gain/(Loss) adjustments on plan liabilities	2011-2012	(2 37 98 000)	(2 12 000)	—
	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
Experience Gain/(Loss) adjustments on plan assets	2011-2012	2 53 62 000	—	—
	2010-2011	22 15 160	—	—
	2009-2010	(7 45 591)	—	—
	2008-2009	(19 90 938)	—	—
Actuarial Gain/(Loss) due to change on assumptions	2011-2012	(16 94 000)	(1 11 000)	—
	2010-2011	14 01 877	89 681	—
	2009-2010	36 57 827	(7 88 956)	—
	2008-2009	49 61 294	(3 74 358)	—

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.

27. (a) 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 specified employees of its subsidiaries have been given a right to purchase shares of TGC.

Every employee who opted for the scheme contributed by way of payroll deduction up to a specified percentage (upto 15%) of his gross salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 2.5% 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.

During the year 2 478.13 shares (Previous year : 2 457.29 shares) were purchased by employees at weighted average fair value of ₹ 3 220.89 (Previous year : ₹ 2 841.87) per share. The Company's contribution during the year on such purchase of shares amounting to ₹ 24 80 581 (Previous year : ₹ 21 22 809) has been charged under Employee Benefit Expenses under Note 21.

Notes forming part of Financial Statements

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

The Gillette Company, USA (TGC) had an Employees Stock Options Scheme whereby specified employees of its subsidiaries covered by the plan were granted an option to purchase shares of the Parent 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 5 years/10 years life cycle.

Stock compensation expenses of ₹ 5 46 03 595 (Previous year : ₹ 6 63 55 981) has been charged under Employee Benefit Expenses under Note 21.

Fair Value Stock Compensation of shares at Grant dates:

15-Sep-11	\$ 62.78
28-Feb-12	\$ 67.52
15-Sep-10	\$ 61.11
28-Feb-11	\$ 63.05

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

	Shares arising out of option		Amount in US\$		Remaining Contractual life (Years)	
	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2012	For the year ended June 30, 2011
Outstanding at the beginning of the year	99 720	78 386	63.57	51.10	6.89	7.12
Granted during the year						
15-Sep-11	1 600	—	62.78	—	10.00	—
29-Feb-12	919	—	67.52	—	5.00	—
29-Feb-12	10 738	—	67.52	—	10.00	—
15-Sep-10	—	1 500	—	61.11	—	10.00
28-Feb-11	—	8 175	—	63.05	—	10.00
Forfeited during the year	1 955	3 218	—	—	—	—
Transferred/Adjustments during the year	(31 826)	85 776	—	—	—	—
Exercised during the year	6 656	70 899	66.27	64.50	—	—
Expired during the year	—	—	—	—	—	—
Outstanding at the end of the year	72 540	99 720	61.25	63.57	6.82	6.89
Exercisable at the end of the year	29 180	64 319	61.25	63.57	4.90	—

Notes forming part of Financial Statements

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

	For the year ended June 30, 2012		For the year ended June 30, 2011	
	(₹)	Percentage	(₹)	Percentage
(a) Raw and packaging materials:				
Indigenously obtained	1 25 27 37 514	51	68 53 63 448	26
Imported at landed cost	1 22 64 16 227	49	1 99 35 98 004	74
	<u>2 47 91 53 741</u>	<u>100</u>	<u>2 67 89 61 452</u>	<u>100</u>
(b) Stores and spare parts:				
Indigenously obtained	9 40 35 413	76	5 78 11 740	75
Imported at landed cost	3 01 13 306	24	1 97 40 146	25
	<u>12 41 48 719</u>	<u>100</u>	<u>7 75 51 886</u>	<u>100</u>

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

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Raw materials	1 07 52 74 844	1 74 33 12 738
Spare parts	4 27 17 223	4 87 35 919
Capital goods	32 30 43 013	31 42 82 179
	<u>1 44 10 35 080</u>	<u>2 10 63 30 836</u>

30. Expenditure in foreign currency:

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Travelling expenses	91 99 099	77 90 786
Legal and Professional services	3 43 764	6 44 557
Media Expenses	5 69 40 215	—
Computer expenses	64 14 824	34 75 176
Business Process outsourcing expenses	10 25 83 546	10 79 85 993
Expenses cross-charged to related parties	1 13 55 461	24 02 922
Others	69 824	27 41 344
	<u>18 69 06 733</u>	<u>12 50 40 778</u>

31. Earnings in foreign exchange:

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Exports of goods calculated on F.O.B. basis (excludes Rupee exports to Nepal and Bhutan ₹ 5 66 55 635 (Previous year: ₹ 3 54 86 624))	14 75 17 936	45 01 11 101
Others (freight, insurance etc.)	50 20 796	1 18 77 302
	<u>15 25 38 732</u>	<u>46 19 88 403</u>

Notes forming part of Financial Statements

32. Remittance made on account of dividend in foreign currency:

	For the year ended June 30, 2012	For the year ended June 30, 2011
(i) Amount remitted (₹)	22 24 45 950	22 17 98 355
(ii) Number of non-resident shareholders (nos.)	482	481
(iii) Number of shares held by them (nos.)	1 48 29 730	1 47 86 557
(iv) Period to which the dividend relates	2011	2010

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.

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

- (i) No payments were due and outstanding to suppliers covered under the Micro Small and Medium Enterprises Development Act, 2006 as at the end of the current and previous accounting year on account of Principal and Interest respectively.
- (ii) No interest was paid in the current and the previous accounting year.
- (iii) No interest was payable at the end of the current and previous accounting year other than interest under Micro, Small and Medium Enterprises Development Act, 2006.
- (iv) No amount of interest was accrued and unpaid at the end of the current and previous accounting year.

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

34. The Company has taken on lease guesthouses 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 ₹ 2 18 34 969 (Previous Year: ₹ 1 48 96 204) have been charged to the Statement of Profit and Loss for the year. There are no 'Non cancellable' leases.

35. 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 Health Care Limited and Procter and Gamble Home Products Limited.

36. (a) Re-appointment of Managing Director

The Managing Director of the Company Mr. Shantanu Khosla, has been re-appointed as the Managing Director of the Company on completion of his five year term for a period of five years with effect from January 29, 2012 by the Board of Directors at their meeting held on May 4, 2012. The said re-appointment is subject to the approval of the Members at the ensuing 28th Annual General Meeting of the Company and the Central Government. The said approval for re-appointment shall also include either payment of remuneration to Mr. Khosla directly and/or the same may be reimbursed/cross charged to/from any other Company of which Mr. Khosla is also the Managing Director, as enumerated in the Explanatory Statement annexed pursuant to Section 173 of the Act, provided however that the remuneration payable to Mr. Khosla or the reimbursement as aforesaid shall not exceed the maximum limits for payment of managerial remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time. The Board of Directors of the Company has at the said meeting approved/ratified the payment towards the remuneration of Mr. Khosla either being made directly to Mr. Khosla or by way of re-imbursement to any other Company of which Mr. Khosla is also the Managing Director from January 29, 2012 till the date of the Annual General Meeting. Where in any Financial Year during the tenure of office of Mr. Khosla, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Mr. Khosla as specified in the said explanatory statement, subject to the approval of the Central Government, if and to the extent necessary. Mr. Shantanu Khosla is not liable to retire by rotation.

The re-appointment of Mr. Khosla as the Managing Director of the Company is notwithstanding the fact that he has been appointed as the Managing Director of Procter & Gamble Home Products Limited and Procter and Gamble Hygiene & Health Care Limited for a period of five years.

An application has been made by the Company to the Central Government seeking approval for the said re-appointment of Mr. Shantanu Khosla as the Managing Director of three legal entities as is stated above. The said application is as yet pending for approval.

Notes forming part of Financial Statements

(b) Commission to Non-Executive Directors

During the previous year, commission of ₹ 1 60 00 000 was paid to the Non-Executive Directors, which exceeded the maximum limit of 1% of the net profits by an amount of ₹ 21 40 965. The said excess amount of ₹ 21 40 965 was considered as an advance held under trust for the Company by the Non-Executive Directors. In order to enable the Non-Executive Directors to retain the excess amounts of commission then paid, the following approvals were obtained:

- Approval from the Members of the Company at their 27th Annual General Meeting held on 31st October 2011 by a Special Resolution; and
- Approval from the Central Govt vide their Letter No B 25883299/2/2011-CL.VII dated 1st May, 2012.

Pursuant to the above mentioned approvals, the said amount of ₹ 21 40 965 has been expensed during the current year.

In respect of the current year, an aggregate amount of ₹ 80 00 000 has been paid as commission to the Non-Executive Directors which is within the overall limits of commission payable to such directors under schedule XIII to the Companies Act, 1956. The said payment constitutes 50% of the aggregate amount of ₹ 1 60 00 000 (excluding service tax of ₹ 9 88 800) which is payable to the Non-Executive Directors and is provided for in the financial statements.

The aggregate amount of Commission of ₹ 1 69 88 800 (including service tax of ₹ 9 88 800) payable and charged for the year in the financial statements as is stated above, exceeds the maximum amount payable based on 1% of the net profits of the Company amounting to ₹ 1 21 63 895 (as per the computation below) for the year ended 30th June 2012, by an amount of ₹ 48 24 905 (including service tax of ₹ 9 88 800). The said excess amount of ₹ 48 24 905 which is provided but not paid, is subject to by approval of the Members of the Company by way of a special resolution at the ensuing 28th Annual General Meeting of the Company, and the Central Government.

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

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Profit before Tax	1 16 97 00 576	1 33 97 14 614
Add: Managerial Remuneration	1 91 29 765	2 42 43 771
Add: Loss on sale/scrapping of assets (Net)	77 02 373	1 07 96 610
Add: Provision for doubtful trade receivables	1 98 56 775	1 11 48 480
Net profit u/s 349 for the purpose of Directors' Commission	<u>1 21 63 89 489</u>	<u>1 38 59 03 475</u>
Maximum remuneration permissible to whole-time Directors under the Act at 10%	12 16 38 949	13 85 90 347
Total managerial remuneration charged to accounts	—	1 03 84 736
Commission payable to non-executive Directors at 1% for the year	1 21 63 895	1 38 59 035
Commission paid/provided to the Non-Executive Directors for the year (excluding ₹ 21 40 965 in respect to previous year as stated above)	1 69 88 800	1 60 00 000
Excess Commission provided/paid (including service tax of ₹ 9 88 800 (Previous year: Nil))	48 24 905	21 40 965

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

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

(a) Amounts receivable in foreign currency

	As at June 30, 2012				As at June 30, 2011			
	(₹)	In Foreign currency	Amount		(₹)	In Foreign currency	Amount	
Export of goods	6 83 11 165	USD	12 07 023	3 63 56 345	USD	8 12 201		
	13 26 034	EUR	18 630	10 60 330	EUR	18 630		
Other Receivables	14 45 318	USD	25 539	32 35 413	USD	71 538		
	6 23 444	GBP	7 595	—	GBP	—		

Notes forming part of Financial Statements

(b) Amounts payable in foreign currency

	As at June 30, 2012			As at June 30, 2011		
	(₹)	In Foreign currency Currency	Amount	(₹)	In Foreign currency Currency	Amount
Import of goods and services	1 42 93 36 028	USD	2 52 56 368	39 92 97 255	USD	89 19 587
	2 52 11 957	EUR	3 54 214	89 46 071	EUR	1 37 746
	1 53 12 368	SEK	18 86 684	74 13 525	SEK	9 95 543
Other payables	24 26 97 478	USD	42 88 467	5 83 89 775	USD	13 03 660
	17 28 404	GBP	19 570	18 83 366	GBP	26 114
	—	EUR	—	6 78 929	EUR	10 548

38. 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.

Details of Related parties:

(a) Parties where control exists:

The Procter and Gamble Company, USA – Ultimate Holding Company

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

(b) Other related parties:

(i) Fellow Subsidiaries:

Procter & Gamble Bangladesh Pvt. Ltd

Gillette Diversified Operations Private Limited

Gillette Products Private Limited

Mining Consultants (India) Private Limited

Wella India Haircosmetics Private Limited

(Formerly known as Gillette Group India Private Limited)

Procter & Gamble International Operations SA

Gillette (Shanghai) Ltd

Procter & Gamble Do Brasil S/A

Procter & Gamble Trading (Thailand) Ltd

Procter & Gamble International Operations SA SG Branch

(Formerly known as Procter & Gamble International Operations Pte. Ltd)

Procter & Gamble Hygiene & Health Care Limited

Gillette UK Limited

The Procter & Gamble Distributing LLC

The Gillette Company, USA

P&G Int’L Ops SA – ROHQ (Formerly known as Procter & Gamble Asia Pte Ltd (MROH)

Nexus Mercantile Private Limited

The Procter & Gamble US Business Services Company

Procter & Gamble (Guangzhou) Ltd.

Procter & Gamble Home Products Limited

P&G Europe S.A.,SG Branch (Formerly known as Procter & Gamble Asia Pte Ltd)

(ii) Investing company in respect of which the Company is an associate:

Wella India Haircosmetics Private Limited (“Wella”) (Formerly known as Gillette Group India Private Limited) #

Also being a fellow subsidiary Company

(iii) Key Managerial Personnel of the Company

Mr. Shantanu Khosla

Mr. Subhash Bansal (Till May 31, 2011)

Managing Director

Whole-time Executive Director

Note: Related parties have been identified by the management

Notes forming part of Financial Statements

(c) Transactions during the year:

(Amount in ₹)

Nature of transactions		Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Sale of Products					
Procter & Gamble International Operations SA Singapore Br	2011-2012	—	6 39 87 368	—	6 39 87 368
Procter & Gamble Bangladesh Pvt. Ltd	2011-2012	—	3 37 07 073	—	3 37 07 073
Procter & Gamble International Operations SA	2011-2012	—	2 87 70 543	—	2 87 70 543
Procter & Gamble International Operations SA, Ceemea Div	2011-2012	—	2 06 55 897	—	2 06 55 897
Others	2011-2012	—	54 17 851	—	54 17 851
Procter & Gamble International Operations SA Singapore Br	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
Recovery of Expenses Cross charged					
Procter & Gamble Home Products Ltd	2011-2012	—	48 66 04 724	—	48 66 04 724
Procter & Gamble Hygiene and Health Care Ltd	2011-2012	—	20 87 02 329	—	20 87 02 329
Others	2011-2012	—	21 30 442	—	21 30 442
Procter & Gamble Home Products Ltd	2010-2011	—	12 97 79 786	—	12 97 79 786
Procter & Gamble Hygiene and Health Care Ltd	2010-2011	—	7 40 46 639	—	7 40 46 639
Others	2010-2011	—	2 24 50 552	—	2 24 50 552
Retirals and Other Reimbursements					
Procter & Gamble International Operations SA Singapore Branch	2011-2012	—	11 55 982	—	11 55 982
Procter & Gamble (Guangzhou) Ltd	2011-2012	—	1 66 880	—	1 66 880
The Procter & Gamble Company	2011-2012	1 97 576	—	—	1 97 576
Others	2011-2012	—	1 75 590	—	1 75 590
Procter & Gamble International Operations SA Singapore Branch	2010-2011	—	16 98 440	—	16 98 440
The Procter & Gamble Company	2010-2011	3 92 416	—	—	3 92 416
Others	2010-2011	—	3 80 190	—	3 80 190
Reimbursement of expenses shared by Group Companies					
Procter & Gamble Home Products Ltd	2011-2012	—	29 08 90 997	—	29 08 90 997
Procter & Gamble Hygiene and Health Care Ltd	2011-2012	—	9 82 69 875	—	9 82 69 875
Procter & Gamble Home Products Ltd	2010-2011	—	36 01 31 387	—	36 01 31 387
Procter & Gamble Hygiene and Health Care Ltd	2010-2011	—	13 33 17 080	—	13 33 17 080
Interest income					
Procter & Gamble Home Products Ltd	2011-2012	—	20 84 84 455	—	20 84 84 455
Gillette Diversified Operations Pvt. Ltd	2011-2012	—	6 43 04 632	—	6 43 04 632
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
Loans Given					
Gillette Diversified Operations Pvt. Ltd.	2011-2012	—	15 95 48 984	—	15 95 48 984
Procter & Gamble Home Products Ltd	2011-2012	—	26 97 86 854	—	26 97 86 854
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
Loans Repaid					
Others	2010-2011	—	—	12 58 132	12 58 132
Purchase of Goods					
Procter & Gamble International Operations SA, Singapore Br	2011-2012	—	1 57 85 65 661	—	1 57 85 65 661
Others	2011-2012	—	11 26 34 651	—	11 26 34 651
Procter & Gamble International Operations SA, Singapore Br	2010-2011	—	1 74 46 51 856	—	1 74 46 51 856
Others	2010-2011	—	23 90 57 595	—	23 90 57 595

Notes forming part of Financial Statements

(Amount in ₹)

Nature of transactions		Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Royalty					
The Gillette Company, USA	2011-2012	—	10 96 34 044	—	10 96 34 044
The Gillette Company, USA	2010-2011	—	8 34 43 687	—	8 34 43 687
Equipment/Assets/Spares					
The P&G Distributing LLC	2011-2012	—	23 27 44 714	—	23 27 44 714
The Gillette Company, USA	2011-2012	—	9 46 45 594	—	9 46 45 594
Others	2011-2012	—	19 97 552	—	19 97 552
The P&G Distributing LLC	2010-2011	—	49 20 16 147	—	49 20 16 147
The Gillette Company, USA	2010-2011	—	4 61 70 136	—	4 61 70 136
Others	2010-2011	—	72 21 342	—	72 21 342
Reimbursement of expenses shared by Group Companies					
Procter & Gamble Home Products Ltd	2011-2012	—	23 26 60 455	—	23 26 60 455
Procter & Gamble Hygiene and Health Care Ltd	2011-2012	—	22 24 61 153	—	22 24 61 153
Procter & Gamble Home Products Ltd	2010-2011	—	25 23 29 951	—	25 23 29 951
Procter & Gamble Hygiene and Health Care Ltd	2010-2011	—	21 50 62 394	—	21 50 62 394
Business Process Outsourcing Expenses					
Procter & Gamble Europe SA Singapore Branch	2011-2012	—	7 47 78 938	—	7 47 78 938
Procter & Gamble International Operations SA-ROHQ	2011-2012	—	2 78 04 608	—	2 78 04 608
Others	2011-2012	—	76 42 299	—	76 42 299
Procter & Gamble International Operations SA-ROHQ	2010-2011	—	6 04 58 401	—	6 04 58 401
Procter & Gamble Europe SA Singapore Branch	2010-2011	—	2 87 47 946	—	2 87 47 946
Computer Expenses					
The Procter & Gamble US Business Services Company	2011-2012	—	64 14 824	—	64 14 824
The Procter & Gamble US Business Services Company	2010-2011	—	34 75 176	—	34 75 176
Processing Charges					
Gillette Diversified Operations Pvt Ltd	2011-2012	—	9 09 20 650	—	9 09 20 650
Gillette Diversified Operations Pvt Ltd	2010-2011	—	5 55 15 889	—	5 55 15 889
Expenses cross-charged					
Procter & Gamble Home Products Ltd	2011-2012	—	54 89 94 124	—	54 89 94 124
Procter & Gamble Hygiene and Health Care Ltd	2011-2012	—	23 22 05 246	—	23 22 05 246
Others	2011-2012	56 37 967	57 17 494	—	1 13 55 461
Procter & Gamble Home Products Ltd	2010-2011	—	14 32 27 961	—	14 32 27 961
Procter & Gamble Hygiene and Health Care Ltd	2010-2011	—	30 90 80 329	—	30 90 80 329
Others	2010-2011	6 32 587	1 45 25 215	—	1 51 57 802
Remuneration					
Mr. Subhash Bansal	2010-2011	—	—	1 12 55 217	1 12 55 217
Dividend Remitted/Paid					
The Procter & Gamble Company	2011-2012	20 05 01 130	—	—	20 05 01 130
Wella India Haircosmetics Private Limited	2011-2012	—	9 94 08 810	—	9 94 08 810
Others	2011-2012	—	7 10 56 260	—	7 10 56 260
The Procter & Gamble Company	2010-2011	20 05 01 130	—	—	20 05 01 130
Wella India Haircosmetics Private Limited	2010-2011	—	9 94 08 810	—	9 94 08 810
Others	2010-2011	—	7 10 56 260	—	7 10 56 260

Notes forming part of Financial Statements

(d) Outstandings

(Amount in ₹)

Nature of Balances	As on	Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Trade Payables					
Procter & Gamble International Operations SA SG Branch	June 30, 2012	—	1 27 67 09 839	—	1 27 67 09 839
Procter & Gamble Home Products Ltd	June 30, 2012	—	30 55 96 976	—	30 55 96 976
Others	June 30, 2012	35 17 118	58 06 18 985	—	58 41 36 104
Procter & Gamble International Operations SA SG Branch	June 30, 2011	—	38 88 40 201	—	38 88 40 201
Procter & Gamble Home Products Ltd	June 30, 2011	—	7 45 30 646	—	7 45 30 646
Others	June 30, 2011	87 835	14 91 03 393	—	14 91 91 228
Trade Receivables					
Procter & Gamble International Operations SA	June 30, 2012	—	2 98 92 818	—	2 98 92 818
Procter & Gamble International Operations SA, Ceemea Division	June 30, 2012	—	1 62 82 001	—	1 62 82 001
Procter & Gamble International Operations SA Singapore Branch	June 30, 2012	—	1 32 04 096	—	1 32 04 096
Procter & Gamble Bangladesh Private Limited	June 30, 2012	—	80 08 479	—	80 08 479
Others	June 30, 2012	—	9 21 754	—	9 21 754
Procter & Gamble International Operations SA Singapore Branch	June 30, 2011	—	1 78 46 074	—	1 78 46 074
Procter & Gamble Bangladesh Private Limited	June 30, 2011	—	1 16 92 301	—	1 16 92 301
Procter & Gamble International Operations SA	June 30, 2011	—	54 91 450	—	54 91 450
Others	June 30, 2011	—	13 26 520	—	13 26 520
Short-term Loans & Advances					
Procter & Gamble Home Products Ltd	June 30, 2012	—	36 32 62 971	—	36 32 62 971
Procter & Gamble Hygiene and Health Care Ltd	June 30, 2012	—	16 29 76 280	—	16 29 76 280
Others	June 30, 2012	—	17 20 948	—	17 20 948
Procter & Gamble Home Products Ltd	June 30, 2011	—	6 91 14 793	—	6 91 14 793
Procter & Gamble Hygiene and Health Care Ltd	June 30, 2011	—	3 68 17 809	—	3 68 17 809
Others	June 30, 2011	1 08 089	33 66 001	—	34 74 090
Loans					
Procter & Gamble Home Products Ltd	June 30, 2012	—	2 11 37 86 854	—	2 11 37 86 854
Gillette Diversified Operations Pvt. Ltd	June 30, 2012	—	49 92 48 984	—	49 92 48 984
Procter & Gamble Home Products Ltd	June 30, 2011	—	1 84 40 00 000	—	1 84 40 00 000
Gillette Diversified Operations Pvt. Ltd.	June 30, 2011	—	33 97 00 000	—	33 97 00 000
Interest Accrued					
Procter & Gamble Home Products Ltd	June 30, 2012	—	13 61 40 271	—	13 61 40 271
Gillette Diversified Operations Pvt. Ltd	June 30, 2012	—	2 12 12 322	—	2 12 12 322
Procter & Gamble Home Products Ltd	June 30, 2011	—	9 82 87 805	—	9 82 87 805
Gillette Diversified Operations Pvt. Ltd	June 30, 2011	—	1 22 41 485	—	1 22 41 485

Notes forming part of Financial Statements

39. Segment Information:

(a) Primary Segment Information (by Business Segments)

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Segment Revenue – net of excise		
Grooming	8 83 81 02 173	7 10 54 01 791
Portable Power	60 99 59 689	55 14 57 313
Oral Care	2 88 09 22 508	2 92 69 30 186
Total Segment Revenue	12 32 89 84 370	10 58 37 89 290
Segment Results (before interest and unallocated income/expense)		
Grooming	1 54 76 20 581	1 53 70 81 471
Portable Power	(26 28 56 225)	(15 33 68 455)
Oral Care	(22 57 04 316)	(8 48 13 385)
Total Segment Results	1 05 90 60 040	1 29 88 99 631
Less: Unallocated corporate non-interest (income)/expenses (net of non-interest expense/income)	(21 42 89 085)	(26 48 89 964)
Operating Profit	84 47 70 955	1 03 40 09 667
Less: Unallocated Interest Expenses	67 951	1 25 921
Add: Unallocable Interest Income	32 49 97 572	30 58 30 868
Total Profit Before Tax	1 16 97 00 576	1 33 97 14 614
Segment Assets		
Grooming	3 27 56 86 102	2 76 31 10 943
Portable Power	13 64 42 072	30 83 40 161
Oral Care	44 98 76 883	31 04 67 848
Unallocated Corporate Assets	6 57 16 80 204	4 95 46 19 604
Total	10 43 36 85 261	8 33 65 38 556
Segment Liabilities		
Grooming	84 57 85 742	25 44 87 053
Portable Power	9 39 35 642	5 37 42 876
Oral Care	13 11 17 320	12 47 16 148
Unallocated Corporate Liabilities	3 10 65 14 861	1 90 02 77 860
Total	4 17 73 53 565	2 33 32 23 937
Capital Expenditure		
Grooming	51 61 46 960	56 48 19 949
Oral Care	59 75 569	17 68 928
Unallocated	3 45 44 201	15 46 579
Total	55 66 66 730	56 81 35 456

Notes forming part of Financial Statements

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Depreciation		
Grooming	22 56 38 643	18 38 03 232
Oral Care	1 02 955	—
Unallocated	1 35 57 246	1 43 35 299
Total	23 92 98 844	19 81 38 531
Non-Cash Expenses Other than Depreciation		
Grooming	1 16 73 235	4 40 13 968
Portable Power	16 87 762	69 43 430
Oral Care	88 14 212	1 00 12 054
Total	2 21 75 209	6 09 69 452
(b) Secondary Segment Information (by Geographic Segments)		
Segment Revenue – net of excise		
Within India	12 11 97 90 002	10 08 64 47 644
Outside India	20 91 94 368	49 73 41 646
Total	12 32 89 84 370	10 58 37 89 290
Segment Assets		
Within India	10 36 19 79 301	8 29 67 08 121
Outside India	7 17 05 960	3 98 30 435
Total	10 43 36 85 261	8 33 65 38 556
Capital Expenditure		
Within India	55 66 66 730	56 81 35 456
Outside India	—	—
Total	55 66 66 730	56 81 35 456

Notes on Segment Information:

- 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.
- 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).
- 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
- Unallocable Corporate Assets mainly include Trade Receivables, Cash and Cash Equivalents, Loans and Advances and Other Current Assets.
- Unallocable Corporate Liabilities mainly include Trade Payables, Other Liabilities and Provisions.

Notes forming part of Financial Statements

40. Excise duty deducted from turnover represents amount of excise duty collected by the company on sale of goods. Excise duty shown under Note 23 – Other Expenses represents difference in amount of excise duty on closing stock and opening stock of finished goods.

41. Earnings per share (EPS)

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Calculation of Basic and diluted earnings per share (₹)		
Profit After Taxation	75 73 38 576	86 15 35 614
Weighted average number of equity shares outstanding for Basic/Diluted EPS	3 25 85 217	3 25 85 217
Nominal value of equity per share	10	10
Basic/Diluted Earnings per share	23.24	26.44

42. Salaries and Wages includes ₹ 44 51 709 (Previous year : ₹ Nil) for expenditure on Voluntary Retirement Scheme.

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

44. Legal and Professional Services in Note 23 — Other Expenses includes an amount of ₹ 5 61 800 (Previous year : ₹ 1 10 300) on account of fees to cost auditors.

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

For and on behalf of Board of Directors

S. K. Poddar
Chairman

S. Khosla
Managing Director

T. J. Buch
Chief Financial Officer

A. Vyas
Company Secretary

Place: Mumbai

Date: August 23, 2012

TEN YEAR FINANCIAL HIGHLIGHTS

	2002	2003	2004	2005	*2006-07 18 months	2007-08	2008-09	2009-10	2010-11	2011-12
YEAR END FINANCIAL POSITION (₹ Crores)										
Gross Fixed Assets	356	317	264	273	253	253	246	289	310	357
Net Fixed Assets	210	163	134	136	107	95	91	123	159	190
Net Worth	274	287	317	348	360	425	491	571	600	619
SUMMARY OF OPERATIONS (₹ Crores)										
Gross Sales	421	407	447	489	725	606	673	861	1073	1249
Profit before Tax	17	75	98	109	216	182	177	213	134	117
Profit after Tax	6	45	61	69	142	117	113	137	86	76
Dividend	8.96	27.70	27.70	32.59	**57	40.73	40.73	48.88	48.88	48.88
PER SHARE DATA										
EPS (₹)	1.98	13.75	18.79	21.09	43.69	36.02	34.72	42.07	26.44	23.24
Dividend (%)	27.5	85	85	100	**175	125	125	150	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

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

** includes interim dividend



P&G Values

Integrity

Leadership

Ownership

Passion for Winning

Trust



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.



Gillette India Limited

Registered Office :
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Bhiwadi (Dist - Alwar), Rajasthan - 301 019.