

NOTICE

NOTICE is hereby given that the Twenty-Ninth Annual General Meeting of the Members of the Company will be held on Tuesday, November 19, 2013 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, 2013 and the Statement of Profit and Loss for the Financial Year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To declare dividend for the Financial Year ended June 30, 2013.
3. To appoint a Director in place of Mr. Gurcharan Das, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. C. R. Dua, 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 a **SPECIAL RESOLUTION**:

Waiver of recovery of excess commission paid to the Non-Executive Directors for the Financial Year ended June 30, 2013.

“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 in this regard 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, 2013, 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 Company Secretary, be and are hereby severally authorized to do all such acts, deeds and take such action, as may be considered necessary to give effect to the above resolution.”

By Order of the Board of Directors

Amit K Vyas
Company Secretary

October 8, 2013

Mumbai

Registered Office:

SPA-65A, Bhiwadi Industrial Area,
Bhiwadi (Distt. 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 under Item No. 6 is annexed hereto and forms a part of this Notice.
2. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy(ies) to attend and vote 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 Tuesday, November 5, 2013 to Tuesday, November 19, 2013 (both days inclusive), for the purpose of payment of dividend to those Members whose names stand on the Register of Members as on November 19, 2013. 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 4, 2013, 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, 2013, will be paid on or around November 28, 2013 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 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 of:

- (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.

17. **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 convening the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. for the Financial Year 2012-13, 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.

By Order of the Board of Directors

Amit K Vyas
Company Secretary

October 8, 2013

Mumbai

Registered Office:

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

EXPLANATORY STATEMENT

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

Item No. 6

The Members of the Company at their 24th Annual General Meeting held on October 22, 2008, had accorded 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 by way of a Special Resolution. The aforesaid Special Resolution was effective for a period of five years w.e.f. January 1, 2008 upto December 31, 2012. A fresh Special resolution was passed by the Members at their 28th Annual General Meeting held on December 11, 2012 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 for a period of five years w.e.f. January 1, 2013. The aforesaid resolution had also empowered the Board of Directors to fix the quantum of commission payable to each of the Non-Executive Directors.

Details in this regard are given here below:

(Values Rounded Off)

Sr. No.	Name of Non-Executive Directors	Commission (In ₹)	Service Tax	Total	Proportion	Permissible amount (In ₹)	Excess commission paid (In ₹)
1	Mr. S K Poddar	1,00,00,000	12,36,000	1,12,36,000	65.45	96,34,551	16,01,449
2	Mr. Akshay Poddar	10,00,000	1,23,600	11,23,600	6.54	9,63,455	1,60,145
3	Mr. C R Dua	10,00,000	1,23,600	11,23,600	6.54	9,63,455	1,60,145
4	Mr. Jyoti Sagar*	2,79,570	34,555	3,14,125	1.83	2,69,354	44,771
5	Mr. Gurcharan Das	10,00,000	1,23,600	11,23,600	6.54	9,63,455	1,60,145
6	Mr. A K Gupta	10,00,000	1,23,600	11,23,600	6.54	9,63,455	1,60,145
7	Mr. B S Mehta	10,00,000	1,23,600	11,23,600	6.54	9,63,455	1,60,145
	TOTAL	1,52,79,570	18,88,555	1,71,68,125	100.00	1,47,21,180	24,46,945

* Mr. Jyoti Sagar resigned as a Director w.e.f. October 11, 2012 and accordingly proportionate amount of commission has been paid to him.

In terms of the provisions of Section 309 and other applicable provisions of the Companies Act, 1956, waiver of recovery of the excess amount of commission 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 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 Special Resolution.

The Non-Executive Directors of the Company, namely, Mr. S K Poddar, Mr. Akshay Poddar, Mr. C R Dua,

Pursuant to the said approval, the Board of Directors (comprising of non interested Directors) at their meeting held on February 7, 2013 accorded approval for payment of commission for the Financial Year 2012-2013 to the tune of ₹ 1,60,00,000/- in aggregate to the Non-Executive Directors of the Company.

In respect of the Financial Year ended June 30, 2013 an aggregate amount of ₹ 1,52,79,570/- (service tax of ₹ 18,88,555) has been paid as commission to the Non-Executive Directors of the Company.

However, on the finalization and audit of the annual financial statements of the Company for the Financial Year ended June 30, 2013, it has emanated that the amount of the said commission, that is ₹ 1,52,79,570/- and service tax of ₹ 18,88,555/- which aggregates to ₹ 1,71,68,125/- exceeds the maximum payable amount of ₹ 1,47,21,180/- (which is 1% of the net profits) by ₹ 24,46,945/-.

Mr. Gurcharan Das, Mr. A K Gupta and Mr. B S Mehta are deemed to be interested/concerned in this item of business to the extent specified hereinabove. No other Director, Key Managerial Personnel or their relatives are interested/concerned in this item of business.

By Order of the Board of Directors

Amit K Vyas
Company Secretary

October 8, 2013

Mumbai

Registered Office:

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

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

Name of Director	Mr. Gurcharan Das	Mr. C R Dua
Age	69 years	61 years
Date of appointment on the Board	January 29, 2007	July 31, 2002
Expertise in specific field	General Management	Law
Names of other companies in which he holds Directorships	<p>Public Companies</p> <ol style="list-style-type: none"> Fortis Health Care Limited Air India Limited Berger Paints India Limited <p>Private Companies</p> <ol style="list-style-type: none"> Birla Sun Life Trustee Company Private Limited DMI Finance Private Limited Gurcharan Das Consultants Private Limited 	<p>Public Companies</p> <ol style="list-style-type: none"> Cabot India Limited Pearl Global Industries Limited Vodafone India Limited Tractors & Farm Equipment Limited TVS Motor Company Limited Wimco Limited <p>Private Companies</p> <ol style="list-style-type: none"> Amit Investments Private Limited Associated Corporate Consultants India Private Limited Becton Dickinson India Pvt Ltd Emerson Process Management Power & Water Solutions India Pvt Ltd Fila Sport India Pvt Ltd Inapex Private Limited LexSphere Private Limited Linde Engineering India Private McDonalds India Private Limited Norling Private Limited PBE India Private Limited Result Services Private Limited Sella Synergy India Private Limited UL India Private Limited <p>Alternate Directorships</p> <ol style="list-style-type: none"> Alcoa India Private Limited McCann-Erickson (India) Pvt Ltd

Name of Director	Mr. Gurcharan Das	Mr. C R Dua
Chairman/Member of the Committee(s) of the Board of Directors of the Company	Audit Committee – Member	Audit Committee – Chairman
Chairman/Member of the Committee(s) of Board of Directors of other companies in which he/she is a Director	None	Audit Committee <ol style="list-style-type: none"> 1. Cabot India Limited (Member) 2. Wimco Limited (Member) 3. TVS Motor Company Limited (Member) Remuneration Committee <ol style="list-style-type: none"> 1. Cabot India Limited (Member) Company Law Advisory Committee <ol style="list-style-type: none"> 1. Tractors & Farm Equipment Limited (Chairman)
Shareholding in the Company	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 member/proxy for the registered shareholder of the Company.

I hereby record my presence at the Twenty-Ninth ANNUAL GENERAL MEETING of the Members of the Company at SPA - 65A, Bhiwadi Industrial Area, Bhiwadi (Distt. Alwar), Rajasthan - 301019 on **Tuesday, November 19, 2013 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 (Distt. Alwar), Rajasthan-301019

PROXY FORM

Folio No./DP ID/(Client ID)

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

in the district ofbeing a member/members of

Gillette India Limited hereby appoint

of.....in the district of

or failing him.....of

in the district ofas my/our proxy to attend and
vote for me/us, on my/our behalf at the Twenty-Ninth ANNUAL GENERAL MEETING of the Members of the Company
to be held on **Tuesday, November 19, 2013 at 11.00 a.m.** at SPA-65A, Bhiwadi Industrial Area, Bhiwadi (Distt. Alwar),
Rajasthan - 301019 and at any adjournment thereof.

Signed thisday of.....2013

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
Annual Report 2012-13

BOARD OF DIRECTORS

Mr. S. K. Poddar
Chairman

Mr. S. Khosla
Managing Director

Mr. B. S. Mehta

Mr. C. R. Dua

Mr. G. C. Das

Mr. A. Poddar

Mr. P. Agarwal

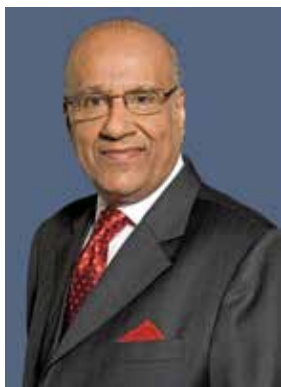
Mr. A. K. Gupta

.....
Mr. Amit K. Vyas
(Company Secretary)

CONTENTS

Chairman's Letter	1
Directors' Report	2
Management Discussion & Analysis.....	8
Corporate Governance	11
Auditors' Report.....	23
Balance Sheet	26
Statement of Profit & Loss	27
Cash Flow Statement	28
Notes forming part of the Financial Statements	30





Dear Shareholders,

Your Company's continued commitment to creating consistent and sustainable value for consumers, customers and shareholders, has resulted in yet another year of achieving strong business results. Value creation comes from two primary drivers: Innovation, and Productivity. We believe that value is the yardstick by which companies can achieve sustainable growth in today's changing business environment. As, I share with you, your Company's annual performance for the Financial Year 2012-13, I take pride in the fact that we recorded a robust growth of 17%, delivered by consistent growth across all three businesses.

We strengthened our strong growth momentum with Annual Net Sales at ₹1,435 crore, an increase over last year's ₹1229 crore. We also delivered an increase by 15% in Profit After Tax (₹87 crore) behind rigorous cost control and consumer-meaningful innovation. Gillette India Limited's results are truly a testament to the fact that consumers are rewarding us for our superior value propositions.

This Fiscal Year, your Company has consistently sought to innovate in all we do, to continue to touch and improve the lives of our consumers. Our focus on innovation in the value chain, a critical driver of growth, is reflected in our evolving product portfolio. This can be easily demonstrated with the successful launch of the *Oral-B* toothpastes and the *Gillette Fusion Power* range this year, each supported by superior technology and value propositions.

It is with this focus that our Blades & Razors, Oral Care and Batteries businesses understand and meet consumer needs successfully, which is reflected in our results over the past fiscal year.

The past fiscal year, witnessed the launch of *Oral-B* toothpastes in the Indian toothpaste market. The *Oral-B Pro-Health*, our premium toothpaste offering, continues your company's legacy of developing advanced dental technologies. Driven by the insight that the Indian family has a diverse set of dental needs, *Oral-B Pro Health* toothpaste is designed with technological superiority to provide a one stop solution for effective dental care. Even in the early days since launch, consumers, dentists & customers are already rewarding us by their overwhelming response & purchase.

With this launch, Gillette India Limited strengthens its stand that innovation is integral to every aspect of your Company's business, and this is also reflected in the way we take our products to our consumers. Engaging communication has resulted in best-in-class output and rewarding results right through the value chain.

To take the example of Gillette, through a multi-city outreach and influencer advocacy movement titled *Shave or Crave*, the brand encouraged women to get men to also shave in the evening for them. We tied this to the launch of the new *Gillette Fusion*, *Gillette's* best shaving technology with a 5 blade suspension, now enabling men in India to experience the most comfortable shave at an affordable price. *Gillette* also created *Soldier for Women* - a 360 degree campaign that reached the masses - including both women and men - over an issue that was relevant and addressed a definite need in the country. This was the need to respect and stand up for women. Both these movements helped drive business results, with key brand equities growing by 7% and market share reaching an all time high.

In addition to the consistent growth being seen in our Blades & Razors and Oral Care businesses, the Portable Power business also registered robust growth of 15%. The continued demand enabled *Duracell* to maintain its leadership in the alkaline segment with the new "*Value for Money*" proposition.

To 'touch and improve lives' is the vision that guides P&G, a vision that we will continue to strive towards for generations to come. We achieve this through dedicated and continuous social responsibility, environmental sustainability and effective disaster relief efforts. Inspired by this purpose, P&G India's flagship Corporate Social Responsibility program, *P&G Shiksha*, impacts the lives of over 420,000 underprivileged children today. Till date, the program has built or supported over 220 schools across India through a cumulative donation of over ₹30 crores made to 10 NGO partners. Through our *Disaster Relief program*, we reached out to over 10,000 affected families in Uttarakhand with P&G products along with relief materials like medicines, food & blankets, safe drinking water & water-proof tents in partnership with our Sustainability partner NGOs, Save The Children and Himachal Pradesh Voluntary Health Association.

In closing, any company that wants to win in the long run needs to adopt a mindset of 'winning with the consumer'. Ensuring we deliver value to our stakeholders, we will continue to innovate so we deliver superior products propositions, more efficient systems and drive results for you, the shareholders. We very warmly acknowledge the contribution made by our consumers, customers, employees, business partners and YOU, our valued shareholders, to your Company's performance and for your dedication and commitment to maximize shareholder value. Together, we will continue in our journey towards touching and improving more lives.

S. K. Poddar
Chairman

Mumbai
August 6, 2013



DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting their Twenty-Ninth Annual Report together with the Audited Accounts for the Financial Year ended June 30, 2013.

FINANCIAL RESULTS

(Figures in ₹ Crores)

	2012-13	2011-12
Sales (less excise duty)	1435.33	1228.80
Other Operating Income	2.39	4.10
Other Income	36.55	33.71
Profit before tax & exceptional items	138.25	116.97
Profit after tax	87.16	75.73
Transfer to General Reserve	8.72	7.58
Proposed dividend plus tax thereon	57.18	56.81
Balance carried forward	302.87	294.12

DIVIDEND

Your Directors are pleased to recommend, subject to the approval of the Members and subject to the approval of the Securities and Exchange Board of India (SEBI), a dividend of ₹ 15/- per equity share of ₹ 10 each, amounting to ₹ 48.88 Crores, for the Financial Year ended June 30, 2013.

OPERATIONS

Your Company achieved a healthy sales growth during the Financial Year ended June 30, 2013. The total sales (net of excise) at ₹ 1,435 Crores are up by 17% when compared to ₹ 1,229 Crores of the previous year. The sales in all 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 ₹ 138 Crores as against ₹ 117 Crores last year. Profit After Tax (PAT) for the Financial Year under review stood at ₹ 87 Crores as against ₹ 76 Crores last year. The PBT and PAT have increased versus year ago, due to strategic pricing and continued rigour on all costs.

PERSONAL GROOMING- BLADES & RAZORS

Gillette Personal Grooming portfolio had a strong year with high double digit growth combined with market share growth across Blades & Razors and Personal Care category. This was driven by robust

performance across all product and price tiers through base-brand building activities and expanding our product offering.

Fusion Power is Gillette's latest introduction in premium-tier Blades & Razors segment. The battery-powered razor adds to the features of the *Gillette Fusion* manual razor with power-glide blades and soothing micro-pulses, thus, providing consumers with a superior shaving experience.

Our premium line of systems registered strong performance with both *Mach3* and *Fusion*, delivering double digit growth behind strong razor placement, and, Go-to-Market plans and innovative marketing campaigns like "Soldier for Women" and "Shave India" movement through the Financial Year.

Gillette "Soldier for Women", a unique initiative by your Company was launched in January, 2013. This initiative encouraged and gave voice to millions of men who embrace the values of courage, camaraderie, integrity and respect for women. Gaining support from across cities and people from different walks of life, the campaign went on to become a national movement, reaching out to millions of men and women across the country.

Gillette Guard, the Entry Level system, which was specially designed for low-income group consumers, continued to register strong double digit growth by value and volume. *Gillette Guard* has had the fastest-ever build of share and distribution across categories in India and is now present in over 1 million stores across the country.



Gillette Double edge blades continued to grow value-share primarily led by its 7-o'clock and Wilkinson Sword brands.

The Gillette Personal Care Category comprising of pre-shave and post-shave products has performed exceptionally well and grown share across the portfolio led by Tube Shave Gel. It helped further strengthen our position versus competition in the pre-shave category.

Thus, your Company continued to grow across the portfolio through the Financial Year.

Gillette India wins PR Lion at Cannes Ad Fest:

Your Company's campaign "Shave or Crave" as part of the "Shave India Movement" has won a PR Lion at the Cannes ad festival this Financial Year. This is the fifth year in a row, that Gillette's marketing campaign has been recognized at this prestigious global forum.

ORAL CARE

Oral-B continues to grow across all tiers. Initiatives focused on establishing superiority of *Cross Action* helped *Oral-B* grow in the super premium tier segment. *Oral-B* has led innovation this year launching two new technologically superior products – Top of the line manual brush called 'Pro-health Clinical' and 'Allrounder-Sensitive'. The sensitive toothbrush market is growing at more than 50% and *Allrounder-Sensitive* is specifically designed and suited to the needs of the Indian market. *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-3* initiative. This campaign



helped in improving the lives of consumers by educating them on oral hygiene and by offering them a free dental checkup close to their residence simply on the purchase of an *Oral-B* toothbrush.

After years of growth and delighting the consumers with superior brushing experience, *Oral-B* has launched its revolutionary toothpaste technology to the Indian consumers during the last quarter of the Financial Year. *Oral-B* has launched 3 tiers of toothpaste in both Gel and Paste form in the ₹ 6,000 Crore toothpaste market. This has been very well received by dentists and retailers in the month of June, 2013. The marketing and promotional expenses in this highly competitive category will begin in July, 2013 and will impact near term earnings growth.

PORTABLE POWER

For the Financial Year 2012-2013, *Duracell* has achieved robust sales growth due to successful price up helping in earnings improvement behind volume growth and higher pricing.

Duracell has increased the scope by shifting the communication from only high drain device to everyday use device like Torch. This has helped us to increase the scope of target audience. In the coming future, *Duracell* will continue to outperform the category focusing on everyday device 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 and delivered all time high throughputs. In the past years, both Bhiwadi and Baddi plants achieved benchmark productivity improvements. Work System Renewal related changes have been initiated which is expected to enhance long term people capability to continue to meet the business needs. The plants delivered outstanding performance in all key measures — *Safety, Quality and Cost.*

CORPORATE SOCIAL RESPONSIBILITY

Building business by improving lives

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

Over the past decade, P&G's sustainability mantra '*to touch and improve the lives of consumers, now and for generations to come*' has inspired an enduring CSR strategy supported by three pillars — *P&G Shiksha*, *The Whisper School program (Education)* & *Project Parivartan (Transformation)* and *Timely*



P&G Baddi Plant organized 'World Environment Day' celebrations at the Lodhimajra Village School, to help educate children on the importance of a clean and healthy environment.

Disaster Relief. While *P&G Shiksha* and *Project Parivartan* provide children from underprivileged backgrounds with access to basics like health and education, P&G's disaster relief activities aim to rehabilitate and empower the victims of natural disasters by reinstating crucial infrastructure.

P&G's signature corporate sustainability program *P&G Shiksha* has till date assisted over 420,000 children to access education by building/supporting over 220 schools across India, in partnership with a number of NGOs like — Army Wives Welfare Association, Navy Wives Welfare Association, Round Table India, Save the Children amongst others. These partners serve as specialists, lending their expertise to particular aspects of the education system. The NGO Round Table India for example is dedicated towards constructing educational infrastructure and supporting schools across India. The NGO Save the Children emphasizes on the girl child's education by aiding government funded programs like the Kasturba Gandhi Balika Vidyalayas. Similarly, The NGO's Army Wives Welfare Association and Navy Wives Welfare Association are experts in serving the educational needs of disabled children.

Since its commencement in 2005, *P&G Shiksha* has empowered consumers to contribute towards the education of underprivileged children by exercising conscious brand choices, which has enabled P&G to share a part of the sales towards this movement. By the end of this Financial Year, *P&G Shiksha* will have made a cumulative donation of over ₹ 30 Crores towards building new schools, providing critical infrastructural amenities at existing schools or reviving non-operational government schools.

In partnership with NGO Save the Children, P&G under the Kasturba Gandhi Balika Vidyalaya program in Rajasthan has helped in conducting awareness campaigns on the Right to Education in 45 villages as well as motivational camps for around 400 out of school children, in an effort to increase enrolment in schools and reduce drop outs.

At about 20 km from the Bhiwadi Plant, P&G has adopted a school located in the remote Gwalda village of the Mewat region of Alwar district. The objective was to provide girls good quality education, healthy breakfast, and school essentials such as dresses, bags and learning material. This initiative also received special recognition from



the Government of Rajasthan as well as the NGO IBTADA for its quality work. Going beyond the tangible, this year, P&G also lent assistance in conducting spoken english & music classes, while also organizing fun activities for the children such as mehendi competitions. These activities under the *P&G Shiksha* program have exemplified its motto 'पढ़ेगा इंडिया तो बढ़ेगा इंडिया', and have further strengthened our resolve of touching and improving lives.

P&G has stepped forward to rehabilitate and aid the victims of natural disasters, most recently by reaching out to over 5000 families in Uttarakhand and Himachal Pradesh with relief materials like water-proof tents, food & blankets, as well as distributing P&G products.

P&G's conscious commitment towards the pursuit of sustainable development programs has empowered us to make truly substantial impacts on the lives of the communities around us while simultaneously providing them with superior product propositions. This unequivocal principle has fueled our social responsibility programs, aimed at improving lives, and also lends inspiration to our efforts on environmental sustainability and economic accountability.

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 focus on technologies, processes and improvements that matter for the environment. The manufacturing technologies we use are low emission and generate almost 60% less emission than the local norms.

Your Company's Head Office at Mumbai reduced its annual energy consumption by over 27% over the last 9 years, saving over 1700 gigajoules of energy. Your Company's Plant at Bhiwadi, Rajasthan has saved 13.3 million litres of water last year and 500 gigajoules of energy, equivalent to the daily energy needs of more than 12,000 people in India.

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

the hydro-electric energy being used at our Plant in Baddi with efforts underway for extending this to other sites.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. that in the preparation of the Annual Accounts for the Financial Year ended June 30, 2013, 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 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, 2013, on a "going concern" basis.

CORPORATE GOVERNANCE

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

DIRECTORS

Mr. Jyoti Sagar and Mrs. Nayantara Bali resigned as Directors of the Company with effect from October 11, 2012 and March 13, 2013, respectively.

The Board places on record deep appreciation for the contributions made by them during their respective tenure as Directors of the Company.

Mr. C R Dua and Mr. Gurcharan Das retire by rotation at the forthcoming 29th Annual General Meeting, and being eligible, offer themselves for re-appointment.



Brief resumes of Mr. C R Dua and Mr. Gurcharan Das 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 re-appointment of the aforesaid Directors are being moved at the 29th Annual General Meeting, which the Board recommends for your approval.

MINIMUM PUBLIC SHAREHOLDING REQUIREMENT PRESCRIBED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

In terms of amendment to the Securities Contracts (Regulation) Rules, 2010, your Company was required to achieve Minimum Public Shareholding (MPS) of 25% by June 3, 2013. Your Company is taking necessary steps for ensuring compliance with the MPS requirement. A detailed note in this regard is given in the "Corporate Governance" section of the Annual Report.

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 appointed M/s. Ashwin Solanki & Associates, Cost Accountants, to conduct the cost audit for the Financial Year ended June 30, 2014. The Company has received the necessary Central Government approval for the re-appointment of the said 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, forms part of this Report.

HUMAN RESOURCE DEVELOPMENT

The growth over the past few years demonstrates the core strengths of our employees to stay reality-based, embrace change and proactively influence the course of business. In a diverse organization & competitive environment, the efforts of our organization, strong capability plans and HR innovation accelerated our growth. Our productivity continues to be best-in-class with major progress in Leadership and Talent Development.

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 *Company Secretary* at the corporate office of the Company.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the services rendered by the Company's 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 6, 2013



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 for conservation of energy this year were :

- (a) Installed three Coil Coolers for Diesel Generators to eliminate water losses;
- (b) Installed chilled water line from central chiller resulting in savings;
- (c) DG: Grid ratio improvement from IEX and power availability got better for the Company's site through this; and
- (d) Purchasing of Power through IEX (Open Access) resulted a savings of approx. ₹ 62.43 lakhs.

2. Plans for next year:

- (a) Synchronizing Gensets with Grid to avoid one tripping at production floor also minimize running of plant on Genset after availability of city power.
- (b) Project of replacing shop floor lights with LED lightings.
- (c) Plan to get an energy audit done to identify areas of energy conservation.

- (d) Installation of Street lights with Light intensity or exploring possibilities of solar cells.

- (e) Optimization of Chillers through connecting into a single system.

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 utilized/earned during the year are given in Note no. 30 and 31 to the Accounts, respectively.

For and on behalf of the Board



S. K. Poddar
Chairman

Place: Mumbai

Date: August 6, 2013



MANAGEMENT DISCUSSION AND ANALYSIS REPORT, 2013

Review of Economic Scenario and impact of Union Budget 2013

The Indian economy continues to grow across sectors including growth across consumer segments. GDP growth has tapered down to mid single digits, significantly lower than the past. The economy has entered a volatile phase with a weak rupee, relatively high inflation and a stronger Global economy providing alternative sources of investment to FIIs. However, we expect that the Indian consumer sector will continue to grow at a modest pace and the ability to recover the impact of devaluation/ high inflation will largely depend on the strength of the brand, the value it brings to the consumer.

The Union Budget 2013-14 is forward looking and recognizes the risks faced by the economy while still committed to contain the Fiscal Deficit to 4.8% of GDP. The increase in Direct Tax rate from 32.45% to 33.99% would result in additional direct cost to your Company.

The FMCG Sector and Indian consumers

The Indian FMCG sector is the fourth largest in the Indian economy and has a market size in excess of \$13.1 billion. The sector is growing at a healthy pace due to increase in penetration, wider distribution and better consumer value. We have strong Indian companies and a few Multinationals operating in this area offering a wide array of products to the Indian consumer. With growing incomes and changing consumption patterns, we expect growth to continue at a modest pace. Margins for the sector could be volatile due to macro economic factors discussed earlier and a strong competitive environment.

BUSINESS REVIEW:

MALE GROOMING — BLADES & RAZORS

Your Directors are of the view that the Blades & Razors sector is a big category and represents a sizable growth opportunity for your Company. According to market research data, the Blades & 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 be predominant in 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. The Company is now entering the toothpaste market which presents unique growth opportunities but will require significant investment.

PORTABLE POWER

The growing usage in the high and mid drain devices like toys and cameras and increased purchasing power in India indicate a good 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 major risks faced by the Company is that the FMCG market is highly competitive. Also, the Company has to cope with various other concerns such as currency devaluation and inflation. Your Company endeavors to overcome these risks and to sustain and improve its market position by undertaking various measures such as product innovation, strategic pricing, cost controls and effective advertising.

Risk Management

Business, Finance & Operational risks

The Company's risk management policy is in line with the parent Company's global guidelines and as such adequate measures have been adopted by the Company to anticipate,

plan and mitigate the spectrum of risks it faces. On business risks (competition, consumer preferences and technology changes) the Company undertakes a Competition Response Model program. For financing risks it has a robust operational contingency and legal plan. It also undertakes Business Contingency Plan for key vendors and natural disasters. The Company also has adequate Insurance coverage to protect the value of its assets. This coverage duly covers any risks relating to business interruption resulting from property damage and legal liability resulting from property damage or personal injury.

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

Regulatory and Compliance risks

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

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

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

Security Risks

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

Internal Controls & their adequacy

Your Company has strong Internal Controls and Risk Assessment/Management Systems. These systems enable compliance with Internal Company policies and local applicable laws to help protect Company assets and information systems against financial losses and unauthorized use.

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

- o Controls Self Assessments (CSA) which are done by the respective organization with support of a standard checklist to identify process outages. The organization undertakes a review of random samples and evaluates the process and documents versus the company standard. This enables organization to identify control weaknesses and initiate actions to mitigate them.

- o Stewardship Reviews, led by a team of three fulltime Internal Control experts ensures that all key audit processes across Trade and Marketing Spending, Vendor Payments and Plant Assets are reviewed and assessed at frequent intervals. The observations and findings are shared with senior management for quality action plan execution and issue remediations. These are then supplemented by independent internal audits by P&G's Global Internal Audit team, where they rotate key areas every three years.
- o Governance and stewardship boards comprising of the Chief Financial Officer, Chief Human Resource Officer and Legal Counsel review the Internal controls, Key Legal issues and Ethics Culture to create a standard, structured approach to identify Governance risks and proactively mitigate them.

During the Financial Year under review, the Global Internal Audit (GIA), performed Audits of four key areas, Revenue (Accounts receivable and order shipping billing), Import/Exports and third party marketing Information Systems. Across these Audits, Controls were rated as '*Satisfactory with low controls risks*'. Local management has developed and executed quality action plans to remediate all the findings reported by GIA.

HR Initiatives

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

Attracting Talent: India continues to be a key market for Global talent. In this scenario, our recruiting focus, innovative

campus initiatives, foray into social media helped us reach a large number of prospective candidates. We continue to strengthen our position as employer of choice. Our policies on leadership pipeline, talent planning, mentoring 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 and compensation and benefits continue to be very competitive, thereby helping us attract the talent that will keep the Company growing from strength to strength. We continued to be ranked in the top 3 in the Annual Nielsen Campus survey.

Developing Talent: Our organization survey scores were strong showing good increase in areas of learning and growth, career growth and pride in the Company. New hires into the Company are given a thorough on-boarding through our "*Future Stars Program*" to ensure that they are able to contribute in their roles as soon as they join. Clear career paths help employees to plan their career goals and understand the skills needed to be built. Your Company's annual performance management system is very robust and clearly assesses and differentiates amongst employees on the basis of performance and potential. We continue to build our talent through experiences both in India as well as internationally, ensuring that the benefits of a global organization are leveraged. A renewed leadership development program called "*P&G Leadership Academy*", leveraging virtual learning platforms and innovative learning methodologies beyond the classroom has been launched to ensure we focus on building leadership at all levels in the organization. All these initiatives make our retention among the best in the industry. Employee and trade relations related developments are covered in the Directors' Report. The number of employees as on June 30, 2013 was 684.

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

CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE PHILOSOPHY

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

We believe that Corporate Governance is the interaction of the Management, Members and the Board of Directors to help ensure that all stake holders 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 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 creates 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. The Directors actively participate in the deliberations at these meetings.

The composition and other details of the Board of Directors as on June 30, 2013 are given below:

Name of the Director	Category	Designation	Other Directorships #	Membership of other Board Committees ##	
				Member	Chairman
Mr. S. K. Poddar	NED	Chairman	12	2	2
Mr. Shantanu Khosla	ED	Managing Director	2	2	1
Mr. B. S. Mehta	ID	Director	14	9	5
Mr. C. R. Dua	ID	Director	6	3	None
Mr. Gurcharan Das	ID	Director	4	None	None
Mr. Akshay Poddar	NED	Director	10	6	1
Mr. A. K. Gupta	ID	Director	1	1	1
Mr. Pramod Agarwal*	NED	Director	1	None	None

NED – Non-Executive Director

ED – Executive Director

ID – Independent Director

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

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

* Mr. P. Agarwal ceased to be an Alternate Director to Ms. D. Henretta w.e.f. August 1, 2012 consequent to cessation of Ms. D. Henretta as a Director of the Company. Mr. Agarwal was appointed as an Additional Director of the Company w.e.f. August 1, 2012 and held office till the date of the 28th Annual General Meeting held on December 11, 2012. He was then appointed as a Director liable to retire by rotation under Section 255 of the Companies Act, 1956 at the said Annual General Meeting.

(b) Number of Board Meetings:

During the Financial Year 2012-13, four (4) Board Meetings were held on August 23, 2012, November 1, 2012, February 7, 2013 and April 25, 2013 respectively. The 28th Annual General Meeting for the Financial Year ended June 30, 2012 was held on December 11, 2012.

(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 held during the tenure	No. of Board Meetings attended	Last AGM attendance, whether attended
Mr. S. K. Poddar	4	4	Yes
Mr. Shantanu Khosla	4	4	Yes
Mr. B. S. Mehta	4	3	No
Mr. C. R. Dua	4	4	Yes
Mr. Gurcharan Das	4	3	No
Mr. Akshay Poddar	4	4	No
Mr. Jyoti Sagar*	1	1	No
Mr. A. K. Gupta	4	4	Yes
Ms. Nayantara Bali**	3	1#	Yes
Ms. D. Henretta ***	—	—	No
Mr. Pramod Agarwal ****	4	2##	No

* Mr. Jyoti Sagar resigned from Directorship of the Company w.e.f. October 11, 2012.

** Ms. Nayantara Bali resigned from Directorship of the Company w.e.f. March 13, 2013.

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

**** Mr. P. Agarwal ceased to be an Alternate Director to Ms. D. Henretta w.e.f. August 1, 2012 consequent to cessation of Ms. D. Henretta as a Director of the Company. Mr. Agarwal was appointed as an Additional Director of the Company w.e.f. August 1, 2012 and held office till the date of the 28th Annual General Meeting held on December 11, 2012. He was then appointed as a Director liable to retire by rotation under Section 255 of the Companies Act, 1956 at the said Annual General Meeting.

Ms. N Bali participated in the Meeting held on February 7, 2013 through Video-conferencing.

Mr. P. Agarwal participated in the Meeting held on April 25, 2013 through Video-conferencing.

(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. 39 forming part of the Financial Statements.

(e) Remuneration of Directors:

The Members of the Company at their 24th Annual General Meeting held on October 22, 2008, had accorded 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 by way of a Special Resolution. The aforesaid Special Resolution was effective for a period of five years w.e.f. January 1, 2008 upto December 31, 2012. A fresh Special Resolution was passed by the Members at their 28th Annual General Meeting held on December 11, 2012 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 for a period of five years w.e.f. January 1, 2013. The aforesaid resolution had also empowered the Board of Directors to fix the quantum of commission payable to each of the Non-Executive Directors.

Pursuant to the said approval, the Board of Directors (comprising of non interested Directors) at their meeting held on February 7, 2013 accorded approval for payment of commission for the Financial Year 2012-2013 to the tune of ₹ 1,60,00,000/- in aggregate to the Non-Executive Directors of the Company. In respect of the Financial Year ended June 30, 2013, an aggregate amount of ₹ 1,52,79,570/- (service tax of ₹ 18,88,555/-)

has been paid as commission to the Non-Executive Directors of the Company.

However, on the finalization and audit of the annual Financial Statements of the Company for the Financial Year ended June 30, 2013, it emanated that the amount of the said commission, that is ₹ 1,52,79,570/- and service tax of ₹ 18,88,555/- which aggregates to ₹ 1,71,68,125/- exceeds the maximum payable amount of ₹ 1,47,21,180/- (which is 1% of the net profits) by ₹ 24,46,945/-. The payment of the said excess amount of ₹ 24,46,945/- is subject to approval of the Members of the Company by way of a Special Resolution at the forthcoming 29th Annual General Meeting of the Company and of the Central Government.

Mr. Khosla was re-appointed as the Managing Director of the Company for a period of five years w.e.f. January 29, 2012 by the Members of the Company at their 28th Annual General Meeting held on December 11, 2012. Mr. Khosla is also the Managing Director of Procter & Gamble Hygiene and Health Care Limited (PGHH) and Procter & Gamble Home Products Limited (PGHP). The Central Government has vide letter no. SRNB41469/4/2012 dated January 10, 2013 accorded approval for Mr. Khosla's functioning as the Managing Director of your Company and as that of PGHH and PGHP. Mr. Khosla draws his remuneration from PGHH and your Company contributes in proportion to the Company's Net Outside Sales.

The details of remuneration paid/provided to the Directors during the Financial Year 2012-13 are as under:

Name of Director	Relationship with other directors	Salary including Bonus + PF contribution	Perquisites	Commission	Service tax on commission	Amount in ₹
						Total
Mr. S. K. Poddar	Father of Mr. Akshay Poddar	Nil	Nil	1,00,00,000	12,36,000	1,12,36,000
Mr. Shantanu Khosla	None	Nil*	Nil*	Nil	Nil	Nil
Mr. C. R. Dua	None	Nil	Nil	10,00,000	1,23,600	11,23,600
Mr. B. S. Mehta	None	Nil	Nil	10,00,000	1,23,600	11,23,600
Mr. Gurcharan Das	None	Nil	Nil	10,00,000	1,23,600	11,23,600
Mr. Akshay Poddar	Son of Mr. S. K. Poddar	Nil	Nil	10,00,000	1,23,600	11,23,600
Mr. Jyoti Sagar **	None	Nil	Nil	2,79,570	34,555	3,14,125
Mr. A. K. Gupta	None	Nil	Nil	10,00,000	1,23,600	11,23,600
Ms. Nayantra Bali ***	None	Nil	Nil	Nil	Nil	Nil
Mr. Pramod Agarwal ****	None	Nil	Nil	Nil	Nil	Nil
Ms. D. Henretta *****	None	Nil	Nil	Nil	Nil	Nil

* Remuneration cross charged from Procter & Gamble Hygiene and Health Care Ltd to accounts in respect of Managing Director ₹ 1,27,71,480/-

** Mr. Jyoti Sagar resigned from Directorship of the Company w.e.f. October 11, 2012

*** Ms. Nayantra Bali resigned from Directorship of the Company w.e.f. March 13, 2013

**** Mr. P. Agarwal ceased to be an Alternate Director to Ms. D. Henretta w.e.f. August 1, 2012 consequent to cessation of Ms. D. Henretta as a Director of the Company. Mr. Agarwal was appointed as an Additional Director of the Company w.e.f. August 1, 2012 and held office till the date of the 28th Annual General Meeting held on December 11, 2012. He was then appointed as a Director liable to retire by rotation under Section 255 of the Companies Act, 1956 at the said Annual General Meeting.

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

NOTE - No sitting fee is payable to any Director.

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 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. Gurcharan Das and Mr. A. K. Gupta. During the Financial Year 2012-13, Four Audit Committee meetings were held on August 23, 2012, November 1, 2012, February 7, 2013 and April 25, 2013 respectively.

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

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

Name	Designation	Category	Profession	No. of meetings held	No. of meetings attended
Mr. C. R. Dua	Chairman	ID	Advocate	4	4
Mr. S. K. Poddar	Member	NED	Business	4	4
Mr. B. S. Mehta	Member	ID	Chartered Accountant	4	3
Mr. Jyoti Sagar*	Member	ID	Advocate	1	1
Mr. Gurcharan Das	Member	ID	Management Consultant	4	3
Mr. A. K. Gupta	Member	ID	Consultant	4	4

* Mr. Jyoti Sagar resigned from Directorship of the Company w.e.f. October 11, 2012.

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 Agreements with the Stock Exchanges 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 should be 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;

- 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' Grievance Committee comprises of Mr. Akshay Poddar, Mr. A. 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. Mr. Amit Vyas, Company Secretary is the Compliance Officer. He regularly addresses Shareholders' complaints, oversees share transfer process and liaises with the regulatory authorities.

During the Financial Year under review, 8 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	8	8
Mr. Shantanu Khosla	8	8
Mr. A. K. Gupta	8	8

3. SHAREHOLDERS

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

1. **Mr. Gurcharan Das**, Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 29th Annual General Meeting.

Mr. Das is an author, management guru and public intellectual. He was CEO, Procter & Gamble India and later Managing Director, Procter & Gamble Worldwide (Strategic Planning).

Mr. Das graduated with honors from Harvard University and later attended Harvard Business School (AMP), where he is featured in three case studies. He is a Director on various Boards and is a regular speaker to the managements of the world's largest corporations. He has been on the juries of the McKinsey Award for the best Harvard Business Review article, the Milton Friedman award and the Templeton Prize.

Mr. Das is a Director on the Boards of Fortis Health Care Limited, Air India Limited & Berger Paints India Limited.

2. **Mr. C. R. Dua**, Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 29th Annual General Meeting.

Mr. Dua is the founder of Dua Associates which is one of the prominent law firms in India with presence in eight cities namely Delhi, Gurgaon, Mumbai, Chennai, Bangalore, Pune, Hyderabad and Chandigarh. Mr. Dua therefore has a vast breadth of experience in the fields of corporate law, mergers and acquisitions, privatisations, project finance, public issues, entry strategies, foreign investment, corporate structuring/restructuring, infrastructure projects and commercial aspects of doing business in India. He has been actively involved in the process of regulatory reforms in India consistent with India's multilateral trade policy commitments.

Mr. Dua has been a member of the Advisory Committee on Competition Advocacy and also of the Competition Commission Advisory Committee on Regulations of the Competition Commission of India. Mr. Dua is a founder member of the American Chamber of Commerce in India and continues to be an invited member on their Executive Board. He is a Member of the National Executive Committee of Federation of Indian Chambers of Commerce and Industry (FICCI). He is currently also a Senior Vice President of The Society of Indian Law Firms (SILF). He is also a member of BNP Paribas Group India Advisory Board.

Mr. Dua is Director on the Boards of Cabot India Limited, Pearl Global Industries Limited, Vodafone India Limited, Tractors & Farm Equipment Limited, TVS Motor Company Limited & Wimco Limited.

(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) No presentations were made to analysts and institutional investors during the Financial Year 2012-13.
- (v) 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).

Accordingly, this Annual Report comprising of Notice calling the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. for the Financial Year 2012-13, in electronic form, is being sent to the Members at the email address provided/updated by the Members with the Depository Participants/ RTA, as applicable.

- (vi) The recorded version of the proceedings of the 29th 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:*

Minimum Public Shareholding requirement prescribed by the Securities and Exchange Board of India (SEBI)

In terms of the amendments to the Securities Contracts (Regulation) Rules, 2010 (SCRR), all listed companies (private sector) were required to achieve Minimum Public Shareholding (MPS) of 25% by June 3, 2013. Your Company is also required to comply with the MPS requirement as its public shareholding is less than 25%. Accordingly a proposal for ensuring compliance with the MPS requirement was submitted to SEBI. However, the said proposal was rejected by SEBI, as in SEBI's opinion it was not in line with the means/methods prescribed under Rule 19A of SCRR. Post which, the Company appealed against SEBI's order to the Securities Appellate Tribunal (SAT). The Hon'ble SAT upheld SEBI's decision by dismissing the aforesaid appeal. Subsequent to the dismissal of the SAT appeal, SEBI passed an order against the Company, in relation to the MPS requirement on July 5, 2013. The Company had informed the details of the Order to the Stock Exchanges. A copy of the said order is also available on the Company's website at www.pg.com/en_IN. Presently, your Company is taking necessary steps for ensuring compliance with the MPS requirement.

Save as aforesaid, the Company has complied with other 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
28 th	11.12.2012	11.00 a.m.	All the three Annual General Meetings were held at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan – 301 019	3
27 th	31.10.2011	11.00 a.m.		1
26 th	18.11.2010	11.00 a.m.		—

At the previous 28th Annual General Meeting held on 11th December, 2012, the following Special Resolutions were passed:

- i. Approval of Members under Section 309 of the Companies Act, 1956, 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, 2012.
- ii. Approval of Members for payment of commission to the Non-Executive Directors of the Company for a period of Five Years with effect from January 1, 2013.

- iii. Approval of Members under Section 31 of the Companies Act, 1956 for Alteration of Articles of Association for enabling participation of Directors in Meetings through electronic mode.

At the 27th Annual General Meeting held on 31st October, 2011, the following Special Resolution was passed:

- i. Approval of Members under Section 309 of the Companies Act, 1956, 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 Board at its meeting held on August 6, 2013 had authorised Mr. S. Khosla, Managing Director to fix the date, time and venue of the 49th Annual General Meeting. Accordingly, Mr. S. Khosla, in consultation with the Board has decided that the Annual General Meeting will be held on Tuesday, November 19, 2013 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 – December
Dividend Dispatch	Within 30 days of the Annual General Meeting
Quarterly Results	Normally within 45 days, except 4 th quarter when Audited Annual Results are declared within 60 days as required under the Listing Agreement

(iii) Book Closure Date

Tuesday, November 5, 2013 to Tuesday, November 19, 2013 (both days inclusive).

(iv) Dividend Payment Details

Final Dividend, if declared : Will be paid on or before November 28, 2013.

(v) Listing of equity shares on Stock Exchanges

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

(vi) Stock Code

BSE Limited: 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 2012-13.

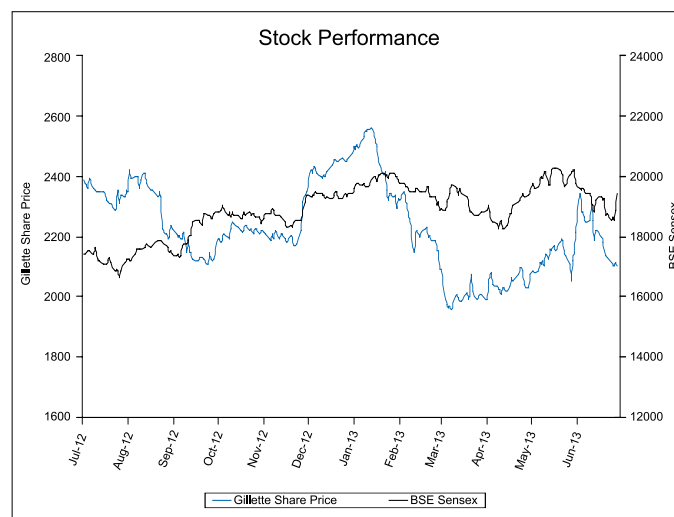
MONTH	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July 2012	2460.00	2260.00	2451.00	2250.00
August 2012	2484.00	2170.00	2449.00	2162.35
September 2012	2289.95	2100.00	2259.90	2092.00
October 2012	2332.95	2150.00	2270.00	2131.00
November 2012	2394.00	2165.55	2387.60	2149.95
December 2012	2483.00	2335.00	2483.00	2340.05
January 2013	2600.00	2287.00	2569.90	2270.00
February 2013	2380.75	1981.35	2385.00	1849.95
March 2013	2143.80	1951.10	2156.70	1942.45
April 2013	2199.95	1990.05	2177.00	2001.00
May 2013	2352.80	1951.15	2349.80	2039.00
June 2013	2424.00	2095.05	2424.00	2100.00

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

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

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

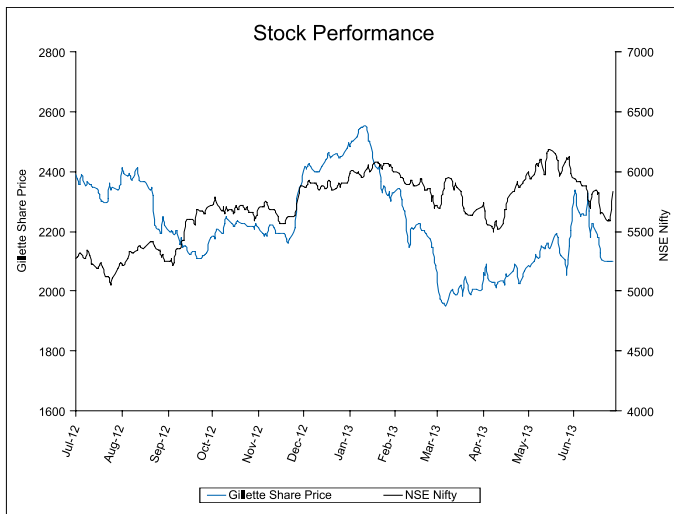
The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the Financial Year 2012-13:



Year – July 1, 2012 to June 30, 2013

(Source: www.bseindia.com)

The following chart shows the performance of the Company's share as compared to the NSE Nifty during the Financial Year 2012-2013:



Year – July 1, 2012 to June 30, 2013
(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 requests for share transfers in physical mode received 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 2012-13, the Company had received 25 shareholder complaints, which were resolved expeditiously. As on June 30, 2013, there are no complaints pending.

There is NIL share transfer pending as on June 30, 2013.

(xi) Distribution of shareholding by size class as on June 30, 2013

No. of Shares held	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 – 500	14,711	96.08	9,47,099	2.91
501 – 1000	296	1.93	2,13,441	0.65
1001 – 2000	148	0.97	2,11,094	0.65
2001 – 3000	42	0.27	1,06,293	0.33
3001 – 4000	18	0.12	62,502	0.19
4001 – 5000	20	0.13	93,186	0.29
5001 – 10000	24	0.16	1,79,970	0.55
10001 and above	52	0.34	3,07,71,632	94.43
Total	15,311	100.00	3,25,85,217	100.00

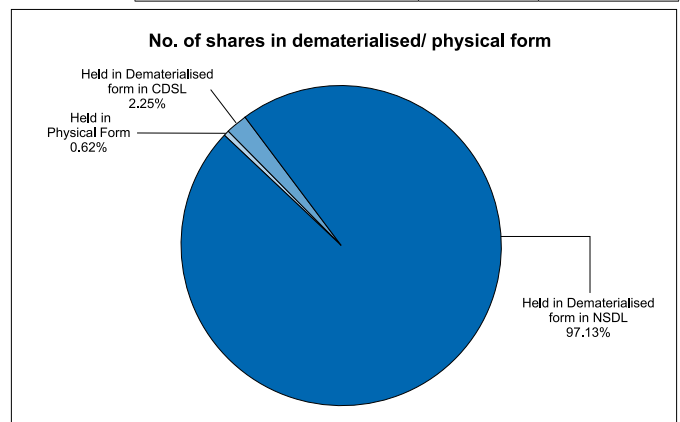
(xii) Distribution of shareholding by ownership as on June 30, 2013

Category	Number of Shares held	% of Shares held
Indian & Foreign Promoters	2,89,21,489	88.76
Resident Individuals and others	18,79,147	5.77
Mutual Funds & UTI	4,24,988	1.30
Financial Institutions/Banks	1,117	0.00
Foreign Institutional Investors	4,65,547	1.43
Private Corporate Bodies	7,62,214	2.34
NRI's	1,30,715	0.40
Total	3,25,85,217	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, 2013 the number of shares in dematerialized and physical mode is as under:

	No. of Shares	% to total Share Capital
Held in dematerialized form in NSDL	3,16,49,621	97.13
Held in dematerialized form in CDSL	7,33,254	2.25
Held in physical form	2,02,342	0.62
Total	3,25,85,217	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.

(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 2005 has been transferred to the Investor Education and Protection Fund established by the Central Government. Pursuant to Section 205 C 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. Dividend for the Financial Year ended 2007 and subsequent years, which remain unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on the dates mentioned in the table below.

Members who have not encashed their dividend warrants for the said Financial Years, are requested to seek issue of duplicate warrants on or before the due dates mentioned 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
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
20	11.12.2012	30.06.2012	16.01.2020

* Interim Dividend

Final Dividend

Note: 2006-07 – 18 months Financial Year from January 1, 2006 to June 30, 2007.

Unclaimed final dividend amount for the Financial Year ended December 31, 2005 of ₹ 8,14,378/- was transferred to the Investor Education and Protection Fund on July 6, 2013.

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 : 022-66939698

(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 : 022-66939698
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, 2013 and the Senior Management has complied with the Business Conduct Manual for the Year ended June 30, 2013.

Mumbai
August 6, 2013

For **GILLETTE INDIA LIMITED**

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, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

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

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

As stated in Para (e) under Board of Directors of the Corporate Governance Report of the Company, the excess commission provided but not paid to the Non-Executive Directors amounting to ₹ 24 lakhs (including service tax ₹ 3 lakhs), which is subject to the approval of the Members at the ensuing Annual General Meeting of the Company and the Central Government.

Further, as reported for the previous year ended June 30, 2012, the Company had provided excess commission amounting to ₹ 48 lakhs (including service tax of ₹ 10 lakhs), which was since ratified by the Members of the Company at the 28th Annual General Meeting of the Company and paid during the current year, the application for which is as yet pending for approval with the Central Government.

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

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

K. A. Katki
(Partner)

MUMBAI, August 06, 2013

(Membership No. 038568)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GILLETTE INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Gillette India Limited** ("the Company"), which comprise the Balance Sheet as at June 30, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note 36 (b) to the financial statements regarding the excess commission provided but not paid to the Non-Executive Directors amounting to ₹ 24 lakhs (including service tax of ₹ 3 lakhs), which is subject to the approval of the Members at the ensuing Annual General Meeting of the Company and the Central Government.

Further, as reported for the previous year ended June 30, 2012, the Company had provided excess commission amounting to ₹ 48 lakhs (including service tax of ₹ 10 lakhs) which was since ratified by the Members of the Company at the 28th Annual General Meeting of the Company and paid during the current year, the application for which is as yet pending for approval with the Central Government.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on June 30, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

K. A. Katki
Partner

MUMBAI, August 06, 2013

(Membership No. 038568)

Annexure to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/ activities/results during the year, clauses x, xi, xii, xiii, xiv, xv, xvi, xviii, xix and xx of paragraph 4 of the Order are not applicable to the Company.
- (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 Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. 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 inventories:
 - a. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (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) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year within the meaning of the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956. There are no unclaimed deposits as at the year end.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (ix) 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 Act 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.
- (x) 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, Customs 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 Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at June 30, 2013, for a period of more than six months from

the date they became payable except of Income-tax and Sales Tax dues as under:

Name of Statute	Nature of Dues	Amount (₹ in lakhs)	Period to which the Amount Relates	Due Date	Date of Payment
Jharkhand Value Added Tax Act, 2005	Value Added Tax	1	November 2012	December 21, 2012	July 30, 2013
The Income Tax Act, 1961	Tax Deducted at Source	2	July 2012 to November 2012	Various Dates	August 01, 2013

- c. Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Entry Tax which have not been deposited as on June 30, 2013 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ in lakhs)
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, Apr'08 - Aug'12, Sep'09 - Mar'11	9 961
		Customs, Excise and Service Tax Appellate Tribunal	Apr'94 - Sep'96, Nov'96 - May'98, Dec'04 - Sep'07	150
		High Court	1991	9
	Sub-total			10 120
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, Jun'10 - Mar'12, 2007-08 to 2011-12	1 361
	Sub-total			1 361
Customs Act, 1962	Custom Duty	Appellate Authority - upto Commissioners/ Revisional authorities level	May'05 - Dec'06, March 2013	1 582
		Customs, Excise and Service Tax Appellate Tribunal	1996	27
	Sub-total			1 609
Central Sales Tax and Sales Tax Laws as per statutes applicable in various states	Sales Tax	Appellate Authority - upto Commissioners/ Revisional authorities level	1997 - 1998 to 2009 - 2010	1 093
		Appellate Authority - Tribunal	1997-98, 1999-00, 2002-03, 2004-05	11
		High Court	2005-06	60
	Sub-total			1 164

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ in lakhs)
Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010	Entry Tax	High Court	April 2011 to June 2013	476
West Bengal Entry Tax Act, 2012	Entry Tax	High Court	May 2013 to June 2013	8
Madhya Pradesh Prवेश Kar Adhinayam, 1976	Entry Tax	Supreme Court	June 2013	4
	Sub-total			488
The Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2006-07	1 415
	Sub-total			1 415
Delhi Development Authority Act, 1957	Unearned Increase	Assistant Director	September 29, 1995 to May 31, 2007	3 424
	Sub-total			3 424

The above excludes disputed unpaid Excise demands of ₹ 2 934 lakhs raised by the authorities on the third parties with whom the company has business transactions/ contractual obligation.

There were no disputed dues remaining unpaid in respect of Cess during the year.

- (xi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.

- (xii) 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 06, 2013

(Membership No. 038568)

Balance Sheet as at June 30, 2013

	Note No.	As at June 30, 2013		As at June 30, 2012	
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
EQUITY AND LIABILITIES					
<i>Shareholders' Funds</i>					
Share Capital	3	3 259		3 259	
Reserves and Surplus	4	61 664		58 667	
			64 923		61 926
<i>Non-Current Liabilities</i>					
Deferred Tax Liabilities (Net)	5	640		637	
Other Long-Term Liabilities	6	2		2	
Long-Term Provisions	7	150		50	
			792		689
<i>Current Liabilities</i>					
Trade Payables	8	21 926		28 446	
Other Current Liabilities	9	7 018		7 249	
Short-Term Provisions	10	6 016		6 027	
			34 960		41 722
TOTAL			1 00 675		1 04 337
ASSETS					
<i>Non-Current Assets</i>					
Fixed Assets					
Tangible Assets	11	17 021		15 146	
Capital Work-in-Progress	11	2 978		3 792	
Long-Term Loans and Advances	12	6 920		9 488	
			26 919		28 426
<i>Current Assets</i>					
Inventories	13	23 973		21 088	
Trade Receivables	14	9 306		6 867	
Cash and Bank Balances	15	16 682		11 671	
Short-Term Loans and Advances	16	23 566		34 649	
Other Current Assets	17	229		1 636	
			73 756		75 911
TOTAL			1 00 675		1 04 337

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

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

Place: Mumbai

Date: August 6, 2013

Statement of Profit and Loss for the Year ended June 30, 2013

	Note No.	For the year ended June 30, 2013 ₹ in lakhs	For the year ended June 30, 2012 ₹ in lakhs
Income			
Revenue from Operations (Gross)	18	1 45 884	1 24 907
Less: Excise Duty		2 112	1 617
Revenue from Operations (Net)		1 43 772	1 23 290
Other Income	19	3 655	3 371
Total Revenue		1 47 427	1 26 661
Expenses			
Cost of Raw and Packing Materials Consumed	20a	30 793	24 792
Purchases of Stock-in-Trade	20b	38 249	32 490
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20c	(2 164)	(2 420)
Employee Benefits Expense	21	7 865	7 715
Finance Costs	22	2	1
Depreciation and Amortisation Expense	11	3 132	2 389
Other Expenses	23	55 725	49 997
Total Expenses		1 33 602	1 14 964
Profit before Tax		13 825	11 697
Tax Expense			
Current Tax Expense		4 856	4 041
Short provision for tax relating to prior years		250	—
Deferred Tax Charge (Net)		3	83
Profit after Tax for the year		8 716	7 573
Earnings per equity share (in ₹)			
Basic and diluted earnings per share (in ₹)	42	26.75	23.24
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 AccountantsK. A. Katki
Partner

For and on behalf of Board of Directors

S. K. Poddar
ChairmanT. J. Buch
Chief Financial OfficerS. Khosla
Managing DirectorA. Vyas
Company SecretaryPlace: Mumbai
Date: August 6, 2013

Cash Flow Statement for the Year ended June 30, 2013

	For the year ended June 30, 2013		For the year ended June 30, 2012	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
A. Cash Flow from Operating Activities				
Profit before Tax		13 825		11 697
Adjustments for:				
Depreciation and Amortisation Expense	3 132		2 389	
Provision for Doubtful Trade Receivables	94		199	
Provision for Doubtful Loans and Advances	505		—	
Interest Income	(3 383)		(3 064)	
Finance Costs	2		1	
Provision for Employee Benefits	185		57	
Unrealised Foreign Exchange – (Gain)/Loss (net)	(1 578)		1 234	
Inventories written off	388		222	
Loss on sale/discard of Fixed Assets (net)	91		77	
Provision for Environmental Remediation	86		—	
		(478)		1 115
Operating Profit before Working Capital Changes		13 347		12 812
Changes in Working Capital				
Adjustments for (increase)/decrease in operating assets:				
Inventories	(3 273)		(1 926)	
Trade Receivables	(2 605)		(788)	
Short-term Loans and Advances	3 297		(6 109)	
Long-term Loans and Advances	210		(412)	
Other Current Assets	27		4	
		(2 344)		(9 231)
Adjustments for increase/(decrease) in operating liabilities:				
Trade Payables	(4 871)		13 536	
Other Current Liabilities	58		988	
		(4 813)		14 524
Cash Generated from operations		6 190		18 105
Net Income Tax paid		(3 189)		(4 004)
Net Cash Generated from Operating Activities		3 001		14 101
B. Cash Flow from Investing Activities				
Capital expenditure on fixed assets	(4 719)		(2 493)	
Proceeds from sale of fixed assets	3		7	
Interest received	4 763		2 614	
Loan to fellow subsidiary received back/(given) (net)	7 722		(4 293)	
Bank balances not considered as Cash and Cash Equivalents	2		(5)	
Net Cash Generated from/(used in) Investing Activities		7 771		(4 170)

Cash Flow Statement for the Year ended June 30, 2013 (contd.)

	For the year ended June 30, 2013		For the year ended June 30, 2012	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
C. Cash Flow from Financing Activities				
Dividend paid	(4 888)		(4 888)	
Corporate Tax on Dividend paid	(793)		(793)	
Finance Costs	(2)		(1)	
Net Cash used in Financing Activities		(5 683)		(5 682)
Net Increase in Cash and Cash Equivalents		5 089		4 249
Cash and Cash Equivalents at the beginning of the year		11 506		7 257
Effect of exchange differences on restatement of foreign currency Cash and Cash Equivalents		<u>—[#]</u>		<u>—[*]</u>
Cash and Cash Equivalents at the end of the year		16 595		11 506
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:				
Cash and Bank Balances (Refer Note 15)		16 682		11 671
Less: Bank balances not considered as Cash and Cash Equivalents as defined in AS 3 <i>Cash Flow Statements</i>		(67)		(68)
Less: Temporary overdrawn book balances		(20)		(97)
Cash and Cash Equivalents at the end of the year		16 595		11 506

₹ 24 448

* ₹ 15 140

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), 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 6, 2013

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 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 cost of acquisition less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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

Fixed Assets retired from active use and held for sale are stated at lower of their net book value and net realisable value and are disclosed separately.

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
Moulds and Dies	3 to 5

Notes forming part of Financial Statements

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.

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.

Notes forming part of Financial Statements

- 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 based on the undiscounted amount of benefits expected to be paid in exchange of services rendered.
- 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 base salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee’s contribution (restricted to 2.5% of base 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, 2013 is based on the results of the 9 months ended March 31, 2013 (Assessment year 2013-14) and for the 3 months ended June 30, 2013 (Assessment year 2014-15) 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.

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.

Notes forming part of Financial Statements

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 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, 2013		As at June 30, 2012	
	Number of Shares	Amount ₹ in lakhs	Number of Shares	Amount ₹ in lakhs
3. Share Capital				
Authorised				
Equity shares of ₹ 10 each	3 30 00 000	3 300	3 30 00 000	3 300
Issued, Subscribed and Paid-up				
Equity shares of ₹ 10 each fully paid-up	3 25 85 217	3 259	3 25 85 217	3 259
Reconciliation of fully paid equity shares	Number of Shares	Amount ₹ in lakhs	Number of Shares	Amount ₹ in lakhs
Equity shares at the beginning of the year	3 25 85 217	3 259	3 25 85 217	3 259
Equity shares of ₹ 10 each issued during the year	—	—	—	—
Equity shares outstanding at the end of the year	3 25 85 217	3 259	3 25 85 217	3 259

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, 2013		As at June 30, 2012	
	Number of Shares	Amount ₹ in lakhs	Number of Shares	Amount ₹ in lakhs
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	1 337	1 33 66 742	1 337
Subsidiaries of the ultimate holding company				
Wella India Haircosmetics Private Limited	66 27 254	663	66 27 254	663
Gillette Diversified Operations Private Limited	19 79 433	198	19 79 433	198
Gillette Products Private Limited	19 87 280	199	19 87 280	199
Nexus Mercantile Private Limited	1 33 700	13	1 33 700	13
Mining Consultants (India) Private Limited	6 36 671	64	6 36 671	64
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, 2013		As at June 30, 2012	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
4. Reserves and Surplus				
<i>Capital Reserve</i>				
Balance as per last Balance Sheet		12 589		12 589
<i>Securities Premium</i>				
Balance as per last Balance Sheet		3 290		3 290
<i>Contingency Reserve</i>				
Balance as per last Balance Sheet	4 150		3 000	
Add: Transferred from Surplus in Statement of Profit and Loss (Refer Note 25)	1 250		1 150	
		5 400		4 150
<i>General Reserve</i>				
Balance as per last Balance Sheet	9 226		8 468	
Add: Transferred from Surplus in Statement of Profit and Loss	872		758	
		10 098		9 226
<i>Surplus in the Statement of Profit and Loss</i>				
Balance as per last Balance Sheet	29 412		29 428	
Profit after tax for the year	8 716		7 573	
Less:				
Proposed Dividend to Equity Shareholders @ ₹ 15 per share (Previous year: ₹ 15 per share)	(4 888)		(4 888)	
Corporate tax on proposed dividend	(831)		(793)	
Transfer to Contingency Reserve	(1 250)		(1 150)	
Transfer to General Reserve	(872)		(758)	
Balance as at the year end		30 287		29 412
Total Reserves and Surplus		61 664		58 667
5. Deferred Tax Liabilities				
<u>Tax effect of items constituting deferred tax liabilities</u>				
On differences between Book and Tax Depreciation	1 344		1 341	
		1 344		1 341
<u>Tax effect of items constituting deferred tax assets</u>				
Voluntary retirement scheme	16		27	
Provision for doubtful trade receivables and advances	143		106	
Disallowance u/s 43 B of the Income Tax Act, 1961	139		360	
Other Timing Differences	406		211	
		704		704
Net Deferred Tax Liabilities		640		637

Notes forming part of the Financial Statements

	As at June 30, 2013 ₹ in lakhs	As at June 30, 2012 ₹ in lakhs
6. Other Long-Term Liabilities		
Trade/Security Deposits received	2	2
	<u>2</u>	<u>2</u>
7. Long-Term Provisions		
Provision for Employee benefits		
Post Retirement Medical Benefits (Refer Note 26)	64	50
Provisions – Others (Refer Note 38)	86	—
	<u>150</u>	<u>50</u>
8. Trade Payables		
Total Outstanding dues to Micro Enterprises and Small Enterprises (Refer Note 33)	3	—
Total Outstanding for Trade Payables other than Micro Enterprises and Small Enterprises	21 923	28 446
	<u>21 926</u>	<u>28 446</u>
9. Other Current Liabilities		
Gratuity (Refer Note 26)	218	—
Superannuation	9	8
Unclaimed/Unpaid Dividend*	64	63
Temporary overdrawn book balance	20	97
Payables on Purchase of Fixed Assets	3 155	3 587
Other payables (including statutory remittances, excise and sales tax payable)	3 552	3 494
	<u>7 018</u>	<u>7 249</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	297	346
Post Retirement Medical Benefits (Refer Note 26)	— [#]	— [*]
Provisions (Others)		
Proposed Equity Dividend	4 888	4 888
Corporate Tax on Proposed Dividend	831	793
	<u>6 016</u>	<u>6 027</u>

[#] ₹ 32 000

^{*} ₹ 31 000

Notes forming part of the Financial Statements

11. Tangible Assets

Particulars - Own Use Assets	Gross Block at Cost			Depreciation/Amortisation				Net Block
	As at July 1, 2012 ₹ in lakhs	Additions/ Transfers during the year ₹ in lakhs	Deletions/ Transfers/ Adjustments during the year ₹ in lakhs	As at June 30, 2013 ₹ in lakhs	As at July 1, 2012 ₹ in lakhs	For the year ₹ in lakhs	Deletions/ Transfers Adjustments ₹ in lakhs	As at June 30, 2013 ₹ in lakhs
Land - Freehold Land	7 (7)	— (—)	— (—)	7 (7)	— (—)	— (—)	— (—)	7 (7)
Land - Leasehold Land	962 (962)	— (—)	— (—)	962 (962)	160 (148)	11 (12)	— (—)	791 (802)
Buildings	3 184 (3 162)	309 (25)	118 (3)	3 375 (3 184)	1 142 (1 018)	129 (125)	65 (1)	2 169 (2 042)
Plant, Machinery and Equipment	26 709 (23 391)	4 216 (3 806)	1 016 (488)	29 909 (26 709)	17 404 (16 214)	2 169 (1 610)	997 (420)	11 333 (9 305)
Furniture and Fixtures	940 (734)	99 (243)	59 (37)	980 (940)	603 (558)	87 (80)	56 (35)	346 (337)
Office Equipment	1 012 (823)	155 (252)	130 (63)	1 037 (1 012)	410 (365)	106 (97)	113 (52)	634 (602)
Motor Vehicles – Forklifts	51 (51)	— (—)	— (—) [#]	51 (51)	22 (18)	4 (4)	— (—) [*]	25 (29)
Moulds & Dies	2 731 (1 865)	322 (866)	6 (—)	3 047 (2 731)	709 (248)	626 (461)	4 (—)	1 716 (2 022)
Total	35 596 (30 995)	5 101 (5 192)	1 329 (591)	39 368 (35 596)	20 450 (18 569)	3 132 (2 389)	1 235 (508)	17 021 (15 146)
Capital work in progress								2 978 (3 792)
TOTAL								19 999 (18 938)

₹ 15 504

* ₹ 8 355

Figures in brackets pertain to Previous Year

Notes forming part of the Financial Statements

	As at June 30, 2013		As at June 30, 2012	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
12. Long-Term Loans and Advances				
Unsecured, considered good unless otherwise stated				
Security deposits		133		152
Loans and advances to employees		1 854		1 645
Advance Income Tax (Net of provisions ₹ 53 246 lakhs (Previous year: ₹ 48 140 lakhs))		3 701		5 618
Advances to suppliers		—		80
Other loans and advances*		1 232		1 993
Doubtful loans and advances	441		—	
Less: Provision for doubtful loans and advances	(441)	—	—	—
		<u>6 920</u>		<u>9 488</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 ₹ 3 210 lakhs (Previous year: ₹ 2 271 lakhs))		6 119		6 010
Packing Materials		513		413
Work-in-progress				
Blades and Razors		385		407
Finished Goods (other than those acquired for trading)		4 634		4 340
Stock-in-Trade (acquired for trading) (including Goods-in-transit ₹ 83 lakhs (Previous year: ₹ Nil))		10 514		8 622
Consumable Stores and Spares		1 808		1 296
		<u>23 973</u>		<u>21 088</u>
14. Trade Receivables				
Unsecured				
Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
– Considered Good	460		560	
– Considered Doubtful	421		327	
		<u>881</u>		<u>887</u>
Other trade receivables - considered good		8 846		6 307
		<u>9 727</u>		<u>7 194</u>
Less: Provision for doubtful trade receivables		421		327
		<u>9 306</u>		<u>6 867</u>

Notes forming part of the Financial Statements

	As at June 30, 2013		As at June 30, 2012	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
15. Cash and Bank Balances				
Cash and Cash Equivalents				
Bank Balances				
In current accounts	163		425	
In deposit accounts	16 452		11 178	
		16 615		11 603
Other Bank Balances				
In earmarked accounts				
– Unpaid dividend accounts	64		63	
– Other earmarked accounts (deposit with sales tax authorities)	1		1	
Bank Deposits having maturity more than 3 months but less than 12 months	—		—*	
Bank Deposits having original maturity more than 12 months	2		4	
		67		68
		16 682		11 671

* ₹ 16 374

16. Short-Term Loans and Advances

Unsecured, considered good unless otherwise stated Loans to related parties (Refer Note 39)

Advances to related parties (Refer Note 39)	18 408	26 130
Loans and advances to employees	1 735	5 280
Balances with government authorities (includes Service Tax and Cenvat credit receivable)	272	213
Security Deposits	607	710
Prepaid Expenses	54	12
Doubtful Advance to suppliers	25	30
Less: Provision for doubtful loans and advances	64	—
Other Loans and Advances (Advances to vendors)*	64	—
	2 465	2 274
	23 566	34 649

*Other loans and advances include amounts due from (Refer Note 36 (b)):

– Directors	36	—
– Former Director	2	—

17. Other Current Assets

Interest accrued on loans to related parties (Refer Note 39)	200	1 574
Interest accrued on deposits with banks	8	14
Fixed assets held for sale – Building	21	48
	229	1 636

Notes forming part of the Financial Statements

	For the year ended June 30, 2013 ₹ in lakhs	For the year ended June 30, 2012 ₹ in lakhs
18. Revenue from operations		
Sale of products (Refer Note (i) and (ii) below)	1 45 645	1 24 497
Other operating revenues (Refer Note (iii) below)	239	410
Revenue from Operation (Gross)	1 45 884	1 24 907
Less: Excise Duty	2 112	1 617
Total	1 43 772	1 23 290
Notes:		
Sale of products comprises		
(i) Manufactured goods		
Shaving System & cartridges	53 448	48 812
Blades	19 974	17 390
Battery	7 034	6 099
Oral Care	311	559
Components	56	40
Total - Sale of manufactured goods	80 823	72 900
(ii) Traded goods		
Blades	8 353	6 090
Oral Care	32 713	27 955
Shaving Brush	1 168	1 150
Shaving System & cartridges	10 568	5 250
Toiletries	12 003	11 125
Components	17	27
Total - Sale of traded goods	64 822	51 597
Total - Sale of products	1 45 645	1 24 497
(iii) Other operating revenues		
Sale of scrap	123	115
Others - sale of raw material	116	295
Total - Other operating revenues	239	410
19. Other Income		
Interest on Fixed Deposits with banks (gross) (Tax deducted at source ₹ 69 lakhs (Previous year: ₹ 37 lakhs))	698	336
Interest on loan to related parties (gross) (Tax deducted at source ₹ 328 lakhs (Previous year: ₹ 243 lakhs))	2 685	2 728
Interest on Income Tax Refund	82	132
Interest on loans from Employees	60	55
Miscellaneous Income	130	120
	3 655	3 371

Notes forming part of the Financial Statements

	For the year ended June 30, 2013		For the year ended June 30, 2012	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
20. a) Cost of Raw and Packing Materials Consumed				
(Refer Note 28 (a))				
Opening stock		6 423		7 376
Add: Purchases		31 002		23 839
		<u>37 425</u>		<u>31 215</u>
Less: Closing stock		6 632		6 423
		<u>30 793</u>		<u>24 792</u>
Materials Consumed Comprises of:				
Steel strips		3 136		2 652
Shaving system and cartridges #		17 385		14 367
Batteries #		4 060		2 824
Oral care		656		—
Personal care		54		37
Cartons & Containers		4 334		3 566
Plastics		1 168		1 346
		<u>30 793</u>		<u>24 792</u>
# Bulk raw materials				
b) Purchases of Stock-in-Trade				
Blades		5 486		3 084
Oral care		20 214		19 064
Oral care product		192		68
Shaving Brush		634		558
Shaving System & cartridges		3 898		3 709
Toiletries		7 825		6 007
		<u>38 249</u>		<u>32 490</u>
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade				
Inventories at the end of the year:				
Finished Goods (including excise duty ₹ 95 lakhs (Previous year: ₹ 64 lakhs))		4 634		4 340
Work-in-Process		385		407
Stock-in-Trade		<u>10 514</u>		<u>8 622</u>
		15 533		13 369
Inventories at the beginning of the year:				
Finished Goods (including excise duty ₹ 64 lakhs (Previous year: ₹ 119 lakhs))		4 340		4 289
Work-in-Process		407		934
Stock-in-Trade		<u>8 622</u>		<u>5 726</u>
		13 369		10 949
Net Increase		<u>(2 164)</u>		<u>(2 420)</u>

Notes forming part of the Financial Statements

	For the year ended June 30, 2013	For the year ended June 30, 2012
	₹ in lakhs	₹ in lakhs
21. Employee Benefit Expenses		
Salaries and Wages	5 467	5 074
Contribution to Provident and Other Funds	795	719
Expense on Employee Stock Option (ESOP/ISOP) Scheme (Refer Note 27)	101	571
Staff Welfare Expenses	809	489
Reimbursement of Employee cost cross charged by related parties (Refer Note 35)	693	862
	<u>7 865</u>	<u>7 715</u>
22. Finance Costs		
Interest expense on short term bank borrowings	1	1
Interest expense on trade payables (Refer Note 33)	1	—
	<u>2</u>	<u>1</u>
23. Other Expenses		
Consumption of Stores and spare parts (Refer Note 28 (b))	1 570	1 241
Rent (Refer Note 34)	166	171
Excise duty on inventory (Refer Note 41)	(31)	55
Processing charges*	3 236	3 270
Power and fuel	836	695
Repairs and maintenance:		
Plant and machinery	397	285
Buildings	8	4
Others	68	19
Insurance	54	30
Turnover and Resale Tax	1 363	1 284
Rates and Taxes	3	4
Communications	276	70
Travelling, Conveyance and Vehicle expenses	560	459
Computer expenses	90	66
Freight, transport, warehousing and distribution charges	5 345	4 901
Trade Incentives	12 342	10 983
Advertising expenses	17 574	15 503
Distributor Coverage Expenses	3 826	3 502
Royalty	1 515	1 215
Business process outsourcing expenses	1 400	1 224
Legal and Professional services	928	521
Payments to auditors (Refer Note below)	112	105
Commission to Directors (Previous year includes an amount of ₹ 21 lakhs pertaining to 2010-11 (Refer Note 36 (b)))	172	191
Trade Receivables written off	69	136
Less: Adjusted against Provision for earlier years	<u>69</u>	<u>136</u>

Notes forming part of the Financial Statements

	For the year ended June 30, 2013		For the year ended June 30, 2012	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Provision for doubtful Loans and Advances		505		—
Provision for doubtful Trade Receivables		94		199
Inventory written off (Net of Insurance claims recovered)		388		222
Exchange Loss (Net)		788		1 697
Loss on sale/discard of Fixed Assets (Net)		91		77
Provision for Environmental Remediation		86		—
Others		1 855		1 582
		<u>55 617</u>		<u>49 575</u>
Add: Reimbursement of Expenses shared by related parties (Refer Note 35)		108		422
		<u>55 725</u>		<u>49 997</u>

*Processing charges includes charges of ₹ 370 lakhs (Previous year: ₹ 1 124 lakhs) paid to Contract Manufacturer towards commitment charges.

Note:

Payment to the auditors comprise:

a) To Statutory Auditors

For Audit	77	78
For Taxation Matters	13	13
Reimbursement of expenses	4	3
Service Tax	11	11
	<u>105</u>	<u>105</u>

b) To Cost auditors for cost audit

	7	6
Total	<u>112</u>	<u>111</u>

24. a) Contingent Liabilities:

- In respect of Income Tax demands for which the company has preferred appeals with appropriate authorities – ₹ 4 160 lakhs (Previous year: ₹ 5 428 lakhs). 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.
- In respect of Sales tax matters for which the company has preferred appeals with appropriate authorities — ₹ 1 135 lakhs (Previous year: ₹ 2 237 lakhs). The contingent liability is in respect of matters related to: non submission of “C” Forms/“F” Forms ₹ 585 lakhs (Previous year: ₹ 1 609 lakhs) and others ₹ 550 lakhs (Previous year: ₹ 629 lakhs).
- In respect of Excise, Service Tax and Customs matters for which the company has preferred appeals with appropriate authorities — ₹ 16 292 lakhs (Previous year: ₹ 13 303 lakhs). The contingent liabilities are in respect of denial of excise duty benefits at excise exempt location ₹ 9 943 lakhs (Previous year: ₹ 8 265 lakhs) out of which the Company has a right to claim Cenvat credit of ₹ 6 017 lakhs (Previous year: ₹ 4 993 lakhs); denial of Cenvat credit ₹ 3 161 lakhs (Previous year: ₹ 3 161 lakhs); service tax matters ₹ 1 361 lakhs (Previous year : ₹ 50 lakhs); Customs valuation disputes ₹ 1 528 lakhs (Previous year: ₹ 1 528 lakhs) and others ₹ 299 lakhs (Previous year: ₹ 299 lakhs).
- In respect of counter guarantees given to bank against guarantees given by bank ₹ 3 291 lakhs (Previous year: ₹ 1 652 lakhs). 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.
- In respect of other claims ₹ 135 lakhs (Previous year: ₹ 382 lakhs). The Company is a party to various legal proceedings in the normal course of business.

Notes forming part of the Financial Statements

vi) In respect of Demand raised by Delhi Development Authority towards interest on belated payment of Unearned Increase in respect of leasehold land charges ₹ 3 424 lakhs (Previous year: ₹ 395 lakhs).

vii) Other commitments of ₹ 50 lakhs (Previous year: ₹ 450 lakhs) (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) ₹ 159 lakhs (Previous year: ₹ 104 lakhs).

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 on April 24, 2008 in favour of your company and has struck down the notification withdrawing the excise exemption. The Excise department has preferred an appeal on October 31, 2009 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 ₹ 5 400 lakhs (Previous year: ₹ 4 150 lakhs) 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 ₹ 1 250 lakhs (Previous year: ₹ 1 150 lakhs) 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, 2013 ₹ in lakhs	For the year ended June 30, 2012 ₹ in lakhs
– Employer's Contribution to Superannuation Fund	100	94
– Employer's Contribution to Employees' State Insurance	19	15

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

II. Defined Benefit Plans

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

b. 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.

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

Notes forming part of the Financial Statements

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

		Funded Gratuity	Funded Provident Fund	Non-Funded Post Retirement Medical Benefit
		₹ in lakhs	₹ in lakhs	₹ in lakhs
A) Changes in the Present Value of Obligation				
Present Value of Obligation as at opening date	2012-2013	1 862	4 666	50
	2011-2012	1 466	3 552	40
Interest Cost	2012-2013	150	—	4
	2011-2012	122	—	3
Current Service Cost	2012-2013	100	362	4
	2011-2012	102	321	4
Service Contribution - Employee	2012-2013	—	603	—
	2011-2012	—	548	—
Transfer from other funds	2012-2013	—	1	—
	2011-2012	—	7	—
Interest Cost - earned	2012-2013	—	393	—
	2011-2012	—	317	—
Benefits Paid	2012-2013	(202)	(168)	—[#]
	2011-2012	(83)	(159)	—
Actuarial (gain) / loss on Obligations	2012-2013	302	(271)	6
	2011-2012	255	80	3
Present Value of Obligation as at closing date	2012-2013	2 212	5 586	64
	2011-2012	1 862	4 666	50
	# ₹ 15 000			
B) Changes in the Fair Value of Plan Assets				
Fair Value of Plan Assets as at opening date	2012-2013	1 906	4 666	—
	2011-2012	1 423	3 552	—
Expected Actual Return on Plan Assets	2012-2013	144	122	—
	2011-2012	118	397	—
Actuarial Gains and (Losses)	2012-2013	146	—	—
	2011-2012	254	—	—
Contributions	2012-2013	—	966	—
	2011-2012	194	876	—
Benefits Paid	2012-2013	(202)	(168)	—[#]
	2011-2012	(83)	(159)	—
Fair Value of Plan Assets as at closing date	2012-2013	1 994	5 586	—
	2011-2012	1 906	4 666	—
	# ₹ 15 000			

Notes forming part of the Financial Statements

		Funded Gratuity	Funded Provident Fund	Non-Funded Post Retirement Medical Benefit
		₹ in lakhs	₹ in lakhs	₹ in lakhs
C) Amount recognized in the Balance Sheet				
Present Value of Obligation	As at June 30, 2013	2 212	5 586	64
	As at June 30, 2012	1 862	4 666	50
Fair Value of Plan Assets	As at June 30, 2013	1 994	5 586	—
	As at June 30, 2012	1 906	4 666	—
Liability/(Asset) recognized in the Balance Sheet				
– Current Liability/(Asset) recognized in the Balance Sheet	As at June 30, 2013	218	—	—[#]
	As at June 30, 2012	—	—	—[*]
– Non-current Liability/(Asset) recognized in the Balance Sheet	As at June 30, 2013	—	—	64
	As at June 30, 2012	(44)	—	50
# ₹ 32 000				
* ₹ 31 000				

D) Expenses recognized in the Statement of Profit and Loss

Current Service Cost	2012-2013	100	362	4
	2011-2012	102	321	4
Interest Cost	2012-2013	150	393	4
	2011-2012	122	317	3
Expected Return on Plan Assets	2012-2013	(144)	122	—
	2011-2012	(118)	(317)	—
Net actuarial (gain)/loss recognized in the year	2012-2013	155	(271)	6
	2011-2012	1	80	3
Total Expenses recognized in the Statement of Profit and Loss	2012-2013	261	606	14
	2011-2012	107	401	10

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, 2013	As at June 30, 2012
Public Sector Unit	40%	36%
Government of India Securities	33%	39%
State Government Securities	19%	18%
Private Sector Unit	8%	7%

Notes forming part of the Financial Statements

F) Sensitivity of Results to Medical Inflation Rate

Medical Inflation Rate	Current Service + Interest Cost		Present Value of Defined Benefit	
	For the year ended June 30, 2013 ₹ in lakhs	For the year ended June 30, 2012 ₹ in lakhs	For the year ended June 30, 2013 ₹ in lakhs	For the year ended June 30, 2012 ₹ in lakhs
Effect of 1% increase (6.5%)	10	9	79	62
Effect of 1% decrease (4.5%)	7	6	52	41

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
Discount rate (per annum)	2012-2013	7.70%	7.70%	7.70%
	2011-2012	8.50%	8.50%	8.50%
Average Salary increase rate	2012-2013	7.00%	N/A	N/A
	2011-2012	7.00%	N/A	N/A
Rate of Return on Plan Assets (For funded scheme)	2012-2013	8.00%	8.60%	N/A
	2011-2012	8.00%	8.60%	N/A
Medical Inflation Rate	2012-2013	N/A	N/A	5.50%
	2011-2012	N/A	N/A	5.50%
Expected Retirement age of employees (years)	2012-2013	60	60	60
	2011-2012	60	60	60

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

		Funded Gratuity	Funded Provident Fund	Non-Funded Post Retirement Medical Benefit
Age				
Upto 45 years	2012-2013	5%	5%	5%
	2011-2012	5%	5%	5%
Above 45 years	2012-2013	3%	3%	3%
	2011-2012	3%	3%	3%

Mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2006-08) Ult. (Previous Year: LIC (1994-96) Ult.).

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

		Funded Gratuity	Non-Funded Post Retirement Medical Benefit
Experience History		₹ in lakhs	₹ in lakhs
Defined Benefit Obligation as at closing date	2012-2013	2 212	64
	2011-2012	1 862	50
	2010-2011	1 466	40
	2009-2010	1 267	39
Plan Assets as at closing date	2012-2013	1 994	—
	2011-2012	1 906	—
	2010-2011	1 423	—
	2009-2010	977	—
Funded Status - Excess/(Short)	2012-2013	(217)	64
	2011-2012	(43)	50
	2010-2011	43	40
	2009-2010	290	39
Experience Gain/(Loss) adjustments on plan liabilities	2012-2013	(143)	7
	2011-2012	(238)	(2)
	2010-2011	(96)	2
	2009-2010	(215)	12
Experience Gain/(Loss) adjustments on plan assets	2012-2013	146	—
	2011-2012	254	—
	2010-2011	22	—
	2009-2010	(7)	—
Actuarial Gain/(Loss) due to change on assumptions	2012-2013	(159)	13
	2011-2012	(17)	(1)
	2010-2011	14	1
	2009-2010	37	(8)

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. Having regard to the assets of the fund and the return on investments, the Company does not expect any material deficiency in the foreseeable future.

27. a) **Global Employee Stock Ownership Plan (Stocks of the Ultimate Holding 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 base salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 2.5% of base 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 September 30 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 2326.78 shares (Previous year: 2 478.13 shares) were purchased by employees at weighted average fair value of ₹ 3 997.10 (Previous year: ₹ 3 220.89) per share. The Company's contribution during the year on such purchase of shares amounting to ₹ 18 lakhs (Previous year: ₹ 25 lakhs) has been charged under Employee Benefit Expenses under Note 21.

Notes forming part of the Financial Statements

b) Employees Stock Options Plan (Stocks of the Ultimate Holding 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 ₹ 83 lakhs (Previous year: ₹ 546 lakhs) has been charged under Employee Benefit Expenses under Note 21.

Fair Value Stock Compensation of shares at Grant dates:

14-Sep-12	\$ 69.16
28-Feb-13	\$ 76.18
15-Sep-11	\$ 62.78
28-Feb-12	\$ 67.52

The other disclosures in respect of the plans for the year ended June 30, 2013 are:

	Shares arising out of option		Amount in US\$		Remaining Contractual life (Years)	
	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2013	For the year ended June 30, 2012
Outstanding at the beginning of the year	72 540	99 720	61.25	63.57	6.82	6.89
Granted during the year						
14-Sep-12	2 276	—	69.16	—	10.00	—
28-Feb-13	8 415	—	76.18	—	10.00	—
28-Feb-13	594	—	76.18	—	5.00	—
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
Forfeited during the year	(8 140)	(1 955)	—	—	—	—
Transferred/Adjustments during the year	100	(31 826)	—	—	—	—
Exercised during the year	(8 341)	(6 656)	71.43	66.27	—	—
Expired during the year	—	—	—	—	—	—
Outstanding at the end of the year	67 444	72 540	76.99	61.25	6.33	6.82
Exercisable at the end of the year	26 033	29 180	76.99	61.25	4.20	4.90

Notes forming part of the Financial Statements

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

	For the year ended June 30, 2013		For the year ended June 30, 2012	
	₹ in lakhs	Percentage	₹ in lakhs	Percentage
a) Raw and packaging materials:				
Indigenously obtained	15 102	49	12 527	51
Imported at landed cost	15 691	51	12 265	49
	<u>30 793</u>	<u>100</u>	<u>24 792</u>	<u>100</u>
b) Stores and spare parts:				
Indigenously obtained	832	53	940	76
Imported at landed cost	738	47	301	24
	<u>1 570</u>	<u>100</u>	<u>1 241</u>	<u>100</u>

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

	For the year ended June 30, 2013	For the year ended June 30, 2012
	₹ in lakhs	₹ in lakhs
Raw materials	14 568	10 753
Spare parts	701	427
Capital goods	1 971	3 230
	<u>17 240</u>	<u>14 410</u>

30. Expenditure in foreign currency:

	For the year ended June 30, 2013	For the year ended June 30, 2012
	₹ in lakhs	₹ in lakhs
Travelling expenses	164	92
Legal and Professional services	4	3
Advertising Expenses	288	569
Computer expenses	88	64
Business Process outsourcing expenses	1 333	1 026
Expenses cross-charged to related parties	108	114
Others	1	1
	<u>1 986</u>	<u>1 869</u>

31. Earnings in foreign exchange:

	For the year ended June 30, 2013	For the year ended June 30, 2012
	₹ in lakhs	₹ in lakhs
Exports of goods calculated on F.O.B. basis (excludes Rupee exports to Nepal and Bhutan ₹ 285 lakhs (Previous year: ₹ 567 lakhs))	1 831	1 475
Others (freight, insurance etc.)	75	50
	<u>1 906</u>	<u>1 525</u>

Notes forming part of the Financial Statements

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

	For the year ended June 30, 2013	For the year ended June 30, 2012
i) Amount remitted (₹ in lakhs)	2 228	2 224
ii) Number of non-resident shareholders (nos.)	496	482
iii) Number of shares held by them (nos.)	1 48 51 713	1 48 29 730
iv) Period to which the dividend relates	2012	2011

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:

₹ in lakhs

Particulars	For the year ended June 30, 2013	For the year ended June 30, 2012
Principal amount remaining unpaid to any supplier as at the end of the accounting year	3	—
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	1	—
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	—	—
The amount of interest due and payable for the year	1	—
The amount of interest accrued and remaining unpaid at the end of the accounting year	1	—
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	—	—

The above information regarding Micro, 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 ₹ 234 lakhs (Previous year: ₹ 218 lakhs) 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**

Mr. S. Khosla has been re-appointed by the Members of the Company as the Managing Director of the Company vide resolution dated December 11, 2012 and the approval from the Ministry of Corporate Affairs vide letter no. SRN B41469586/4/2012 - CL.VII dated January 10, 2013 pursuant to the provisions of Section 316 (4) of the Companies Act, 1956.

b) **Commission to Non-Executive Directors**

During the current year, an aggregate amount of ₹ 80 lakhs 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 53% of the aggregate amount of ₹ 153 lakhs (excluding service tax of ₹ 19 lakhs) which is payable to the Non-Executive Directors and is provided for in the financial statements.

The aggregate amount of Commission of ₹ 172 lakhs (including service tax of ₹ 19 lakhs) 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 ₹ 148 lakhs (as per the computation below) for the year ended June 30, 2013, by an amount of ₹ 24 lakhs (including service tax of ₹ 3 lakhs). The said excess amount of ₹ 24 lakhs 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 29th Annual General Meeting of the Company, and the Central Government.

Notes forming part of the Financial Statements

During the previous year ended June 30, 2012 also, the Company had paid commission to Non-Executive Directors amounting to ₹ 160 lakhs, of which an amount of ₹ 48 lakhs (including service tax of ₹ 10 lakhs), being amount in excess of 1% of net profits for the year ended June 30, 2012. This was paid during the current year and the same was ratified by the members at the 28th Annual General Meeting of the Company. The Company has made an application to the Central Government on January 3, 2013 for waiver of the excess commission, which is as yet pending for approval by 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, 2013 ₹ in lakhs	For the year ended June 30, 2012 ₹ in lakhs
Profit before Tax	13 825	11 697
Add: Managerial Remuneration	172	191
Add: Loss on sale/scraping of assets (Net)	91	77
Add: Provision for doubtful debts	94	199
Add: Provision for doubtful loans and advances	505	—
Add: Provision for Environmental Remediation	86	—
Less: Write back of liabilities no longer required	20	—
Net profit u/s 349 for the purpose of Directors' Commission	14 753	12 164
Maximum remuneration permissible to whole-time Directors under the Act at 10%	1 475	1 216
Total managerial remuneration charged to accounts*	—	—
Commission payable to Non-Executive Directors at 1% for the year	148	122
Commission paid/provided to the Non-Executive Directors for the year (Previous year figure excludes ₹ 21 lakhs in respect of 2010-11)	172	170
Excess Commission provided/paid (including service tax of ₹ 3 lakhs (Previous year: ₹ 10 lakhs))	24	48

* Excludes expenses in respect of managerial personnel amounting to ₹ 127 lakhs (Previous year: ₹ 97 lakhs) cross charged from Procter & Gamble Hygiene and Health Care Ltd. in terms of common services agreement referred to in Note 35 above.

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

		In Foreign currency		₹ in lakhs	
	Currency	As at June 30, 2013	As at June 30, 2012	As at June 30, 2013	As at June 30, 2012
Export of goods	USD	2 82 301	12 07 023	169	683
	EUR	—	18 630	—	13
Other Receivables	USD	1 33 114	25 539	80	14
	GBP	24	7 595	— [#]	6
	EUR	18 630	—	15	—
				# ₹ 2 195	

b) Amounts payable in foreign currency

Import of goods and services	USD	1 48 77 177	2 52 56 368	8 908	14 293
	EUR	2 03 740	3 54 214	159	252
	SEK	—	18 86 684	—	153
	SGD	6 32 547	—	299	—
	AUD	28 344	—	16	—
Other payables	USD	18 22 589	42 88 467	1 091	2 427
	GBP	58 694	19 570	54	17
	EUR	84 519	—	66	—

Notes forming part of the Financial Statements

38. Details of Provisions:

The company has made provision for Environmental liability based on its assessment of the amount it estimates to incur to meet such obligation, details of which are given below:

₹ in lakhs					
Particulars	As at July 1, 2012	Additions	Utilisation	Reversal (Withdrawn as no longer required)	As at June 30, 2013
Provision for Environmental Remediation	— (—)	86 (—)	— (—)	— (—)	86 (—)
Total	— (—)	86 (—)	— (—)	— (—)	86 (—)

Note: Figures in brackets relate to the previous year

Of the above, the following amounts are expected to be incurred within a year

₹ in lakhs		
Particulars	As at June 30, 2013	As at June 30, 2012
Provision for Environmental Remediation	—	—

39. 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 with whom transactions have taken place during the year:

i) Fellow Subsidiaries:

Procter & Gamble Bangladesh Pvt. Ltd	Procter & Gamble Hygiene & Healthcare Limited
Gillette Diversified Operations Private Limited	Gillette UK Limited
Gillette Products Private Limited	The Procter & Gamble Distributing LLC
Mining Consultants (India) Private Limited	The Gillette Company, USA
Wella India Haircosmetics Private Limited	P&G International Operations SA – ROHQ
Procter & Gamble International Operations SA, Ceemea Div.	Nexus Mercantile Private Limited
Gillette (Shanghai) Ltd	The Procter & Gamble US Business Services Company
Procter & Gamble Do Brasil S/A	Procter & Gamble (Guangzhou) Ltd.
Procter & Gamble Trading (Thailand) Ltd.	Procter & Gamble Home Products Limited
Procter & Gamble International Operations SA, Singapore Branch	P&G Europe S.A., Singapore Branch
Gillette Poland International Sp. Z O.O.	Petersburg Products International Zao.
Procter & Gamble (China) Sales Co., Ltd.	Procter & Gamble Productions, Inc.
Procter & Gamble International Operations SA	PT Procter & Gamble Home Products Indonesia

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

Managing Director

Note: Related parties have been identified by the management

Notes forming part of the Financial Statements

(c) Transactions during the year:

₹ in lakhs

Nature of transactions		Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Total
Sale of Products				
Procter & Gamble International Operations SA Singapore Branch	2012-2013	—	618	618
Procter & Gamble Bangladesh Pvt. Ltd	2012-2013	—	410	410
Procter & Gamble International Operations SA	2012-2013	—	821	821
Others	2012-2013	—	56	56
Procter & Gamble International Operations SA Singapore Branch	2011-2012	—	640	640
Procter & Gamble Bangladesh Pvt. Ltd	2011-2012	—	337	337
Procter & Gamble International Operations SA	2011-2012	—	288	288
Procter & Gamble International Operations SA, Ceemea Div	2011-2012	—	207	207
Others	2011-2012	—	54	54
Recovery of Expenses Cross charged				
Procter & Gamble Home Products Ltd	2012-2013	—	4 808	4 808
Procter & Gamble Hygiene and Healthcare Ltd	2012-2013	—	2 225	2 225
Others	2012-2013	31	311	342
Procter & Gamble Home Products Ltd	2011-2012	—	4 866	4 866
Procter & Gamble Hygiene and Healthcare Ltd	2011-2012	—	2 087	2 087
Others	2011-2012	—	21	21
Retirals and Other Reimbursements				
Procter & Gamble International Operations SA Singapore Branch	2011-2012	—	12	12
Procter & Gamble (Guangzhou) Ltd.	2011-2012	—	2	2
The Procter & Gamble Company	2011-2012	2	—	2
Others	2011-2012	—	2	2
Reimbursement of expenses shared by Group Companies				
Procter & Gamble Home Products Ltd	2012-2013	—	857	857
Procter & Gamble Home Products Ltd	2011-2012	—	2 909	2 909
Procter & Gamble Hygiene and Healthcare Ltd	2011-2012	—	983	983
Interest income				
Procter & Gamble Home Products Ltd	2012-2013	—	2 060	2 060
Gillette Diversified Operations Pvt. Ltd.	2012-2013	—	625	625
Procter & Gamble Home Products Ltd	2011-2012	—	2 085	2 085
Gillette Diversified Operations Pvt. Ltd.	2011-2012	—	643	643
Loans Given				
Gillette Diversified Operations Pvt. Ltd.	2012-2013	—	2 521	2 521
Gillette Diversified Operations Pvt. Ltd.	2011-2012	—	1 595	1 595
Procter & Gamble Home Products Ltd	2011-2012	—	2 698	2 698
Loans Repaid				
Procter & Gamble Home Products Ltd	2012-2013	—	10 243	10 243
Purchase of Goods				
Procter & Gamble International Operations SA Singapore Branch	2012-2013	—	23 866	23 866
Others	2012-2013	—	1 666	1 666
Procter & Gamble International Operations SA Singapore Branch	2011-2012	—	15 786	15 786
Others	2011-2012	—	1 126	1 126

Notes forming part of the Financial Statements

₹ in lakhs

Nature of transactions		Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Total
Royalty				
The Gillette Company, USA	2012-2013	—	1 348	1 348
The Gillette Company, USA	2011-2012	—	1 096	1 096
Purchase of Equipment/Assets/Spares				
The Procter & Gamble Distributing LLC	2012-2013	—	1 990	1 990
Others	2012-2013	—	103	103
The Procter & Gamble Distributing LLC	2011-2012	—	2 327	2 327
The Gillette Company, USA	2011-2012	—	946	946
Others	2011-2012	—	20	20
Reimbursement of expenses shared by Group Companies				
Procter & Gamble Home Products Ltd	2012-2013	—	862	862
Procter & Gamble Hygiene and Healthcare Ltd	2012-2013	—	796	796
Procter & Gamble Home Products Ltd	2011-2012	—	2 327	2 327
Procter & Gamble Hygiene and Healthcare Ltd	2011-2012	—	2 225	2 225
Business Process Outsourcing Expenses				
Procter & Gamble Europe SA Singapore Branch	2012-2013	—	985	985
Procter & Gamble International Operations SA-ROHQ	2012-2013	—	347	347
Procter & Gamble Europe SA Singapore Branch	2011-2012	—	748	748
Procter & Gamble International Operations SA-ROHQ	2011-2012	—	278	278
Others	2011-2012	—	76	76
Computer Expenses				
The Procter & Gamble US Business Services Company	2012-2013	—	88	88
The Procter & Gamble US Business Services Company	2011-2012	—	64	64
Processing Charges				
Gillette Diversified Operations Pvt Ltd	2012-2013	—	1 030	1 030
Gillette Diversified Operations Pvt Ltd	2011-2012	—	909	909
Expenses Cross-Charged				
Procter & Gamble Home Products Ltd	2012-2013	—	5 689	5 689
Procter & Gamble Hygiene and Healthcare Ltd	2012-2013	—	2 057	2 057
Others	2012-2013	83	25	108
Procter & Gamble Home Products Ltd	2011-2012	—	5 490	5 490
Procter & Gamble Hygiene and Healthcare Ltd	2011-2012	—	2 322	2 322
Others	2011-2012	57	57	115
Dividend Remitted/Paid				
The Procter & Gamble Company	2012-2013	2 005	—	2 005
Wella India Haircosmetics Private Limited	2012-2013	—	994	994
Other	2012-2013	—	711	711
The Procter & Gamble Company	2011-2012	2 005	—	2 005
Wella India Haircosmetics Private Limited	2011-2012	—	994	994
Others	2011-2012	—	711	711

Notes forming part of the Financial Statements

(d) Outstandings

₹ in lakhs

Nature of Balances	As on	Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Total
Trade Payables				
Procter & Gamble International Operations SA Singapore Branch	June 30, 2013	—	7 911	7 911
Procter & Gamble Home Products Ltd	June 30, 2013	—	1 236	1 236
The Procter & Gamble Distributing LLC	June 30, 2013	—	1 596	1 596
Others	June 30, 2013	6	2 016	2 022
Procter & Gamble International Operations SA Singapore Branch	June 30, 2012	—	12 767	12 767
Procter & Gamble Home Products Ltd	June 30, 2012	—	3 056	3 056
Others	June 30, 2012	35	5 806	5 841
Trade Receivables				
Procter & Gamble International Operations SA Gillette (Shanghai) Ltd	June 30, 2013	—	28	28
Procter & Gamble International Operations SA Singapore Branch	June 30, 2013	—	20	20
Procter & Gamble International Operations SA Singapore Branch	June 30, 2013	—	89	89
Procter & Gamble Bangladesh Private Limited	June 30, 2013	—	32	32
Procter & Gamble International Operations SA	June 30, 2012	—	299	299
Procter & Gamble International Operations SA, Ceemea Div	June 30, 2012	—	163	163
Procter & Gamble International Operations SA Singapore Branch	June 30, 2012	—	132	132
Procter & Gamble Bangladesh Private Limited	June 30, 2012	—	80	80
Others	June 30, 2012	—	9	9
Short-term Loans & Advances				
Procter & Gamble Home Products Ltd	June 30, 2013	—	864	864
Procter & Gamble Hygiene and Healthcare Ltd	June 30, 2013	—	736	736
Others	June 30, 2013	31	104	135
Procter & Gamble Home Products Ltd	June 30, 2012	—	3 633	3 633
Procter & Gamble Hygiene and Healthcare Ltd	June 30, 2012	—	1 630	1 630
Others	June 30, 2012	—	17	17
Loans				
Procter & Gamble Home Products Ltd	June 30, 2013	—	10 895	10 895
Gillette Diversified Operations Pvt. Ltd.	June 30, 2013	—	7 513	7 513
Procter & Gamble Home Products Ltd	June 30, 2012	—	21 138	21 138
Gillette Diversified Operations Pvt. Ltd.	June 30, 2012	—	4 992	4 992
Interest Accrued				
Procter & Gamble Home Products Ltd	June 30, 2013	—	121	121
Gillette Diversified Operations Pvt. Ltd.	June 30, 2013	—	79	79
Procter & Gamble Home Products Ltd	June 30, 2012	—	1 362	1 362
Gillette Diversified Operations Pvt. Ltd.	June 30, 2012	—	212	212

Notes forming part of the Financial Statements

40. Segment Information

a) Primary Segment Information (by Business Segments)

	For the year ended June 30, 2013 ₹ in lakhs	For the year ended June 30, 2012 ₹ in lakhs
Segment Revenue – net of excise		
Grooming	1 03 641	88 381
Portable Power	7 036	6 100
Oral Care	33 095	28 809
Total Segment Revenue	1 43 772	1 23 290
Segment Results (before interest and unallocated income/expense)		
Grooming	15 553	15 477
Portable Power	42	(2 629)
Oral Care	(3 710)	(2 257)
Total Segment Results	11 885	10 591
Less: Unallocated corporate non-interest (income)/expenses (net of non-interest expense/income)	(1 583)	(2 143)
Operating Profit	10 302	8 448
Less: Unallocated Interest Expenses	2	1
Add: Unallocable Interest Income	3 525	3 250
Total Profit Before Tax	13 825	11 697
Segment Assets		
Grooming	36 869	32 757
Portable Power	1 376	1 364
Oral Care	4 775	4 499
Unallocated Corporate Assets	53 955	65 717
Total	96 975	1 04 337
Segment Liabilities		
Grooming	8 387	8 458
Portable Power	710	939
Oral Care	2 063	1 312
Unallocated Corporate Liabilities	23 952	31 065
Total	35 112	41 774
Capital Expenditure		
Grooming	4 107	5 162
Oral Care	90	60
Unallocated	90	345
Total	4 287	5 567

Notes forming part of the Financial Statements

	For the year ended June 30, 2013	For the year ended June 30, 2012
Depreciation		
Grooming	2 870	2 256
Oral Care	152	1
Unallocated	110	132
Total	3 132	2 389
Non-Cash Expenses Other than Depreciation		
Grooming	154	117
Portable Power	80	17
Oral Care	154	88
Total	388	222
b) Secondary Segment Information (by Geographic Segments)		
Segment Revenue – net of excise		
Within India	1 41 582	1 21 198
Outside India	2 190	2 092
Total	1 43 772	1 23 290
Segment Assets		
Within India	96 726	1 03 620
Outside India	249	717
Total	96 975	1 04 337
Capital Expenditure		
Within India	4 287	5 567
Outside India	—	—
Total	4 287	5 567

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, Toothpaste 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 the Financial Statements

- 41.** 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.

42. Earnings per share (EPS)

	For the year ended June 30, 2013 ₹ in lakhs	For the year ended June 30, 2012 ₹ in lakhs
Calculation of Basic and diluted earnings per share (₹)		
Profit After Taxation	8 716	7 573
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	26.75	23.24

- 43.** Salaries and Wages includes ₹ Nil (Previous year: ₹ 45 lakhs) for expenditure on Voluntary Retirement Scheme.
- 44.** No borrowing costs have been capitalised during the year.
- 45.** 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 6, 2013

TEN YEAR FINANCIAL HIGHLIGHTS

	2003	2004	2005	*2006-07 18 months	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
YEAR END FINANCIAL POSITION (₹ Crores)										
Gross Fixed Assets	317	264	273	253	253	246	289	310	356	394
Net Fixed Assets	163	134	136	107	95	91	123	159	189	200
Net Worth	287	317	348	360	425	491	571	600	619	649
SUMMARY OF OPERATIONS (₹ Crores)										
Gross Sales	407	447	489	725	606	673	861	1073	1249	1459
Profit before Tax	75	98	109	216	182	177	213	134	117	138
Profit after Tax	45	61	69	142	117	113	137	86	76	87
Dividend	27.70	27.70	32.59	**57	40.73	40.73	48.88	48.88	48.88	48.88
PER SHARE DATA										
EPS (₹)	13.75	18.79	21.09	43.69	36.02	34.72	42.07	26.44	23.24	26.75
Dividend (%)	85	85	100	**175	125	125	150	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.



Touching lives, improving life

Gillette India Limited

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

**Gillette India Ltd.**

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

1.	Name of the Company	Gillette India Limited
2.	Annual financial statements for the year ended	June 30, 2013
3.	Type of Audit observation	<p>Emphasis of Matter</p> <p>The Emphasis of Matter paragraph is reproduced below (Page no. 23 of Annual Report) :</p> <p>"We draw attention to Note 36 (b) to the financial statements regarding the excess commission provided but not paid to the Non-Executive Directors amounting to ₹ 24 lakhs (including service tax of ₹ 3 lakhs), which is subject to the approval of the Members at the ensuing Annual General Meeting of the Company and the Central Government.</p> <p>Further, as reported for the previous year ended June 30, 2012, the Company had provided excess commission amounting to ₹ 48 lakhs (including service tax of ₹ 10 lakhs) which was since ratified by the Members of the Company at the 28th Annual General Meeting of the Company and paid during the current year, the application for which is as yet pending for approval with the Central Government.</p> <p>Our opinion is not qualified in respect of this matter."</p> <p>Note 36 (b) of the Financial Statements is reproduced below (Page no. 51-52 of Annual Report) :</p> <p>"During the current year, an aggregate amount of ₹ 80 lakhs 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 53% of the aggregate amount of ₹ 153 lakhs (excluding service tax of ₹ 19 lakhs) which is payable to the Non-Executive Directors and is provided for in the financial statements.</p>

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The aggregate amount of Commission of ₹ 172 lakhs (including service tax of ₹ 19 lakhs) 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 ₹ 148 lakhs (as per the computation below) for the year ended June 30, 2013, by an amount of ₹ 24 lakhs (including service tax of ₹ 3 lakhs). The said excess amount of ₹ 24 lakhs 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 29th Annual General Meeting of the Company, and the Central Government.

During the previous year ended June 30, 2012 also, the Company had paid commission to Non-Executive Directors amounting to ₹ 160 lakhs, of which an amount of ₹ 48 lakhs (including service tax of ₹ 10 lakhs), being amount in excess of 1% of net profits for the year ended June 30, 2012. This was paid during the current year and the same was ratified by the members at the 28th Annual General Meeting of the Company. The Company has made an application to the Central Government on January 3, 2013 for waiver of the excess commission, which is as yet pending for approval by 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, 2013	For the year ended June 30, 2012
	₹ in lakhs	₹ in lakhs
Profit before Tax	13 825	11 697
Add: Managerial Remuneration	172	191
Add: Loss on sale/scrapping of assets (Net)	91	77
Add: Provision for doubtful debts	94	199
Add: Provision for doubtful loans and advances	505	----



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Add: Provision for Environmental Remediation	86	----
Less: Write back of liabilities no longer required	20	----
Net profit u/s 349 for the purpose of Directors' Commission	14 753	12 164
Maximum remuneration permissible to whole-time Directors under the Act at 10%	1 475	1 216
Total managerial remuneration charged to accounts *	----	----
Commission payable to non-executive Directors at 1% for the year	148	122
Commission paid/provided to the Non-Executive Directors for the year (Previous year figure excludes ₹ 21 lakhs in respect of 2010-11)	172	170
Excess Commission provided/paid (including service tax of ₹ 3 lakhs (Previous year : ₹ 10 lakhs))	24	48





* Excludes expenses in respect of managerial personnel amounting to ₹ 111 lakhs (Previous year : ₹ 97 lakhs) cross charged from Procter & Gamble Hygiene and Health Care Ltd. in terms of common services agreement referred to in Note 35 to the Financial Statements."

Note 35 of the Financial Statements is reproduced below (Page no. 51 of Annual Report) :

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

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4.	Frequency of observation	Continuing for the year ended June 30, 2012 and also for the year ended June 30, 2013.
5.	To be signed by-	
	Mr. S. Khosla Managing Director	
	Mr. Tapan Buch Chief Financial Officer	
	Mr. C. R. Dua Audit Committee Chairman	
	Auditor of the Company	<p>Refer our Audit Report dated August 06, 2013 on the Financial Statements of Gillette India Limited.</p> <p>For DELOITTE HASKINS & SELLS Chartered Accountants (Firm Registration No. 117366W)</p> <p> (K. A. Katki) (Partner) (Membership No. 038568) Mumbai, October 21st, 2013.</p> 