

## NOTICE

NOTICE is hereby given that the Forty-Ninth Annual General Meeting of the Members of the Company will be held on **Monday, December 9, 2013, at 3.30 p.m.** at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai 400 021 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at June 30, 2013 and the Statement of Profit and Loss for the Financial Year ended on that date, together with the Reports of the Auditors and Directors thereon.
2. To declare dividend for the Financial Year ended June 30, 2013.
3. To appoint a Director in place of Mr. B. S. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs. Deloitte Haskins and Sells, Chartered Accountants (Firm Reg. No. 117366W) as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, on such remuneration and reimbursement of out-of-pocket expenses, as the Board of Directors may decide.

### SPECIAL BUSINESS

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

***Appointment of Mr. Anil Kumar Gupta as a Director of the Company, liable to retire by rotation***

“RESOLVED THAT Mr. Anil Kumar Gupta who was appointed as an Additional Director of the Company on January 18, 2013 by the Board of Directors in terms of Section 260 of the Companies Act, 1956, and who holds such office until this Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956, proposing Mr. Gupta’s candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

**By Order of the Board of Directors**

**Preeti Bishnoi**  
**Company Secretary**

Mumbai  
August 14, 2013

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

### NOTES

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under Item No. 5 is annexed hereto and forms a part of this Notice.
2. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy(ies) to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. The instrument appointing proxy, in order to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting. A proxy may not vote except on a poll.** The instrument appointing proxy submitted on behalf of Limited Companies, Societies, Partnership Firms etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organization.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and the Share Transfer books of the Company will remain closed from **Monday, November 25, 2013 to Monday, December 9, 2013** (both days inclusive), for the purpose of determining the names of Members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.
6. The dividend on Equity Shares for the Financial Year ended June 30, 2013, as recommended by the Directors, if approved at the Annual General Meeting, will be paid on or around December 18, 2013 as under:
  - (a) To all beneficial owners, in respect of shares held in dematerialized form, as per details furnished by the Depositories for this purpose as at the close of business hours on November 25, 2013;
  - (b) To all Members, in respect of shares held in physical form, whose names shall appear on the Company’s Register of Members as on December 9, 2013.
7. As per a notification from the Reserve Bank of India (RBI), with effect from October 1, 2009 the remittance of money through ECS is replaced by the National Electronic Clearing Services (NECS) and Banks have been instructed to move to the NECS platform. The NECS facility is available at locations identified by RBI from time to time and covers most of the cities and towns. This is in addition to the existing facility of ECS in other locations. NECS essentially operates on the new unique Bank Account number, allotted by

Banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions.

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

8. Members holding shares in the Physical Form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agent (RTA), M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078. Tel: (022) 2596 3838, Fax: (022) 2594 6969, e-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)/[pginvestors@linkintime.co.in](mailto:pginvestors@linkintime.co.in);
    - (a) Bank Mandate with full particulars (as per details given in Sr. no. 10 below) for remittance of dividend directly into their Bank Accounts, if declared at the Meeting;
    - (b) Intimate changes, if any, in their address/name, bank details, NECS/ECS, mandates, nominations, power of attorney etc. at an early date;
    - (c) Apply for consolidation of folios, if shareholdings are under multiple folios in identical names or joint holding in the same order of names;
    - (d) Send their share certificates for consolidation, and
    - (e) Request for nomination forms for making nominations as per amended provisions of the Companies Act, 1956. Members holding shares in the Dematerialized (electronic) Form are requested to intimate the aforesaid changes directly to their Depository Participants (DPs), as applicable.
  9. In terms of SEBI Circular dated April 27, 2007 furnishing of Permanent Account Number (PAN) has been made mandatory for all transactions in the securities market. Members who are holding shares in Dematerialised form and have not so far submitted their PAN details with their respective DPs are requested to do so at the earliest. Members are requested to note that in case of transfer of shares held in physical form, submission of photocopy of PAN card of the transferee(s) along with the transfer deeds and share certificates at the time of lodgement of transfer of shares is now mandatory.
  10. To avoid incidents of fraudulent encashment of the warrants, Members are requested to intimate the RTA of the Company, under the signatures of the sole/ first joint holder, the following information so that the Bank Account number and name and address of the Bank can be printed on the dividend warrant, if and when issued:
    - (a) Name of sole/first joint holder and folio number.(b) Particulars of Bank Account viz:
    - (i) Name of Bank;
    - (ii) Name of branch;
    - (iii) Complete address of the Bank with the pin code number;
    - (iv) Account type, whether Savings or Current; and
    - (v) Bank account number allotted by the Bank.
  11. In the case of Dematerialized Shares, the Company is obliged to print Bank details on the dividend warrants, as are furnished by the National Securities Depository Limited (NSDL) and the Central Depositories Services (India) Limited (CDSL) ("the Depositories") to the Company and the Company cannot entertain any request for deletion/change of Bank details without confirmation from the Depositories. In this regard, Members are advised to contact their Depository Participants (DPs) and furnish them the particulars of any change(s) desired.
  12. Non-resident Indian Members are requested to immediately inform the Company or its RTA or the concerned DP, as the case may be, about the following:
    - (a) The change in the residential status on return to India for permanent settlement;
    - (b) The particulars of the NRE account with a Bank in India, if not furnished earlier.
  13. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the Meeting.
  14. Members' attention is particularly drawn to "Corporate Governance" section of the Annual Report in respect of unclaimed and unpaid dividends.
  15. Members are requested to address all correspondences, including Share Transfer documents and dividend matters to the Company's RTA, M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078. Tel: (022) 2596 3838, Fax: (022) 2594 6969, e-mail: [pginvestors@linkintime.co.in](mailto:pginvestors@linkintime.co.in) / [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in). For providing better services to our Members, the RTA has deputed a full time resource, *Ms. Chaitali Jadhav*, who will provide all help to our Members and can be contacted directly on her dedicated Telephone Number (022) 2596 7799.
- Members are requested to quote their ledger folio numbers in all their correspondence to enable the Company to provide better services to the Members.

16. An archived webcast of the proceedings of the Annual General Meeting will be available at our website viz. [www.pg.com/en\\_IN](http://www.pg.com/en_IN)
17. In terms of Clause 5A of the Listing Agreement, the Company has identified the unclaimed Physical Share Certificates lying with the Company and sent the requisite reminders to the respective Members. The Company is in process of crediting the same to demat suspense account.
18. The Ministry of Corporate Affairs (MCA) has issued circulars propagating the "Green Initiative" by allowing paperless compliances, by serving documents through the electronic mode (e-mails). In line with the spirit of the 'Green Initiative', the Securities and Exchange Board of India (SEBI) has also vide their circular dated October 5, 2011 amended the Listing Agreement enabling the listed entities to send soft copies of full Annual Reports to all those Members who have registered their email addresses for the purpose. This will ensure prompt receipt of communication, avoid loss in postal transit and reduce paper consumption besides entailing other benefits.

Members holding shares in physical form, who have not registered/updated their respective e-mail addresses, are requested to intimate their respective e-mail ids to [pandgogreen@linkintime.co.in](mailto:pandgogreen@linkintime.co.in). Members holding shares in dematerialised form, who have not registered/updated their respective e-mail addresses, are requested to do so with their respective Depository Participants (DPs). This Annual Report comprising of Notice, Audited Financial Statements, Directors' Report, Auditors' Report etc. is

being sent in the electronic form to all the Members who have furnished their e-mail ids to the Company or updated/ provided their e-mail ids to their respective DPs. Members may kindly note that as Members of the Company they are entitled to be furnished, free of cost a printed copy of the Annual Report of the Company, upon receipt of requisition at any time. The communications/documents issued by the Company would also be made available on the Company's website: [www.pg.com/en\\_IN](http://www.pg.com/en_IN).

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

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

**By Order of the Board of Directors**

**Preeti Bishnoi**  
*Company Secretary*

Mumbai  
August 14, 2013

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

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

### **Item No. 5**

Mr. Anil Kumar Gupta was appointed as an Additional Director of the Company by the Board of Directors on January 18, 2013 pursuant to Section 260 of the Companies Act, 1956. Mr. Gupta holds such office till the date of ensuing Forty-Ninth (49<sup>th</sup>) Annual General Meeting of the Company. Hence, it is proposed to appoint Mr. Gupta as a Director liable to retire by rotation.

Mr. Gupta is an Engineer from IIT, Delhi besides holding a PG Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. Mr. Gupta is an expert in the field of manufacturing and supply chain management. He has vast experience of over 34 years in India and abroad in the field of manufacturing and product supply and had held various senior management positions.

The Company has received a notice under Section 257 of the Companies Act, 1956 together with a deposit of ₹ 500/-

from a Member proposing his candidature for the office of Director liable to retire by rotation.

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

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

**By Order of the Board of Directors**

**Preeti Bishnoi**  
*Company Secretary*

Mumbai  
August 14, 2013

**Registered Office:**  
P&G Plaza,  
Cardinal Gracias Road,  
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Mumbai 400 099.

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

<b>Name of Director</b>	<b>Mr. B. S. Mehta</b>	<b>Mr. Anil Kumar Gupta</b>
<b>Age</b>	77 years	67 years
<b>Date of appointment on the Board</b>	26 <sup>th</sup> October, 2005	28 <sup>th</sup> March, 2009
<b>Expertise in specific field</b>	Chartered Accountant	Consultant
<b>Names of other Companies in which he holds Directorships</b>	<p><b>Public Companies</b></p> <ol style="list-style-type: none"> <li>Atul Limited</li> <li>Bharat Bijlee Limited</li> <li>Century Enka Limited</li> <li>CEAT Limited</li> <li>Housing Development Finance Corporation Limited</li> <li>IL&amp;FS Investment Managers Limited</li> <li>J.B. Chemicals &amp; Pharmaceuticals Ltd</li> <li>Pidilite Industries Limited</li> <li>Sasken Communication Technologies Limited</li> <li>SBI Capital Markets Limited</li> <li>Sudarshan Chemical Industries Limited</li> <li>NSDL E-Governance Infrastructure Limited</li> <li>Gillette India limited</li> </ol> <p><b>Alternate Directorship</b></p> <ol style="list-style-type: none"> <li>Uhde India Private Limited</li> </ol> <p><b>Foreign Company</b></p> <p>Jumbo World Holdings Limited</p>	<ol style="list-style-type: none"> <li>Gillette India Limited</li> </ol>
<b>Chairman/Member of the Committee(s) of the Board of Directors of the Company</b>	Audit Committee – Member	Audit Committee – Member
<b>Chairman/Member of the Committee(s) of Board of Directors of other Companies in which he is a Director.</b>	<p><b>Audit Committee</b></p> <ol style="list-style-type: none"> <li>IL &amp; FS Investment Managers Limited (Chairman &amp; Member)</li> <li>J.B. Chemicals &amp; Pharmaceuticals Limited (Chairman &amp; Member)</li> <li>Sudarshan Chemicals Ltd (Chairman &amp; Member)</li> <li>Sasken Communication Technologies Ltd (Chairman &amp; Member)</li> <li>Pidilite Industries Ltd (Chairman &amp; Member)</li> <li>Gillette India Limited (Member)</li> <li>Housing Development Finance Corporation Limited (Member)</li> <li>Atul Limited (Member)</li> <li>Century Enka Limited (Member)</li> </ol> <p><b>Remuneration / Compensation Committee</b></p> <ol style="list-style-type: none"> <li>Gillette India Ltd (Member)</li> <li>Housing Development Finance Corporation Limited (Member)</li> <li>Century Enka Limited (Member)</li> <li>IL &amp; FS Investment Managers Limited (Member)</li> </ol>	<p><b>Audit Committee</b></p> <ol style="list-style-type: none"> <li>Gillette India Limited (Member)</li> </ol> <p><b>Shareholders' Grievances Committee</b></p> <ol style="list-style-type: none"> <li>Gillette India Limited (Member)</li> </ol>
<b>Shareholding in the Company</b>	3,799 Equity Shares of ₹10/- each	NIL



**Procter & Gamble  
Hygiene and Health Care Limited  
Annual Report 2012-13**





## BOARD OF DIRECTORS

Mr. R. A. Shah  
Chairman

Mr. S. Khosla  
Managing Director

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

.....  
Ms. P. Bishnoi  
(Company Secretary)

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Dear Shareholders,

I am pleased to share with you that this Financial Year 2012-13 witnessed your Company delivering another year of sustained growth and strong results, behind a sharpened focus on winning with our consumer. It is this dedicated approach towards value creation that will drive the business for years to come. We will ensure the right mix of innovation, productivity and operational discipline to drive year on year sustained growth. It is with this sustained commitment to touch and improve the lives of all our stakeholders that I stand before you with the recollections of yet another successful year.

Your company's strong performance results for the Financial Year 2012-13, against a backdrop of economic uncertainty, are testament to our focus on winning with the consumer.

- We have maintained our growth momentum by achieving a healthy double-digit sales growth with total Net sales of ₹ 1,685 crore as against ₹ 1,295 crore during the previous year. This is a sales growth of 30%.
- Earnings after tax increased at 12% at ₹ 203 crore as against ₹ 181 crore during the previous year.

The Feminine Hygiene business in India recorded its highest ever national share. Your Company also delivered robust value growth of 34%, which was fuelled by strong volume growth of 16%. *Whisper* also launched an innovation in product with the new proposition of "50% larger holes" on *Whisper Ultra*. This was in addition to innovations in the benefit segments of "soft" and "overnight protection" to keep pace with the evolving needs of our top tier consumers, further strengthening its market leader status in this category.

And as the business grows, we continue to improve more lives more completely with P&G's *National Parivartan Programme (Whisper School Girl Programme)* in schools. The program on an average reaches 2.5 million girls annually, across 15,000 schools, providing them with timely menstrual education and product samples. Last year alone, P&G India reached out to close to 4 million adolescent girls on feminine hygiene, ensuring that they stay healthy and continue schooling.

Your Company's health care sales posted a double digit growth of 17% which were driven by a strong mix of pricing and commercial innovations. This fiscal year, we consolidated *Vicks'* market leadership position with a record share growth of 2.5 points.

To strengthen our consumers connect further, we designed & executed the *Vicks Cheer for Champions*. Five reputed sportspersons including Dhanraj Pillay, Dilip Vengsarkar, Ashwini Ponappa & IM Vijayan, formed the *Vicks Cheer Panel* and encouraged fans to send in their cheers for India. India's love for singing led to the creation of India's first-ever national sports anthem, titled *Cheer for Champions*, which increased penetration in India's tier-2 cities and helped drive sales growth in target markets.

In the face of key economic challenges, a streamlined focus on value creation will drive results for our Shareholders. Hence, your company continues to lend focus on innovation to drive growth. We have also launched a number of initiatives aimed at purpose-inspired growth, which strengthens our efforts to not only serve our consumers with high quality and superior value propositions, but also to touch and improve their lives through dedicated contributions to the communities around us.

P&G Shiksha – our flagship CSR program – today, reaches over 420,000 children to access education by building and supporting over 220 schools across India, in partnership with a number of NGOs. Since its inception in 2005, *P&G Shiksha* has made a cumulative donation of approx. ₹ 30 crores towards building new schools, providing critical infrastructural amenities at existing schools and reviving non-operational government schools. It is through such dedicated outreach programs conducted at schools with the help of our sustainability partners, that we will be able to build a better future for generations to come.

P&G also helps rehabilitate lives after widespread disasters. As part of our *Timely Disaster Relief* program, we reached out to over 10,000 afflicted families with P&G products along with relief materials like medicines, food & blankets, safe drinking water & water-proof tents in partnership with our Sustainability NGOs *Save The Children* and *Himachal Pradesh Voluntary Health Association*.

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

R.A. Shah  
Chairman

## REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 49<sup>th</sup> Annual Report and the Audited Accounts of the Company for the Financial Year ended June 30, 2013.

### FINANCIAL RESULTS

(Figures in ₹ crores)

	2012/13	2011/12
Sales including Excise	1697	1301
Net Sales (less excise duty)	1685	1295
Profit before tax	286	223
Profit after tax	203	181
Proposed Dividend plus tax thereon	95	85
Transfer to General Reserve	20	18
Balance carried forward	495	407

### DIVIDEND

The Directors are pleased to recommend a dividend of ₹ 25 for each Equity Share of ₹ 10 each for the Financial Year ended June 30, 2013.

### BUSINESS PERFORMANCE

Your Company's strong performance continued in the Financial Year 2012-13, despite difficult economic conditions, and inflationary market conditions. With a focus on balancing needs of the consumer, the customer and the members, we are delighted to report very strong financial results for your Company. Your Company achieved a strong double-digit sales growth during the Financial Year 2012-13. Sales for the year increased by 30 per cent at ₹ 1,697 crore as against ₹ 1,301 crore during the previous year. Earnings after tax increased at 12 per cent at ₹ 203 crore as against ₹ 181 crore during the previous year.

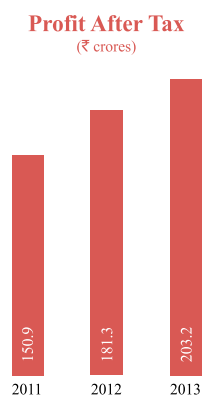
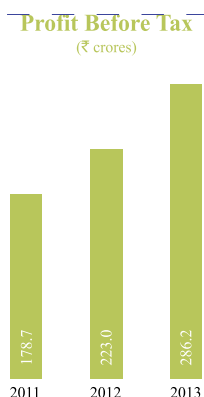
### Feminine Hygiene Business

Feminine Hygiene business recorded the 10<sup>th</sup> consecutive year of strong double-digit growth. This business has been a growth engine for your Company,

with all the variants of *Whisper* sanitary napkins posting strong growth. *Whisper* further fortified its market leadership position by achieving value share leadership in the overall mid tier segment for the first time since the launch of *Whisper Choice*; along with market leadership in the top tier segment that *Whisper Ultra* already has.

During the Financial Year under review, a number of strategic initiatives were designed to meet the consumers' needs across segments. *Whisper Ultra* launch a new revolutionary product with "50% larger holes" for the top tier consumers. At the same time, *Whisper* launched new innovations in the benefit segments of "Soft" and "Overnight protection" to keep pace with the evolving needs of our top tier consumers. On *Whisper Choice*, your Company continued its focus on driving increased usage of sanitary napkins, particularly among non-users, and increased availability. As a result of these initiatives, *Whisper* reached an all-time high national share of 57.9 behind share growth across brand forms.

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





## Health Care Business

The Company's Health Care sales posted a double digit growth this year across *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500* and *Vicks Inhaler*. The growth was driven by combination of product initiatives and increased investment behind proven equity advertising. *Vicks* will continue to innovate to ensure it stays the most trusted cough and cold care solution in India.

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



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

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

## Re-launch of Old Spice brand

Your Company re-launched '*Old Spice*' this Financial Year, after taking back the Personal Grooming brand from erstwhile Licensee and started marketing *Old Spice* under its own umbrella this year.



The sale of *Old Spice* products, viz., deodorants, after shave lotions and shaving creams which begun in March, 2013 were encouraging and exceeded management expectations. Growth in market share was due to the Company's investment in advertising and distribution expansion.

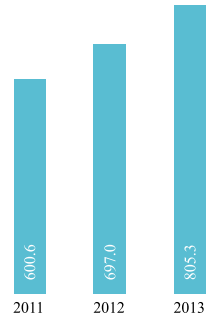
## CORPORATE SOCIAL RESPONSIBILITY

### Building business by improving lives

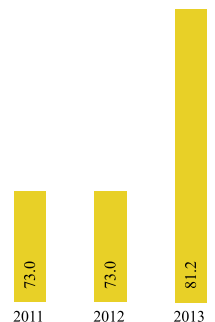
P&G's focus on purpose-inspired growth, drives us to not only serve our consumers with superior product propositions, but also to touch and improve their lives by contributing towards the communities we operate in. This dedicated commitment is the driving force behind our Corporate Social Responsibility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

Network  
(₹ crores)

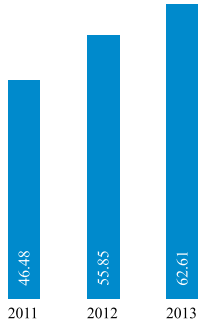


Outflow of Dividend  
(₹ crores)



## Procter & Gamble Hygiene and Health Care Limited

### E.P.S. (₹)



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

P&G's signature corporate social responsibility 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 Vidhyalayas. Similarly, the NGOs Army Wives Welfare Association and Navy Wives Welfare Association are experts in serving the educational needs of disabled children.

### Employees (Nos.)



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. Since its inception in 2005, P&G Shiksha has made a cumulative donation of approx. ₹ 30 crores towards building new schools, providing critical infrastructural amenities at existing schools or reviving non-operational government schools.

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 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

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 a focus on technologies, processes and improvements that matter for the environment. The manufacturing technologies we use are low emission and generate almost 60% less emission than the local norms. 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. In Goa, the *Whisper* plant has recycled and reused over 4,000 tons of scrap.

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' Responsibilities 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.

## MANAGEMENT & PERSONNEL

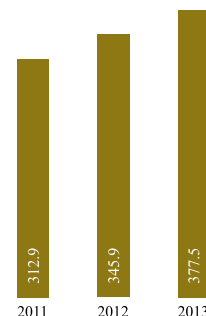
The growth over the past few years demonstrates the core strengths of our employees to stay reality-based, embrace change and proactively influence the course of business. In a diverse organization & competitive environment, the efforts of our organization, strong capability plans and HR innovation accelerated 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 ('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 Registered Office of the Company.

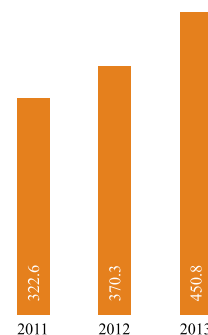
## DIRECTORS

Mr. A. K. Gupta was appointed as an Additional Director of the Company with effect from January 18,

**Fixed Assets**  
(₹ crores)

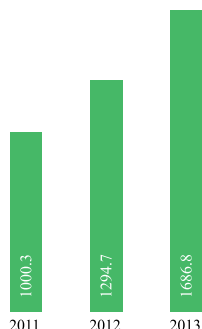


**Net Current Assets**  
(₹ crores)



## Procter & Gamble Hygiene and Health Care Limited

### Net Sales (₹ crores)



2013 and holds office upto the date of the forthcoming 49<sup>th</sup> Annual General Meeting of the Company. A notice under Section 257 of the Companies Act, 1956 has been received from a Member proposing his candidature as a Director of the Company, liable to retire by rotation.

Mr. B. S. Mehta, Director, retires by rotation and, being eligible, offers himself for re-appointment.

The brief resumes of Mr. A. K. Gupta and Mr. B. S. Mehta and the details of the directorships held by them in other companies are given in the “Corporate Governance” section of the Annual Report.

Appropriate resolutions for the appointment/re-appointment of the aforesaid Directors are being moved at the forthcoming 49<sup>th</sup> Annual General Meeting, which the Board recommends for your approval.

### AUDITORS

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

### COST AUDITORS

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

### CONSERVATION OF ENERGY & FOREIGN EXCHANGE

The information, in accordance with the provisions of Section 217(i)(e) of the Companies Act, 1956, read

with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgoings, are attached as Annexure to this Report.

### TRADE RELATIONS

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

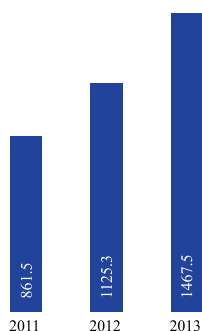
### ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

R. A. Shah  
Chairman

### Total Expenditure (₹ crores)



Mumbai  
August 14, 2013



## ANNEXURE TO THE REPORT OF DIRECTORS

<b>A. Power &amp; Fuel Consumption</b>		
Particulars	2012-13	2011-12
1. Electricity		
(a) Purchased:		
Units (KWH)	7508455	7687530
Total Amount (₹)	38444634	30862772
Rate/Unit (₹)	5.12	4.00
(b) Own Generation:		
(i) Through Diesel Generator		
Unit (KWH)	3979387	2337010
Unit Per lts. of Diesel Oil	3.14	2.85
Cost/Unit (₹)	13.79	13.66
(ii) Through Steam		
Turbine/Generator	N.A.	N.A.
2. Coal (Specify Quality and where used)	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.
4. Others/Internal Generation	N.A.	N.A.
<b>B. Consumption Per Unit of Production</b>		
(In KWH/Tonnes)		
Particulars	2012-13	2011-12
Other Products	1606	544

## Note:

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

**I. RESEARCH & DEVELOPMENT:**

- Specific areas in which R&D carried out by the Company:

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

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

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

- Future Plan of Action:

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

## 4. Expenditure on R&amp;D:

₹ Lakhs

	2012-13	2011-12
(a) Capital	—	—
(b) Recurring	222.90	258.73
(c) Total	222.90	258.73
(d) Total R&D expenditure as a percentage of total turnover	—	—

**II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

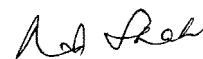
- Efforts, in brief, made towards technology absorption, adaption and innovation: Continued implementation of Quality Control/Quality Assurance procedures of natural products, new products and processes were successfully adapted on commercial scale to utilize local, raw materials and machinery; Technical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

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

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

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

On behalf of the Board of Directors



Mumbai  
August 14, 2013

R. A. Shah  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

### Performance Overview & Outlook

The Company operates in a single reportable business and geographical segment. The Company's core business is manufacturing, marketing and distribution of Health Care and Hygiene products. Under these businesses it has in its portfolio: *VICKS*, *WHISPER* and *OLD SPICE* – India's leading Health Care and Hygiene products. The discussion on financial performance of the Company is elaborated in the Directors' Report.

### Feminine Hygiene Business

Feminine Hygiene business recorded the 10<sup>th</sup> consecutive year of strong double-digit growth. This business has been a growth engine for your Company, with all the variants of *Whisper* sanitary napkins posting strong growth. *Whisper* further fortified its market leadership position by achieving value share leadership in the overall mid tier segment for

the first time since the launch of *Whisper Choice*; along with market leadership in the top tier segment that *Whisper Ultra* already has.

During the Financial Year under review, a number of strategic initiatives were designed to meet the consumers' needs across segments. *Whisper Ultra* launched a new revolutionary product with "50% larger holes" for the top tier consumers. At the same time, *Whisper* launched new innovations in the benefit segments of "Soft" and "Overnight protection" to keep pace with the evolving needs of our top tier consumers. On *Whisper Choice*, your Company continued its focus on driving increased usage of sanitary napkins, particularly among non-users, and increased availability. As a result of these initiatives, *Whisper* reached an all-time high national share of 57.9 behind share growth across brand forms.

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

### Health Care Business

The Company's Health Care sales posted a double digit growth this year across *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500* and *Vicks Inhaler*. The growth was driven by combination of product initiatives and increased investment behind proven equity advertising. *Vicks* will continue to innovate to ensure it stays the most trusted cough and cold care solution in India.

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

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

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

### **Re-launch of Old Spice brand**

Your Company re-launched the 'Old Spice' brand this Financial Year, after taking back the Personal Grooming brand from erstwhile Licensee and started marketing *Old Spice* under its own umbrella this year.

The sale of *Old Spice* products, viz., deodorants, after shave lotions and shaving creams which begun in March, 2013 were encouraging and exceeded management expectations. Growth in market share was due to the Company's investment in advertising and distribution expansion.

### **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 updates 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 also 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 & gender-balance 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 408.

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



## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

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

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

*Conduct Standards*". These standards flow from the following core values of the Company:

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

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

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

### BOARD OF DIRECTORS

#### (a) Composition of the Board

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

#### (b) Number of Board meetings

Four (4) Board Meetings were held during the period July 1, 2012 to June 30, 2013. These meetings were held on August 23, 2012, October 26, 2012, February 6, 2013 and April 25, 2013. The Annual General Meeting for the Financial Year ended June 30, 2012 was held on December 6, 2012.

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

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

Name of Director	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Last AGM (Whether attended)
Mr. R. A. Shah	4	4	Yes
Mr. S. Khosla	4	4	Yes
Mr. B. S. Mehta	4	4	Yes
Mr. P. Agarwal †	4	1	No
Mr. A. Vyas	4	4	Yes
Mr. A. K. Gupta €	2	2	No
Ms. D. Henretta *	—	—	—

† 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 13, 2012 and held office till the date of the 48<sup>th</sup> Annual General Meeting held on December 6, 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.

€ Mr. A. K. Gupta was appointed as an Additional Director of the Company w.e.f. January 18, 2013.

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

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

There are no materially significant transactions made by the Company with its Promoters, Directors

or management, their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note No. 38 forming part of the Financial Statements.

(e) **Remuneration of Directors**

The Members of the Company at their 47<sup>th</sup> Annual General Meeting held on November 23, 2011 had passed a Special Resolution according approval for payment of commission to the Non-Executive Independent Directors of the Company upto a maximum of 1% of the net profits of the Company per annum in the aggregate, for a period of 5 years w.e.f. July 1, 2011. The said resolution had also empowered the Board of Directors and/or a Committee thereof to fix the quantum of commission payable to each of the Non-Executive Directors and to also determine the period for which the said commission is payable. In view of the above, the Board of Directors has at its 381<sup>st</sup> meeting held on August 14, 2013 accorded approval for payment of Annual Commission of ₹ 10 Lacs to each of the Non-Executive Independent Directors for the period July 1, 2012 to June 30, 2013. The said commission is within the limits of 1% of the net profits of the company in the aggregate, as calculated as per the provisions of Sections 198, 309, 310 and other applicable provisions of the Companies Act, 1956. The Non-Executive Independent Directors are paid remuneration based on their responsibility and performance.

The composition and other required 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. R. A. Shah	NED/ID	Chairman	13	8	3
Mr. S. Khosla	ED	Managing Director	2	2	1
Mr. B. S. Mehta	NED/ID	Director	14	9	5
Mr. A. Vyas	NED	Director	1	1	None
Mr. P. Agarwal †	NED	Director	1	None	None
Mr. A. K. Gupta €	NED/ID	Director	1	2	None

NED – Non Executive Director

ED – Executive Director

ID – Independent Director

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

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

† Mr. 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. P. Agarwal was appointed as an Additional Director of the Company w.e.f. August 13, 2012 and held office till the date of the 48<sup>th</sup> Annual General Meeting held on December 6, 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.

€ Mr. A. K. Gupta was appointed as an Additional Director of the Company w.e.f. January 18, 2013.

Details of the remuneration paid/provided to the Directors of the Company during the Financial Year ended June 30, 2013 are given below:

Name of Director	Relationship with other Directors	Salary including Bonus + PF contribution (₹)	Perquisites (₹)	Commission (₹)	Service Tax	Total Cost to Company (₹)	Shares held (Equity Shares of ₹10/- each)
Mr. R. A. Shah	None	—	—	10,00,000	1,23,600	11,23,600	5,550
Mr. S. Khosla ~	None	7,29,57,170	—	—	—	—	67
Mr. B. S. Mehta	None	—	—	10,00,000	1,23,600	11,23,600	3,799
Mr. P. Agarwal	None	—	—	—	—	—	—
Mr. A. Vyas #	None	—	—	—	—	—	—
Mr. A. K. Gupta*	None	—	—	5,00,000	61800	5,61,800	—
<b>TOTAL</b>		<b>7,29,57,170</b>	<b>—</b>	<b>25,00,000</b>	<b>3,09,000</b>	<b>28,09,000</b>	

\* Mr. A. K. Gupta was appointed as an Additional Director of the Company w.e.f. January 18, 2013

~ Employee benefit expenses under Note No. 22 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 574 Lakhs (Previous Year : ₹ 420 Lakhs) cross charged to Gillette India Limited and Procter and Gamble Home Products Limited in terms of the common service agreement.

# Employee benefit expenses under Note No. 22 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 13 Lakhs (Previous Year : ₹ 13 Lakhs) cross charged from Gillette India Limited in terms of the common service agreement.

NOTE – No sitting fee is payable to any Director.

Your Company also pays fees for the professional services, if availed, to the firm of Chartered Accountants of which Mr. B. S. Mehta, Non-Executive Independent Director is the Chief Mentor and to the firm of Solicitors & Advocates of which Mr. R. A. Shah, Non-Executive Independent Director is a Partner. Considering the amounts normally involved, the Company is of the view that there is no material pecuniary relationship / association with the said firms.

Mr. Shantanu Khosla was re-appointed as the Managing Director of the Company on completion of his five year term, for a period of five years with effect from June 1, 2012 by the Board of Directors of the Company at their meeting held on April 30, 2012, which was subject to the approval of the Members at the 48<sup>th</sup> Annual General Meeting of the Company. The Members of the Company at their 48<sup>th</sup> Annual General Meeting held on December 6, 2012 have approved the said re-appointment of Mr. Khosla as the Managing Director of the Company with effect from June 1, 2012 for a period of five years on such terms and conditions as the Board may consider appropriate, provided, that the terms of remuneration of Mr. Khosla shall not exceed the ceilings as set out in schedule XIII of the Companies Act, 1956 as amended from time to time and such other guidelines as may be issued hereafter in this behalf. Further, the Members at the said meeting also ratified the remuneration paid to Mr. Khosla in respect of the previous year subsequent

to the date of his re-appointment on June 1, 2012 amounting to ₹ 33,12,159/-.

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

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

## STOCK OPTIONS

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

## (f) Committees of the Board

### Audit Committee

The Audit Committee comprises of Non-Executive Directors namely Mr. R. A. Shah (Chairman), Mr. B. S. Mehta (Member), Mr. A. K. Gupta (Member) and

Mr. Amit Vyas (Member). The Audit Committee met on August 23, 2012, October 26, 2012, February 6, 2013 and April 25, 2013.

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

\* Mr. A. K. Gupta was inducted into the Audit Committee on January 18, 2013.

During the Financial Year, Mr. Sachin Harlalka resigned as the Company Secretary and Compliance Officer with effect from November 7, 2012. Ms. Preeti Bishnoi has been appointed as the Company Secretary and Compliance Officer with effect from February 11, 2013.

Presently, Ms. Preeti Bishnoi is the Secretary of the Audit Committee.

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

The Audit Committee powers include the following:

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

The Audit Committee role includes the following:

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the Annual Financial Statement/s before submission to the Board, focusing primarily on:

- Matters required being included in the Directors' Responsibility Statement to be included in the Board's report in terms of Section 217(2AA) of the Companies Act, 1956
- Any changes in accounting policies and practices
- Major accounting entries based on exercise of judgement 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 and Legal requirements concerning Financial Statements
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large

- Reviewing with the management, the Quarterly Financial Statements before submission to the Board for approval.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences about nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, Members (in case of non payment of declared dividends) and creditors.



- (l) Reviewing the functioning of the Whistle Blower mechanism.
- (m) Carrying out any other function as required in the terms of reference of the Audit Committee in the Listing Agreement as may be amended from time to time.

The minutes of the Committee are placed before the Board.

#### Shareholders'/Investors' Grievance Committee

The Shareholders' Grievance Committee comprises of Mr. Amit Vyas (Chairman) and Mr. Shantanu Khosla (Member). Ms. Preeti Bishnoi, Company Secretary acts as the Compliance Officer. During the Financial Year, four meetings were held on August 23, 2012, October 26, 2012, February 6, 2013 and April 25, 2013.

Directors	No. of Meetings held during tenure	No. of Meetings attended
Mr. S. Khosla *	4	4
Mr. A. Vyas **	4	4

\* Mr. S. Khosla ceased to be the Chairman of the Shareholders' Grievance Committee on October 26, 2012.

\*\* Mr. A. Vyas was appointed as the Chairman of the Shareholders' Grievance Committee on October 26, 2012.

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

During the Financial Year, the Company received 218 Shareholder complaints. These complaints have been resolved to the satisfaction of the Shareholders except for disputed cases and sub-judice matters, which would be resolved on final disposal by Courts. There were no pending share transfers as on June 30, 2013.

#### SHAREHOLDERS

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

- (i) **Mr. B. S. Mehta**, Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 49<sup>th</sup> Annual General Meeting.

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

Mr. Mehta is also a Director on the Board of Atul Limited, Bharat Bijlee Limited, Century Enka

Limited, CEAT Limited, Housing Development Finance Corporation Limited, IL&FS Investment Managers Limited, J B Chemicals & Pharmaceuticals Limited, Pidilite Industries Limited, Sasken Communication Technologies Limited, SBI Capital Markets Limited, Gillette India Limited, NSDL E-Governance Infrastructure Limited and Sudarshan Chemicals Industries Limited.

- (ii) **Mr. A. K. Gupta** was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from January 18, 2013. As an Additional Director, he holds office upto the date of the 49<sup>th</sup> Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a Member proposing his candidature as a Director of the Company, liable to retire by rotation, along with a deposit of ₹ 500/-.

Mr. Gupta is an Engineer from IIT, Delhi besides holding a PG Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. Mr. Gupta is an expert in the field of manufacturing and supply chain management. He has vast experience of over 34 years in India and abroad in the field of manufacturing and product supply and had held various senior management positions.

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

##### (b) Communication to Shareholders

- (i) The Company does not send its Quarterly or Half-yearly report to its Members.
- (ii) The Quarterly Results of the Company are announced within 45 days of completion of the Quarter, as prescribed under the Listing Agreement. Audited Annual Results are announced within Sixty days of the end of Financial Year which are published in The Economic Times, Mumbai Lakshadeep and The Asian Age.
- (iii) The Company's results and official news releases are published on Company's website: www.pg.com/en\_IN. It contains data on various topics related to transfers, transmission of shares, dematerialisation, nomination, change of address, loss of physical share certificates, dividend etc.
- (iv) No presentations were made to Analysts and Institutional Investors during the course of the Financial Year.

- (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 e-mail.

Accordingly, this Annual Report comprising of Notice calling the 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 49<sup>th</sup> Annual General Meeting would be posted at the Company's website: [www.pg.com/en\\_IN](http://www.pg.com/en_IN).

**(c) Statutory Compliance**

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

**(d) Annual General Meetings**

AGM	Date	Time	Venue	No. of special resolutions passed
48 <sup>th</sup>	Dec 6, 2012	3.30 p.m.	All the three	—
47 <sup>th</sup>	Nov 23, 2011	3.30 p.m.	Annual General Meetings	1
46 <sup>th</sup>	Oct 8, 2010	3.30 p.m.	were held at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai 400 021	—

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

**Postal Ballot**

No postal ballot was undertaken during the Financial Year ended June 30, 2013.

**(e) Whistle Blower Policy**

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

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

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

The 'Worldwide Business Conduct Helpline' is accessible to all employees.

**(f) CEO/CFO Certification**

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

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

- Adoption of non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.
- There is no fixed tenure for Independent Directors. The Board of Directors ensures that the person being appointed as an Independent Director has the requisite qualifications and experience which would be of value to the Company.
- There are no audit qualifications in the Company's financial statements for the Financial Year under reference.
- No specific training program was arranged for the Board Members. However, at the Board Meetings, detailed presentations are made by senior managerial personnel on the business related matters.

- e. The Company has not adopted any mechanism for evaluating individual performance of Non-Executive Directors.
- f. Of the non-mandatory requirements, currently the Company has adopted the Whistle Blower Policy, as described above.

#### (h) Code of Conduct

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

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

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

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

### GENERAL SHAREHOLDER INFORMATION

#### I. Annual General Meeting

The 49<sup>th</sup> Annual General Meeting will be held on **Monday, December 9, 2013 at 3.30 p.m.** at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021.

#### II. Financial Calendar

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

#### III. Book Closure Dates: Monday, November 25, 2013 to Monday, December 9, 2013 (both days inclusive).

The said book closure is for payment of dividend.

#### IV. Dividend Payment Date: On or around December 18, 2013.

#### V. Listing of Equity Shares on Stock Exchange

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

#### VI. Stock Code

BSE Limited, Mumbai - Code : 500459

National Stock Exchange of India Ltd - Code : PGHH

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

#### VII. Stock Price Data

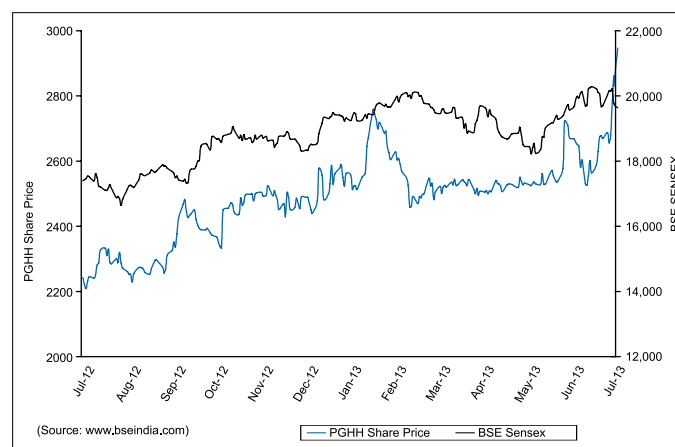
(₹)

MONTH	BSE Ltd		National Stock Exchange of India Ltd.	
	High	Low	High	Low
July – 2012	2,369.95	2,130.65	2,391.60	2,162.65
August – 2012	2,470.00	2,220.00	2,466.35	2,216.75
September – 2012	2,524.35	2,319.00	2,570.20	2,318.00
October – 2012	2,544.00	2,380.05	2,540.00	2,416.65
November – 2012	2,669.85	2,402.00	2,674.00	2,420.00
December – 2012	2,784.95	2,475.00	2,798.00	2,465.05
January – 2013	2,777.00	2,420.70	2,944.00	2,451.00
February – 2013	2,619.00	2,475.00	2,617.00	2,470.00
March – 2013	2,573.70	2,449.90	2,570.00	2,456.40
April – 2013	2,750.00	2,468.50	2,767.00	2,468.00
May – 2013	2,925.00	2,451.60	2,944.00	2,525.00
June – 2013	3,180.00	2,721.00	3,184.20	2,755.05

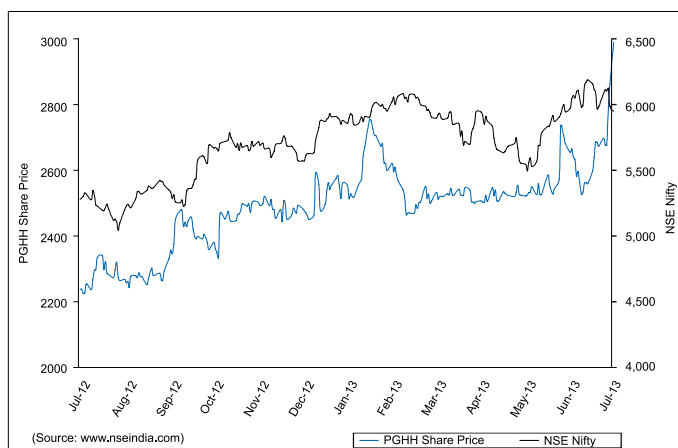
(Source: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com))

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

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



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



**IX. Registrar & Transfer Agents**

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

**X. Share Transfer System**

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

**XI. Distribution of shareholding by size class as on June 30, 2013**

Share holding	Shareholders		Shares	
	Number	% to Total	Number	% to Total
Upto 500	20,818	92.23	18,31,361	5.64
501 – 1000	983	4.35	6,90,028	2.13
1001 – 2000	453	2.01	6,24,466	1.92
2001 – 3000	108	0.48	2,63,582	0.81
3001 – 4000	52	0.23	1,84,765	0.57
4001 – 5000	35	0.16	1,59,222	0.49
5001 – 10000	52	0.23	3,49,452	1.08
10001 and above	72	0.32	2,83,57,860	87.36
<b>TOTAL</b>	<b>22,573</b>	<b>100.00</b>	<b>3,24,60,736</b>	<b>100.00</b>

**Distribution of shareholding by ownership as on June 30, 2013**

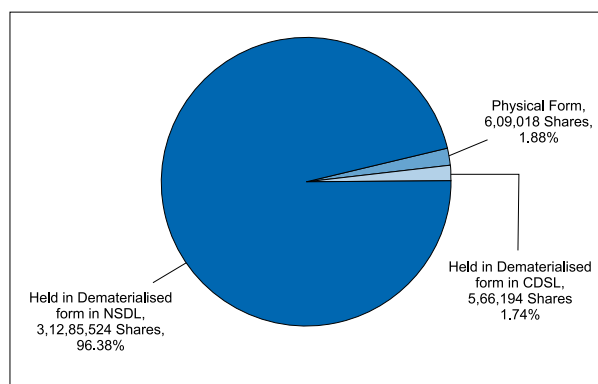
Category	Number of Shares held	% of Shares held
Foreign & Indian promoters	2,29,29,773	70.64
Resident Individuals and others	42,78,331	13.18
Mutual Funds & UTI	28,07,733	8.65
Financial Institutions/Banks	1,54,895	0.48
Insurance Companies	9,03,940	2.78
Foreign Institutional Investors	7,84,242	2.42
Private Corporate Bodies	4,68,202	1.44
NRIs	1,18,236	0.36
Directors and their relatives	15,384	0.05
<b>TOTAL</b>	<b>3,24,60,736</b>	<b>100.00</b>

**XII. Dematerialization of shares and liquidity**

The Company's shares are required to be compulsorily traded in the stock exchanges in dematerialised form. As on June 30, 2013, the number of shares in dematerialized and physical mode is as under:

Particulars	No. of shares	% to total capital issued
Held in dematerialised form in NSDL	3,12,85,524	96.38
Held in dematerialised form in CDSL	5,66,194	1.74
Held in Physical form	6,09,018	1.88
<b>TOTAL</b>	<b>3,24,60,736</b>	<b>100.00</b>

**Shares held in demat/physical form as on June 30, 2013**





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

**XIV. Unclaimed/Unpaid Dividends**

The amount of the unclaimed dividend for and upto the Financial Year ended June 30, 2005, has been transferred to the Investor Education and Protection Fund established by the Central Government. Pursuant to Section 205C of the Companies Act, 1956, those Members who have not claimed their dividend for the said periods shall not be entitled to claim the same either from the Company or from the said fund.

Final dividend for the Financial Year ended June 30, 2006 and for the subsequent years, which remain unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on the dates mentioned in the table below. Members who have not encashed their dividend warrants for these years are requested to seek issue of duplicate warrants on or before the due dates mentioned therein, by writing to the Company's RTA M/s Link Intime India Private Limited.

Dividend No.	Date of Declaration	For the Financial Year ended	Due for transfer to IEPF
53	06.10.2006	30.06.2006	11.11.2013
54	12.10.2007	30.06.2007	17.11.2014
55	10.10.2008	30.06.2008	15.11.2015
56	15.10.2009	30.06.2009	20.11.2016
57	08.10.2010	30.06.2010	13.11.2017
58	23.11.2011	30.06.2011	29.12.2018
59	06.12.2012	30.06.2012	11.01.2020

During the Financial year 2012-13, unclaimed final dividend amount for the year ended June 30, 2005 of ₹ 19,28,440/- was transferred to the Investor Education and Protection fund on January 29, 2013.

The Ministry of Corporate Affairs (MCA) had issued the Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 vide its Notification no.G. S. R. 352(E) dated May 10, 2012, pursuant to which the Company has filed the details of unpaid/unclaimed dividend as on date of previous Annual General Meeting, i.e., December 6, 2012 with MCA as required. The said details have also been posted on the website of the Company, viz., [www.pg.com/en\\_IN](http://www.pg.com/en_IN).

**XV. Plant Locations**

**Goa Plants:**

- (1) 173, 314, 315, Kundaim Industrial Estate, Kundaim, Goa - 403 115
- (2) Plot 2, GDDIDC Honda, Bhuipal, Sattari, Goa - 403 506

**Baddi Plants:**

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

**XVI. Address for Correspondence**

Company Secretary  
Procter & Gamble Hygiene and Health Care Limited,  
P&G Plaza, Cardinal Gracias Road,  
Chakala, Andheri (East), Mumbai 400 099.  
Tel: (91-22) 2826 6000, Fax: (91-22) 6693 9696.  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**XVII. Compliance Officer**

Ms. Preeti Bishnoi  
Company Secretary  
Ph: (91-22) 2826 6000; Fax (91-22) 28269696  
Email: [bishnoi.p@pg.com](mailto:bishnoi.p@pg.com)

**Declaration**

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, the Board Members have confirmed compliance with the Directors' Code of Conduct for the Financial Year ended June 30, 2013 and the Senior Management has complied with the Business Conduct Manual for the Financial Year ended June 30, 2013.

For Procter & Gamble Hygiene  
and Health Care Limited

Mumbai  
August 14, 2013

Shantanu Khosla  
Managing Director

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

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

We have examined the compliance of conditions of Corporate Governance by Procter & Gamble Hygiene and Health Care Limited (the "Company"), for the year ended on June 30, 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.

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

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

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

Mumbai,  
August 14, 2013

## INDEPENDENT AUDITORS' REPORT

To the Members of  
**Procter & Gamble Hygiene and Healthcare Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of **Procter & Gamble Hygiene and Healthcare 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.

### 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 14, 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 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, Income-tax, Sales Tax, 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.
- c. Details of dues of Sales Tax, Service Tax, 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)
Sales Tax Laws as per statutes applicable in various states	Sales Tax	Appellate Authority – upto Commissioners/ Revisional authorities level	1997-98 to 2001-02, 2003-04 to 2009-2010	1 020
		Appellate Authority – Tribunal	1996-97, 2001-02, 2005-06, 2006-07 and 2007-08	698
		High Court	1990-91 to 1997-98 and 2002-03	17
<b>Sub-total</b>				<b>1 735</b>
The Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal	2004-05 to 2008-09	10
<b>Sub-total</b>				<b>10</b>
Finance Act, 1994	Service Tax	Appellate Authority – upto Commissioners/ Revisional authorities level	2006-07 to 2011-12	1 155
<b>Sub-total</b>				<b>1 155</b>
Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010	Entry Tax	High Court	April 2011 to June 2013	215
West Bengal Entry Tax Act, 2012	Entry Tax	High Court	May 2013 - June 2013	7
Madhya Pradesh Prवेश Kar Adhinayam, 1976	Entry Tax	Supreme Court	June 2013	4
<b>Sub-total</b>				<b>226</b>

The above excludes disputed unpaid Excise demands of ₹ 205 lakhs and unpaid Service Tax demand of ₹ 2 lakhs raised by the authorities on third parties with whom the Company has business transactions/contractual obligations.

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

- (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)

Mumbai,  
August 14, 2013

**K. A. Katki**  
*Partner*  
(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
<b>EQUITY AND LIABILITIES</b>					
<i>Shareholders' funds</i>					
Share Capital	3	3 246		3 246	
Reserves and Surplus	4	77 286		66 458	
			<b>80 532</b>		69 704
<i>Non-current Liabilities</i>					
Other Long-Term Liabilities	6	36		36	
Long-Term Provisions	7	243		220	
			<b>279</b>		256
<i>Current Liabilities</i>					
Trade Payables	8	20 446		25 536	
Other Current Liabilities	9	8 570		5 401	
Short-Term Provisions	10	9 974		8 957	
			<b>38 990</b>		39 894
<b>TOTAL</b>			<b>1 19 801</b>		<b>1 09 854</b>
<b>ASSETS</b>					
<i>Non-current Assets</i>					
Fixed Assets	11				
Tangible Assets		21 487		19 839	
Capital work-in-progress		4 124		2 891	
Deferred Tax Assets (Net)	5	295		153	
Long-Term Loans and Advances	12	9 814		10 038	
Other Non-current Assets	13	11		4	
			<b>35 731</b>		32 925
<i>Current Assets</i>					
Inventories	14	11 890		9 227	
Trade Receivables	15	8 087		4 815	
Cash and Bank Balances	16	16 603		18 237	
Short-Term Loans and Advances	17	46 938		42 540	
Other Current Assets	18	552		2 110	
			<b>84 070</b>		76 929
<b>TOTAL</b>			<b>1 19 801</b>		<b>1 09 854</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

K. A. Katki

Partner

Mumbai

August 14, 2013

For and on behalf of Board of Directors

R. A. Shah

Chairman

P. Bishnoi

Company Secretary

S. Khosla

Managing Director

T. J. Buch

Chief Financial Officer

Directors

B. S. Mehta

A. K. Gupta

A. Vyas

## 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
<b>INCOME</b>			
Revenue from Operations (Gross)	19	1 69 858	1 30 384
Less: Excise Duty		1 180	643
Revenue from Operations (Net)		1 68 678	1 29 741
Other Income	20	6 696	5 092
<b>Total Revenue</b>		<b>1 75 374</b>	<b>1 34 833</b>
<b>EXPENSES</b>			
Cost of Raw and Packing Material Consumed	21a	49 410	39 589
Purchase of Stock-in-Trade	21b	24 379	14 506
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21c	(3 339)	(1 667)
Employee Benefits Expense	22	9 965	6 466
Finance Costs	23	1	3
Depreciation and Amortisation Expense	11	3 131	2 808
Other Expenses	24	63 207	50 826
<b>Total Expenses</b>		<b>1 46 754</b>	<b>1 12 531</b>
<b>Profit before Tax</b>		<b>28 620</b>	<b>22 302</b>
Tax Expense			
Current Tax Expense		8 440	5 896
Less: MAT Credit Entitlement		—	(1 289)
Deferred Tax (Credit) – (Net)		(142)	(434)
<b>Profit after Tax for the year</b>		<b>20 322</b>	<b>18 129</b>
<b>Earnings per Equity share (in ₹)</b>	43		
Basic and diluted earnings per share ₹		62.61	55.85
Face Value of Equity Share (in ₹)		10.00	10.00

See accompanying notes forming part of the financial statements

In terms of our report attached

**For DELOITTE HASKINS & SELLS**

*Chartered Accountants*

**K. A. Katki**

*Partner*

**Mumbai**

**August 14, 2013**

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

**R. A. Shah**

*Chairman*

**P. Bishnoi**

*Company Secretary*

**S. Khosla**

*Managing Director*

**T. J. Buch**

*Chief Financial Officer*

*Directors*

**B. S. Mehta**

**A. K. Gupta**

**A. Vyas**

## 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
<b>A. Cash Flow from Operating Activities</b>				
Profit Before Tax		28 620		22 302
Adjustments for:				
Depreciation and Amortisation Expense	3 131		2 808	
Interest income	(4 907)		(4 688)	
Finance costs	1		3	
Inventory written off (Net of Insurance claim)	327		373	
Deposits / advances written off	60		—	
Provision for employee benefits	760		437	
Provision for doubtful trade receivables	33		2	
Unrealised Foreign Exchange - Loss / (Gain) (Net)	(496)		363	
Loss on sale / discard of Fixed assets (Net)	579		36	
		(512)		(666)
Operating profit before working capital changes		28 108		21 636
Changes in working capital				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(2 990)		(3 066)	
Trade receivables	(2 899)		(1 954)	
Short-term loans and advances	1 577		(3 921)	
Long-term loans and advances	(1 453)		(766)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(4 676)		9 620	
Other current liabilities	(424)		1 811	
		(10 865)		1 724
<b>Cash generated from operations</b>		17 243		23 360
Direct taxes paid (Net)		(6 823)		(5 354)
<b>Net Cash generated from operating activities</b>		10 420		18 006
<b>B. Cash Flow from Investing Activities</b>				
Capital expenditure on Fixed assets, including capital advances	(3 776)		(5 448)	
Proceeds from sale of Fixed assets	53		51	
Interest received	6 458		4 005	
Loan to fellow subsidiaries received back / given (Net)	(5 975)		(3 255)	
Bank Balances not considered as cash and cash equivalents	33		2	
<b>Net Cash used in investing activities</b>		(3 207)		(4 645)

## 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
<b>C. Cash Flow from Financing Activities</b>				
Dividend paid	(7 304)		(7 304)	
Corporate Tax on Dividend paid	(1 185)		(1 185)	
Finance costs	(1)		(3)	
<b>Net Cash used in financing activities</b>		<b>(8 490)</b>		<b>(8 492)</b>
<b>Net (decrease) / increase in Cash and Cash Equivalents</b>		<b>(1 277)</b>		<b>4 869</b>
Cash and Cash Equivalents at the beginning of the year		<b>17 311</b>		<b>12 537</b>
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		<b>97</b>		<b>(95)</b>
<b>Cash and Cash Equivalents at the end of the year</b>		<b>16 131</b>		<b>17 311</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		<b>As at June 30, 2013</b>		<b>As at June 30, 2012</b>
		<b>₹ in Lakhs</b>		<b>₹ in Lakhs</b>
Cash and Bank Balances (Refer Note 16)		<b>16 603</b>		<b>18 237</b>
Less: Bank Balances not considered as cash and cash equivalents as defined in				
AS 3 – Cash Flow Statements		<b>(249)</b>		<b>(282)</b>
Temporary overdrawn book balances (Refer Note 9)		<b>(223)</b>		<b>(644)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>16 131</b>		<b>17 311</b>

Note:

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

See accompanying notes forming part of the financial statements

In terms of our report attached

**For DELOITTE HASKINS & SELLS**

*Chartered Accountants*

**K. A. Katki**

*Partner*

**Mumbai**

**August 14, 2013**

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

**R. A. Shah**

*Chairman*

**P. Bishnoi**

*Company Secretary*

**S. Khosla**

*Managing Director*

**T. J. Buch**

*Chief Financial Officer*

*Directors*

**B. S. Mehta**

**A. K. Gupta**

**A. Vyas**

## Notes forming part of the financial statements

### 1. CORPORATE INFORMATION

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

#### 2.02 Use of estimates

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

#### 2.03 Revenue Recognition

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

#### 2.04 Tangible fixed assets and depreciation / amortisation

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

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

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

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



## Notes forming part of the financial statements

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

### 2.05 Impairment of Assets

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

### 2.06 Inventories

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

### 2.07 Foreign Exchange Transactions

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

### 2.08 Employee benefits

#### (i) Post-employment Benefits

##### (a) Defined Contribution Plans:

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

- Provident Fund administered by the Regional Provident Fund Commissioner;
- Superannuation Fund as per Company policy administered by Company managed trust and
- State Defined Contribution Plans : Employer's Contribution to Employees' State Insurance.

##### (b) Defined Benefit Plans:

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

- Gratuity for all employees administered through trust.

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

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

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

- (ii) Liability for Compensated Absences and Leave Travel Allowance which are in the nature of short term benefits is provided for as per company rules on an accrual basis.
- (iii) Termination benefits and long service awards in terms of Company policy are recognized as an expense as and when incurred.
- (iv) The Actuarial gains and losses arising during the year are recognized in Statement of Profit and Loss for the year.

## Notes forming part of the financial statements

- (v) The Procter and Gamble Company, USA has an “International Stock Ownership Plan (ISOP)” (employee share purchase plan) whereby specified employees of its subsidiaries have been given a right to purchase shares of the Ultimate Holding Company i.e. The Procter and Gamble Company, USA. Every employee who opts for the scheme contributes by way of payroll deduction up to a specified percentage (upto 15%) of base salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee’s contribution (restricted to 2.5% of his base salary) and charged to Employee Benefit Expenses.
- (vi) The Procter & Gamble Company, USA has an “Employee Stock Option Plan (ESOP)” whereby specified employees covered by the plan are granted an option to purchase shares of the ultimate holding company i.e. The Procter & Gamble Company, USA at a fixed price (grant price) for a fixed period of time. The difference between the market price and grant price on the exercise of the stock options issued by the Ultimate Holding Company to the employees of the Company is charged in the year of exercise by the employees. Such costs are charged under Employee Benefit Expenses.

### **2.09 Research and Development**

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

### **2.10 Taxes on Income**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income - tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year). Provision for taxation for the Company’s financial year ended on June 30, 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 Income Tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liabilities and / or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future.

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

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

### **2.11 Borrowing cost**

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

### **2.12 Leases**

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

## Notes forming part of the financial statements

### 2.13 Provisions, Contingent Liabilities and Contingent Assets

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

### 2.14 Earnings Per Share

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

### 2.15 Insurance claims

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

## 3. Share Capital

	As at June 30, 2013		As at June 30, 2012	
	Number of Shares	Amount (₹ in Lakhs)	Number of Shares	Amount (₹ in Lakhs)
<b>Authorised</b>				
Equity shares of ₹10 each	<u>3 50 00 000</u>	<u>3 500</u>	<u>3 50 00 000</u>	<u>3 500</u>
<b>Issued, Subscribed and Paid up</b>				
Equity shares of ₹10 each fully paid	<u>3 24 60 736</u>	<u>3 246</u>	<u>3 24 60 736</u>	<u>3 246</u>
<b>Reconciliation of fully paid equity shares</b>				
Equity shares at the beginning of the year	<u>3 24 60 736</u>	<u>3 246</u>	<u>3 24 60 736</u>	<u>3 246</u>
Equity shares of ₹10 each issued during the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Equity shares at the end of the year	<u>3 24 60 736</u>	<u>3 246</u>	<u>3 24 60 736</u>	<u>3 246</u>

### Rights attached to Equity Shares

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

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

## Notes forming part of the financial statements

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

	As at June 30, 2013		As at June 30, 2012	
	Number of Shares	Amount (₹ in Lakhs)	Number of Shares	Amount (₹ in Lakhs)
<b>Ultimate Holding company</b>				
The Procter and Gamble Company, USA	—	—	—	—
<b>Holding company</b>				
Procter & Gamble Asia Holding BV	2 12 21 953	2 122	2 12 21 953	2 122
<b>Subsidiaries of the Ultimate Holding Company</b>				
Rosemount LLC	10 88 137	109	10 88 137	109
Temple Trees Impex & Investment Pvt. Ltd.	6 19 683	62	6 19 683	62

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

	As at June 30, 2013		As at June 30, 2012	
	Number of Shares	% holding	Number of Shares	% holding
Procter & Gamble Asia Holding BV	2 12 21 953	65.38%	2 12 21 953	65.38%
HDFC Trustee Company Limited	18 72 335	5.77%	17 56 261	5.41%

## 4. Reserves and Surplus

	As at June 30, 2013		As at June 30, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Securities Premium Account</b>				
Balance as per last balance sheet		7 519		7 519
<b>General Reserve</b>				
Balance as per last balance sheet	18 212		16 399	
Add: Transferred from Surplus in Statement of Profit and Loss	2 033		1 813	
		20 245		18 212
<b>Surplus in Statement of Profit and Loss</b>				
Balance as per last balance sheet	40 727		32 900	
Add: Profit after tax for the year	20 322		18 129	
Less:				
Proposed Dividend to Equity Shareholder at ₹ 25.00 per share (Previous year ₹ 22.50 per share)	(8 115)		(7 304)	
Corporate tax on proposed dividend	(1 379)		(1 185)	
Transfer to General Reserve	(2 033)		(1 813)	
Balance as at the year end		49 522		40 727
<b>Total Reserves and Surplus</b>		77 286		66 458

## 5. Deferred Tax Liabilities / (Assets)

	As at June 30, 2013		As at June 30, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Tax effect of items constituting deferred tax assets				
Excise and Sales Tax Provisions	615		483	
Payments made under Voluntary Retirement Scheme	146		53	
Disallowance of payments made U/s 43 B of the Income Tax Act, 1961	579		334	
Other timing differences	93		373	
		1 433		1 243
Tax effect of items constituting deferred tax liabilities				
On difference between Book and Tax Depreciation	1 138		1 090	
		1 138		1 090
<b>Net Deferred Tax Liabilities / (Assets)</b>		(295)		(153)

## Notes forming part of the financial statements

## 6. Other Long-Term Liabilities

	As at June 30, 2013 ₹ in Lakhs	As at June 30, 2012 ₹ in Lakhs
Trade / Security Deposits received	36	36
	<u>36</u>	<u>36</u>

## 7. Long-Term Provisions

	As at June 30, 2013 ₹ in Lakhs	As at June 30, 2012 ₹ in Lakhs
<b>Provision for employee benefits</b>		
Post Retirement Medical Benefit (Refer Note 26)	243	220
	<u>243</u>	<u>220</u>

## 8. Trade Payables

	As at June 30, 2013 ₹ in Lakhs	As at June 30, 2012 ₹ in Lakhs
Total Outstanding dues to Micro Enterprises & Small Enterprises (Refer Note 33)	1	—
Total Outstanding dues to trade payables other than Micro Enterprises & Small Enterprises	20 445	25 536
	<u>20 446</u>	<u>25 536</u>

## 9. Other Current Liabilities

	As at June 30, 2013 ₹ in Lakhs	As at June 30, 2012 ₹ in Lakhs
Gratuity (Refer Note 26)	1 114	389
Superannuation	22	23
Unclaimed/unpaid dividends*	141	141
Temporary overdrawn book balances	223	644
Other payables		
Payables on Purchase of Fixed Assets	3 639	771
Others Payables (Including Statutory remittances, Excise and Sales Tax Payable)	3 431	3 433
	<u>8 570</u>	<u>5 401</u>

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

## 10. Short-Term Provisions

	As at June 30, 2013 ₹ in Lakhs	As at June 30, 2012 ₹ in Lakhs
Provision for Employee benefits		
Compensated Absences	469	457
Post Retirement Medical Benefit (Refer Note 26)	11	11
Proposed Equity Dividend	8 115	7 304
Corporate Tax on Proposed Dividend	1 379	1 185
	<u>9 974</u>	<u>8 957</u>



Notes forming part of the financial statements

11. Tangible fixed assets and depreciation / amortisation

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 during the year ₹ in Lakhs	As at June 30, 2013 ₹ in Lakhs	As at July 1, 2012 (Refer Note 2 below) ₹ in Lakhs	For the Year ₹ in Lakhs	On Deletions/ Transfers ₹ in Lakhs	As at June 30, 2013 ₹ in Lakhs	As at June 30, 2013 ₹ in Lakhs
Land – Freehold (Refer Note 3 below)	677 (677)	—	—	677 (677)	—	—	—	—	677 (677)
Land – Leasehold	172 (172)	—	—	172 (172)	146 (144)	2 (2)	—	148 (146)	24 (26)
Buildings	9 608 (9 294)	541 (314)	17	10 132 (9 608)	2 595 (2 258)	316 (337)	8	2 903 (2 595)	7 229 (7 013)
Plant, Machinery and Equipment	19 958 (17 394)	4 091 (2 797)	2 065 (233)	21 984 (19 958)	9 523 (7 744)	2 396 (1 970)	1 474 (191)	10 445 (9 523)	11 539 (10 435)
Furniture and fixtures	795 (747)	317 (88)	13 (40)	1 099 (795)	281 (244)	63 (56)	7 (19)	337 (281)	762 (514)
Office equipment	2 126 (1 846)	257 (391)	161 (111)	2 222 (2 126)	1 245 (1 142)	208 (190)	135 (87)	1 318 (1 245)	904 (881)
Moulds and Dies	1 206 (1 100)	205 (106)	—	1 411 (1 206)	928 (679)	142 (249)	—	1 070 (928)	341 (278)
Vehicles – Forklifts	50 (60)	—	—	50 (50)	35 (41)	4 (4)	—	39 (35)	11 (15)
Total	34 592 (31 290)	5 411 (3 696)	2 256 (394)	37 747 (34 592)	14 753 (12 252)	3 131 (2 808)	1 624 (307)	16 260 (14 753)	21 487 (19 839)
					Capital work in progress				4 124 (2 891)
								Grand Total	25 611 (22 730)

Notes:

1. Figures in brackets pertains to previous year.
2. Opening accumulated depreciation includes impairment on Land-Leasehold ₹ 91 Lakhs; on Buildings ₹ 750 Lakhs; on Plant and Machinery ₹ 205 Lakhs and on Office Equipment ₹ 0.30 Lakhs in 2002-03.
3. Land - Freehold includes ₹ 667 Lakhs (Previous year ₹ 667 Lakhs) being the company's share (90%) of assets jointly owned with other parties.

## Notes forming part of the financial statements

## 12. Long-Term Loans and advances

## Unsecured, considered good unless otherwise stated

	As at June 30, 2013		As at June 30, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Security Deposits		210		221
Loans and advances to employees		5 206		3 835
Prepaid expenses		6		12
Advance income tax (Net of provisions ₹ 45 217 Lakhs (Previous Year ₹ 36 777 Lakhs))		3 406		3 704
MAT credit entitlement		—		1 319
Other loans and advances*		986		947
Doubtful loans and advances	1 169		1 036	
Less: Provisions for doubtful loans and advances	1 169		1 036	
		<u>9 814</u>		<u>10 038</u>

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

## 13. Other Non-Current Assets

	As at June 30, 2013		As at June 30, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Interest accrued on time deposits with bank		11		4
		<u>11</u>		<u>4</u>

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

	As at June 30, 2013		As at June 30, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Raw materials (Including goods-in-transit ₹ 213 Lakhs (Previous year ₹ 189 Lakhs))		1 698		2 434
Packing materials (Including goods-in-transit ₹ Nil (Previous year ₹ 60 Lakhs))		744		754
Work-in-progress				
Female Hygiene Products	165		201	
Formulation	82		72	
		<u>247</u>		<u>273</u>
Stock-in-trade (acquired for trading – including goods-in-transit ₹ 300 Lakhs (Previous year ₹ 55 Lakhs))		1 715		2 183
Finished goods (other than those acquired for trading)		6 394		2 561
Consumable Stores and Spares		1 092		1 022
		<u>11 890</u>		<u>9 227</u>

## 15. Trade Receivables – Unsecured

	As at June 30, 2013		As at June 30, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Trade receivable outstanding for a period exceeding six months from the date they were due for payment				
Considered good	111		251	
Considered doubtful	54		67	
		<u>165</u>		<u>318</u>
Other trade receivables – considered good		7 976		4 564
		<u>8 141</u>		<u>4 882</u>
Less: Provision for doubtful Trade receivables		54		67
		<u>8 087</u>		<u>4 815</u>

## Notes forming part of the financial statements

### 16. Cash and Bank Balances

	As at June 30, 2013		As at June 30, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Cash and Cash Equivalents				
Cash on hand		—		— □
Bank Balances				
In current accounts	977		1 065	
In EEFC accounts	75		339	
In deposit accounts	15 302		16 551	
		16 354		17 955
Other Bank Balances				
In earmarked accounts				
Unpaid dividend accounts	141		141	
Other earmarked accounts (deposits with sales tax authorities)	— #		— #	
Balances held as margin money or security against guarantees	108		106	
Bank Deposits having original maturity of more than 12 months	—		35	
		249		282
		16 603		18 237

□ ₹ 1 174  
# ₹ 45 000

### 17. Short-Term Loans and advances

#### Unsecured, considered good unless otherwise stated

	As at June 30, 2013		As at June 30, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Loans to related parties (Refer Note 38)	39 902		33 927	
Advances to related parties (Refer Note 38)	3 094		4 155	
Security Deposits	158		155	
Loans and advances to employees	669		1 132	
Prepaid Expenses	124		114	
Balance with government authorities				
VAT Credit receivable	— μ		— †	
CENVAT Credit Receivable	9		11	
Other loans and advances (Advances to vendors)	2 982		3 046	
	46 938		42 540	

μ ₹ 34 601  
† ₹ 39 459

### 18. Other Current Assets

	As at June 30, 2013		As at June 30, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Interest accrued on loan to related parties (Refer Note 38)	532		2 100	
Interest accrued on time deposits with bank	20		10	
	552		2 110	

## Notes forming part of the financial statements

## 19. Revenue from operations

	For the year ended June 30, 2013		For the year ended June 30, 2012	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Sale of products (Refer Note (i) below)</b>				
Manufactured products	1 35 097		1 09 402	
Traded products	34 569		20 711	
		<u>1 69 666</u>		<u>1 30 113</u>
<b>Other operating revenues</b>				
License fee	93		187	
Sale of scrap	99		84	
		<u>192</u>		<u>271</u>
Revenue from operations (Gross)		<u>1 69 858</u>		<u>1 30 384</u>
Less: Excise Duty		<u>1 180</u>		<u>643</u>
<b>Total</b>		<u><u>1 68 678</u></u>		<u><u>1 29 741</u></u>

## Note

(i) Sale of products comprises	For the year ended June 30, 2013	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2012
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Details of product sold</b>	<b>Manufactured</b>	<b>Traded</b>	<b>Manufactured</b>	<b>Traded</b>
Ointments and Creams	29 616	—	23 574	—
Cough Drops	20 419	—	18 038	—
Tablets	7 314	—	7 284	—
Personal Products, Toilet Preparations, etc.	77 748	34 569	60 506	20 711
	<u>1 35 097</u>	<u>34 569</u>	<u>1 09 402</u>	<u>20 711</u>

## 20. Other Income

	For the year ended June 30, 2013	For the year ended June 30, 2012
	₹ in Lakhs	₹ in Lakhs
Interest on fixed deposits with bank (gross) (tax deducted at source ₹ 107 Lakhs (Previous year : ₹ 85 Lakhs))	992	803
Interest on loan to related parties (gross) (Tax Deducted at Source ₹ 392 Lakhs (Previous year : ₹ 388 Lakhs)) (Refer Note 38)	3 915	3 885
Interest on loans given to Employees	184	133
Interest on Income Tax refund	1 221	—
Write-back of liabilities no longer required	301	149
Research and Development and other charges	18	43
Business process outsourcing income	26	23
Miscellaneous Income	39	56
	<u>6 696</u>	<u>5 092</u>

## Notes forming part of the financial statements

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

	For the year ended June 30, 2013 ₹ in Lakhs	For the year ended June 30, 2012 ₹ in Lakhs
Opening Stock	3 188	2 514
Add: Purchases	<u>48 664</u>	<u>40 263</u>
	51 852	42 777
Less: Closing Stock	<u>2 442</u>	<u>3 188</u>
	<u>49 410</u>	<u>39 589</u>

#### Material Consumed comprises of

	For the year ended June 30, 2013 ₹ in Lakhs	For the year ended June 30, 2012 ₹ in Lakhs
<b>Class of Goods</b>		
Pulp, Chemicals, waxes and oils	33 638	25 461
Sugar and liquid glucose	3 337	3 176
Foils	1 432	1 883
Containers, cartons, boxes etc.	<u>11 003</u>	<u>9 069</u>
	<u>49 410</u>	<u>39 589</u>

#### (b) Purchase of Stock-in-Trade

Personal Products, Toilet Preparations, etc.	<u>24 379</u>	<u>14 506</u>
	<u>24 379</u>	<u>14 506</u>

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

##### Inventories at the beginning of the year:

Finished goods (including excise duty ₹ 36 Lakhs (Previous year ₹ 22 Lakhs))	2 561	2 667
Work-in-process	273	163
Stock-in-trade	<u>2 183</u>	<u>520</u>
	5 017	3 350

##### Inventories at the end of the year:

Finished goods (including excise duty ₹ 141 Lakhs (Previous year ₹ 36 Lakhs))	6 394	2 561
Work-in-progress	247	273
Stock-in-trade	<u>1 715</u>	<u>2 183</u>
	8 356	5 017
<b>Net Increase</b>	<u>(3 339)</u>	<u>(1 667)</u>

### 22. Employee Benefit Expenses (Refer Note 36)

	For the year ended June 30, 2013 ₹ in Lakhs	For the year ended June 30, 2012 ₹ in Lakhs
Salaries and Wages	9 013	8 074
Contribution to provident and other funds (Refer Note 26)	1 752	1 414
Expense on Employee Stock Option (ISOP & ESOP) scheme (Refer Note 27)	1 427	542
Staff welfare expenses	1 508	833
Reimbursement of employee benefit expenses cross charged to related parties (Refer Note 35)	<u>(3 735)</u>	<u>(4 397)</u>
	<u>9 965</u>	<u>6 466</u>



## Notes forming part of the financial statements

## 23. Finance Costs

	For the year ended June 30, 2013 ₹ in Lakhs	For the year ended June 30, 2012 ₹ in Lakhs
Interest expenses on short term bank borrowings	<u>1</u>	<u>3</u>
	<u>1</u>	<u>3</u>

## 24. Other expenses

	For the year ended June 30, 2013 ₹ in Lakhs	For the year ended June 30, 2012 ₹ in Lakhs
Consumption of Stores and spare parts (Refer Note 28 (b))	759	616
Rent (Refer Note 34)	387	194
Increase of Excise Duty on inventory (Refer Note 41)	(105)	(14)
Processing charges	4 128	2 748
Power and fuel	1 389	984
Repairs and maintenance:		
Plant and machinery	586	387
Buildings	131	32
Others	206	129
Insurance	31	22
Turnover and Resale Tax	1 022	681
Rates and Taxes	13	20
Communications	331	482
Travelling, Conveyance and Vehicle expenses	1 201	1 243
Computer expenses	204	204
Freight, transport, warehousing and distribution charges	7 379	6 673
Trade Incentives	12 567	9 601
Advertising expenses	15 960	13 743
Distributor Coverage Expenses	2 494	1 874
Royalty	7 980	6 342
Business process outsourcing expenses	1 570	1 336
Legal and Professional services	2 352	1 915
Payments to auditors (Refer Note below)	96	90
Commission to directors	28	22
Trade Receivables written off	46	50
Less: Adjusted against Provision for earlier years	<u>(46)</u>	<u>(50)</u>
Provision for doubtful trade receivable	33	2
Inventory written off (Net of Insurance claims)	327	373
Deposits / advances written off	60	—
Exchange Loss (Net)	234	838
Loss on sale / discard of Fixed assets (Net)	579	36
Others	<u>3 342</u>	<u>1 822</u>
	<b>65 284</b>	<b>52 395</b>
Reimbursement of expenses cross charged to related parties (Refer Note 35)	<u>(2 077)</u>	<u>(1 569)</u>
	<b>63 207</b>	<b>50 826</b>

Note :

	For the year ended June 30, 2013 ₹ in Lakhs	For the year ended June 30, 2012 ₹ in Lakhs
Particulars	₹ in Lakhs	₹ in Lakhs
Payments to auditors comprise :		
(a) To Statutory Auditors		
For Audit	60	55
For Taxation Matters	15	17
Reimbursement of expenses	4	3
Service Tax	<u>10</u>	<u>9</u>
	<b>89</b>	<b>84</b>
(b) To Cost auditors for cost Audit	<u>7</u>	<u>6</u>
Total	<b>96</b>	<b>90</b>

## Notes forming part of the financial statements

### 25. (a) Contingent Liabilities :

- (i) In respect of Income Tax demands for which the company has preferred appeals with appropriate authorities - ₹ 2 836 Lakhs (Previous year : ₹ 2 855 Lakhs). The liability is mainly on account of various disallowances by the Income Tax authorities on which assessee has preferred an appeal. These are on account of various grounds - primarily on account of advertisement expenses, tax holiday, etc.
  - (ii) In respect of Sales Tax matters for which the company has preferred appeals with appropriate authorities - ₹ 1 910 Lakhs (Previous year : ₹ 2 266 Lakhs). The liability is in respect to matters related to non-submission of "C" Forms / "F" Forms ₹ 1 023 Lakhs (Previous year : ₹ 1 403 Lakhs), Incomplete accounts books ₹ 227 Lakhs (Previous year : ₹ 181 Lakhs), Classification issues ₹ 59 Lakhs (Previous year : ₹ 59 Lakhs), Product valuation issues ₹ 516 Lakhs (Previous year : ₹ 538 Lakhs), and other miscellaneous issues ₹ 85 Lakhs (Previous year : ₹ 85 Lakhs).
  - (iii) In respect of Excise and Service Tax matters for which the company has preferred appeals with appropriate authorities ₹ 1 262 Lakhs (Previous year : ₹ 108 Lakhs). The liability is in respect to: classification matters ₹ 9 Lakhs (Previous year : ₹ 9 Lakhs), valuation matters ₹ 95 Lakhs (Previous year : ₹ 95 Lakhs) and applicability of service tax matters ₹ 1 156 Lakhs (Previous year : ₹ 2 Lakhs) and others ₹ 2 Lakhs (Previous year : ₹ 2 Lakhs).
  - (iv) In respect of counter guarantees given to bank against guarantees given by bank : ₹ 3 371 Lakhs (Previous year : ₹ 4 484 Lakhs) At the request of the Company, its bankers have issued guarantees to third parties for performance obligation under various commercial agreements. The Company has issued counter guarantees to the banks in respect of these guarantees.
  - (v) In respect of other claims - ₹ 41 Lakhs (Previous Year : ₹ 77 Lakhs). The Company is a party to various legal proceedings in the normal course of business.
  - (vi) Custom duty liability for probable non fulfillment of export obligation ₹ Nil (Previous year ₹ 448 Lakhs).  
Future cash flow in respect of the above, if any, is determinable only on receipt of judgments / decisions pending with the relevant authorities. The Company does not expect the outcome of matters stated above to have a material adverse effect on the Company's financial condition, results of operations or cash flows.
- (b) Estimated amount of contracts remaining to be executed on capital account (net of advances) - ₹ 86 Lakhs (Previous year : ₹ 290 Lakhs).

### 26. Employee Benefits

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

#### I. Defined Contribution Plans

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

The Company has recognized the following amounts in 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 Provident Fund	721	660
– Employer's Contribution to Superannuation Fund	270	293
– Employer's Contribution to Employees' State Insurance	3	4

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

#### II. Defined Benefit Plans

- a. Gratuity Fund (Funded Scheme): Gratuity is payable to all eligible employees of the Company on superannuation, death, permanent disablement and resignation in terms of the provisions of the Payment of Gratuity Act, 1972 or Company's scheme whichever is more beneficial. Benefits would be paid at the time of separation based on the last drawn base salary.
- b. Post Retirement Medical Benefits (PRMB) (Non-funded Scheme): Under this scheme, employees get medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade at the time of retirement. Employees separated from the Company as part of early separation scheme are also covered under the scheme.

## Notes forming part of the financial statements

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

**(A) Changes in the Present Value of Obligation**

	Funded Scheme (₹ in Lakhs) Gratuity		Non-Funded Scheme (₹ in Lakhs) Post Retirement Medical Benefit	
	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
Present Value of Obligation as at opening date	3 061	2 752	231	217
Current Service Cost	278	155	7	6
Interest Cost	236	220	19	18
Actuarial (gain) / loss on Obligations	487	313	4	15
Benefits Paid	(576)	(379)	(7)	(25)
Present Value of Obligation as at closing date	3 486	3 061	254	231

**(B) Changes in the Fair Value of Plan Assets**

(For Funded Scheme)

Fair Value of Plan Assets as at opening date	2 672	2 769
Expected Return on Plan Assets	190	206
Actuarial Gains and (Losses)	86	76
Contributions	—	—
Benefits Paid	(576)	(379)
Fair Value of Plan Assets as at closing date	2 372	2 672

**(C) Amount recognized in the Balance Sheet**

Present Value of Obligation as at closing date	3 486	3 061	254	231
Fair Value of Plan Assets as at closing date	2 372	2 672	—	—
Liability/(Asset) recognized in the Balance Sheet	1 114	389	254	231
– Current Liability / (Asset) recognized in the Balance Sheet	1 114	389	11	11
– Non-current Liability / (Asset) recognized in the Balance Sheet	—	—	243	220

**(D) Expenses recognized in Statement of Profit and Loss**

Current Service Cost	278	155	7	6
Interest Cost	236	220	19	18
Expected Return on Plan Assets	(190)	(206)	—	—
Net actuarial (gain)/loss recognized in the year	401	237	4	15
Total Expenses recognized in Statement of Profit and Loss	725	406	30	39

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

## Notes forming part of the financial statements

### (E) Category of Plan Assets

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

Category	As at June 30, 2013	As at June 30, 2012
Public Sector Unit	37%	68%
Government of India Securities	10%	4%
State Government Securities	33%	19%
Special Deposit scheme	13%	6%
Private Sector Unit	7%	3%

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

Medical Inflation Rate	Current Service + Interest Cost		Present Value of Defined Benefit Obligation	
	For the year ended June 30, 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%)	31	7	293	262
Effect of 1% decrease (4.5%)	22	5	223	206

### (G) Actuarial Assumptions

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

	Funded Scheme Gratuity		Non-Funded Scheme Post Retirement Medical Benefit	
	For the year ended June 30, 2013	For the year ended June 30, 2012	For the year ended June 30, 2013	For the year ended June 30, 2012
Discount rate (per annum)	7.7%	8.5%	7.7%	8.5%
Average Salary increase rate	7.0%	7.0%	N/A	N/A
Rate of Return on Plan Assets (For funded scheme)	8.0%	8.0%	N/A	N/A
Medical Inflation Rate	N/A	N/A	5.5%	5.5%
Expected Retirement age of employees (years)	60	60	60	60

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

Age				
Upto 45 years	5%	5%	5%	5%
Above 45 years	3%	3%	3%	3%

Mortality rates considered are as per the published rates in Indian Assured Lives Mortality (2006-08) (Previous year : Life Insurance Corporation (1994-96) Mortality table).

## Notes forming part of the financial statements

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

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

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

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

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

The shares of The Procter & Gamble Company, USA are listed with New York Stock Exchange and are purchased on behalf of the employees at market price on the date of purchase. During the year ended June 30, 2013, 3 166.10 (Previous year: 4 517.96) shares were purchased by employees at weighted average fair value of ₹ 3 977.38 (Previous year ₹ 3 208.38) per share.

The Company’s contribution during the year on such purchase of shares amounting to ₹ 50 Lakhs (Previous year ₹ 42 Lakhs) has been charged under Employee Benefit Expenses.

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

The Procter and Gamble Company, USA has an “Employee Stock Option Plan” whereby specified employees of its subsidiaries covered by the plan are granted an option to purchase shares of the Ultimate Holding Company i.e. The Procter and Gamble Company, USA at a fixed price (grant price) for a fixed year of time. The shares of The Procter & Gamble Company, USA are listed with New York Stock Exchange. The Options Exercise price equal to the market price of the underlying shares on the date of the grant. The Grants issued are vested after 3 years and have a 5/10 years life cycle.

## Notes forming part of the financial statements

Stock compensation expense of ₹ 1 377 Lakhs (Previous years ₹ 500 Lakhs) has been charged under Employee Benefit Expenses.

Fair Value of shares at Grant date	<b>14-Sep-12</b>	<b>\$ 69.16</b>
	<b>28-Feb-13</b>	<b>\$ 76.18</b>
	15-Sep-11	\$ 62.78
	29-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	1 95 835	1 62 976	61.25	63.57	5.92	6.60
Granted during the year						
<b>14-Sep-12</b>	2 197	—	69.16	—	10.00	—
<b>28-Feb-13</b>	3 195	—	76.18	—	5.00	—
<b>28-Feb-13</b>	9 796	—	76.18	—	10.00	—
15-Sep-11	—	2 936	—	62.78	—	10.00
29-Feb-12	—	2 575	—	67.52	—	5.00
29-Feb-12	—	15 736	—	67.52	—	10.00
Forfeited during the year	(9 222)	(200)	—	—	—	—
Transferred/Adjustments during the year	87 009	13 892	—	—	—	—
Exercised during the year	(17 387)	(2 080)	73.80	67.13	—	—
Expired during the year	—	—	—	—	—	—
Outstanding at the end of the year	2 71 423	1 95 835	76.99	61.25	4.90	5.92
Exercisable at the end of the year	79 011	1 16 099	76.99	61.25	4.22	4.90

### 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	34 965	70.8	24 172	61.1
Imported at landed cost	14 445	29.2	15 417	38.9
	<u>49 410</u>	<u>100.0</u>	<u>39 589</u>	<u>100.0</u>
(b) Stores and spare parts:				
Indigenously obtained	521	68.6	371	60.3
Imported at landed cost	238	31.4	245	39.7
	<u>759</u>	<u>100.0</u>	<u>616</u>	<u>100.0</u>



## Notes forming part of the financial statements

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

	For the year ended June 30, 2013 ₹ in Lakhs	For the year ended June 30, 2012 ₹ in Lakhs
Raw and Packing Material	14 685	12 972
Spare parts	351	429
Capital goods	1 552	2 726
	<u>16 588</u>	<u>16 127</u>

## 30. Expenditure in foreign currency:

	For the year ended June 30, 2013 ₹ in Lakhs	For the year ended June 30, 2012 ₹ in Lakhs
Travelling expenses	699	597
Legal and Professional Services	50	— ‡
Computer expenses	166	169
Business Process outsourcing expenses	1 469	1 098
Expenses cross charged to related parties	497	219
Relocation expenses	1 395	1 284
Advertising expenses	283	40
Other matters	—	15
	<u>4 559</u>	<u>3 422</u>

‡ ₹ 16 427

## 31. Earnings in foreign exchange:

	For the year ended June 30, 2013 ₹ in Lakhs	For the year ended June 30, 2012 ₹ in Lakhs
Business process outsourcing income	26	23
Research & Development and other cross recovery	18	43
Exports of goods calculated on F.O.B. basis (excludes Rupee exports to Nepal and Bhutan ₹ 595 Lakhs (Previous year ₹ 571 Lakhs))	1 741	756
Others (freight, insurance etc)	89	22
	<u>1 874</u>	<u>844</u>

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

	For the year ended June 30, 2013	For the year ended June 30, 2012
Number of non-resident shareholders	477	481
Number of equity shares on which dividend were paid	2 33 04 375	2 33 50 677
Dividend remitted-net of tax-in respect of year ended :		
June 30, 2012 Final (₹ in Lakhs)	5 243	—
June 30, 2011 Final (₹ in Lakhs)	—	5 254

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

## Notes forming part of the financial statements

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

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

The above information regarding Micro, 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. Leases can be terminated with a prior notice as per terms and conditions of the respective lease agreements with the lessor. Lease payments amounting to ₹ 703 Lakhs (Previous Year : ₹ 445 Lakhs) have been charged to the Statement of Profit and Loss for the year.

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

	As at June 30, 2013 ₹ in Lakhs	As at June 30, 2012 ₹ in Lakhs
Within one year	240	99
After one year but not more than five years	168	30
More than five years	—	—
	<u>408</u>	<u>129</u>

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

36. Employee Benefit Expenses includes expenses in respect of Managerial personnel of ₹ 574 Lakhs (Previous Year : ₹ 420 Lakhs) cross charged to Gillette India Limited and Procter and Gamble Home Products Limited in terms of the common service agreement (Refer Note 35).

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

## Notes forming part of the financial statements

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

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

#### a. Amounts receivable in foreign currency

	As at June 30, 2013			As at June 30, 2012		
	₹ in Lakhs	Currency	In Foreign currency	₹ in Lakhs	Currency	In Foreign currency
Export of goods	262	USD	4 36 954	218	USD	3 84 552
Other Receivable	106	USD	1 77 228	185	USD	3 26 887
	—	EUR	—	5	EUR	7 174
	—	THB	—	—	₹ THB	17 797
₹ ₹ 31 475						

#### b. Amounts payable in foreign currency

Import of goods and services	1 461	USD	24 40 681	2 330	USD	41 17 443
	322	EUR	4 11 744	20	EUR	27 768
	161	SGD	3 39 615	442	SGD	9 93 923
	20	AUD	35 533	—	AUD	—
Other payables	2 850	USD	47 59 704	1 276	USD	22 53 326
	175	EUR	2 24 165	187	EUR	2 62 302
	140	KRW	26 81 05 380	114	KRW	23 16 48 470
	55	JPY	91 39 845	1 853	JPY	25 96 63 839
	4	HUF	16 18 121	—	HUF	—
	—	SGD	—	11	SGD	24 142
	—	CNY	—	91	CNY	10 25 979

### 38. Related Party Disclosures:

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

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

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

The Procter and Gamble Company, USA - Ultimate Holding Company

Procter and Gamble Asia Holding BV - Holding Company

**Notes forming part of the financial statements**

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

(i) Fellow Subsidiaries:

Fameccanica Machinery Co.	Procter & Gamble Distributing (Philippines), Inc.	The Procter & Gamble US Business Services Company
Fameccanica.Data S.P.A.	Procter & Gamble Europe Sa Singapore Br.	Procter & Gamble (Guangzhou) Consumer Products Co., Ltd.
Gillette Diversified Operations Pvt. Ltd.	Procter & Gamble Gulf Fze	Procter & Gamble Technical Centers Ltd.
PT Procter & Gamble Home Products Indonesia	Procter & Gamble Home Products Ltd.	Procter & Gamble Trading (Thailand) Ltd.
PT Procter & Gamble Operations Indonesia	Procter & Gamble Hong Kong Ltd.	Procter & Gamble Tuketim Mallari Sanayi A.S.
P&G Innovation Godo Kaisha	Procter & Gamble Indochina Company Ltd.	Procter & Gamble UK
Procter & Gamble Kabushiki Kaisha	Procter & Gamble International Operations Pte. Ltd.	Hyginett KFT
P&G Northeast Asia Pte. Ltd. - Japan Br.	Procter & Gamble International Operations SA	Gillette India Ltd.
Procter & Gamble Services Company NV	Procter & Gamble International Operations SA Singapore Br.	The Gillette Company
Procter & Gamble (Guangzhou) Ltd.	Procter & Gamble International Operations SA-ROHQ	The Procter & Gamble Company
Procter & Gamble (Singapore) Pte. Ltd.	Procter & Gamble Korea, Inc.	The Procter & Gamble Distributing LLC
Procter & Gamble Australia Pty. Ltd.	Procter & Gamble Manufacturing (Thailand) Ltd.	Procter & Gamble Nigeria Ltd.
Procter & Gamble Bangladesh Pvt. Ltd.	Procter & Gamble Manufacturing GmbH	Wella India Hair Cosmetics Pvt. Ltd.

(ii) Key Managerial Personnel of the Company

Mr. Shantanu Khosla (Managing Director)	No. of shares held 67 (Previous year : 67)
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Note : Related parties have been identified by the management

**(c) Transactions during the year**

(Amount in ₹ in Lakhs)

Nature of transactions		Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
<b>Sale of Products</b>					
Procter & Gamble International Operations SA Singapore Br.	2012-2013	—	1 078	—	1 078
Procter & Gamble Bangladesh Private Limited	2012-2013	—	358	—	358
Procter & Gamble International Operations Pte. Ltd.	2012-2013	—	317	—	317
Others	2012-2013	—	77	—	77
Procter & Gamble International Operations SA Singapore Br.	2011-2012	—	355	—	355
Procter & Gamble Bangladesh Private Limited	2011-2012	—	256	—	256
Procter & Gamble International Operations Pte. Ltd.	2011-2012	—	97	—	97
Procter & Gamble Home Products Ltd	2011-2012	—	71	—	71

## Notes forming part of the financial statements

(Amount in ₹ in Lakhs)					
Nature of transactions		Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
<b>Sale of Assets / Spares</b>					
Procter & Gamble Nigeria Limited	2012-2013	—	7	—	7
Procter & Gamble Home Products Limited	2012-2013	—	5	—	5
Procter & Gamble Home Products Limited	2011-2012	—	49	—	49
<b>Recovery of expenses cross charged</b>					
Procter & Gamble Home Products Ltd	2012-2013	—	5 460	—	5 460
Gillette India Ltd	2012-2013	—	2 057	—	2 057
Others	2012-2013	61	356	—	417
Procter & Gamble Home Products Ltd	2011-2012	—	5 095	—	5 095
Gillette India Ltd	2011-2012	—	2 322	—	2 322
Others	2011-2012	113	369	—	482
<b>Business Process Outsourcing income</b>					
Procter & Gamble Europe SA Singapore Br.	2012-2013	—	26	—	26
Procter & Gamble Europe SA Singapore Br.	2011-2012	—	23	—	23
<b>Retirals and other reimbursements</b>					
The Procter & Gamble Company	2011-2012	15	—	—	15
Procter & Gamble (Guangzhou) Ltd.	2011-2012	—	14	—	14
Procter & Gamble Home Products Limited	2011-2012	—	50	—	50
Procter & Gamble International Operations SA Singapore Br.	2011-2012	—	19	—	19
Others	2011-2012	—	27	—	27
<b>Reimbursement from related parties for expenses shared</b>					
Procter & Gamble Home Products Ltd	2012-2013	—	5 016	—	5 016
Gillette India Limited	2012-2013	—	796	—	796
Procter & Gamble Home Products Ltd	2011-2012	—	7 283	—	7 283
Gillette India Limited	2011-2012	—	2 225	—	2 225
<b>Interest Income</b>					
Procter & Gamble Home Products Ltd	2012-2013	—	3 915	—	3 915
Others	2012-2013	—	—	5	5
Procter & Gamble Home Products Ltd	2011-2012	—	3 885	—	3 885
Others	2011-2012	—	—	5	5

Notes forming part of the financial statements

(Amount in ₹ in Lakhs)

Nature of transactions		Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
<b>Purchases of Goods</b>					
Procter & Gamble Home Products Ltd	2012-2013	—	20 062	—	20 062
Others	2012-2013	—	2 513	—	2 513
Procter & Gamble Home Products Ltd	2011-2012	—	12 465	—	12 465
Procter & Gamble International Operations SA Singapore Br.	2011-2012	—	2 123	—	2 123
Others	2011-2012	—	509	—	509
<b>Royalty</b>					
The Procter & Gamble Company, USA	2012-2013	7 102	—	—	7 102
The Procter & Gamble Company, USA	2011-2012	5 698	—	—	5 698
<b>Purchase of Assets / Spares</b>					
Fameccanica Data S.P.A.	2012-2013	—	391	—	391
The Procter & Gamble Distributing LLC	2012-2013	—	377	—	377
Procter & Gamble Kabushiki Kaisha	2012-2013	—	140	—	140
Others	2012-2013	—	181	—	181
Procter & Gamble Kabushiki Kaisha	2011-2012	—	1 773	—	1 773
Others	2011-2012	—	553	—	553
<b>Business Process Outsourcing expenses</b>					
Procter & Gamble Europe SA Singapore Br.	2012-2013	—	1 165	—	1 165
Procter & Gamble International Operations SA-ROHQ	2012-2013	—	304	—	304
Procter & Gamble Europe SA Singapore Br.	2011-2012	—	807	—	807
Procter & Gamble International Operations SA-ROHQ	2011-2012	—	291	—	291
Others	2011-2012	—	58	—	58
<b>Expenses cross charged</b>					
Procter & Gamble Home Products Ltd	2012-2013	—	4 139	—	4 139
Gillette India Limited	2012-2013	—	2 225	—	2 225
Others	2012-2013	109	388	—	497
Procter & Gamble Home Products Ltd	2011-2012	—	3 420	—	3 420
Gillette India Limited	2011-2012	—	2 087	—	2 087
Others	2011-2012	70	149	—	219
<b>Reimbursement of expenses cross charged to related parties</b>					
Procter & Gamble Home Products Ltd	2011-2012	—	2 559	—	2 559
Gillette India Limited	2011-2012	—	983	—	983



## Notes forming part of the financial statements

(Amount in ₹ in Lakhs)

Nature of transactions		Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
<b>Computer expenses</b>					
Procter & Gamble US Business Services Co.	2012-2013	—	164	—	164
Procter & Gamble US Business Services Co.	2011-2012	—	160	—	160
<b>Remuneration</b>					
Mr. S. Khosla	2012-2013	—	—	730	730
Mr. S. Khosla	2011-2012	—	—	521	521
<b>Loans</b>					
<b>Loans Given</b>					
Procter & Gamble Home Products Ltd	2012-2013	—	4 375	—	4 375
Wella India Hair Cosmetics Pvt. Ltd.	2012-2013	—	1 600	—	1 600
Procter & Gamble Home Products Ltd	2011-2012	—	3 256	—	3 256
Mr. S. Khosla	2011-2012	—	—	47	47
<b>Loans Repaid</b>					
Mr. S. Khosla	2012-2013	—	—	5	5
Mr. S. Khosla	2011-2012	—	—	4	4
<b>Dividend Remitted / Paid</b>					
Procter & Gamble Asia Holding BV	2012-2013	4 775	—	—	4 775
Others	2012-2013	—	384	—	384
Procter & Gamble Asia Holding BV	2011-2012	4 775	—	—	4 775
Others	2011-2012	—	384	—	384
₹ 1 508					

## (d) Outstanding

(Amount in ₹ in Lakhs)

Nature of balance	As at	Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
<b>Trade Payables</b>					
Procter & Gamble Home Products Ltd	30-Jun-13	—	2 945	—	2 945
The Procter & Gamble Distributing LLC	30-Jun-13	—	1 688	—	1 688
The P&G Company, USA	30-Jun-13	1 655	—	—	1 655
Others	30-Jun-13	—	2 593	—	2 593
The P&G Company, USA	30-Jun-12	2 526	—	—	2 526
Procter & Gamble Home Products Ltd	30-Jun-12	—	7 004	—	7 004
Gillette India Limited	30-Jun-12	—	1 630	—	1 630
Procter & Gamble Kabushiki Kaisha	30-Jun-12	—	1 789	—	1 789
Others	30-Jun-12	—	1 421	—	1 421

Notes forming part of the financial statements

(Amount in ₹ in Lakhs)

Nature of balance	As at	Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
<b>Trade Receivables</b>					
Procter & Gamble International Operations SA Singapore Br.	30-Jun-13	—	184	—	184
Procter & Gamble International Operations Pte. Ltd	30-Jun-13	—	78	—	78
Procter & Gamble International Operations SA Singapore Br.	30-Jun-12	—	116	—	116
Procter & Gamble Bangladesh Private Limited	30-Jun-12	—	101	—	101
Procter & Gamble Home Products Ltd	30-Jun-12	—	33	—	33
<b>Short-term Loans and advances</b>					
Procter & Gamble Home Products Ltd	30-Jun-13	—	2 151	—	2 151
Gillette India Limited	30-Jun-13	—	798	—	798
Others	30-Jun-13	20	125	—	145
Procter & Gamble Home Products Ltd	30-Jun-12	—	2 966	—	2 966
Gillette India Limited	30-Jun-12	—	1 047	—	1 047
Others	30-Jun-12	—	142	—	142
<b>Interest accrued</b>					
Procter & Gamble Home Products Ltd	30-Jun-13	—	526	—	526
Others	30-Jun-13	—	6	—	6
Procter & Gamble Home Products Ltd	30-Jun-12	—	2 100	—	2 100
<b>Loans</b>					
Procter & Gamble Home Products Ltd	30-Jun-13	—	38 302	—	38 302
Mr. S. Khosla	30-Jun-13	—	—	38	38
Others	30-Jun-13	—	1 600	—	1 600
Procter & Gamble Home Products Ltd	30-Jun-12	—	33 927	—	33 927
Mr. S. Khosla	30-Jun-12	—	—	43	43

39. The Managing Director of the Company Mr. Shantanu Khosla, was re-appointed as the Managing Director of the Company on completion of his five year term, for a period of five years with effect from June 1, 2012 by the Board of Directors of the Company at their meeting held on April 30, 2012, which was subject to the approval of the Members at the 48<sup>th</sup> Annual General Meeting of the Company.

## Notes forming part of the financial statements

The Members of the Company at their 48<sup>th</sup> Annual General Meeting held on December 6, 2012 have approved the said re-appointment of Mr. Khosla as the Managing Director of the Company with effect from June 1, 2012 for a period of five years on such terms and conditions as the Board may consider appropriate, provided, that the terms of remuneration of Mr. Khosla shall not exceed the ceilings as set out in schedule XIII of the Companies Act, 1956 as amended from time to time and such other guidelines as may be issued hereafter in this behalf.

Further, the members at the said meeting also ratified the remuneration paid to Mr. Khosla in respect of the previous year subsequent to the date of his re-appointment on June 1, 2012 amounting to ₹ 33 Lakhs.

40. The Company operates in a single reportable business segment i.e. Manufacturing and Marketing of Health and Hygiene Products and one reportable Geographical segment i.e. within India.
41. Excise duty deducted from turnover represents amount of excise duty collected by the company on sale of goods. Excise duty shown under note 24 - Operating and other expenses represents difference in amount of excise duty on closing stock and opening stock of finished goods.
42. No borrowing costs were capitalised during the year.
43. Earnings per share (EPS)

	<b>For the year ended June 30, 2013</b>	For the year ended June 30, 2012
Calculation of Basic and diluted earnings per share (₹)		
Profit after Tax for the year (₹ in Lakhs)	<b>20 322</b>	18 129
Weighted average number of equity shares outstanding for Basic / Diluted EPS (Nos)	<b>3 24 60 736</b>	3 24 60 736
Nominal value of equity per share (₹)	<b>10</b>	10
Basic / Diluted / Earnings per share (₹)	<b>62.61</b>	55.85

44. Salaries and Wages includes ₹ 463 Lakhs (Previous year: ₹ Nil) towards expenditure on Voluntary Retirement Scheme.
45. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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### For and on behalf of Board of Directors

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

**P. Bishnoi**  
*Company Secretary*

**Mumbai**  
**August 14, 2013**

**S. Khosla**  
*Managing Director*

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

*Directors*  
**B. S. Mehta**  
**A. K. Gupta**  
**A. Vyas**

## TEN YEAR FINANCIAL HIGHLIGHTS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>YEAR END FINANCIAL POSITION (₹ Crores)</b>										
Gross Fixed Assets	170.9	178.8	127.0	163.6	203.1	221.8	243.0	312.9	345.9	<b>377.5</b>
Net Fixed Assets	80.2	79.1	65.4	94.0	123.1	132.3	130.3	190.4	198.4	<b>214.9</b>
Net Worth	249.1	225.7	272.7	291.2	346.6	440.0	534.6	600.6	697.0	<b>805.3</b>
<b>SUMMARY OF OPERATIONS (₹ Crores)</b>										
Gross Sales	616.0	738.1	596.8	553.0	652.6	773.0	913.5	1037.0	1301.1	<b>1698.6</b>
Profit before Tax	127.2	177.8	193.3	145.5	180.6	231.7	233.6	178.7	223.0	<b>286.2</b>
Profit after Tax	92.1	124.6	139.5	89.8	131.4	178.8	179.8	150.9	181.3	<b>203.2</b>
Dividend	64.9	129.8	81.2	64.9	64.9	73.0	73.0	73.0	73.0	<b>81.2</b>
<b>PER SHARE DATA</b>										
EPS (₹)	28.39	38.39	42.98	27.67	40.48	55.10	55.38	46.48	55.85	<b>62.61</b>
Dividend (%)	200	400++	250	200	200	225	225	225	225	<b>250</b>
<b>NUMBER OF SHARES</b>										
Shares (Lakhs)	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61	<b>324.61</b>
<b>NUMBER OF EMPLOYEES</b>										
Employees	345	368	251	273	250	282	324	370	394	<b>408</b>

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

# PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED

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

## ATTENDANCE SLIP

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

I hereby record my presence at the Forty-Ninth (49<sup>th</sup>) ANNUAL GENERAL MEETING of the Members of the Company at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai 400 021 on Monday, December 9, 2013 at 3.30 p.m.

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

Member's Folio No. ....

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

No. of Shares held.....

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

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

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

CUT HERE

# PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED

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

## PROXY FORM

Folio No.....

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

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

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

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

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

in the district of..... as my/our proxy to attend and vote for me/us, on my/our behalf at the Forty-Ninth (49<sup>th</sup>) ANNUAL GENERAL MEETING of the Members of the Company to be held on Monday, December 9, 2013 at 3.30 p.m. at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai 400 021 and at any adjournment thereof.

Signed this .....day of..... 2013

Signature(s).....

(affix ₹ 1.00 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.



## 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**

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

Registered Office :

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

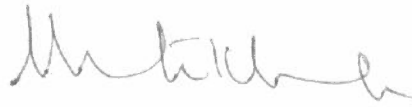



Tel : (91-22) 2826 6000 Fax : (91-22) 6693 9698.



Procter & Gamble Hygiene  
and Health Care Limited  
Registered Office  
P&G Plaza  
Cardinal Gracias Road, Chakala  
Andheri (E), Mumbai 400 099  
(91-22) 2826 6000 phone  
(91-22) 6693 9696 fax  
www.pg.com

### FORM A

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

1.	Name of the Company	Procter and Gamble Hygiene and Health Care Limited
2.	Annual financial statements for the year ended	June 30, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not applicable
5.	To be signed by-	
	Mr. S. Khosla Managing Director	
	Mr. Tapan Buch Chief Financial Officer	
	Mr. R. A. Shah Audit Committee Chairman	
	Auditor of the Company	Refer our Audit Report dated August 14, 2013 on the Financial Statements of Procter and Gamble Hygiene and Health Care Limited.  For <b>DELOITTE HASKINS &amp; SELLS</b> Chartered Accountants (Firm Registration No. 117366W)   (K. A. Katki) (Partner) (Membership No. 038568) Mumbai, October 24 <sup>th</sup> , 2013.

