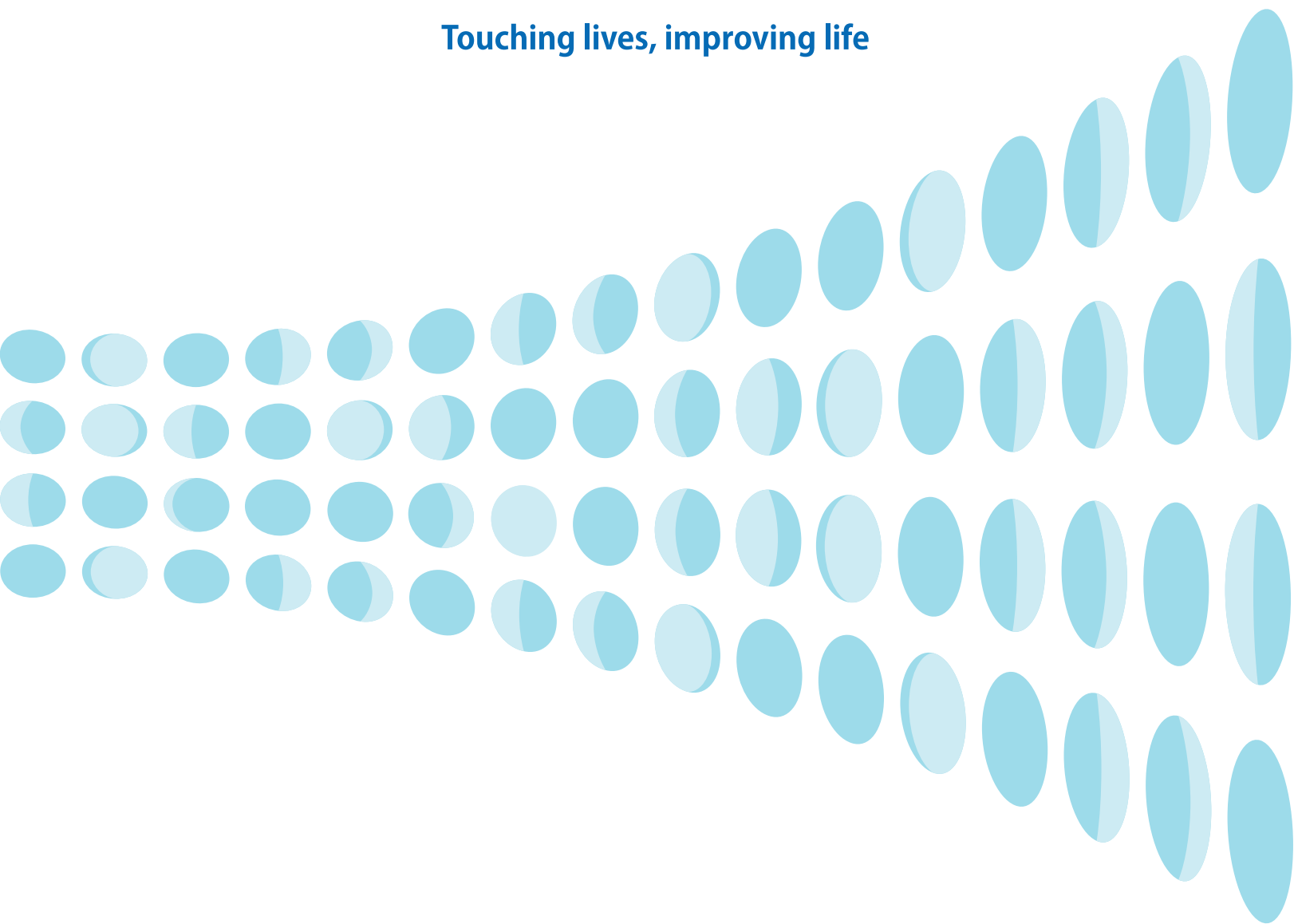


Procter & Gamble Hygiene and Health Care Limited



Touching lives, improving life



ANNUAL REPORT 2011-12

BOARD OF DIRECTORS

Mr. R. A. Shah
Chairman

Mr. S. Khosla
Managing Director

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

.....
Mr. S. Harlalka
(Company Secretary)

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Dear Shareholders,

I am pleased to share with you the business results delivered by your Company in the Financial Year 2011-12, that stand as a testimony to your Company's purpose driven growth strategy and its commitment to touch and improve the lives of consumers in more parts of India, more completely. These results stand within the context of a robust Indian economy with a growing consumer goods category which is also becoming increasingly competitive.

The Financial Year 2011-12 was another good year for your Company, with growth in topline, a healthy margin and cash position. The Company continues to be a market leader and a front runner in innovation. I take great pride to announce that your Company achieved robust sales at ₹ 1301 cr higher by 25% versus sales in the previous Financial Year. This growth was seen across both the Health Care and the Feminine Hygiene

categories, with *Vicks* and *Whisper* delivering accelerated sales momentum and grew market share, driven by strategic cost optimization measures. This has enabled the Board of Directors to recommend a dividend of ₹ 22.50 per Share for all the Shareholders this Financial Year.

Your Company has made investments towards high levels of promotional & marketing initiatives amidst new category entrants that enable our products to reach more consumers across economic segments. These strategic investments to drive sales growth and trial for our brands, are in line with our purpose inspired growth strategy to drive long-term value for the Company by expanding the categories in which we operate.

The Health Care business further strengthened *Vicks* equity as one of the most trusted Brand in India driven by the launch of *Vicks VapoCool*, a premium throat drop with the dual-benefit of soothing the throat and giving relief from blocked nose. The Feminine Care business also continued to drive its purpose of empowering women with better health and hygiene, by focusing on busting the barriers of affordability and awareness, towards adoption of sanitary napkins. Your Company's "*Parivartan*" program reached a total of 2.5 million menstruating girls across 15,000 private and government schools. *Vicks* and *Whisper* continue to be the market leaders in their respective categories.

As a Company, we continue to remain committed to our purpose of touching and improving the lives of consumers, in more parts of India and more completely. Inspired by this purpose, our signature social responsibility program in India – *Shiksha* – has empowered over 385,000 lesser-privileged children with access to good quality education through 200 schools across the length & breadth of the Country. This Financial Year was marked by heightened support from our consumers as well as partners such as, NGO's, Retailers, Media and other Stakeholders – thus enabling us to take India one step closer to 100% *Shiksha*. Our efforts towards environmental sustainability were strengthened with our Registered Office in Mumbai reducing its annual energy consumption by over 27% over the last 9 years, saving over 1,700 gigajoules of energy.

I wish to re-affirm our commitment to innovation and purpose-inspired growth, which will continue to be at the heart of everything we do – be it in our products or in our communication strategies. I would also like to attribute our success over the past years to our employees who have demonstrated their ability to embrace change and proactively influence the course of our business. Lastly I would like to thank all the Stakeholders for their resolute trust in the Company and look forward to their continued support and participation in the growth of the Company.

Mumbai
August 23, 2012

A handwritten signature in black ink, appearing to read "R.A. Shah".

R.A. Shah
Chairman



REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 48th Annual Report and the Audited Accounts of the Company for the Financial Year ended June 30, 2012.

FINANCIAL RESULTS

(Figures in ₹ crores)

	2011/12	2010/11
Sales including Excise	1301	1037
Net Sales (less excise duty)	1295	1000
Profit before tax	223	177
Profit after tax	181	151
Proposed Dividend plus tax thereon	85	85
Transfer to General Reserve	18	15
Balance carried forward	407	329

BUSINESS ENVIRONMENT

The Indian macroeconomic environment has looked turbulent during the past year. After a promising start to the decade in 2010-11, with achievements like maintaining GDP growth rate around 8%, bringing down fiscal deficit to 4.8% of GDP as well as containing current account deficit to 2.6%, the fiscal year 2011-12 has been challenging for the Indian Economy. The year started on a note of optimism through impressive growth in exports and high levels of foreign exchange inflows, only to moderate as the year progressed through continued monetary tightening in response to the untamed inflationary pressures. Gradually, high levels of inflation gave way to a slow-down in the growth. Additionally, as fiscal conditions worsened over the year, export numbers were revised in light of data discrepancies leading to a widening of trade deficit. In light of a perceivably weak macroeconomic environment, a well-planned economic revival policy from the Government's part is required to get back the Indian Economy on the path to stable and prosperous growth. Fall of rupee against major currencies, new norms of standard-size packaging, increase in raw material costs due to upward spiraling interest rates and inflation, together might adversely impact the performance of the FMCG products. India needs

sustained capital inflows to finance its growing current-account deficit. Although economic reforms appear to have slowed down, it appears that FIIs are continuing to invest in India. However, it is also an undeniable fact that the Government continues to face challenges in attracting foreign direct investment (FDI). As per World Bank's report titled 'Global Economic Prospects' the Indian economy will grow by 6.9% in this Financial Year (2012-13) notwithstanding problems like policy uncertainties, fiscal deficit and inflation.

BUSINESS PERFORMANCE

Your Company's strong performance continued in the Financial Year 2011-12, despite difficult economic conditions, new competitive entrants 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 healthy double-digit sales growth during the Financial Year 2011-12. Sales for the Financial Year increased by 25% at ₹ 1,301 crore as against ₹ 1,037 crore during the previous year. Earnings after tax increased by 20% at ₹ 181 crore as against ₹ 151 crore during the previous year.

Feminine Hygiene Business

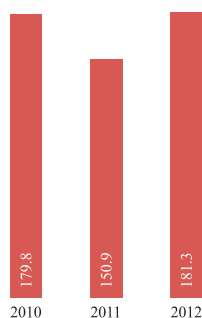
Feminine Hygiene business has been a major growth driver for the Financial Year with business up strong double digits with the various variants of *Whisper* Sanitary Napkins showing consistent growth. Your Company continues to deliver amongst the sales and share growth for P&G across the globe, with *Whisper* increasing its market share and *Whisper Ultra* being the largest value share brand in the market behind strategic initiatives. This growth is driven both by increase in penetration among non-users and consumption among users.

During the Financial Year under review, a number of initiatives were designed to meet the consumers' needs across segments. All these initiatives led to the *Whisper* share crossing its all time national high of 54.1 with growth across all major Brands.

Profit Before Tax
(₹ crores)



Profit After Tax
(₹ crores)





Healthcare Business

The Company's Healthcare sales posted a double digit growth this Financial Year across *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500* and *Vicks Inhaler*. This growth was driven by a combination of product initiatives and increased investment behind proven equity advertising. *Vicks VapoRub* had a record year posting the highest ever market share. The *Vicks Cough Drops* business was the fastest growing in the *Vicks* franchise. *Vicks* will continue to innovate to ensure it stays the most trusted cough and cold care solution in India. The Healthcare business further strengthened *Vicks* equity as one of the most trusted Brand in India driven by the launch of *Vicks VapoCool*, a premium throat drop with the dual-benefit of soothing the throat and giving relief from blocked nose.



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 satisfied 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.

DIVIDEND

The Directors are pleased to recommend a dividend of ₹ 22.50 for each Equity Share of ₹10/- each for the Financial Year ended June 30, 2012.

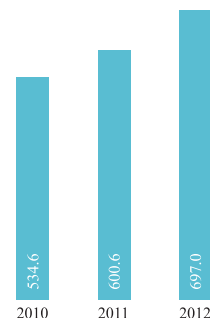
CORPORATE SOCIAL RESPONSIBILITY

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

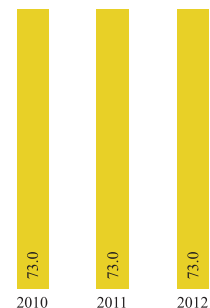
P&G's focus on purpose-inspired growth drives us to not only serve our consumers with superior product propositions, but also truly touch and improve the lives of more consumers, more completely by contributing towards the communities we operate in. This commitment is the purpose behind our Corporate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

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

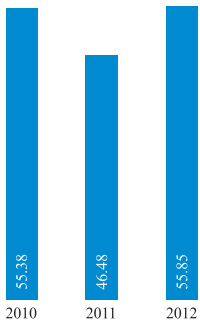
Networth
(₹ crores)



Outflow of Dividend
(₹ crores)



E.P.S.
(₹)



such as reactivating defunct government schools, building new schools or enhancing education infrastructure at existing schools.

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

P&G's National Parivartan Program, is a decade-old program that reaches 2.5 million girls across India every year to provide them with timely menstrual education and product samples. The program will now be conducted on a yearly basis to empower girl students with better health and hygiene, so that they do not skip school.

Since its inception in 2005, the P&G Group (India) has through *Shiksha* made a cumulative donation of over ₹ 27 crores towards helping children on the path to better education. This is a result of the support from our consumers who participated in the *Shiksha* movement by buying P&G brands in the months of January, February & March 2012 and enabling P&G to contribute a part of the sales towards the cause. During the Financial Year ended June 30, 2012, alone, P&G Group (India) closed *Shiksha* with a contribution of ₹ 5.6 crores in association with its partner NGOs, namely Save the Children India, Army Wives Welfare Association (AWWA), Round Table India (RTI), Navy Wives Welfare Association (NWWA), Air Force Wives Welfare Association (AFWWA) amongst others. Each of *Shiksha*'s NGO partners focuses on a critical approach towards education, with NGO Round Table India specializing in building educational infrastructure and supporting schools across India,

NGO Save the Children laying emphasis on the girl child via supporting the Government's Kasturba Gandhi Balika Vidhyalayas and the NGOs AWWA, NWWA & AFWWA serving the unique educational needs of differently-abled children of Naval, Air force and Army Officers' families. These activities together help *Shiksha* further its motto '*पढ़ेगा इंडिया तो बढ़ेगा इंडिया*' and help us touch and improve the lives of our consumers.



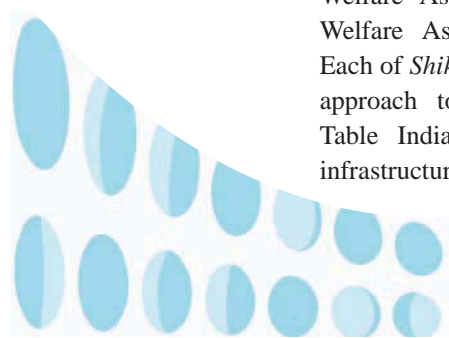
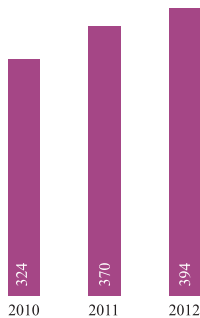
Underprivileged children having fun in an activity class conducted at the *Shiksha Sadhana* school in Pune

Our *Whisper School Program* is now two decades old and it has protected millions of adolescent girls in India from getting trapped in traditional practices of using unhygienic cloth for sanitary protection. Through a sustained outreach program in private and government schools across the Country, P&G has been educating over 5 million adolescent girls in good Feminine Hygiene.

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, the 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.

Employees
(Nos.)



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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

CORPORATE GOVERNANCE

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

MANAGEMENT & PERSONNEL

The Company's growth over the past few years demonstrates the core strengths of our employees to stay reality-based, embrace change and proactively influence the course of business. In a diverse organization & 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. We ended the year being recognized No.2 in the FMCG category in India in the 'Great Place to Work Survey 2012'.

The information as per Section 217(2A) of the Companies Act, 1956 ('Act'), read with the Companies (Particulars of Employees) Rules 1975 forms part of this Report. As per the provisions of Section 219(1) (b) (iv) of the Act, the Report and Accounts are being sent to the Members of the Company excluding the statement of particulars of employees under Section 217(2A) of the Act. Any Member interested in obtaining a copy of the said statement may write to the Secretarial Department at the Registered Office of the Company.

DIRECTORS

Mr. R. A. Shah, Director, retires by rotation and, being eligible, offers himself for re-appointment. The Directors recommend his re-appointment.

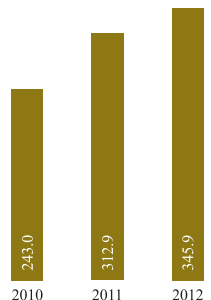
Mr. Shantanu Khosla has been re-appointed as the Managing Director of the Company by the Board of Directors for a period of five years w.e.f. June 1, 2012, subject to the approval of the Members of the Company.

Ms. Deborah Ann Henretta resigned from the Directorship of the Company with effect from August 1, 2012.

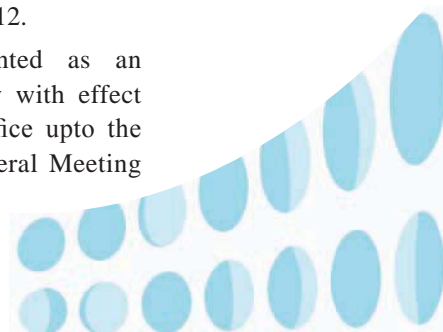
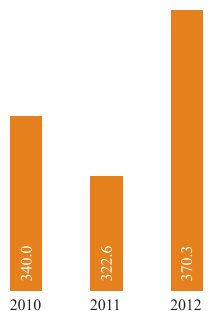
As a consequence to the cessation of Ms. Deborah Henretta from the Directorship of the Company, Mr. Pramod Agarwal ceased to be an Alternate Director with effect from August 1, 2012.

Mr. Pramod Agarwal was appointed as an Additional Director of the Company with effect from August 13, 2012 and holds office upto the date of the ensuing 48th Annual General Meeting

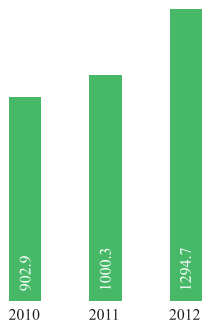
Fixed Assets (₹ crores)



Net Current Assets (₹ crores)



Net Sales
(₹ crores)



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. Amit Vyas was appointed as an Additional Director of the Company with effect from December 22, 2011 and holds office upto the date of the ensuing 48th 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.

The brief resumes of the Directors and the details of the Directorships held by them in other companies are given in the “Corporate Governance” section of the Annual Report.

Appropriate Resolutions for the appointment/re-appointment of the aforesaid Directors are being moved at the ensuing 48th Annual General Meeting, which the Board recommends for your approval.

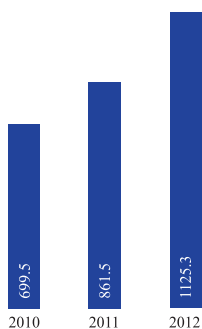
AUDITORS

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

COST AUDITORS

Your Company has re-appointed M/s. Ashwin Solanki & Associates, Cost Accountants, to conduct the cost audit of cost accounts/record of “Formulations” manufactured by the Company, for the year ending June 30, 2013. The Company has received the necessary approval of the Central Government for the re-appointment of the Cost Auditor.

Total Expenditure
(₹ crores)



CONSERVATION OF ENERGY ETC. INFORMATION

The information, in accordance with the provisions of Section 217(i)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgoings, are attached as Annexure to this Report.

TRADE RELATIONS

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

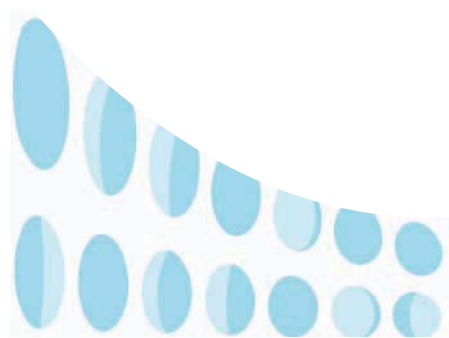
ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Mumbai
August 23, 2012

R. A. Shah
Chairman



ANNEXURE TO THE REPORT OF THE DIRECTORS

A. Power & Fuel Consumption		
Particulars	2011-12	2010-11
1. Electricity		
(a) Purchased:		
Units (KWH)	76 87 530	84 27 060
Total Amount (₹)	3 08 62 772	3 30 44 214
Rate/Unit (₹)	4.00	4.00
(b) Own Generation:		
(i) Through Diesel Generator		
Unit (KWH)	23 37 010	3 87 030
Unit Per Lts. of Diesel Oil	2.85	3.06
Cost/Unit (₹)	13.66	12.75
(ii) Through Steam		
Turbine/Generator	N.A.	N.A.
2. Coal (Specify Quality and where used)		
3. Furnace Oil	N.A.	N.A.
4. Others/Internal Generation	N.A.	N.A.
B. Consumption Per Unit of Production		
(In KWH/Tonnes)		
Particulars	2011-12	2010-11
Other Products	544	546

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 was 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&D:

₹ Lakhs

	2011-12	2010-11
(a) Capital	—	—
(b) Recurring	258.73	4.93
(c) Total	258.73	4.93
(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.

For and on behalf of the Board



Mumbai
August 23, 2012

R. A. Shah
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Review of Economic Scenario and impact of Union Budget 2012

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

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

The FMCG Sector and Indian consumers

The Indian FMCG sector is the fourth largest in the Indian economy and has a market size of \$13.1 billion. The FMCG sector has attracted a large number of consumers in both the urban and rural sectors in India in the past few decades through better penetration and low-priced products. Various manufacturers of FMCG products are concentrating on increasing the sales volume due to the rising demand of the consumers. Creativity and innovation are the major attributes required for success in this sector. Large-scale FMCG

companies including your Company P&G have won the hearts of the consumers by delivering high-end and innovative products at affordable range. A large number of FMCG companies derive a significant proportion of their overall sales from outside the top few 100 towns/cities, which reflects the growing economic importance of India's rural consumer base. Rural India accounts for close to one-third of the total consumption pie. Robust consumption in the rural economy is one of the key drivers of India's sustained growth. FMCG companies are devising exclusive rural marketing strategies to tap the rural consumer base.

Performance Overview & Outlook

The Company operates in a single reportable business and geographical segment. The Company's core business is manufacturing, marketing and distribution of Healthcare and Feminine Hygiene products. Under these businesses it has in its portfolio: *VICKS* – India's No.1 Healthcare brand and *WHISPER* – India's leading Feminine Hygiene brand (in value terms). The discussion on financial performance of the Company is elaborated in the Directors' Report.

Feminine Hygiene Business

Feminine Hygiene business has been a major growth driver for the Financial Year with business up strong double digits with the various variants of *Whisper* Sanitary Napkins showing consistent growth. Your Company continues to deliver amongst the sales and share growth for P&G across the Globe, with *Whisper* increasing its market share and *Whisper Ultra* being the largest value share brand in the market behind strategic initiatives. This growth is driven both by increase in penetration among non-users and consumption among users.

During the Financial Year under review, a number of initiatives were designed to meet the consumers' needs across segments. All these initiatives led to the *Whisper* share crossing its all time national high of 54.1, with growth across all major Brands.

Healthcare Business

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The Health Care business further strengthened Vicks equity as one of the most trusted Brand in India driven by the launch of *Vicks VapoCool*, a premium throat drop with the dual-benefit of soothing the throat and giving relief from blocked nose.

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.

Risk Management

Business, Finance & Operational risks

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

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

Regulatory and Compliance risks

Your company operates within the letter and spirit of all applicable laws. General compliance with legal requirements is an important component of the *Worldwide Business Conduct*

Manual and the same directs the following action from every employee:

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

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

Security Risks

Your Company has installed comprehensive security programs to protect employees and assets at all its offices and Plants. Security measures are overseen by a specially designated Global Security Manager – South Asia and a reputed security agency has been appointed to guard our premises, by conducting thorough screening of all visitors and items received inwards. There is also a system for continuous monitoring of security alerts across the country. Training is regularly given to all security guards who are on duty 24 × 7. Evacuation drills are conducted twice a year. A Pan-India emergency notification system that enables us to communicate with all employees in time of crisis has been implemented. A global policy is in place to issue travel advisories to all employees in case there is any adverse situation at any place in the world. If the situation warrants, travel bans are imposed. During the Financial Year under review, no breaches or major accidents occurred at any of the Company's Plants. Your Company has installed the best of the security measures and processes to protect its personnel and assets.

Internal Controls & their adequacy

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

A system of Control Self Assessments (CSA) is in place for managing risk, assessing controls in operational areas, collating documented process, policies, evidences and proofs to identify control weaknesses and initiate actions to mitigate them. Local management has completed 11 audit processes for the period under review. All the issues identified during CSA cycle are remediated by implementing quality action plans. The Corporate Governance and stewardship program including third party Audit firm Governance in key processes by your Company has further strengthened internal controls and Company policy compliances. Overall the Company has made strong progress in improving the state of Internal Controls environment in your Company.

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

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 policies continued to ensure that we attract and retain the best talent. We continue to partner closely with the top institutes in India and invest in both business and engineering colleges, where we are a preferred employer. Our roles, careers and compensation and benefits continue to be very competitive, thereby helping us attract the talent that will keep the Company growing from strength to strength. We continued to be ranked in the *top 4 in the Annual Nielsen Campus survey*.

Developing Talent: Our organization survey scores were very strong showing good increase in areas of learning and growth, career growth and pride in the Company. New hires into the company are given a thorough on-boarding through 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. Innovative Virtual Self-learning Leadership Development program for our middle management, as part of the *Build Our Future* initiative, continued to set a benchmark in development of our key leaders. All these initiatives make our retention among the best in the industry. Employee and trade relations related developments are covered in the Directors' Report. The number of employees of the Company as on June 30, 2012 was 394.

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:

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

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

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

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

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

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

The "*Worldwide Business Conduct Manual*" also details the policy statements, operating policies/procedures/practices and Internal controls being followed by the Company with specific emphasis on ethical behaviour of employees, compliance with all applicable laws in letter and spirit, ensuring accuracy of books and records, maintaining confidentiality of corporate data, avoidance of conflict of interest, fair dealings, fair competition, following the 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 (MD), and four Non-Executive Directors. The Managing Director is involved in the day-to-day management of the Company while the Non-Executive Independent Directors bring external perspective and independence to decision making. Mr. R. A. Shah and Mr. B. S. Mehta 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(s) of the Company.

(b) Number of Board meetings

Five (5) Board Meetings were held during the period July 1, 2011 to June 30, 2012. These Meetings were held on August 25, 2011, November 9, 2011, February 2, 2012 (Two Board Meetings were held on the same day) and April 30, 2012. The Annual General Meeting for the Financial Year ended June 30, 2011 was held on November 23, 2011.

(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 Attendance
Mr. R. A. Shah	5	5	Present
Mr. S. Khosla	5	5	Present
Mr. B. S. Mehta	5	5	Present
Mr. D. Acharya #	2	2	Present
Ms. D. Henretta *	5	None	Not Present
Mr. P. Agarwal †	5	2	Not Present
Mr. A. Vyas £	3	2	Present

Mr. D. Acharya ceased to be a Director of the Company w.e.f. December 1, 2011, consequent to his resignation.

* Ms. D. Henretta ceased to be a Director of the Company w.e.f. August 1, 2012, consequent to her resignation.

† Alternate Director to Ms. D. Henretta, Mr. Agarwal ceased to be Alternate Director w.e.f. August 1, 2012 consequent to cessation of Ms. D. Henretta from Directorship of the Company and was appointed as an Additional Director of the Company w.e.f. August 13, 2012.

£ Mr. A. Vyas was appointed as an Additional Director of the Company w.e.f. December 22, 2011. Prior to this, he was functioning as the Company Secretary of the Company upto the close of business hours on 30th November, 2011.

(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 47th Annual General Meeting held on November 23, 2011 had passed a Special Resolution according approval for payment of commission to the Non Executive Independent Directors of the Company upto a maximum of 1% of the net profits of the Company per annum in the aggregate, for a period of 5 years w.e.f. July 1, 2011 or such other date which the Board of Directors may approve. The Board of Directors had at its 351st Meeting held on January 29, 2007 accorded approval for payment of Annual Commission of ₹ 10 Lacs to be paid to each of the Non Executive Independent Directors of the Company, for a period of 5 years w.e.f. July 1, 2006. This Board resolution expired on June 30, 2011. In view of the above, the Board of Directors has at its 377th meeting held on August 23, 2012 accorded approval for payment of Annual Commission of ₹ 10 Lacs to each of the Non Executive Independent Directors for the period July 1, 2011 to June 30, 2012.

The composition and other required details of the Board of Directors as on June 30, 2012 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	14	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
Ms. D. Henretta #	NED	Director	1	None	None
Mr. P. Agarwal †	NED	Alternate to Ms. D. Henretta	None	None	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. A. Vyas was appointed as an Additional Director of the Company w.e.f. December 22, 2011. Prior to this, he was functioning as the Company Secretary of the Company upto the close of business hours on 30th November, 2011.

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

† Alternate Director to Ms. D. Henretta, Mr. P Agarwal ceased to be Alternate Director w.e.f. August 1, 2012 consequent to cessation of Ms. D. Henretta from Directorship of the Company and was appointed as an Additional Director of the Company w.e.f. August 13, 2012.

Details of the remuneration paid/provided to the Directors of the Company during the Financial Year ended June 30, 2012 are given below:

Name of Director	Relationship with other Directors	Salary including Bonus + PF contribution (₹)	Perquisites (₹)	Commission* (₹)	Total (₹)	Shares held (Equity Shares of ₹10/- each)
Mr. R. A. Shah	None	—	—	10,00,000	10,00,000	5,550
Mr. S. Khosla	None	5,20,68,948	5,19,996	—	5,25,88,944	67
Mr. B. S. Mehta	None	—	—	10,00,000	10,00,000	3,799
Mr. D. Acharya	None	—	—	—	—	—
Ms. D. Henretta	None	—	—	—	—	—
Mr. P. Agarwal	None	—	—	—	—	—
Mr. A. Vyas	None	—	—	—	—	—
TOTAL		5,20,68,948	5,19,996	20,00,000	5,45,88,944	9,416

* The above Commission excludes service tax amounting to ₹ 2,47,200/-

NOTE – No sitting fee is payable to any Director.

The said commission is restricted to 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.

Your Company also pays fees for the professional services, if availed, to the firm of Chartered Accountants of which one of the two Non Executive Independent Directors is the Chief Mentor and to the firm of Solicitors & Advocates of which the other 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 has been re-appointed as the Managing Director of the Company by the Board of Directors for a period of five years w.e.f. June 1, 2012. No fee/compensation is payable to the Directors on severance of directorship of the Company.

The re-appointment and remuneration paid to the Managing Director subsequent to the date of re-appointment i.e. June 1, 2012 amounting to ₹ 33.12 lakhs is subject to the approval of the Members of the Company at the ensuing 48th Annual General Meeting. Refer Note No. 36 to the Accounts in the Annual Report.

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 the employees of the

Company including its Managing Director are given the right to purchase shares of the ultimate parent Company – The Procter & Gamble Company, USA under its 'International Stock Ownership Plan.' Certain employees of the Company are also entitled to Stock Options of the Parent 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) and Mr. Amit Vyas (Member). The Audit Committee met on August 25, 2011, November 9, 2011, February 2, 2012 and April 30, 2012.

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. D. Acharya**	Member	NED	In Service	2	2
Mr. A. Vyas***	Member	NED	In Service	2	1

** Mr. D. Acharya ceased to be a Director of the Company on December 1, 2011, consequent to his resignation.

*** Mr. A. Vyas was inducted into the Audit Committee on February 2, 2012.

During the Financial Year under review, Mr. Amit Vyas resigned as the Company Secretary and Compliance Officer of the Company with effect from December 01, 2011. Mr. Sachin Harlalka has been appointed as the Company Secretary and Compliance Officer of the Company with effect from December 22, 2011.

Presently, Mr. Sachin Harlalka 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:

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

The Audit Committee role includes the following:

- (a) 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.
- (b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- (c) 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 Clause (2AA) of Section 217 of the Companies Act, 1956
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in Draft Audit Report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with the Stock Exchange and Legal requirements concerning the 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.
- (d) Reviewing with the management, the Quarterly Financial Statements before submission to the Board for approval.

- (e) Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- (f) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (g) Discussion with internal auditors of any significant findings and follow up thereon.
- (h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (i) Discussion with external auditors before the audit commences about nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- (j) Reviewing the Company's financial and management policies.
- (k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, Members (in case of non payment of declared dividends) and creditors.
- (l) Reviewing the functioning of the Whistle Blower mechanism.
- (m) Carrying out any other function as required in the terms of reference of the Audit Committee in the Listing Agreement as may be amended from time to time.

The minutes of the Committee are placed before the Board.

Shareholders'/Investors' Grievance Committee

The Shareholders' Grievance Committee comprises of Mr. Shantanu Khosla (Chairman) and Mr. Amit Vyas (Member). Mr. Sachin Harlalka, Company Secretary acts as the Compliance Officer. During the Financial Year, four meetings were held on August 25, 2011, November 9, 2011, February 2, 2012 and April 30, 2012.

Directors	No. of Meetings held during tenure	No. of Meetings attended
Mr. S. Khosla*	4	4
Mr. D. Acharya**	2	2
Mr. A. Vyas***	2	2

* Mr. S. Khosla was appointed as the Chairman of the Shareholders' Grievance Committee on February 2, 2012.

** Mr. D. Acharya ceased to be the Director of the Company w.e.f. December 1, 2012.

*** Mr. A. Vyas was inducted into the Shareholders' Grievance Committee on February 2, 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 under review, the Company received 192 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, 2012.

SHAREHOLDERS

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

- (i) **Mr. Shantanu Khosla** was appointed as the Managing Director of the Company for a period of five years w.e.f. June 1, 2007. The said term expired on June 1, 2012. Hence, the Board of Directors, subject to the approval of the Members of the Company, has re-appointed Mr. Shantanu Khosla as the Managing Director of the Company for a period of five years w.e.f. June 1, 2012.

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

Mr. Khosla is also the Managing Director of Gillette India Limited and Procter & Gamble Home Products Limited.

- (ii) **Mr. R. A. Shah**, Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 48th Annual General Meeting.

Mr. Shah is the Chairman of the Company. Mr. Shah is a leading Solicitor and a senior partner of M/s. Crawford Bayley & Co., a firm of Solicitors and Advocates. He specializes in a broad spectrum of corporate laws. Mr. Shah has been associated with the Company since its inception.

Mr. Shah is the Chairman of Clariant Chemicals (India) Limited, Godfrey Phillips India Limited and Pfizer Limited. He is the Vice-Chairman of Colgate Palmolive India Limited. Mr. Shah is also a Director on the Boards of Abbott India Limited, Asian Paints Limited, ACC Limited, The Bombay Dyeing & Manufacturing Co.

Limited, BASF India Limited, Century Enka Limited, Deepak Fertilizers & Petrochemicals Corporation Limited, Jumbo World Holdings Limited (Foreign Company), Lupin Limited, Workhardt Limited and Modicare Limited.

Mr. Shah is also a Committee Member of Bombay Chamber of Commerce and Indo German Chamber of Commerce and the President of Society of Indian Law Firms (western region).

- (iii) **Mr. Pramod Agarwal** was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from August 13, 2012. As an Additional Director, he holds office upto the date of the 48th 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. Pramod Agarwal, a Bachelor of Commerce from Kanpur University and a Post Graduate Diploma holder in Management from Indian Institute of Management, Ahmedabad, is the Vice President – Finance & Accounting Asia of P&G International Ops. SA. Mr. Agarwal is an expert in Finance with deep knowledge of Asia business and rich experience in pulling the business out of Asian economic crisis in 1997 as well as the global financial crisis in 2008 and enabled strong growth of P&G business in Asia.

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

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

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

- (iv) **Mr. Amit Vyas** was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from December 22,

2011. As an Additional Director he holds office upto the date of the 48th 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. Vyas is a law graduate from Delhi University and is a Fellow Member (FCS) of the Institute of the Company Secretaries of India. Mr. Vyas has a rich corporate experience of over 18 years in the area of Corporate and Securities Laws. Mr. Vyas has been with the P&G Group since 2007.

Mr. Vyas is also a Director on the Board of Procter & Gamble Home Products 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. Also, a special facility has been provided for shareholders to send in their suggestions/grievances, which are immediately responded to.
- (iv) No presentations were made to Analysts and Institutional Investors during the course of the Financial Year.
- (v) The Annual Report and Quarterly Financial Results of the Company are also posted on the Corpfilng website viz. www.corpfilng.co.in.
- (vi) Your Company has taken requisite steps to ensure compliance with the **Circular No. 17/2011 dated April 24, 2011 and Circular No. 18/2011 dated April 29, 2011** issued by the Ministry of Corporate Affairs, propagating the ‘Green Initiative’. This initiative involves paperless compliances by serving documents on the Members through the electronic mails (e-mails). Specific details of

the steps taken by the Company in this regard are given in the notes to the Notice convening the 48th Annual General Meeting of the Company.

- (vii) The recorded version of the proceedings of the 48th Annual General Meeting would be webcast at the Company’s website: www.pg.com/en_IN.

(c) Statutory Compliance

The Company has complied with all the 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 (AGMs):

Year	Type	Location	Date	Time
2011	AGM	Y. B. Chavan Hall	Nov 23, 2011	3.30 p.m.
2010	AGM	Y. B. Chavan Hall	Oct 8, 2010	3.30 p.m.
2009	AGM	Patkar Hall	Oct 15, 2009	3.30 p.m.

At the previous 47th Annual General Meeting held on November 23, 2011, a Special Resolution under Section 309(4) of the Companies Act, 1956 was passed by the Members of the Company according their approval for payment of Commission to Non-Executive Independent Directors of the Company upto 1% 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, 2012.

(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 ensure

appropriate investigation and follow-up of all such calls. Callers are given a confidential identification number so that they can inquire about the status of their reported concerns.

The 'Wordwide 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

- (i) Adoption of non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.
- (ii) 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.
- (iii) There are no audit qualifications in the Company's financial statements for the Financial Year under reference.
- (iv) 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.
- (v) The Company has not adopted any mechanism for evaluating individual performance of Non-Executive Directors.
- (vi) 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.

(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 48th Annual General Meeting will be held on **Thursday, December 6, 2012 at 3.30 pm** at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai - 400 021.

II. Financial Calendar

The Company follows July-June Financial Year. The Unaudited 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 Results are declared by August, as permitted under the Listing Agreement.

III. Book Closure Dates: Thursday, November 22, 2012 to Thursday, December 6, 2012 (both days inclusive).

The said book closure is for payment of dividend.

IV. Dividend Payment Date: On or around December 13, 2012.

V. Listing of Equity Shares on Stock Exchanges

The Company's shares are listed on the Bombay Stock Exchange 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

Bombay Stock Exchange Ltd, Mumbai - Code: 500459
National Stock Exchange of India Ltd - Code: PGHH
The dematerialization ISIN Code is **INE 179A01014**

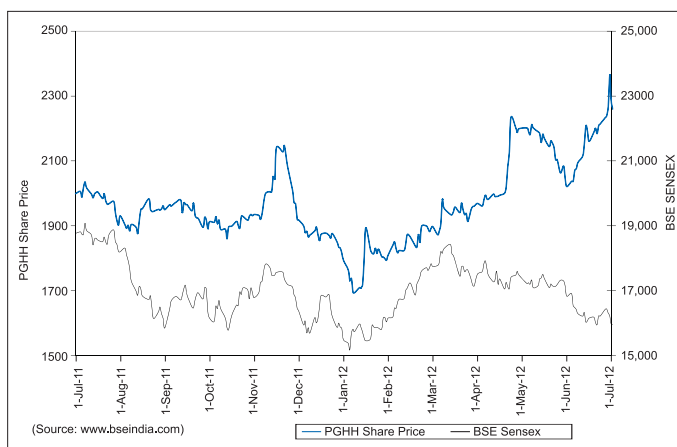
VII. Stock Price Data (₹)

MONTH	Bombay Stock Exchange Ltd., Mumbai		National Stock Exchange of India Ltd.	
	High	Low	High	Low
July - 2011	2,075.00	1,893.00	2,100.00	1,900.10
August - 2011	2,009.95	1,865.00	2,000.00	1,808.00
September - 2011	1,990.00	1,850.00	2,000.00	1,875.00
October - 2011	2,010.00	1,851.00	2,115.00	1,850.00
November - 2011	2,172.50	1,851.05	2,172.00	1,843.00
December - 2011	1,915.00	1,663.00	1,909.00	1,577.60
January - 2012	1,896.65	1,600.00	1,915.20	1,775.00
February - 2012	2,020.00	1,817.00	2,015.00	1,811.45
March - 2012	2,270.00	1,901.00	2,280.00	1,920.05
April - 2012	2,300.00	2,000.00	2,285.00	2,051.05
May - 2012	2,388.00	2,000.00	2,410.90	1,827.40
June - 2012	2,380.00	2,090.10	2,394.00	2,090.00

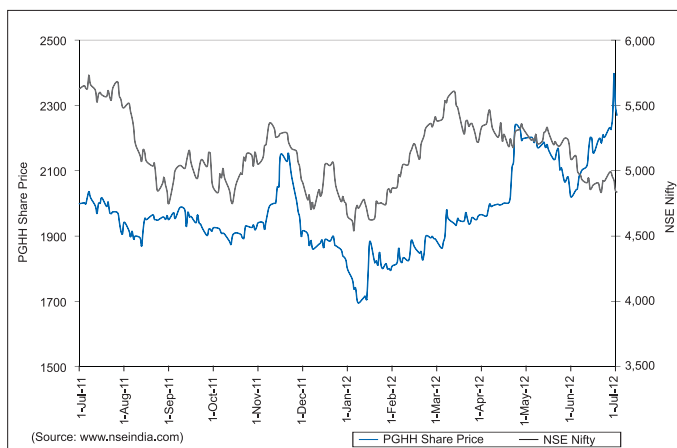
(Source: www.bseindia.com & www.nseindia.com)

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 2011-12:



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



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
pginvestors@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 as on June 30, 2012

Share holding	Shareholders		Shares	
	Number	% to Total	Number	% to Total
Upto 500	20,981	92.13	18,86,565	5.81
501 – 1000	999	4.39	6,99,450	2.15
1001 – 2000	475	2.09	6,57,039	2.02
2001 – 3000	114	0.50	2,78,596	0.86
3001 – 4000	49	0.21	1,73,769	0.54
4001 – 5000	32	0.14	1,45,555	0.45
5001 – 10000	56	0.25	3,84,666	1.19
10001 and above	67	0.29	282,35,096	86.98
TOTAL	22,773	100.00	324,60,736	100.00

Distribution of shareholding by ownership as on June 30, 2012

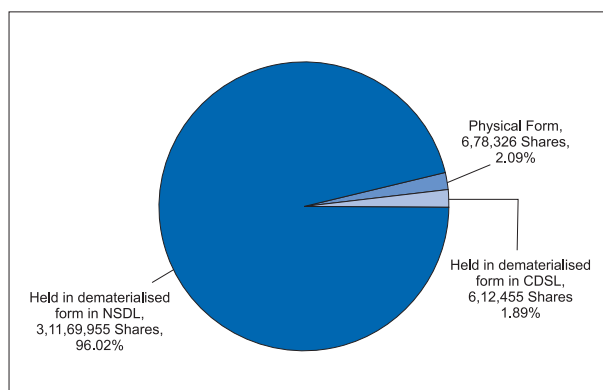
Category	Number of Shares held	% of Shares held
Foreign & Indian promoters	2,29,29,773	70.64
Resident Individuals and others	43,73,843	13.47
Mutual Funds & UTI	24,20,516	7.46
Financial Institutions/Banks	2,01,618	0.62
Insurance Companies	9,28,135	2.86
Foreign Institutional Investors	6,45,724	1.99
Private Corporate Bodies	8,53,071	2.63
NRIs	92,672	0.29
Directors and their relatives	15,384	0.04
TOTAL	3,24,60,736	100.00

XII. Dematerialization of shares and liquidity

The Company's shares are required to be compulsorily traded in the Stock Exchanges in Dematerialised form. As on June 30, 2012 the number of shares in dematerialized and physical mode is as under:

Particulars	No. of shares	% to total capital issued
Held in dematerialised form in NSDL	3,11,69,955	96.02
Held in dematerialised form in CDSL	6,12,455	1.89
Physical	6,78,326	2.09
TOTAL	3,24,60,736	100.00

Shares held in demat/physical form as on June 30, 2012



XIII. In terms of Circular No. Cir/ISD/3/2011 dated June 17, 2011 SEBI, has notified that the securities of Companies shall be traded in the normal segment of the Stock Exchanges, if and only if, the Company has achieved 100% of the Promoter's and Promoter group's shareholding in the dematerialized form. Accordingly the Company has achieved 100% of the Promoter's and Promoter group's shareholding in the dematerialized form during the Financial Year.

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

XV. Unclaimed/Unpaid Dividends

The amount of the unclaimed dividends for and upto the Financial Year ended June 30, 2004, has been transferred to the Investor Education and Protection Fund established by the Central Government. Pursuant to Section 205C of the Companies Act, 1956, those Members who have not 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, 2005 and for the subsequent years, which remain unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of

the Central Government on the dates mentioned in the table below. Members who have not encashed their dividend warrants for 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
52	25.11.2005	30.06.2005	31.12.2012
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

During the Financial year 2011-12, unclaimed final dividend amount for the Financial Year ended June 30, 2004 of ₹ 17,94,980/- was transferred to the Investor Education and Protection fund on January 7, 2012.

The Ministry of Corporate Affairs (MCA) has 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., November 23, 2011, with the Ministry of Corporate Affairs (MCA) as required. The said details have also been posted on the website of the Company, viz., www.pg.com/en_IN.

XVI. 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

XVII. Address for Correspondence

Secretarial Dept.,
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 9698.
Email: pginvestors@linkintime.co.in

XVIII. Compliance Officer

Mr. Sachin Harlalka
Company Secretary
Ph: (91-1493) 304600; (91-22) 2826 6000;
Fax: (91-22) 28267337
Email: harlalka.s@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, 2012 and the Senior Management has confirmed compliance with the Business Conduct Manual for the Financial Year ended June 30, 2012.

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

Mumbai
August 23, 2012

S. 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 Financial Year ended June 30, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

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

As stated in Para (e) under 'Board of Directors' to the Corporate Governance report of the Company, the re-appointment of and the remuneration paid to the Managing Director, subsequent to the date of his re-appointment i.e. June 1, 2012 amounting to ₹ 33 12 159 is subject to the approval of the Members at the ensuing Annual General Meeting of the Members of the Company.

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

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

K. A. Katki
Partner
Membership No. 038568

Mumbai,
August 23, 2012

AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of Procter & Gamble Hygiene and Health Care Limited ("the Company"), as at 30th June, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the Financial Year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Attention is invited to Note 36 annexed to and forming part of the financial statements regarding the re-appointment of and remuneration paid to the Managing Director, subsequent to the date of reappointment, i.e. June 1, 2012, amounting to ₹ 33,12,159, which is subject to the approval of the Members at the ensuing Annual General Meeting of the Members of the Company.
4. As required by the Companies (Auditors' Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments as stated in paragraph 3 and the Annexure referred to in paragraph 4 above, we report as follows:
 - (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and also the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the Financial Year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the Financial Year ended on that date.
6. On the basis of written representations received from the Directors as on June 30, 2012 and taken on record by the Board of Directors, none of the Directors is disqualified as on June 30, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

K. A. Katki
Partner

Mumbai,
August 23, 2012

Membership No. 038568

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 4 of our report of even date)

- i. Having regard to the nature of the Company's business/ activities/result, clauses vi, x, xi, xii, xiii, xiv, xv, xvi, xviii, xix and xx of CARO are not applicable.
- ii. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the Financial Year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets within an interval of three years. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the Financial Year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- iii. In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by 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. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix. According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable to it with the appropriate authorities. The provisions relating to Wealth Tax are not applicable to the Company.
 - (b) There were no undisputed amounts payable in respect of Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at June 30, 2012, for a period of more than six months from the date they became payable except of Income tax dues as under

Name of the Statute	Nature of dues	Amount (₹)	Period to which the amount relates	Due date
Income Tax Act, 1961	Tax deducted at Source (TDS) under Section 194C	1 45 596	Year ended June 30, 2012	August 07, 2011

(c) Details of Excise Duty and Sales Tax which have not been deposited as on June 30, 2012 on account of disputes are given below:

Sr. No.	Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹)
1	Sales Tax Laws as per statutes applicable in various states	Sales Tax	Appellate Authority – upto Commissioners/ Revisional authorities level	1997-98 to 2006-07 and 2008-09	10 17 73 957
			Appellate Authority – Tribunal	1990-91 to 1996-97, 2001-02, 2007-08	12 88 21 968
			High Court	1990-91 to 1997-98 and 2002-03	17 13 787
	Sub-total				23 23 09 712
2	The Central Excise Act, 1944	Excise Duty	Appellate Authorities – Commissioner	2004-05 to 2008-09	10 00 000
	Sub-total				10 00 000
3	Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010	Entry Tax	High Court	2010-11 and 2011-12	1 16 52 143
	Sub-total				1 16 52 143

The above excludes disputed unpaid Excise demands of ₹ 2 21 40 376 and unpaid Service Tax demand of ₹ 1 64 378 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.

- x. 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 the funds raised on short term basis have not been used during the year for long term investment.
- xi. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

K. A. Katki
Partner

Mumbai,
August 23, 2012

(Membership No. 038568)

Balance Sheet as at June 30, 2012

	Note No.	As at June 30, 2012		As at June 30, 2011	
		(₹)	(₹)	(₹)	(₹)
EQUITY AND LIABILITIES					
<i>Shareholders' funds</i>					
Share Capital	3	32 46 07 360		32 46 07 360	
Reserves and Surplus	4	<u>6 64 57 54 034</u>		<u>5 68 17 01 181</u>	
			6 97 03 61 394		6 00 63 08 541
<i>Non-current Liabilities</i>					
Deferred Tax Liability (Net)	5	—		2 81 02 024	
Other Long-Term Liabilities	6	35 65 444		35 65 444	
Long-Term Provisions	7	<u>2 20 01 000</u>		<u>2 06 85 000</u>	
			2 55 66 444		5 23 52 468
<i>Current Liabilities</i>					
Trade Payables	8	2 55 35 57 723		1 54 12 12 132	
Other Current Liabilities	9	54 01 06 732		28 30 34 409	
Short-Term Provisions	10	<u>89 57 47 192</u>		<u>89 39 36 106</u>	
			3 98 94 11 647		2 71 81 82 647
TOTAL			<u>10 98 53 39 485</u>		<u>8 77 68 43 656</u>
ASSETS					
<i>Non-current Assets</i>					
Fixed Assets	11				
Tangible Assets		1 98 39 31 631		1 90 38 12 848	
Capital work-in-progress		28 90 51 813		7 63 56 517	
Deferred Tax Asset (Net)	5	1 53 48 976		—	
Long-Term Loans and Advances	12	1 00 37 76 347		85 24 99 961	
Other Non-current Assets	13	<u>3 86 846</u>		—	
			3 29 24 95 613		2 83 26 69 326
<i>Current Assets</i>					
Inventories	14	92 26 72 723		65 33 44 287	
Trade Receivables	15	48 15 12 684		31 01 91 641	
Cash and Cash Equivalents and Other Bank Balances	16	1 82 36 51 825		1 29 95 18 104	
Short-Term Loans and Advances	17	4 25 39 98 308		3 53 80 79 356	
Other Current Assets	18	<u>21 10 08 332</u>		<u>14 30 40 942</u>	
			7 69 28 43 872		5 94 41 74 330
TOTAL			<u>10 98 53 39 485</u>		<u>8 77 68 43 656</u>

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 23, 2012

For and on behalf of Board of Directors

R. A. Shah

Chairman

S. Harlalka

Company Secretary

S. Khosla

Managing Director

T. J. Buch

Chief Financial Officer

Directors:

B. S. Mehta

A. Vyas

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

	Note No.	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
INCOME			
Revenue from Operations (Gross)	19	13 03 84 50 001	10 39 63 54 814
Less: Excise Duty		6 43 62 967	36 76 58 550
Revenue from Operations (Net)		12 97 40 87 034	10 02 86 96 264
Other Income	20	50 91 62 214	35 40 84 929
Total Revenue		13 48 32 49 248	10 38 27 81 193
EXPENSES			
Cost of Raw and Packing Material Consumed	21a	3 95 89 27 874	2 99 69 92 823
Purchase of Stock-in-Trade	21b	1 45 06 39 532	90 53 10 307
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21c	(16 67 26 247)	(65 82 178)
Employee Benefits Expense	22	64 65 98 732	50 56 81 932
Finance Costs	23	3 29 160	2 59 958
Depreciation and Amortisation Expense	11	28 07 54 075	22 15 50 043
Other Expenses	24	5 08 25 48 987	3 99 21 49 461
Total Expenses		11 25 30 72 113	8 61 53 62 346
Profit before Tax		2 23 01 77 135	1 76 74 18 847
Tax Expense			
Current Tax		58 96 09 000	35 60 13 000
Less: MAT Credit Entitlement		(12 88 83 993)	(10 30 20 923)
Deferred Tax (Credit) / Charge (Net)		(4 34 51 000)	56 64 000
Profit after Tax for the year		1 81 29 03 128	1 50 87 62 770
Earnings per Equity share (in ₹)	43		
Basic and diluted earnings per share (in ₹)		55.85	46.48
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 23, 2012

For and on behalf of Board of Directors

R. A. Shah

Chairman

S. Harlalka

Company Secretary

S. Khosla

Managing Director

T. J. Buch

Chief Financial Officer

Directors:

B. S. Mehta

A. Vyas

Cash Flow Statement for the Financial Year ended June 30, 2012

	For the year ended June 30, 2012 (₹)		For the year ended June 30, 2011 (₹)	
A. Cash Flow from Operating Activities				
Profit Before Tax		2 23 01 77 135		1 76 74 18 847
Adjustments for:				
Depreciation and Amortisation Expense	28 07 54 075		22 15 50 043	
Interest income	(46 88 32 022)		(31 05 22 008)	
Finance costs	3 29 160		2 59 958	
Inventory written off (Net of Insurance claim)	3 73 00 888		2 34 48 071	
Provision for employee benefits	4 37 61 086		1 01 46 939	
Provision for doubtful trade receivables	2 43 056		1 14 77 760	
Unrealised Foreign Exchange - Loss / (Gain) (Net)	3 62 73 120		(1 28 22 824)	
Loss on sale / discard of Tangible assets (Net)	36 17 900		1 92 33 533	
		<u>(6 65 52 737)</u>		<u>(3 72 28 528)</u>
Operating profit before working capital changes		<u>2 16 36 24 398</u>		<u>1 73 01 90 319</u>
Changes in working capital				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(30 66 29 324)		(13 27 30 200)	
Trade receivables	(19 54 35 580)		(3 54 13 954)	
Short-term loans and advances	(39 20 69 813)		1 44 77 375	
Long-term loans and advances	(7 66 25 601)		(17 14 29 139)	
Other non-current assets	—		(15 08 980)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	96 20 28 610		51 87 92 169	
Other current liabilities	18 10 73 893		(37 19 24 965)	
Other long-term liabilities	—		7 99 045	
		<u>17 23 42 185</u>		<u>(17 89 38 649)</u>
Cash generated from operations		<u>2 33 59 66 583</u>		<u>1 55 12 51 670</u>
Direct taxes paid (Net)		<u>(53 53 75 792)</u>		<u>(36 73 14 406)</u>
Net Cash generated from operating activities		<u>1 80 05 90 791</u>		<u>1 18 39 37 264</u>
B. Cash Flow from Investing Activities				
Capital expenditure on Tangible assets, including capital advances	(54 48 66 912)		(55 36 45 071)	
Proceeds from sale of Tangible assets	51 29 463		22 07 622	
Interest received	40 04 77 786		25 60 55 135	
Loan to fellow subsidiary given	(32 55 64 139)		(1 06 04 05 404)	
Bank Balances not considered as cash and cash equivalents (Net)	2 97 728		(8 00 000)	
Net Cash used in investing activities		<u>(46 45 26 074)</u>		<u>(1 35 65 87 718)</u>
C. Cash Flow from Financing Activities				
Dividend paid	(73 03 66 560)		(73 03 66 560)	
Corporate Tax on Dividend paid	(11 84 83 715)		(12 13 04 756)	
Finance costs	(3 29 160)		(2 59 958)	
Net Cash used in financing activities		<u>(84 91 79 435)</u>		<u>(85 19 31 274)</u>
Net increase / (decrease) in Cash and Cash Equivalents		<u>48 68 85 282</u>		<u>(1 02 45 81 728)</u>
Cash and Cash Equivalents at the beginning of the year		1 25 36 49 282		2 27 79 29 346
Effect of exchange differences on restatement of foreign currency				
Cash and cash equivalents		(95 41 428)		3 01 664
Cash and Cash Equivalents at the end of the year		<u>1 73 09 93 136</u>		<u>1 25 36 49 282</u>
Reconciliation of Cash and cash equivalents with the Balance Sheet:		As at June 30, 2012		As at June 30, 2011
		(₹)		(₹)
Cash and cash equivalents as per Balance Sheet (Refer Note 16)		1 82 36 51 825		1 29 95 18 104
Less: Bank Balances not considered as cash and cash equivalents as defined in AS 3 – Cash Flow Statements		(2 82 34 197)		(2 89 01 100)
Temporary overdrawn balance		(6 44 24 492)		(1 69 67 722)
		<u>1 73 09 93 136</u>		<u>1 25 36 49 282</u>

Note: 1. 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".
2. Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

See accompanying notes forming part of the financial statements

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

K. A. Katki
Partner
Mumbai, August 23, 2012

For and on behalf of Board of Directors
R. A. Shah
Chairman
S. Harlalka
Company Secretary
S. Khosla
Managing Director
T. J. Buch
Chief Financial Officer

Directors:
B. S. Mehta
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 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 / amortization

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

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

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 Equipments	5 - 18
Furniture and Fixtures	10 - 15
Office equipment	1 - 5
Moulds and Dies	1 - 3
Vehicles – Forklifts	4 - 8

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

Notes forming part of the financial statements

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.

(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 Parent 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).

(vi) The Procter & Gamble Company, USA has a "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.

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, 2012 is based on the results of the 9 months ended March 31, 2012 (Assessment year 2012-13) and for the 3 months ended June 30, 2012 (Assessment year 2013-14) as per the

Notes forming part of the financial statements

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.

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

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

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

2.11 Borrowing cost

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

2.12 Leases

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

2.13 Provisions, Contingent Liabilities and Contingent Assets

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

2.14 Earnings Per Share

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

2.15 Insurance claims

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

Notes forming part of the financial statements

3. Share Capital

	As at June 30, 2012		As at June 30, 2011	
	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)
Authorised				
Equity shares of ₹10 each	3 50 00 000	35 00 00 000	3 50 00 000	35 00 00 000
Issued, Subscribed and Paid up				
Equity shares of ₹10 each fully paid	3 24 60 736	32 46 07 360	3 24 60 736	32 46 07 360
Reconciliation of fully paid equity shares				
As per last balance sheet	3 24 60 736	32 46 07 360	3 24 60 736	32 46 07 360
Equity shares of ₹10 each issued during the year	—	—	—	—
Balance at end of year	3 24 60 736	32 46 07 360	3 24 60 736	32 46 07 360

Rights attached to Equity Shares

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

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

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

	As at June 30, 2012		As at June 30, 2011	
	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)
Ultimate Holding company				
The Procter and Gamble Company, USA	—	—	—	—
Holding company				
Procter & Gamble Asia Holding BV	2 12 21 953	21 22 19 530	2 12 21 953	21 22 19 530
Subsidiaries of ultimate holding company				
Rosemount LLC	10 88 137	1 08 81 370	10 88 137	1 08 81 370
Temple Trees Impex & Investment Pvt. Ltd.	6 19 683	61 96 830	6 19 683	61 96 830

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

	As at June 30, 2012		As at June 30, 2011	
	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	17 56 261	5.41%	8 31 955	2.56%

4. Reserves and Surplus

	As at June 30, 2012		As at June 30, 2011	
	(₹)	(₹)	(₹)	(₹)
<i>Securities Premium Account</i>				
Balance as per last balance sheet		75 19 37 790		75 19 37 790
<i>General Reserve</i>				
Balance as per last balance sheet	1 63 98 23 369		1 48 89 23 369	
Add: Transferred from Surplus in Statement of Profit and Loss	18 13 00 000		15 09 00 000	
		1 82 11 23 369		1 63 98 23 369

Notes forming part of the financial statements

	As at June 30, 2012		As at June 30, 2011	
	(₹)	(₹)	(₹)	(₹)
<i>Surplus in Statement of Profit and Loss</i>				
Balance as per last balance sheet	3 28 99 40 022		2 78 09 27 527	
Add: Profit after tax for the year	1 81 29 03 128		1 50 87 62 770	
Less:				
Proposed Dividend to Equity Shareholder at ₹ 22.50 per share (Previous year : ₹ 22.50 per share)	(73 03 66 560)		(73 03 66 560)	
Corporate tax on proposed dividend	(11 84 83 715)		(11 84 83 715)	
Transfer to General Reserve	(18 13 00 000)		(15 09 00 000)	
Balance as at the year end		<u>4 07 26 92 875</u>		<u>3 28 99 40 022</u>
Total Reserves and Surplus		<u><u>6 64 57 54 034</u></u>		<u><u>5 68 17 01 181</u></u>

5. Deferred Tax (Asset)/Liability

	As at June 30, 2012		As at June 30, 2011	
	(₹)	(₹)	(₹)	(₹)
Tax effect of items constituting deferred tax assets				
Excise and Sales Tax Provisions	4 83 71 411		4 91 59 003	
Payments made under Voluntary Retirement Scheme	53 21 330		92 67 984	
Disallowance of payments made U/s 43 B	3 33 90 666		1 28 78 825	
Other timing differences	3 72 63 715		79 23 371	
Total		<u>12 43 47 122</u>		<u>7 92 29 183</u>
Tax effect of items constituting deferred tax liabilities				
On difference between Book and Tax Depreciation	10 89 98 146		10 73 31 207	
Total		<u>10 89 98 146</u>		<u>10 73 31 207</u>
Net Deferred Tax (Asset) / Liability		<u><u>(1 53 48 976)</u></u>		<u><u>2 81 02 024</u></u>

6. Other Long-Term Liabilities

	As at June 30, 2012		As at June 30, 2011	
	(₹)	(₹)	(₹)	(₹)
Trade / Security Deposits received	35 65 444		35 65 444	
		<u>35 65 444</u>		<u>35 65 444</u>

7. Long-Term Provisions

	As at June 30, 2012		As at June 30, 2011	
	(₹)	(₹)	(₹)	(₹)
Provision for employee benefits				
Post Retirement Medical Benefit (Refer Note 26)	2 20 01 000		2 06 85 000	
		<u>2 20 01 000</u>		<u>2 06 85 000</u>

Notes forming part of the financial statements

8. Trade Payables

	As at June 30, 2012 (₹)	As at June 30, 2011 (₹)
Total outstanding dues to Micro Enterprises & Small Enterprises (Refer Note 33)	—	—
Total outstanding dues to trade payables other than Micro Enterprises & Small Enterprises	2 55 35 57 723	1 54 12 12 132
	<u>2 55 35 57 723</u>	<u>1 54 12 12 132</u>

9. Other Current Liabilities

	As at June 30, 2012 (₹)	As at June 30, 2011 (₹)
Gratuity (Refer Note 26)	3 89 19 000	—
Superannuation	22 91 572	22 87 686
Unpaid dividends*	1 41 16 925	1 44 86 100
Temporary overdrawn book balance	6 44 24 492	1 69 67 722
Other payables		
Payables on Purchase of Fixed Assets	7 71 13 694	3 96 65 089
Others Payables (Including Statutory remittances, Excise and Sales Tax Payable)	34 32 41 049	20 96 27 812
	<u>54 01 06 732</u>	<u>28 30 34 409</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, 2012 (₹)	As at June 30, 2011 (₹)
Provision for employee benefits		
Compensated Absences	4 58 06 917	4 40 87 831
Post Retirement Medical Benefit (Refer Note 26)	10 90 000	9 98 000
Proposed Equity Dividend	73 03 66 560	73 03 66 560
Corporate Tax on Proposed Dividend	11 84 83 715	11 84 83 715
	<u>89 57 47 192</u>	<u>89 39 36 106</u>

11. Tangible fixed assets and depreciation / amortization

Particulars - Own use	Gross Block at Cost				Depreciation/Amortization				Net Block	
	As at July 1, 2011 (₹)	Additions/Transfers during the year (₹)	Deletions/Transfers during the year (₹)	As at June 30, 2012 (₹)	As at July 1, 2011 (Refer Note 1 below) (₹)	For the Year (₹)	On Deletions/Transfers (₹)	As at June 30, 2012 (₹)	As at June 30, 2011 (₹)	
Land – Freehold – (Refer Note 2 below)	6 77 43 064	—	—	6 77 43 064	—	—	—	6 77 43 064	6 77 43 064	
Land – Leasehold	1 72 00 709	—	—	1 72 00 709	1 44 28 526	1 76 035	—	1 46 04 561	25 96 148	
Buildings	92 93 64 031	3 13 79 206	—	96 07 43 237	22 58 37 767	3 36 82 626	—	25 95 20 393	70 12 22 844	
Plant, Machinery and Equipment	1 73 93 92 529	27 96 73 247	2 33 07 524	1 99 57 58 252	77 43 57 122	19 70 22 411	1 91 06 648	95 22 72 885	1 04 34 85 367	
Furniture and fixtures	7 47 43 194	88 30 175	40 30 856	7 95 42 513	2 43 77 431	56 04 542	18 96 860	2 80 85 113	5 14 57 400	
Office equipment	18 46 24 844	3 90 86 498	1 10 95 444	21 26 15 898	11 42 29 494	1 90 05 184	86 82 953	12 45 51 725	8 80 64 173	
Moulds and Dies	10 99 70 510	1 06 02 805	—	12 05 73 315	6 78 49 065	2 48 69 352	—	9 27 18 417	2 78 54 898	
Vehicles – Forklifts	59 76 760	48 290	10 31 268	49 93 782	41 23 388	3 93 925	10 31 268	34 86 045	15 07 737	
Grand Total	3 12 90 15 641	36 96 20 221	3 94 65 092	3 45 91 70 770	1 22 52 02 793	28 07 54 075	3 07 17 729	1 47 52 39 139	1 98 39 31 631	
Previous Year	2 42 96 61 718	84 39 04 305	14 45 50 382	3 12 90 15 641	1 12 57 29 210	22 15 50 043	12 20 76 460	1 22 52 02 793		
								Capital work in progress		
									28 90 51 813	
									1 98 01 69 365	

Notes:

- Opening accumulated depreciation includes impairment on Land-Leasehold ₹91 07 650; on Buildings ₹7 49 86 109; on Plant and Machinery ₹2 05 34 937 and on Office Equipment ₹30 621 in 2002-03.
- Land – Freehold includes ₹6 67 10 299 (Previous year ₹6 67 10 299) 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, 2012		As at June 30, 2011	
	(₹)	(₹)	(₹)	(₹)
Security Deposits		2 20 62 900		2 26 77 138
Loans and advances to employees (Refer Note 39)		38 34 92 863		31 74 42 576
Prepaid expenses		12 00 000		15 00 000
Advance income tax [Net of provisions ₹3 67 76 58 620 (Previous year : ₹3 08 80 49 620)]		37 03 96 471		32 46 29 679
MAT credit entitlement		13 19 04 916		10 30 20 923
Other loans and advances*				
Considered good		9 47 19 197		8 32 29 645
Considered Doubtful	10 36 22 876		9 23 47 661	
Less : Provisions for doubtful loans and advances	10 36 22 876		9 23 47 661	
		—		—
		1 00 37 76 347		85 24 99 961

* 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, 2012		As at June 30, 2011	
	(₹)	(₹)	(₹)	(₹)
Interest accrued on time deposits with bank		3 86 846		—
		3 86 846		—

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

	As at June 30, 2012		As at June 30, 2011	
	(₹)	(₹)	(₹)	(₹)
Raw materials [Including goods-in-transit ₹1 88 62 171 (Previous year : ₹2 11 37 495)]		24 33 76 381		17 18 33 469
Packaging materials [Including goods-in-transit ₹59 73 015 (Previous year : ₹1 63 62 262)]		7 53 68 508		7 95 84 009
Work-in-process				
Female Hygiene Products	2 00 89 846		1 51 37 360	
Formulation	71 92 296		12 12 299	
		2 72 82 142		1 63 49 659
Stock-in-trade [Including goods-in-transit ₹55 36 763 (Previous year : ₹Nil)]		21 82 77 224		5 19 67 144
Finished goods		25 61 53 675		26 66 69 991
Consumable Stores and Spare		10 22 14 793		6 69 40 015
		92 26 72 723		65 33 44 287

Notes forming part of the financial statements

15. Trade Receivables – Unsecured

	As at June 30, 2012		As at June 30, 2011	
	(₹)	(₹)	(₹)	(₹)
Trade receivable outstanding for a period exceeding six months from the date they were due for payment				
Considered good	2 50 71 798		26 35 369	
Considered doubtful	67 50 954		1 14 77 760	
		<u>3 18 22 752</u>		1 41 13 129
Other trade receivables – considered good		45 64 40 886		30 75 56 272
		<u>48 82 63 638</u>		32 16 69 401
Less: Provision for doubtful Trade receivables		67 50 954		1 14 77 760
		<u>48 15 12 684</u>		<u>31 01 91 641</u>

16. Cash and Cash Equivalents and Other Bank Balances

	As at June 30, 2012		As at June 30, 2011	
	(₹)	(₹)	(₹)	(₹)
Cash and Cash Equivalents as defined in AS 3 – Cash Flow Statement				
Cash on hand		1 174		1 174
Bank Balance				
In current accounts	10 64 45 785		79 38 991	
In EEFC accounts	3 38 70 669		1 52 21 839	
In deposit accounts	1 65 51 00 000		1 24 74 55 000	
		<u>1 79 54 16 454</u>		1 27 06 15 830
Other Bank Balances				
In earmarked accounts				
Unpaid dividend accounts	1 41 16 925		1 44 86 100	
Other earmarked accounts (deposits with sales tax authorities)	45 000		45 000	
Balances held as margin money securities against guarantees	1 05 72 272		1 08 70 000	
Bank Deposits having original maturity more than 12 months	35 00 000		35 00 000	
		<u>2 82 34 197</u>		2 89 01 100
		<u>1 82 36 51 825</u>		<u>1 29 95 18 104</u>

17. Short-Term Loans and advances — Unsecured, considered good unless otherwise stated

	As at June 30, 2012		As at June 30, 2011	
	(₹)	(₹)	(₹)	(₹)
Loans to related parties (Refer Note 38)	3 39 26 70 242		3 06 71 06 103	
Advances to related parties (Refer Note 38)	41 55 01 774		25 99 23 808	
Security Deposits	1 55 06 546		1 46 92 240	
Loans and advances to employees (Refer Note 39)	11 31 91 441		6 28 51 885	
Prepaid Expenses	1 14 04 127		2 76 46 446	
Balance with government authorities				
VAT Credit receivable	39 459		1 45 63 586	
CENVAT Credit Receivable	10 46 701		2 16 05 154	
Other loans and advances to vendors	30 46 38 018		6 96 90 134	
		<u>4 25 39 98 308</u>		<u>3 53 80 79 356</u>

Notes forming part of the financial statements

18. Other Current Assets

	As at June 30, 2012 (₹)	As at June 30, 2011 (₹)
Interest accrued on Loan to related party (Refer Note 38)	21 00 55 838	13 35 74 674
Interest accrued on time deposits with bank	9 52 494	52 87 288
Others — Insurance claim receivable	—	41 78 980
	<u>21 10 08 332</u>	<u>14 30 40 942</u>

19. Revenue from operations

	For the year ended June 30, 2012 (₹)		For the year ended June 30, 2011 (₹)	
Sale of products (Refer Note (i) below)				
Manufactured products	10 94 02 15 619		9 16 46 43 323	
Traded products	<u>2 07 11 20 251</u>		<u>1 20 55 46 355</u>	
		13 01 13 35 870		10 37 01 89 678
Other operating revenues				
License fee	1 87 21 664		1 64 62 283	
Sale of scrap	<u>83 92 467</u>		<u>97 02 853</u>	
		2 71 14 131		2 61 65 136
		<u>13 03 84 50 001</u>		<u>10 39 63 54 814</u>

Note:

(i) Sale of products comprises	For the year ended June 30, 2012 (₹)		For the year ended June 30, 2011 (₹)	
Details of product sold	Manufactured	Traded	Manufactured	Traded
Ointments and Creams	2 35 73 86 920	—	1 87 83 61 809	—
Cough Drops	1 80 37 73 975	—	1 56 07 88 131	—
Tablets	72 84 59 527	—	69 61 38 459	—
Personal Products, Toilet Preparations, etc.	<u>6 05 05 95 197</u>	<u>2 07 11 20 251</u>	<u>5 02 93 54 924</u>	<u>1 20 55 46 355</u>
	<u>10 94 02 15 619</u>	<u>2 07 11 20 251</u>	<u>9 16 46 43 323</u>	<u>1 20 55 46 355</u>

20. Other Income

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Interest on loans and deposits (gross) [tax deducted at source ₹85 09 385 (Previous year : ₹64 89 428)]	8 03 46 485	6 40 14 224
Interest on loan to fellow subsidiary (gross) [Tax Deducted at Source ₹3 88 48 554 (Previous year : ₹2 46 50 778)]	38 84 85 537	24 65 07 784
Write-back of liabilities no longer required	1 49 06 441	—
Interest on loans given to Employees	1 33 41 629	1 07 23 177
Research and Development and other charges	42 69 237	23 70 969
Exchange Gains (Net)	—	88 74 805
Business process outsourcing income	22 62 388	30 21 193
Miscellaneous Income	55 50 497	1 85 72 777
	<u>50 91 62 214</u>	<u>35 40 84 929</u>

Notes forming part of the financial statements

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

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Opening Stock	25 14 17 478	14 84 19 008
Add: Purchases	4 02 62 55 285	3 09 99 91 293
	<u>4 27 76 72 763</u>	<u>3 24 84 10 301</u>
Less: Closing Stock	31 87 44 889	25 14 17 478
	<u>3 95 89 27 874</u>	<u>2 99 69 92 823</u>

Material Consumed comprises of

	For the year ended June 30, 2012 Value (₹)	For the year ended June 30, 2011 Value (₹)
Class of Goods		
Pulp, Chemicals, waxes and oils	2 54 60 96 236	1 84 11 21 124
Sugar and liquid glucose	31 75 97 708	25 29 58 817
Foils	18 83 03 348	12 35 88 297
Containers, cartons, boxes etc.	90 69 30 582	77 93 24 585
	<u>3 95 89 27 874</u>	<u>2 99 69 92 823</u>

(b) Purchase of Traded goods

Personal Products, Toilet Preparations, etc.	1 45 06 39 532	90 53 10 307
	<u>1 45 06 39 532</u>	<u>90 53 10 307</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 ₹21 97 764 (Previous year ₹2 32 36 452)]	26 66 69 991	25 84 55 670
Work-in-process	1 63 49 659	1 68 23 021
Stock-in-trade	5 19 67 144	5 31 25 925
	<u>33 49 86 794</u>	<u>32 84 04 616</u>

Inventories at the end of the year:

Finished goods [including excise duty ₹35 63 355 (Previous year ₹21 97 764)]	25 61 53 675	26 66 69 991
Work-in-process	2 72 82 142	1 63 49 659
Stock-in-trade	21 82 77 224	5 19 67 144
	<u>50 17 13 041</u>	<u>33 49 86 794</u>
	<u>(16 67 26 247)</u>	<u>(65 82 178)</u>

22. Employee Benefit Expenses

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Salaries and Wages (Refer Note 36)	80 73 69 310	63 19 74 352
Contribution to provident and other funds	14 13 97 396	12 07 85 278
Expense on employee stock option (ISOP & ESOP) scheme (Refer Note 27)	5 41 56 231	2 75 43 404
Staff welfare expenses	8 33 22 744	8 04 15 497
Reimbursement of employee benefit expenses cross charged to related parties (Refer Note 35)	(43 96 46 949)	(35 50 36 599)
	<u>64 65 98 732</u>	<u>50 56 81 932</u>

Notes forming part of the financial statements

23. Finance Cost

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Interest expenses on short term bank borrowings	3 29 160	2 59 958
	<u>3 29 160</u>	<u>2 59 958</u>

24. Operating and other expenses

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Consumption of Stores and spare parts (Refer Note 28)	6 15 64 741	4 97 07 004
Rent (Refer Note 34)	1 93 60 137	1 98 25 426
Increase of Excise Duty on inventory (Refer Note 41)	(13 65 591)	(2 10 38 688)
Processing charges	27 47 62 477	25 07 63 649
Power and fuel	9 83 54 685	6 12 87 600
Repairs and maintenance:		
Plant and machinery	3 86 80 639	2 95 79 928
Buildings	32 12 061	14 23 998
Others	1 29 35 288	34 43 832
Insurance	22 00 280	17 41 273
Turnover and Resale Tax	6 80 94 257	5 94 68 276
Rates and Taxes	20 27 617	14 93 301
Communications	4 81 52 807	4 22 57 586
Travelling, Conveyance and Vehicle expenses	12 42 85 840	9 99 59 044
Computer expenses	2 03 58 399	1 20 29 471
Freight, transport, warehousing and distribution charges	66 73 50 042	41 30 64 554
Trade Incentives	96 00 62 180	67 40 26 860
Advertising expenses	1 37 43 34 708	1 17 38 06 691
Distributor Coverage Expenses	18 73 87 856	19 52 17 429
Royalty	63 41 82 722	51 69 38 070
Business process outsourcing expenses	13 36 33 049	13 32 61 043
Legal and Professional services	19 20 86 593	15 72 87 015
Auditor's remuneration:		
As Auditor	54 56 600	51 32 600
Tax Audit and Certification	17 15 000	16 75 000
Reimbursement of Out-of-pocket expenses	3 00 000	1 88 147
Service Tax	8 99 182	7 20 562
Total Auditor's remuneration:	<u>83 70 782</u>	<u>77 16 309</u>
Commission to directors	22 47 200	20 00 000
Trade Receivables written off	49 69 862	—
Less: Adjusted against Provision for earlier years	(49 69 862)	—
Provision for trade receivable	2 43 056	1 14 77 760
Inventory written off (Net of Insurance claims)	3 73 00 888	2 34 48 071
Exchange Loss (Net)	8 38 06 066	—
Loss on sale / discard of Tangible assets (Net)	36 17 900	1 92 33 533
Others	18 22 07 358	17 35 07 479
	<u>5 23 94 54 037</u>	<u>4 11 29 26 514</u>
Reimbursement of expenses cross charged to related parties (Refer Note 35)	(15 69 05 050)	(12 07 77 053)
	<u>5 08 25 48 987</u>	<u>3 99 21 49 461</u>

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 - ₹28 55 21 351 (Previous year : ₹39 44 92 098). 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 - ₹22 66 02 526 (Previous year : ₹13 25 41 268). The liability is in respect to matters related to non-submission of 'C' Forms / 'F' Forms ₹14 02 44 311 (Previous year : ₹9 90 02 084), Incomplete accounts books ₹1 81 31 079 (Previous year : ₹1 79 53 096), Classification issues ₹58 72 828 (Previous year : ₹58 21 917), Product valuation issues ₹5 38 37 377 (Previous year : ₹49 31 862), and other miscellaneous issues ₹85 16 931 (Previous year : ₹48 32 309).
- (iii) In respect of Excise, Customs and Service Tax matters for which the company has preferred appeals with appropriate authorities ₹1 07 79 483 (Previous year : ₹3 32 79 483). The liability is in respect to: classification matters ₹8 74 000 (Previous year : ₹8 74 000), valuation matters ₹95 06 590 (Previous year : ₹95 06 590) and applicability of service tax on testing charges ₹1 64 678 (Previous year : ₹1 64 678) and others ₹2 34 215 (Previous year : ₹2 34 215). Contingent liability for customs duty is towards the old advance license matters which are under dispute.
- (iv) In respect of counter guarantees given to bank against guarantees given by bank : ₹44 84 20 098 (Previous year : ₹33 61 54 658) 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 - ₹77 00 000 (Previous year : ₹13 14 000). 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 ₹4 48 48 900 (Previous year : ₹6 44 64 860).

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) - ₹2 89 59 804 (Previous year : ₹28 19 284).

26. 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, 2012 (₹)	For the year ended June 30, 2011 (₹)
- Employer's Contribution to Provident Fund	6 59 83 466	5 20 80 712
- Employer's Contribution to Superannuation Fund	2 93 38 359	3 09 79 329
- Employer's Contribution to Employees' State Insurance	4 38 148	3 93 231

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 Benefit (PRMB) (Non-funded Scheme): Under this scheme, employees get medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade at the time of retirement. Employees separated from the Company as part of early separation scheme are also covered under the scheme.

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 (₹) Gratuity		Non-Funded Scheme (₹) Post Retirement Medical Benefit	
	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2012	For the year ended June 30, 2011
Present Value of Obligation as at opening date	27 51 98 000	23 03 35 000	2 16 83 000	1 71 81 000
Current Service Cost	1 54 57 000	1 94 55 000	6 06 000	5 34 000
Interest Cost	2 20 36 000	1 93 34 000	17 58 000	13 83 000
Actuarial (gain) / loss on Obligations	3 13 27 000	1 18 30 000	15 33 000	44 03 000
Benefits Paid	(3 79 21 000)	(57 56 000)	(24 89 000)	(18 18 000)
Present Value of Obligation as at closing date	30 60 97 000	27 51 98 000	2 30 91 000	2 16 83 000

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

Fair Value of Plan Assets as at opening date	27 69 13 000	27 34 12 000
Expected Actual Return on Plan Assets	2 06 36 000	2 16 43 000
Actuarial Gains and (Losses)	75 50 000	(1 23 86 000)
Contributions	—	—
Benefits Paid	(3 79 21 000)	(57 56 000)
Fair Value of Plan Assets as at closing date	26 71 78 000	27 69 13 000

(C) Amount recognized in the Balance Sheet

Present Value of Obligation as at closing date	30 60 97 000	27 51 98 000	2 30 91 000	2 16 83 000
Fair Value of Plan Assets as at closing date	26 71 78 000	27 69 13 000	—	—
Liability/(Asset) recognized in the Balance Sheet	3 89 19 000	(17 15 000)	2 30 91 000	2 16 83 000
– Current Liability / (Asset) recognized in the Balance Sheet	3 89 19 000	(17 15 000)	10 90 000	9 98 000
– Non-current Liability / (Asset) recognized in the Balance Sheet	—	—	2 20 01 000	2 06 85 000

(D) Expenses recognized in Statement of Profit and Loss

Current Service Cost	1 54 57 000	1 94 55 000	6 06 000	5 34 000
Interest Cost	2 20 36 000	1 93 34 000	17 58 000	13 83 000
Expected Return on Plan Assets	(2 06 36 000)	(2 16 43 000)	—	—
Net actuarial (gain)/loss recognized in the year	2 37 77 000	2 42 16 000	15 33 000	44 03 000
Total Expenses recognized in Statement of Profit and Loss	4 06 34 000	4 13 62 000	38 97 000	63 20 000

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, 2012	As at June 30, 2011
Public Sector Unit	68%	39%
Government Of India Securities	10%	12%
State Government Securities	16%	33%
Special Deposit scheme	3%	11%
Private Sector Unit	3%	5%

(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, 2012	For the year ended June 30, 2011	For the year ended June 30, 2012	For the year ended June 30, 2011
Effect of 1% increase (6.5 %)	7 38 000	26 97 000	2 61 78 000	2 43 92 000
Effect of 1% decrease (4.5%)	5 33 000	19 95 000	2 06 45 000	1 95 20 000

(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, 2012	For the year ended June 30, 2011	For the year ended June 30, 2012	For the year ended June 30, 2011
Discount rate (per annum)	8.5%	8.6%	8.5%	8.6%
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 the 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 (₹)			
	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2010	For the year ended June 30, 2009
Defined Benefit Obligation as at closing date	(30 60 97 000)	(27 51 98 000)	(23 03 35 000)	(23 83 21 000)
Plan Assets as at closing date	26 71 78 000	27 69 13 000	27 34 12 000	29 13 93 000
Funded Status - (Short) / Excess	(3 89 19 000)	17 15 000	4 30 77 000	5 30 72 000
Experience Gain/(Loss) adjustments on plan liabilities	(2 83 73 000)	(1 45 42 000)	(1 22 01 000)	(2 35 93 000)
Experience Gain/(Loss) adjustments on plan assets	75 50 000	(1 23 86 000)	(1 37 16 000)	2 53 37 000
Actuarial Gain/(Loss) due to change on assumptions	(29 54 000)	27 12 000	70 12 000	1 23 44 000

Experience History	Non-funded Scheme — Post Retirement Medical Benefit (₹)			
	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2010	For the year ended June 30, 2009
Defined Benefit Obligation as at closing date	(2 30 91 000)	(2 16 83 000)	(1 71 81 000)	(1 50 03 000)
Plan Assets as at closing date	—	—	—	—
Funded Status	(2 30 91 000)	(2 16 83 000)	(1 71 81 000)	(1 50 03 000)
Experience Gain/(Loss) adjustments on plan liabilities	(12 03 000)	(47 06 000)	5 29 000	11 77 000
Actuarial Gain/(Loss) due to change on assumptions	(3 30 000)	3 03 000	(19 40 000)	(9 75 000)

27. (a) International Stock Ownership Plan (Stocks of the Parent 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 Parent 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, 2012, 4 517.96 (Previous year : 5 058.34) shares were purchased by employees at weighted average fair value of ₹3 208.38 (Previous year : ₹2 839) per share.

The Company’s contribution during the year on such purchase of shares amounting to ₹41 15 583 (Previous year : ₹37 89 582) has been charged under Employee Benefit Expenses.

(b) Employees Stock Options Plan (Stocks of the Parent 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 Parent 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 10 years life cycle.

Notes forming part of the financial statements

Stock compensation expense of ₹5 00 11 448 (Previous years: ₹2 37 18 415) has been charged under Employee Benefit Expenses.

Fair Value of shares at Grant date	15-Sep-11	\$ 62.78
	29-Feb-12	\$ 67.52
	15-Sep-10	\$ 61.11
	28-Feb-11	\$ 63.05

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

	Shares arising out of option		Amount in US\$		Remaining Contractual life (years)	
	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2012	For the year ended June 30, 2011	For the year ended June 30, 2012	For the year ended June 30, 2011
Outstanding at the beginning of the year	1 62 976	1 57 367	63.57	59.98	6.60	7.60
Granted during the year						
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	—
15-Sep-10	—	5 590	—	61.11	—	10.00
28-Feb-11	—	15 961	—	63.05	—	10.00
Forfeited during the year	200	4 557	—	—	—	—
Transferred/Adjustments during the year	13 892	(6 457)	—	—	—	—
Exercised during the year	2 080	4 928	67.13	66.87	—	—
Expired during the year	—	—	—	—	—	—
Outstanding at the end of the year	1 95 835	1 62 976	61.25	63.57	5.92	6.60
Exercisable at the end of the year	1 16 099	1 00 556	61.25	63.57	4.90	6.60

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

	For the year ended June 30, 2012		For the year ended June 30, 2011	
	(₹)	Percentage	(₹)	Percentage
Raw and packaging materials:				
Indigenously obtained	2 41 71 74 853	61.1	1 68 88 91 012	56.4
Imported at landed cost	1 54 17 53 021	38.9	1 30 81 01 811	43.6
	3 95 89 27 874	100	2 99 69 92 823	100.0
Stores and spare parts:				
Indigenously obtained	3 71 24 959	60.3	3 34 09 319	67.2
Imported at landed cost	2 44 39 782	39.7	1 62 97 685	32.8
	6 15 64 741	100.0	4 97 07 004	100.0

Notes forming part of the financial statements

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

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Raw materials	1 29 71 87 117	1 03 44 70 432
Spare parts	4 28 74 839	1 62 97 685
Capital goods	27 26 14 924	8 56 79 225
	<u>1 61 26 76 880</u>	<u>1 13 64 47 342</u>

30. Expenditure in foreign currency:

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Travel	5 96 62 008	4 17 00 219
Legal and Professional Services	16 427	23 55 311
Computer expenses	1 62 19 809	76 88 585
Business Process outsourcing expenses	10 98 06 297	12 25 53 622
Expenses cross charged	2 19 09 789	23 43 80 780
Relocation expenses	12 83 37 835	15 93 86 241
Other matters	62 10 690	35 18 785
	<u>34 21 62 855</u>	<u>57 15 83 543</u>

31. Earnings in foreign exchange:

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Business process outsourcing income	22 62 388	30 21 193
Research & Development and other cross recovery	42 69 237	23 70 969
Exports of goods calculated on F.O.B. basis (excludes Rupee exports to Nepal and Bhutan ₹ 5 71 02 929 (Previous year ₹ 5 06 40 190))	7 56 27 506	4 80 69 870
Others (freight, insurance etc)	21 86 898	27 03 680
	<u>8 43 46 029</u>	<u>5 61 65 712</u>

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

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Number of non-resident shareholders	481	398
Number of equity shares on which dividend were paid	2 33 50 677	2 33 32 031
Dividend remitted-net of tax-in respect of year ended :		
June 30, 2011 Final (₹)	52 53 90 233	—
June 30, 2010 Final (₹)	—	52 49 70 698

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:

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

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

34. The Company has taken on lease guesthouses, accommodation for employees and godowns for storage of inventories, with an option of renewal at the end of the lease term and escalation clause in some of the cases. These leases can be terminated with a prior notice as per terms and conditions of the respective leave and license agreements with the lessor. Lease payments amounting to ₹ 4 45 37 027 (Previous Year : ₹ 4 88 39 305) 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, 2012 (₹)	As at June 30, 2011 (₹)
Within one year	98 54 825	96 86 600
After one year but not more than five years	29 76 975	1 28 31 800
More than five years	—	—
	<u>1 28 31 800</u>	<u>2 25 18 400</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. The Managing Director of the Company Mr. Shantanu Khosla, has been re-appointed as the Managing Director of the Company on completion of his five year term, for a period of five years with effect from June 1, 2012 by the Board of Directors at their meeting held on April 30, 2012. The said re-appointment is subject to the approval of the Members at the ensuing Annual General Meeting of the Company. The said approval for re-appointment shall also include either payment of remuneration to Mr. Khosla directly and/or the same may be reimbursed / cross charged to/from any other Company of which Mr. Khosla is also the Managing Director, as enumerated in the Explanatory Statement annexed pursuant to Section 173 of the Act, provided however that the remuneration payable to Mr. Khosla or the reimbursement as aforesaid shall not exceed the maximum limits for payment of managerial remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time. The Board of Directors of the Company has at the said meeting approved/ratified the payment towards the remuneration of Mr. Khosla either being made directly to Mr. Khosla or by way of re-imbursement to any other Company of which Mr. Khosla is also the Managing Director from June 1, 2012 till the date of the Annual General Meeting. Where in any Financial Year during the tenure of office of Mr. Khosla, the Company has no profits or its profits are inadequate, the Company shall pay remuneration, benefits and amenities to Mr. Khosla as specified in the said explanatory statement, subject to the approval of the Central Government, if and to the extent necessary. Mr. Shantanu Khosla is not liable to retire by rotation.

The re-appointment of Mr. Khosla as the Managing Director of the Company is notwithstanding the fact that he has been re-appointed as the Managing Director of Procter & Gamble Home Products Limited and Gillette India Limited (subject to approval of the Members and the Central Government) for a period of five years. Employee Benefit Expenses includes remuneration paid to the Managing Director, subsequent to the date of re-appointment i.e. June 01, 2012 amounting to ₹ 33 12 159 which is subject to approval of the members of the Company at the ensuing Annual General Meeting of the Company.

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, 2012			As at June 30, 2011		
	(₹)	Currency	In Foreign currency	(₹)	Currency	In Foreign currency
Export of goods	2 17 62 985	USD	3 84 552	39 58 752	USD	88 419
Other Receivable	1 84 99 524	USD	3 26 887	1 39 57 711	USD	3 11 865
	5 10 658	EUR	7 174	—	EUR	—
	31 475	THB	17 797	—	THB	—

b. Amounts payable in foreign currency

Import of goods and services	23 30 18 850	USD	41 17 443	8 59 02 756	USD	19 18 644
	19 76 475	EUR	27 768	1 79 852	EUR	3 160
	4 41 61 788	SGD	9 93 923	1 36 34 688	SGD	3 60 133
Other payables	12 75 69 324	USD	22 53 326	13 37 32 607	USD	29 83 446
	—	GBP	—	8 17 730	GBP	11 341
	10 72 666	SGD	24 142	16 387	SGD	450
	—	HKD	—	2 47 639	HKD	43 056
	1 13 96 266	KRW	23 16 48 470	—	KRW	—
	1 86 69 909	EUR	2 62 302	14 64 864	EUR	22 555
	18 53 34 588	JPY	25 96 63 839	11 72 763	JPY	21 06 965
91 32 779	CNY	10 25 979	—	CNY	—	

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

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

(i) Fellow Subsidiaries:

Procter & Gamble Manufacturing (Thailand) Ltd.	Procter & Gamble Tuketim Mallari Sanayi A.S.	Procter & Gamble Philippines, Inc.
Procter & Gamble Home Products Limited	PT Procter & Gamble Home Products Indonesia	P&G Innovation Godo Kaisha
Procter & Gamble Europe SA Singapore Br.	Procter & Gamble Technical Centers Ltd.	Procter & Gamble (Guangzhou) Ltd.
(Formerly Procter & Gamble Asia Pte Limited)	Procter & Gamble International Operations SA-ROHQ	Procter & Gamble Services Company NV
Procter & Gamble Bangladesh Private Limited	(formerly Procter & Gamble Asia Pte Ltd. (MROH))	The Gillette Company

Notes forming part of the financial statements

Procter & Gamble International Operations SA Singapore Br. The Procter & Gamble Company	Procter & Gamble International Operations SA Procter & Gamble Distributing (Philippines), Inc.	Procter & Gamble Trading (Thailand) Ltd. Procter & Gamble Indochina Company Ltd.
Gillette India Limited	Temple Trees Impex & Investment Pvt. Ltd.	Procter & Gamble Gulf Fze
Procter & Gamble Australia Pty Ltd. Rosemount LLC	Procter & Gamble Kabushiki Kaisha PT Procter & Gamble Operations Indonesia	Fameccanica Machinery (Shanghai) Co. Fameccanica Data S.P.A.
Procter & Gamble International Operations Pte. Ltd. Procter & Gamble Malaysia Sdn Bhd	Procter & Gamble (Guangzhou) Consumer Products Co., Ltd. The Procter & Gamble US Business Services Company	Procter & Gamble UK The Procter & Gamble Distributing
P&G Northeast Asia Pte Ltd. - Japan Procter & Gamble Hong Kong Limited	Procter & Gamble International Procter & Gamble Manufacturing GmbH	Procter & Gamble Korea, Inc. Procter & Gamble Distribution SRL
(ii) Key Managerial Personnel of the Company Mr. Shantanu Khosla (Managing Director)	No. of shares held 67 (Previous year : 67)	

Note : Related parties have been identified by the management

(c) Transactions during the year

(Amount in ₹)					
Nature of transactions		Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Sale of Products					
Procter & Gamble International Operations SA Singapore Br.	2011-2012	—	3 54 55 279	—	3 54 55 279
Procter & Gamble Bangladesh Private Limited	2011-2012	—	2 56 40 355	—	2 56 40 355
Procter & Gamble International Operations Pte. Ltd.	2011-2012	—	96 55 502	—	96 55 502
Procter & Gamble Home Products Ltd.	2011-2012	—	70 63 268	—	70 63 268
Procter & Gamble International Operations Pte Ltd.	2010-2011	—	2 04 64 792	—	2 04 64 792
Procter & Gamble Bangladesh Pvt Ltd.	2010-2011	—	1 96 06 977	—	1 96 06 977
Procter & Gamble Home Products Ltd.	2010-2011	—	1 07 01 780	—	1 07 01 780
Sale of Assets / Spares					
Procter & Gamble Home Products Limited	2011-2012	—	49 13 668	—	49 13 668
Procter & Gamble Manufacturing (Thailand) Ltd.	2010-2011	—	5 87 854	—	5 87 854
Recovery of expenses cross charged					
Procter & Gamble Home Products Ltd.	2011-2012	—	50 94 85 518	—	50 94 85 518
Gillette India Ltd.	2011-2012	—	23 22 05 246	—	23 22 05 246
Others	2011-2012	1 12 95 771	3 69 36 067	—	4 82 31 838
Procter & Gamble Home Products Ltd.	2010-2011	—	22 85 38 803	—	22 85 38 803
Gillette India Ltd.	2010-2011	—	16 32 66 661	—	16 32 66 661
Others	2010-2011	—	4 66 52 204	—	4 66 52 204
Business Process Outsourcing income					
Procter & Gamble Europe SA Singapore Br.	2011-2012	—	22 62 388	—	22 62 388
Procter & Gamble Europe SA Singapore Br.	2010-2011	—	30 21 193	—	30 21 193
Retirals and other reimbursements					
The Procter & Gamble Company	2011-2012	15 33 363	—	—	15 33 363
Procter & Gamble (Guangzhou) Ltd.	2011-2012	—	14 26 340	—	14 26 340

Notes forming part of the financial statements

(Amount in ₹)					
Nature of transactions		Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Procter & Gamble Home Products Limited	2011-2012	—	50 37 685	—	50 37 685
Procter & Gamble International Operations SA Singapore Br.	2011-2012	—	19 28 361	—	19 28 361
Others	2011-2012	—	26 26 531	—	26 26 531
The P&G Company, USA	2010-2011	30 56 958	—	—	30 56 958
Procter & Gamble (Guangzhou) Ltd.	2010-2011	—	39 26 019	—	39 26 019
Procter & Gamble International Operations SA Singapore Br.	2010-2011	—	33 76 692	—	33 76 692
Procter & Gamble Home Products Ltd.	2010-2011	—	80 81 721	—	80 81 721
Others	2010-2011	—	82 42 241	—	82 42 241
Reimbursement of expenses shared by related parties					
Procter & Gamble Home Products Ltd.	2011-2012	—	72 82 63 082	—	72 82 63 082
Gillette India Limited	2011-2012	—	22 24 61 153	—	22 24 61 153
Procter & Gamble Home Products Ltd.	2010-2011	—	72 08 53 205	—	72 08 53 205
Gillette India Limited	2010-2011	—	23 44 12 947	—	23 44 12 947
Interest Income					
Procter & Gamble Home Products Ltd.	2011-2012	—	38 84 85 537	—	38 84 85 537
Others	2011-2012	—	—	4 96 721	4 96 721
Procter & Gamble Home Products Ltd.	2010-2011	—	24 65 07 784	—	24 65 07 784
Others	2010-2011	—	—	1 36 839	1 36 839
Purchases of Goods					
Procter & Gamble Home Products Ltd.	2011-2012	—	1 24 64 64 134	—	1 24 64 64 134
Procter & Gamble International Operations SA Singapore Br.	2011-2012	—	21 22 63 832	—	21 22 63 832
Others	2011-2012	—	5 09 30 775	—	5 09 30 775
Procter & Gamble Home Products Ltd.	2010-2011	—	99 96 41 877	—	99 96 41 877
Others	2010-2011	—	4 92 12 950	—	4 92 12 950
Royalty					
The Procter & Gamble Company, USA	2011-2012	56 97 77 948	—	—	56 97 77 948
The Procter & Gamble Company, USA	2010-2011	46 66 13 238	—	—	46 66 13 238
Purchase of Assets / Spares					
Procter & Gamble Kabushiki Kaisha	2011-2012	—	17 73 29 988	—	17 73 29 988
Others	2011-2012	—	5 53 13 945	—	5 53 13 945
The P&G Distributing LLC	2010-2011	—	1 68 79 036	—	1 68 79 036
Procter & Gamble Kabushiki Kaisha	2010-2011	—	96 73 676	—	96 73 676
Fameccanica Machinery (Shanghai) Co.	2010-2011	—	1 54 20 525	—	1 54 20 525
Others	2010-2011	—	59 40 990	—	59 40 990
Business Process Outsourcing expenses					
Procter & Gamble Europe SA Singapore Br.	2011-2012	—	8 06 73 989	—	8 06 73 989
Procter & Gamble International Operations SA-ROHQ	2011-2012	—	2 91 32 308	—	2 91 32 308
Others	2011-2012	—	58 41 227	—	58 41 227
Procter & Gamble Europe SA Singapore Br.	2010-2011	—	4 61 63 156	—	4 61 63 156
Procter & Gamble International Operations SA-ROHQ	2010-2011	—	7 63 90 466	—	7 63 90 466
Expenses cross charged					
Procter & Gamble Home Products Ltd.	2011-2012	—	34 19 91 238	—	34 19 91 238
Gillette India Limited	2011-2012	—	20 87 02 329	—	20 87 02 329
Others	2011-2012	70 09 882	1 48 99 907	—	2 19 09 789
Procter & Gamble Home Products Ltd.	2010-2011	—	13 94 23 135	—	13 94 23 135
Gillette India Limited	2010-2011	—	8 89 53 080	—	8 89 53 080
The P&G Company, USA	2010-2011	23 27 31 232	—	—	23 27 31 232
Others	2010-2011	—	1 21 69 266	—	1 21 69 266

Notes forming part of the financial statements

(Amount in ₹)					
Nature of transactions		Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Reimbursement of expenses cross charged to related parties					
Procter & Gamble Home Products Ltd.	2011-2012	—	25 59 02 361	—	25 59 02 361
Gillette India Limited	2011-2012	—	9 82 69 875	—	9 82 69 875
Procter & Gamble Home Products Ltd.	2010-2011	—	36 73 90 958	—	36 73 90 958
Gillette India Limited	2010-2011	—	13 33 17 080	—	13 33 17 080
Computer expenses					
Procter & Gamble US Business Services Co.	2011-2012	—	1 60 29 252	—	1 60 29 252
Procter & Gamble US Business Services Co.	2010-2011	—	76 88 585	—	76 88 585
Remuneration					
Mr. S. Khosla	2011-2012	—	—	5 20 68 948	5 20 68 948
Mr. S. Khosla	2010-2011	—	—	7 97 66 190	7 97 66 190
Loans					
Loans Given					
Procter & Gamble Home Products Ltd.	2011-2012	—	32 55 64 139	—	32 55 64 139
Mr. S. Khosla (Refer Note 39)	2011-2012	—	—	47 01 027	47 01 027
Procter & Gamble Home Products Ltd.	2010-2011	—	1 06 04 05 403	—	1 06 04 05 403
Loans Repaid					
Mr. S. Khosla	2011-2012	—	—	4 16 125	4 16 125
Mr. S. Khosla	2010-2011	—	—	15 33 945	15 33 945
Dividend Remitted / Paid					
The P&G Company, USA	2011-2012	47 74 93 943	—	—	47 74 93 943
Others	2011-2012	—	3 84 25 950	1 508	3 84 27 458
The P&G Company, USA	2010-2011	47 74 93 943	—	—	47 74 93 943
Others	2010-2011	—	3 84 25 950	1 508	3 84 27 458

(d) Outstandings

(Amount in ₹)					
Nature of balance	As at	Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Trade Payables					
The P&G Company, USA	June 30, 2012	25 25 93 071	—	—	25 25 93 071
Procter & Gamble Home Products Ltd.	June 30, 2012	—	70 03 93 160	—	70 03 93 160
Gillette India Limited	June 30, 2012	—	16 29 76 280	—	16 29 76 280
Procter & Gamble Kabushiki Kaisha	June 30, 2012	—	17 89 41 742	—	17 89 41 742
Others	June 30, 2012	—	14 21 42 251	—	14 21 42 251
The P&G Company, USA	June 30, 2011	39 30 08 312	—	—	39 30 08 312
Procter & Gamble Home Products Ltd.	June 30, 2011	—	16 51 18 902	—	16 51 18 902
Others	June 30, 2011	—	12 73 90 593	—	12 73 90 593
Trade Receivables					
Procter & Gamble International Operations SA Singapore Br.	June 30, 2012	—	1 16 41 310	—	1 16 41 310
Procter & Gamble Bangladesh Private Limited	June 30, 2012	—	1 01 21 675	—	1 01 21 675
Procter & Gamble Home Products Ltd.	June 30, 2012	—	33 04 536	—	33 04 536
Procter & Gamble Home Products Ltd.	June 30, 2011	—	80 78 694	—	80 78 694
Procter & Gamble International Operations SA Singapore Br.	June 30, 2011	—	39 69 008	—	39 69 008
Others	June 30, 2011	—	10 26 828	—	10 26 828

Notes forming part of the financial statements

(Amount in ₹)					
Nature of balance	As at	Holding & Ultimate Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
Short-term Loans and advances					
Procter & Gamble Home Products Ltd.	June 30, 2012	—	29 66 37 162	—	29 66 37 162
Gillette India Limited	June 30, 2012	—	10 46 78 371	—	10 46 78 371
Others	June 30, 2012	—	1 41 86 241	—	1 41 86 241
Procter & Gamble Home Products Ltd.	June 30, 2011	—	17 38 94 326	—	17 38 94 326
Gillette India Limited	June 30, 2011	—	5 61 64 485	—	5 61 64 485
Others	June 30, 2011	—	2 98 64 997	—	2 98 64 997
Interest accrued					
Procter & Gamble Home Products Ltd.	June 30, 2012	—	21 00 55 838	—	21 00 55 838
Procter & Gamble Home Products Ltd.	June 30, 2011	—	13 35 74 674	—	13 35 74 674
Loans					
Procter & Gamble Home Products Ltd.	June 30, 2012	—	3 39 26 70 242	—	3 39 26 70 242
Mr. S. Khosla	June 30, 2012	—	—	42 84 902	42 84 902
Procter & Gamble Home Products Ltd.	June 30, 2011	—	3 06 71 06 103	—	3 06 71 06 103

39. During the year, the Company has advanced a Car Loan to the Managing Director amounting to ₹ 47 01 027 (Previous year ₹ Nil) pursuant to approval received in respect of the same from the Ministry of Corporate Affairs vide its letter no. 6/52/2011-CL.VI dated July 22, 2011.
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)

	For the year ended June 30, 2012 (₹)	For the year ended June 30, 2011 (₹)
Calculation of Basic and diluted earnings per share (₹)		
Profit after Tax for the year	1 81 29 03 128	1 50 87 62 770
Weighted average number of equity shares outstanding for Basic / Diluted EPS	3 24 60 736	3 24 60 736
Nominal value of equity per share	10	10
Basic / Diluted / Earnings per share	55.85	46.48

44. Salaries and wages includes ₹ Nil (Previous year: ₹ 55 68 000) towards expenditure on Voluntary Retirement Scheme.
45. Professional fees in Note 24 Operating and other expenses includes an amount of ₹ 5 61 800 (Previous year : ₹ 1 10 300) on account of fees to cost auditors.
46. The Revised Schedule VI has become effective for period commencing on or after 1 April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of Board of Directors

R. A. Shah
Chairman

S. Khosla
Managing Director

Directors:

B. S. Mehta

S. Harlalka
Company Secretary

T. J. Buch
Chief Financial Officer

A. Vyas

Mumbai, August 23, 2012

TEN YEAR FINANCIAL HIGHLIGHTS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
YEAR END FINANCIAL POSITION (₹ Crores)										
Gross Fixed Assets	177.9	170.9	178.8	127.0	163.6	203.1	221.8	243.0	312.9	345.9
Net Fixed Assets	74.3	80.2	79.1	65.4	94.0	123.1	132.3	130.3	190.4	198.4
Net Worth	230.4	249.1	225.7	272.7	291.2	346.6	440.0	534.6	600.6	697.0
SUMMARY OF OPERATIONS (₹ Crores)										
Gross Sales	474.3	616.0	738.1	596.8	553.0	652.6	773.0	913.5	1037.0	1301.1
Profit before Tax	92.6	127.2	177.8	193.3	145.5	180.6	231.7	233.6	176.7	223.0
Profit after Tax	68.0	92.1	124.6	139.5	89.8	131.4	178.8	179.8	150.9	181.3
Dividend	43.3	64.9	129.8	81.2	64.9	64.9	73.0	73.0	73.0	73.0
PER SHARE DATA										
EPS (₹)	31.44	28.39	38.39	42.98	27.67	40.48	55.10	55.38	46.48	55.85
Dividend (%)	200	200	400++	250	200	200	225	225	225	225
NUMBER OF SHARES										
Shares (Lakhs)	216.40	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61
NUMBER OF EMPLOYEES										
Employees	350	345	368	251	273	250	282	324	370	394

++ 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-Eighth (48th) ANNUAL GENERAL MEETING of the Members of the Company at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai 400 021 on Thursday, December 6, 2012 at 3.30 p.m.

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

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

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

No. of Shares held.....

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

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

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

CUT HERE

PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED

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

PROXY FORM

Folio No./DP ID/(Client ID)

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

in the district ofbeing 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-Eighth (48th) ANNUAL GENERAL MEETING of the Members of the Company to be held on Thursday, December 6, 2012 at 3.30 p.m. at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai 400 021 and at any adjournment thereof.

Signed thisday of..... 2012

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.



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