P&G

Annual Report
2009-2010

Gillette India Limited

BOARD OF DIRECTORS

Mr. S. K. Poddar
Chairman

Mr. S. Khosla
Managing Director

Mr. S. Bansal
Whole-time director

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

Mr. D. Acharya
(Company Secretary)

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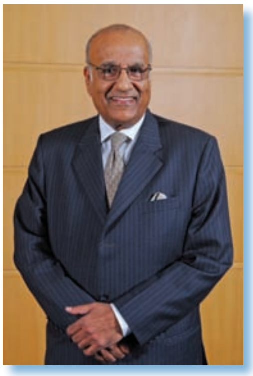


Dear Shareholders,

One of the key phrases that I believe and which stands out across various aspects and milestones of this financial year, is 'steady growth'. We all know from economic surveys, that India is on its way to become one of the fastest growing economies in the coming years. Surveys also tell us that the country's economy will soon be bouncing back to a high 9% growth by 2012. And last but not the least, we also know from Consumer Research reports that the consumer sentiment in India is higher than ever before. It is in this context of steady growth and positivity, that I am pleased to share with you the details of your Company's annual performance for the financial year 2009-2010, where the trend is no different.

Riding on the increasing consumer sentiment in the country is the FMCG industry which has recorded strong double digit growth and is likely to sustain this momentum in the coming years due to rising income in the urban areas and good monsoon that brings in higher disposable income in the rural areas.

I am more than happy to share that over the last 12 months, your Company too has delivered strong business results with an increase of over 29% in sales, and an increase of over 20% in profit before tax, as compared to the figures we shared with all of you last year. This good news has enabled the Board of Directors to recommend a dividend of ₹15 per share, an increase of 20%.

Your Company's growth story was always led by a steady increase in the demand for our Male Grooming, Oral Care and Portable Power products. Needless to say, this was coupled with the right fundamental brand building activities, including insightful advertising, superior value propositions, innovative products and stronger distribution across all categories we play in. I am happy to share that consumer-focused efforts have also led to Oral Care sales growing by an astounding 57%, followed by Personal Grooming business growing at 22% and Portable Power category by 17% respectively.

Committed to inclusive growth, your Company continues to lead the way for the industry on sustainability practices as the Bhiwadi plant earns a 'Gold' award for reduction in usage of earth resources and safeguarding environment. Speaking of sustainable growth, your Company's focus on improving more lives, only gets stronger as our CSR program *Shiksha*, in its 6th year, reaches out to over 150,000 children with a donation of over ₹5 crores. We hope this will now lead to the building of many more '*Shiksha schools*' across the country to help educate more children in need.

As stated earlier, the key phrase this year is 'steady growth', and we are all set to be on an even stronger path to success in the coming years with the strong brand-building seeds sown by us till date. The growing middle class, rising per capita income, favorable demographics and changing lifestyles is resulting in consumers demanding superior products, which your Company is more than equipped to offer at reasonable price.

As we continue to excel, I would like to thank all our employees for their outstanding performance and you, our shareholders for your resolute trust in the Company. I look forward to your continued support as we head towards greater horizons.

S. K. Poddar
Chairman

Mumbai
August 18, 2010

DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting their twenty-sixth Annual Report together with the Audited Accounts for the financial year ended June 30, 2010.

FINANCIAL RESULTS

(Figures in ₹ Crores)

	2009-10	2008-09
Sales (less excise duty)	**852.48**	661.51
Other Income	**21.18**	30.01
Profit before tax & exceptional items	**212.76**	177.02
Exceptional Items	**–**	–
Profit before Tax	**212.76**	177.02
Profit after tax	**137.09**	113.13
Transfer to General Reserve	**13.71**	11.32
Proposed dividend plus tax thereon	**57.00**	47.65
Balance carried forward	**282.55**	222.17

DIVIDEND

Your Directors are pleased to recommend, subject to the approval of the members, a dividend of ₹15 per equity share of ₹10 each, amounting to ₹48.88 crores, for the financial year ended June 30, 2010.

OPERATIONS

Your Company achieved a healthy sales growth during the year ended June 30, 2010. The total sales (net of excise) at ₹852 crores are up by 29% when compared to ₹662 crores of the previous year. The sales in all three business segments have grown with Oral Care leading by 57%, Personal Grooming by 22% and Portable Power by 17%. We are very happy with these solid results that are driven by a continued focus on the consumer, robust innovation and distribution expansion.

Profit Before Tax (PBT) for the year under review is at ₹213 crores, up by 20% when compared to PBT of ₹177 crores of the previous year. Profit After Tax (PAT) at ₹137 crores is up 21% when compared to last year's PAT of ₹113 crores.

PERSONAL GROOMING

Mach3, our premium Blades & Razors brand posted a strong growth of 26%. This was made possible by the successful launch of the ₹125 *Gillette Mach3* razor, aimed at expanding the user base of the brand and enabling more consumers to experience its ultimate comfort. During the year under review, *Mach3* distribution increased by over 60,000 stores throughout India. The high double digit growth in razor sales versus year ago was on account of powerful marketing campaigns and razor placement programs.

The *Shave India Movement* introduced in November 2009 to launch the ₹125 *Mach3* razor generated unprecedented brand awareness and trial for the product.

The engaging format of the second edition of the *Gillette Mach3 India Gaming Championship* held in June 2010 drew over 2 million users, which will go a long way in associating young urban consumers with the brand.

The personal care category of the male grooming business includes pre-shave/post-shave products and deodorants. It is heartening to note that your Company is now the market leader in pre-shave (shaving cream and gel) category for the first time in its history. This outstanding achievement has been led by *Gillette Tube Shave Gel* and *Gillette Series Foam* with their exceptional volume growth of over 55% and 40% respectively over the previous year.

Gillette Vector, the entry level system continued to rapidly expand its user base by shipping over 5.6 million razors resulting in shipment of over 76 million blades. *Vector Plus* blades, which was giving the benefit of "*fast shave without nicks*" grew by over 24% to the consumers behind impactful, television commercials and innovations like "*Vector Flash*". Distribution expansion initiatives also helped grow *Vector* razor and blades to over 450,000 outlets across the country, resulting in *Vector* registering its highest ever share.

The double edged blades business recorded an excellent value growth of 25% led by *Gillette Wilkinson Sword*. Thus, the entire Gillette Male Grooming portfolio witnessed a strong growth across brands.

Gillette India wins a Silver Lion at Cannes Ad Fest:

Your Company's campaign "*Women Against Lazy Stubble*" has yet again won a Silver Lion at the Cannes Festival this year. It also won at the Golden World IPRA Awards and has also been recognized as a 'Stevie Winner' at the International Business Awards amongst several domestic awards.

ORAL CARE

Oral-B toothbrushes continued to make its mark by delivering outstanding value growth of over 57%, which was driven by robust performance of its products across price tiers following fundamental

brand building activities. This helped *Oral-B* consolidate its position at No. 2 in the toothbrush category.

Oral-B continues to strengthen its position across tiers. The trial and awareness generated for the innovative *CrossAction* toothbrushes helped *Oral-B* continue its leadership in the high end segment. *Oral-B 123* and *Classic* continue to lead our growth in the premium tier by providing superior propositions to the consumer. *Oral-B Shiny Clean* further helped strengthen the brands position in the mid-tier segment. Multiple initiatives were undertaken to expand *Oral-B* distribution, which resulted in *Oral-B* toothbrushes being available across price points in more stores.

Oral-B, the brand which more dentists use themselves worldwide, continued its partnership with dentists across India, to promote oral health awareness for yet another year through its free dental checkup initiative. This campaign helps improve the lives of consumers by offering them a free dental checkup close to their residence simply on the purchase of an *Oral-B* toothbrush.

PORTABLE POWER

Duracell continues to enjoy value share leadership in the alkaline segment with strong growth on value sales by 17%. This increase in sales was in large part due to increased awareness and brand building programs. The brand increased distribution nationwide making *Duracell* more accessible to consumers. The growing usage of the high and mid-drain devices like toys and cameras and increased purchasing power in India indicate a good potential for *Duracell* in the coming years.

MANUFACTURING

The Directors have pleasure to inform you that during the year under review, Bhiwadi and Baddi plants continued to perform at record levels. Last year, we informed you about the new initiative we have embarked upon called Integrated Work System (IWS), which helped enhance overall factory and people capability. As a result, plants delivered outstanding performance in all key measures such as safety, quality, productivity, cost etc. During the year, plants delivered highest ever volumes with a flawless customer service. Bhiwadi plant earned the "Gold" award for reduction in usage of earth resources and safeguarding environment.

In our pursuit of delivering best quality product to consumers, Bhiwadi plant achieved 100% quality assurance capability in the company's QA system audit.

The Directors also have pleasure to inform you that the Baddi plant implemented a major initiative of local production of *Mach3* razors. Baddi is not only producing for local market but has started exporting to Europe.

CORPORATE SOCIAL RESPONSIBILITY

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

P&G's philosophy of 'purpose-inspired growth' is about continuing to touch and improve the lives of more people, more completely. Our purpose not only inspires us to make products people love, but also fuels our readiness to touch and improve lives in times of need – which we do through our Corporate Social Responsibility (CSR) programs such as '*Shiksha*'.

Shiksha, our signature CSR program has in its 6th year helped improve the lives of over 150,000 children across 602 communities with a donation of over ₹5 crores by all the P&G group companies in India. This year, *Shiksha* moves onto a new vision of creating tangible, visibly long-lasting impact through the building of '*Shiksha schools*' across the country that offers quality education to children in need. Over the last 6 years, your Company has already been associated with helping bring to life over 100 schools via either building them (near our plants), supporting them through non-governmental organizations (NGOs), working with Army Wives Welfare Association schools, or reactivating Government schools through our work with NGO partner CRY. This year we hope that the building of "*Shiksha schools*" will lead to far

Shiksha School at Kolwan, Pune.

more children being able to access quality education. After all, '*पढ़ेगा इंडिया तो बढ़ेगा इंडिया*'.

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) that in the preparation of the annual accounts for the financial year ended June 30, 2010, 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 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 Act, 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, 2010, on "going concern" basis.

DIRECTORS

Mr. G. C. Das and Mr. C. R. Dua retire by rotation at the ensuing annual general meeting, and being eligible, offer themselves for re-appointment.

The brief resumes of Mr. Das and Mr. Dua 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 re-appointment of the aforesaid Directors are being moved at the ensuing annual general meeting, which the Board recommends for your approval.

AUDITORS

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

COST AUDITORS

The Company has appointed M/s. Ashwin Solanki & Associates, as the Cost Auditors for "Shaving Systems" manufactured at Bhiwadi plant for the year ending June 30, 2011, for which necessary Central Government approval has been obtained.

CONSERVATION OF ENERGY & FOREIGN EXCHANGE

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

HUMAN RESOURCE DEVELOPMENT

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

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

The information as per section 217(2A) of the 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 shareholder interested in obtaining a copy of the said statement may write to the *Secretarial Officer* at the corporate office of the Company.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

S. K. Poddar
Chairman

Mumbai
August 18, 2010

ANNEXURE TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

1. Measures taken this year were-

Bhiwadi Plant

(a) Significant power consumption reduction by aggressively working on compressed air leakages and optimizing compressor usage requirements;

(b) Project of optimizing lighting loads to save energy has been completed;

(c) Reduced power consumption by using localized air conditioning in production floor office area instead of central packaged AC unit after normal office hours;

(d) Installation of capacitor banks to improve power factor and thereby reducing energy losses is in progress;

Baddi Plant

(a) Use of HPSEB supply for lighting loads during peak hours;

(b) Improved efficiency of diesel generators;

(c) Additional investments / proposals –

a. Explore the possibility of using more energy efficient air compressors at Bhiwadi plant;

b. Work on feasibility of using solar powered lighting for open areas at Bhiwadi plant;

c. Optimization of lighting loads at Baddi plant;

d. Improving power factor improvement and reducing energy losses at Baddi plant.

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B.

Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Efforts and initiatives in relation to exports.

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

2. The particulars of foreign exchange earned/utilized during the year are given in Schedule 17.B.9(h) and (j) to the Accounts, respectively.

For and on behalf of the Board

S. K. Poddar
Chairman

Mumbai
August 18, 2010

MANAGEMENT DISCUSSION AND ANALYSIS REPORT, 2010

Review of Economic Scenario and impact of Union Budget ’10

The Economic Survey 2009-2010 presented by *Hon’ble Finance Minister* to the Parliament has projected an economic growth of 8.75 per cent in 2010-11, and further states that India is on its way to becoming world's fastest growing economy in four years. The Survey further states that in 2011-12, the country's economy would bounce back to a high nine per cent growth. The Economic Survey not only suggested the continuation of stimulus for the export sector, but also suggested a further reduction in the excise duty for related industries.

The Union Budget for 2010-11 attempts to achieve a fine balance between sustainable development and fiscal prudence with growth. The Budget places a great thrust on technology to propagate climate resilient initiatives and ecological preservation. Public sentiments leading up to Budget 2010-11 have been understandably upbeat with signs of a revival within the economy indicating that India has successfully overcome the ills of the slowdown that assumed center stage during the previous fiscal year. The expectations from the Union Budget 2010-11 centered on how the economy would attain fiscal consolidation, meet the impending challenges of burgeoning inflation and the game plan to revitalize the waning agricultural sector in India. (source: *Deloitte: Gaining Insights Budget Analysis 2010*)

FMCG Sector and the Indian consumers

According to a FICCI-Technopak report, despite the economic slowdown, India's fast moving consumer goods (FMCG) sector is poised to reach US$ 43 billion by 2013 and US$ 74 billion by 2018. The report states that implementation of the proposed Goods and Services Tax (GST) and the opening of Foreign Direct Investment (FDI) are expected to fuel growth further and raise the industry's size to US$ 47 billion by 2013 and US$ 95 billion by 2018. A new study shows consumer sentiment is highest in India. The Indian consumer is the most confident. India ranks second in the Nielsen Global Consumer Confidence survey released on January 7, 2010 — an indication that recovery from the economic downturn is faster in India with consumers more willing to spend. The rural markets for the FMCG products are also fast developing. Rural India, mostly termed as “high opportunity” market, is no longer just an opportunity, but is now yielding results.

BUSINESS REVIEW:

PERSONAL GROOMING

Your Directors are of the view that the personal grooming sector represents a sizable business opportunity for your Company. According to market research data, the Blades and Razors market alone is estimated at over ₹1000 crores, and about 5 billion units by volume.

ORAL CARE

Manual toothbrushes continue to dominate the Oral Care market in India. According to market research data, the toothbrush market is estimated at over ₹800 crores and growing at a rate of 7% per year.

PORTABLE POWER

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

Outlook and Opportunities

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

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

Threats, Risks & Concerns

One of the hurdles faced by your Company is that the market is largely price driven as consumers do not perceive any benefit in paying incremental price for a quality product.

Your Company has taken this as a challenge and has attempted to upgrade its consumers to better technology products through various campaigns which have been successful.

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

Risk Management

Business, Finance & Operational risks

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

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

Regulatory and Compliance risks

Your Company operates within the letter and spirit of all applicable laws. General compliance with legal requirements is an important component of the *Worldwise 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 personnel.

Your Company has set in place the requisite mechanism for meeting with the compliance requirements, periodic monitoring of compliance to avoid any deviations and regular updations to keep pace with 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, 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 given regularly to all security guards who are on duty 24x7. Evacuation drills are conducted twice a year. A global policy is in place to issue travel advisories to all employees in case there is any adverse situation at any place in a world. If the situation warrants, travel bans are imposed.

HR Initiatives

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

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

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

Your Company has been ranked among the *"Top 4 most preferred employer"* as per Nielsen Survey and has also improved its standing on a majority of campuses. In the internal P&G survey, we continue to see high employee engagement and scores on key indicators are among the highest in the P&G world. This year we will continue to focus on building capability in all areas of the organization, and continue to work on initiatives to strengthen our employee engagement both internally and externally.

Internal Controls & their adequacy

Internal control systems have been a core focus for the company. Internal audits and process checks are carried out regularly in important areas and are supplemental with checks by outside agencies.

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

CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

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

Further, your Company reinforces responsibilities of all our employees, including key employees, of observing high standards of Corporate Governance through the Company's *"Worldwide Business Conduct Manual"* which sets forth management's commitment to conduct its business affairs with high ethical standards. This Manual flows from our *"Purpose, Values and Principles"*, and in turn creates specific guidelines and standards in the form of *"Worldwide Business Conduct Standards"*. The Standards enables the Company's employees to make easier connections to relevant policies and the tools that support them. These standards flow from the following core values of the Company:

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

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

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

2. BOARD OF DIRECTORS

(a) Composition of the Board:

The Board of Directors of the Company comprises an optimum combination of executive and non-executive directors headed by a Non-Executive Chairman. The independent directors do not have any material pecuniary relationships or transactions either with the Company or with the promoters / management that may affect their judgment in any manner. The directors are experienced and eminent professionals in business, law, finance, public enterprise and corporate management. The Board meets at least once in a quarter to review, amongst other business, the quarterly performance of the Company and financial results. Directors actively participate in the deliberations at these meetings.

The composition and other required details of the Board of Directors as on June 30, 2010 are given below:

Name of the Director	Category	Designation	Other Directorships #		Membership of other Board Committees ##	
			Member	Chairman	Member	Chairman
Mr. S.K. Poddar	NED	Chairman	9	8	2	2
Mr. Shantanu Khosla	ED	Managing Director	2	None	2	None
Mr. Subhash Bansal	ED	Whole-time Director	None	None	None	None
Mr. B.S. Mehta	ID	Director	14	None	9	5
Mr. C.R. Dua	ID	Director	5	None	3	None
Mr. Gurcharan Das	ID	Director	4	None	None	None
Mr. Akshay Poddar	NED	Director	9	None	6	2
Ms. Deborah Henretta	NED	Director	1	None	None	None
Mr. Jyoti Sagar	ID	Director	None	None	None	None
Mr. Anil Kumar Gupta	ID	Director	None	None	None	None
Mr. M.K. Kumar*	NED	Alternate to Mr. A. Poddar	N.A.	N.A.	N.A.	N.A
Mr. Ashok Chhabra*	NED	Alternate to Ms. D. Henretta	N.A.	N.A.	N.A.	N.A.

NED – Non-Executive Director
ED – Executive Director
ID – Independent Director
* *Both Mr. Kumar & Mr. Chhabra ceased to be Alternate Directors with effect from August 27, 2009.*
\# *Excludes directorships of private limited companies, foreign companies and alternate directorships and companies under section 25 of the Companies Act, 1956.*
\## *Includes memberships of only Audit Committees and Share Transfer and Investor Grievance Committees of public limited companies.*

(b) Number of Board meetings:

During the financial year 2009-10, four (4) Board meetings were held on August 27, 2009, October 27, 2009, January 29, 2010 and April 27, 2010 respectively. The Annual General Meeting for financial year ended June 30, 2009 was held on October 27, 2009.

(c) Directors' attendance record:

The attendance of directors at the board meetings and at the last Annual General Meeting held on October 27, 2009 was as under:

Directors	No. of Board meetings attended	Whether attended the AGM held on October 27, 2009
Mr. S.K. Poddar	4	Yes
Mr. Shantanu Khosla	4	Yes
Mr. Subhash Bansal	3	No
Mr. B.S. Mehta	2	No
Mr. C.R. Dua	2	Yes
Mr. Gurcharan Das	2	Yes
Mr. Akshay Poddar	3	Yes
Ms. Deborah Henretta	NIL	No
Mr. Jyoti Sagar	3	Yes
Mr. Anil Kumar Gupta	4	Yes
Mr. M.K. Kumar*	NIL	N.A.
Mr. Ashok Chhabra*	NIL	N.A.

* *Both Mr. Kumar and Mr. Chhabra ceased to be Alternate Directors on August 27, 2009*

(d) Material significant related party transaction:

There are no material pecuniary relationships / significant transactions made by the Company with its promoters, directors or management, their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in note B-15 of Schedule 17 to the Accounts in the Annual Report.

(e) Remuneration of Directors:

In terms of the resolution passed at the 24th Annual General Meeting of the members of the Company held on October 22, 2008, all the non-executive directors are entitled to commission upto one per cent of the net profits of the Company for each financial year.

The remuneration of executive directors comprises salary, house rent allowance, perquisites, performance linked incentive, contribution to provident and other funds, gratuity and leave travel allowance and other perquisites and benefits as per the policy of the Company. The details of remuneration paid/provided to the executive/non-executive directors during the financial year 2009-10 are as under:

Name of Director	Relationship with other Directors	Salary including Bonus+PF contribution (₹)	Perquisites (₹)	Commission (₹)	Total (₹)
Mr. S.K. Poddar	Father of Mr. Akshay Poddar	Nil	Nil	120,00,000*	120,00,000
Mr. Shantanu Khosla	None	Nil**	Nil**	Nil	Nil
Mr. Subhash Bansal	None	1,11,08,239	275,760	Nil	1,13,83,999
Mr. C.R. Dua	None	Nil	Nil	10,00,000	10,00,000
Mr. B.S. Mehta	None	Nil	Nil	10,00,000	10,00,000
Mr. Gurcharan Das	None	Nil	Nil	10,00,000	10,00,000
Mr. Akshay Poddar	Son of Mr. S.K. Poddar	Nil	Nil	10,00,000	10,00,000
Ms. Deborah Henretta	None	Nil	Nil	Nil	Nil
Mr. Jyoti Sagar	None	Nil	Nil	10,00,000	10,00,000
Mr. Anil Kumar Gupta	None	Nil	Nil	10,00,000	10,00,000
Mr. M.K. Kumar#	None	Nil	Nil	Nil	Nil
Mr. Ashok Chhabra#	None	Nil	Nil	Nil	Nil

* *In terms of Board resolution dated January 29, 2010 the commission payable to Mr. S.K. Poddar, non-executive Chairman was enhanced from ₹60 lakhs to ₹80 lakhs for the financial year ended June 30, 2009. Accordingly, he was paid the additional commission of ₹20 lakhs pertaining to FY 2008-09 during the financial year 2009-10. Further, w.e.f. July 1, 2009, the commission of Mr. S.K. Poddar is ₹100 lakhs per annum.*

** *Remuneration charged to the accounts in respect of the Managing Director: ₹1,29,65,290/-*

\# *Both Mr. Kumar and Mr. Chhabra ceased to be Alternate Directors on August 27, 2009.*

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

The Company has not issued stock options to any of its Directors. However, all employees of the Company including its whole-time directors are given the right to purchase shares of the ultimate holding Company – The Procter & Gamble Company, USA under its 'International Stock Ownership Plan'. Certain employees of the Company are also entitled to stock options of the ultimate holding Company under its 'Employee Stock Option Plan'. Details as regards the same are disclosed vide note nos. B-16 and B-17 of Schedule 17 to the Accounts in the Annual Report.

Number of Shares held by Non-Executive Directors:

Mr. S.K. Poddar	–	3,23,480
Mr. Akshay Poddar	–	76,923

(f) Committees of the Board:

(i) Audit Committee

The Audit Committee comprises of Mr. C.R. Dua (Chairman), Mr. S.K. Poddar, Mr. B.S. Mehta, Mr. J. Sagar, Mr. G. Das and Mr. A.K. Gupta. During the financial year 2009-10, four Audit Committee meetings were held on August 27, 2009, October 27, 2009, January 29, 2010 and April 27, 2010 respectively. Mr. A.K. Gupta was co-opted as member of the Audit Committee vide Board resolution passed on January 29, 2010.

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

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

Name	Designation	Category	Profession	No. of meetings attended
Mr. C.R. Dua	Chairman	Independent Director	Advocate	3
Mr. S.K. Poddar	Member	Non-Executive Director	Business	4
Mr. B.S. Mehta	Member	Independent Director	Chartered Accountant	2
Mr. Jyoti Sagar	Member	Independent Director	Advocate	3
Mr. Gurcharan Das	Member	Independent Director	Management Consultant	2
Mr. A.K. Gupta*	Member	Independent Director	Consultant	1*

** Mr. A.K. Gupta was appointed member of the Audit Committee on January 29, 2010.*

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

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

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

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

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

- Any change in accounting policies and practices;
- Major accounting entries based on exercise of judgment by management;
- Qualifications in draft audit report;
- Significant adjustments arising out of audit;
- The going concern assumption;
- Compliance with accounting standards;
- Compliance with stock exchange regulations and legal requirements concerning financial statements;
- Related party transactions;

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

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

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

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

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

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

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

(k) Reviewing any other areas which may be specified as role of the Audit Committee under the listing agreement, Companies Act, 1956 and other statutes, as amended from time to time.

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

(ii) Remuneration Committee

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

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

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

No meeting of this Committee was held during the year.

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

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

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

Share Transfers:

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

Sub-division/consolidation/rematerialisation of share certificates;

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

Affix common seal on share certificates and maintain safe custody of the common seal.

b) Shareholders' / Investors' complaints pertaining to:

i) Non receipt of shares after transfer / annual report / dividend;

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

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

During the financial year, 16 meetings of the Committee were held. The attendance of each member of the Committee is given below:

Name	No. of Committee meetings attended
Mr. Akshay Poddar	16
Mr. Shantanu Khosla	16
Mr. Subhash Bansal	16

3. SHAREHOLDERS

(a) Disclosures regarding re-appointment of Directors:

During the year, Mr. Gurcharan Das and Mr. C.R. Dua, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

Brief resumes of the Directors are given hereunder:

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

Mr. Das graduated with honors from Harvard University and later attended Harvard Business School (AMP), where he is featured in three case studies. He is on a number of Boards and is a regular speaker to the managements of the world's largest corporations. He has been on the juries of the McKinsey Award for the best Harvard Business Review article and the $500,000 Milton Friedman award.

Presently, Mr. Das is a Director of the following public companies: Crest Animation Studio Limited, Fortis Healthcare Limited, Berger Paints India Limited and Shakti Bhog Foods Limited.

Mr. C.R. Dua is the founding partner of Dua Associates, which is a leading law firm in India with presence in eight cities. Mr. Dua has successfully established and developed Dua Associates into a firm with over 200 professionals including 50 partners and counsel and a total strength of over 300 people. Mr. Dua has vast experience in corporate law, mergers & acquisitions, privatizations, project finance, public issues, entry strategies, foreign investment, corporate structuring / restructuring, infrastructure projects and commercial aspects of doing business in India. He has been actively involved in the process of regulatory reforms in India consistent with India's multilateral trade policy commitments. Mr. Dua has been a member of the Advisory Committee on Competition Advocacy and also of the Competition Commission Advisory Committee on Regulations of Competition Commission of India. He has been the founding member of the American Chamber of Commerce in India.

Presently, Mr. Dua is Director in the following public companies: Cabot India Limited, House of Pearl Fashions Limited, Vodafone Essar Limited, TVS Motor Company Limited, Wimco Limited & Timex Group India Limited (Alternate Director).

Mr. Dua is also the Member of the following Audit Committees: Cabot India Limited, TVS Motor Company Limited & Wimco Limited.

(b) Communication to shareholders:

i) The quarterly results of the Company are announced within a month of completion of the quarter. Audited annual results are announced within two months of the end of financial year. Such results are published in the following newspapers:

Business Standard (English), Dainik Navjyoti, Jaipur (Hindi).

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

iii) The Company has created a website viz. http://www.pg-india.com/gillette2/index.html into which the Company's results and official news releases are published.

iv) The quarterly financial results and shareholding pattern are posted on Corp Filing website viz. http://www.corpfiling.co.in/home/homePage.aspx

(c) Disclosures:

i) Materially significant related party transactions:

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

ii) Compliance by the Company:

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

iii) Whistle Blower policy:

The Company follows a Whistle Blower Policy as laid down in its "Worldwide Business Conduct Manual". Any employee or other interested person can call on an

Alertline, twenty-four hours a day, seven days a week, to report any concerns about violations of the Company's Worldwide Business Conduct Standards.

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

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

The Audit Committee was accessible to all employees.

iv) *CEO / CFO Certification:*

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

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

The Company has complied with all mandatory requirements and with the following non-mandatory requirements of clause 49 of the listing agreement.

Compliance with Non-Mandatory Requirements

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

(ii) There is no fixed tenure for independent directors.

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

b) The Company has constituted a Remuneration Committee.

c) There are no audit qualifications in the Company's financial statements for the year under reference.

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

e) The Company has not adopted any mechanism for evaluating individual performance of non-executive directors.

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

vi) *Compliance with the Voluntary Code of Corporate Governance:*

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on "Corporate Governance" and "Corporate Social Responsibility" in December 2009. These guidelines are expected to serve as a benchmark for the corporate sector and also help them in achieving the highest standard of corporate governance.

Some of the provisions of these guidelines are already in place as reported elsewhere in this Report. The other provisions of these guidelines are being evaluated for adoption in future.

(d) **General Meetings of members:**

AGM	Date	Time	No. of special resolutions passed
25th	27.10.2009	11.00 a.m.	1
24th	22.10.2008	11.00 a.m	2
23rd	25.10.2007	11.00 a.m.	1

Venue:

All the three annual general meetings were held at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan 301 019

Postal Ballot

No postal ballot was undertaken during the year.

(e) **Code of conduct:**

(i) **Code of conduct for Directors and Senior Management**

The Company has adopted a Code of Conduct for its directors and senior management. The code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct and it is applicable to all directors and senior management of the Company. The Board members and senior management personnel have affirmed their compliance with the code of conduct and a CEO certificate to that effect is annexed to this corporate governance report.

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

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

4. GENERAL SHAREHOLDERS INFORMATION:

(i) Annual General Meeting

The Annual General Meeting will be held on Thursday, November 18, 2010 at 11.00 a.m. at the Company's registered office at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, (Distt. Alwar) Rajasthan-301 019.

(ii) Financial Calendar

Financial Year	:	July to June
Accounts Finalisation	:	August
Annual General Meeting	:	October – November
Dividend Dispatch	:	Within 30 days of annual general meeting.
Quarterly Results	:	Normally before the end of following month, except 4th quarter when audited annual results are declared within 2 months as permitted under the listing agreement.

(iii) Book Closure Date

November 11 to November 18, 2010 (both days inclusive).

(iv) Dividend Payment Details

Dividend, if declared: Will be paid on or around November 25, 2010

(v) Listing of equity shares on Stock Exchanges

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

(vi) Stock Code

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

(vii) Stock Price Data

Monthly high and low quotation of shares traded on BSE and NSE during the financial year 2009-10.*

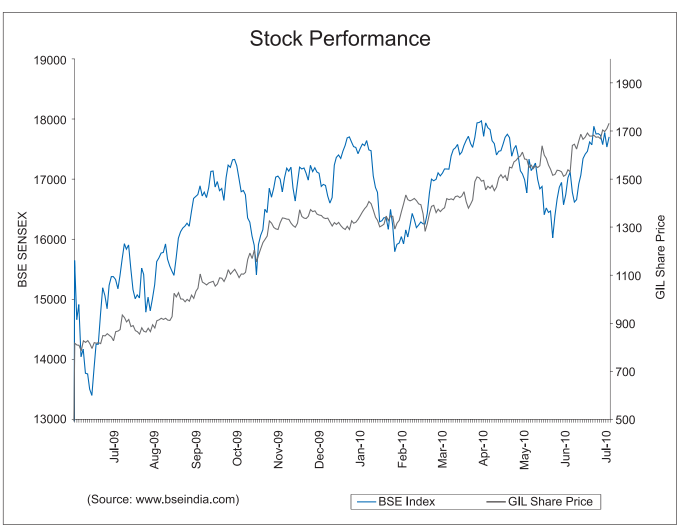
MONTH	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July 2009	942.80	776.00	940.00	779.05
August 2009	952.00	800.00	955.00	849.95
September 2009	1,165.00	905.05	1,156.00	904.60
October 2009	1,245.00	1,050.00	1,250.00	1,031.00
November 2009	1,361.10	1,136.05	1,365.00	1,133.00
December 2009	1,408.00	1,250.05	1,405.00	1,290.00
January 2010	1,454.00	1,251.00	1,450.00	1,141.20
February 2010	1,449.00	1,255.00	1,449.00	1,240.10
March 2010	1,470.00	1,310.00	1,470.00	1,278.00
April 2010	1,590.00	1,414.25	1,595.00	1,420.05
May 2010	1,667.00	1,503.00	1,660.00	1,503.00
June 2010	1,798.00	1,501.00	1,790.50	1,495.00

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

Note: High and low are in rupees per traded share.

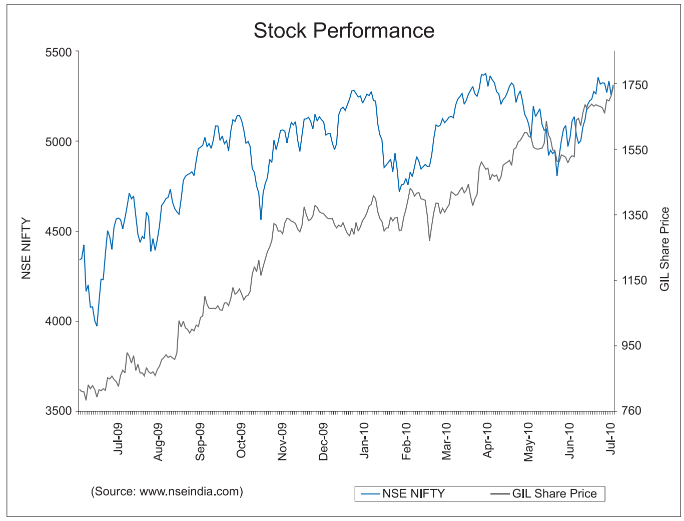
(viii) Performance in comparison to the BSE Sensex

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the year 2009-10:



Year – July 1, 2009 to June 30, 2010
(Source: www.bseindia.com)

The following chart shows the performance of the Company's shares as compared to the NSE Nifty during the year 2009-10:



Year – July 1, 2009 to June 30, 2010
(Source: www.nseindia.com)

(ix) Registrar and Share Transfer Agents

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

(x) Share Transfer System and Shareholders Complaints

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

During the financial year 2009-10, the Company had received 44 shareholder complaints, which were resolved expeditiously. The time taken to resolve shareholder complaints is 1 to 10 days. As on June 30, 2010, there are no complaints pending.

There is NIL share transfer pending as on June 30, 2010.

(xi) Distribution of shareholding by size class as on June 30, 2010

No. of Shares held	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 – 500	14395	95.287	1052252	3.229
501 – 1000	364	2.409	272809	0.837
1001 – 2000	162	1.072	236595	0.726
2001 – 3000	56	0.371	139252	0.427
3001 – 4000	33	0.218	116290	0.357
4001 – 5000	23	0.152	106982	0.328
5001 – 10000	27	0.179	202733	0.622
10001 and above	47	0.311	30458304	93.473
Total	**15107**	**100.00**	**32585217**	**100.00**

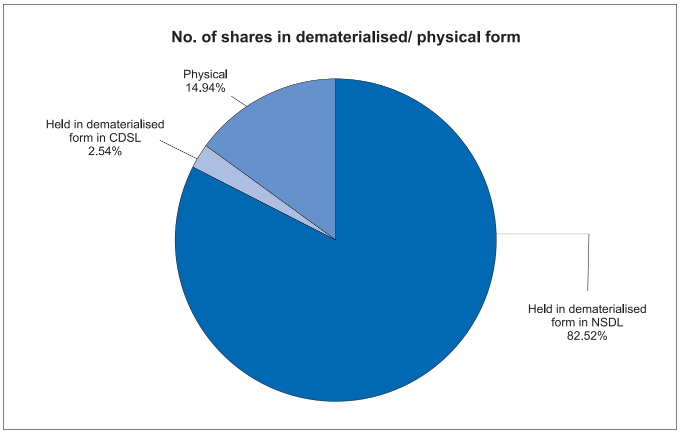
Distribution of shareholding by ownership as on June 30, 2010

Category	Number of Shares held	% of Shares held
Indian & Foreign Promoters	28911849	88.73
Resident Individuals and others	2233968	6.86
Mutual Funds & UTI	298719	0.92
Financial Institutions/Banks	3060	0.01
Foreign Institutional Investors	245220	0.75
Private Corporate Bodies	737903	2.26
NRIs	154498	0.47
Directors and their Relatives	0	0
TOTAL	**32585217**	**100.00**

(xii) Dematerialisation of shares and liquidity

The company's shares are required to be compulsorily traded on the stock exchanges in dematerialised form. As on June 30, 2010 the number of shares in dematerialized and physical mode is as under:

	No. of shares	% to total capital issued
Held in dematerialised form in NSDL	26887794	82.52
Held in dematerialised form in CDSL	829208	2.54
Physical	4868215	14.94
Total	**32585217**	**100.00**



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

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

(xiv) Unclaimed / Unpaid Dividends

The amount of unclaimed dividends for and upto the year ended 2002 has been transferred to the Investor Education and Protection Fund established by the Central Government. Pursuant to section 205C of the Companies Act, 1956, those members who have not so far claimed their dividends for the said periods shall not be entitled to claim the same from the Company or the said Fund.

Final dividend for the financial years ended December 31, 2003 and subsequent years, which remain unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on the dates mentioned in the table below. Members who have not encashed their dividend warrants for the said years, are requested to seek issue of duplicate warrants on or before the due dates mentioned there against, by writing to the Company's RTA, M/s. MAS Services Limited.

Dividend No.	Date of Declaration	For the year ended	Due for transfer to IEPF
11	29.04.2004	31.12.2003	05.06.2011
12	27.04.2005	31.12.2004	02.06.2012
13	29.04.2006	31.12.2005	04.06.2013
14 (Interim)	27.02.2007	30.06.2007	04.04.2014
15 (Final)	25.10.2007	30.06.2007	30.11.2014
16	22.10.2008	30.06.2008	28.11.2015
17	27.10.2009	30.06.2009	02.12.2016

During the Financial year 2009-10, unclaimed final dividend amount for the year ended December 31, 2001 of ₹215,803/- was transferred to the Investor Education and Protection Fund on August 10, 2009. The company also transferred the unclaimed dividend for the financial year ended December 31, 2002 of ₹248,989 to the Investor Education and Protection Fund on July 5, 2010.

(xv) Plant Locations

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

India Baddi Packing Centre
Plot No. 4, Industrial Area
Village Katha, Bhatoli Kalan
Baddi 173 205
Dist. Solan, Himachal Pradesh

(xvi) Address for Correspondence

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

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

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

Declaration

As provided under clause 49 of the listing agreement with stock exchanges, the Board members have confirmed compliance with the Directors' Code of Conduct for the year ended June 30, 2010 and the Senior Management has complied with the Business Conduct Manual for the year ended June 30, 2010.

For ***GILLETTE INDIA LIMITED***

S. Khosla
Managing Director

Mumbai
August 18, 2010

Auditors' Certificate on compliance of conditions of Corporate Governance under clause 49 of the listing agreement.

To,
The Members
Gillette India Limited

We have examined the compliance of conditions of Corporate Governance by Gillette India Limited ("the Company") for the financial year ended June 30, 2010 as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges in India.

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

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

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

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

N.P. Sarda
Partner
Membership No. 9544

Mumbai,
August 18, 2010

AUDITORS' REPORT TO THE MEMBERS OF GILLETTE INDIA LIMITED

1. We have audited the attached Balance Sheet of Gillette India Limited ("the Company"), as at June 30, 2010, the Profit and Loss account and also the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. 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.

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

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

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

   c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

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

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

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2010;

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

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

5. On the basis of written representations received from the Directors as on June 30, 2010 and taken on record by the Board of Directors, none of the Directors is disqualified as on June 30, 2010 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)

N.P. Sarda
Partner
Membership No. 9544

Mumbai,
August 18, 2010

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

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

(ii) In respect of its fixed assets:

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

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

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

(iii) In respect of its inventory:

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

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

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

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

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

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

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

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

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

a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable to it with the appropriate authorities.

b. There were no undisputed amounts payable in respect of income-tax, wealth-tax, custom duty, excise duty, cess and other material statutory dues in arrears as at June 30, 2010, for a period of more than six months from the date they became payable.

c. Details of excise duty, service-tax, sales-tax, custom duty and interest charged by Delhi Development Authority on unearned increase which have not been deposited as on June 30, 2010 on account of disputes are given below:

Statute	Nature of the dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ in Lakhs)
The Central Excise Act, 1944	Excise Duty	Appellate Authorities	May-1996, Nov. ’94 - May ’96, July ’97 - July 31 ’97, Apr. ’04 - Sept. ’04, Sept. - 1995 - Nov - 1995, Apr. ’02 - Jan. ’03, Dec. ’04 - Sept. ’07, Apr. ’08 - Apr. ’09	2477.01
		Tribunal	Apr. ’94 - Sep. ’96 Nov. ’96 - May ’98 Sept. ’03 - Jan. ’08	12719.20
		High Court	1991	8.92
	Sub-total			**15205.13**
Finance Act, 1994	Service Tax	Appellate Authorities	2001-02, Jan. ’04 - Dec ’04, Apr. ’05 to Mar. ’06, Apr. ’05 to Sep. ’05	49.55
	Sub-total			**49.55**
Custom Duty		Appellate Authorities	1996-97, May ’05 to Dec. ’06	1554.60
	Sub-total			**1554.60**
Sales Tax Laws as per statutes applicable in various states	Sales Tax	Tribunal	1997-98, 1999-2000, 2000-2001, 2002-2003 & 2003-2004	45.40
		Appellate Authorities	1997-1998 to 2009-10	2167.04
	Sub-total			**2212.44**
Delhi Development Authority Act 1957	Penal Interest	Assistant Director	29.09.1995 to 31.05.2007	394.57
	Sub-total			**394.57**

The above excludes disputed unpaid Excise demands of ₹2201.83 lakhs and unpaid Service Tax demands of ₹12 Lakhs raised by the authorities on the third parties with whom the company has business transactions/contractual obligation.

There were no disputed dues remaining unpaid in respect of income tax, wealth tax and cess during the year.

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

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

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

N.P. Sarda
Partner
Membership No. 9544

Mumbai,
August 18, 2010

Balance Sheet as at June 30, 2010

	Schedule No.	As at June 30, 2010 ₹	₹	As at June 30, 2009 ₹	₹
Sources of Funds					
Shareholders' funds					
Share Capital	1	32 58 52 170		32 58 52 170	
Reserves and Surplus	2	5 38 39 97 142		4 58 30 14 822	
			5 70 98 49 312		4 90 88 66 992
Deferred Tax Liability – Net	3		6 72 16 810		4 86 27 810
TOTAL			5 77 70 66 122		4 95 74 94 802
Application of Funds					
Fixed Assets	4a				
Gross Block		2 89 46 80 963		2 46 01 45 938	
Less : Depreciation/Amortization		1 69 37 47 143		1 57 49 91 877	
Net Block		1 20 09 33 820		88 51 54 061	
Capital work-in-progress (including Advances on Capital Account)		2 62 97 704		2 43 21 939	
			1 22 72 31 524		90 94 76 000
Fixed Assets held for disposal	4b		55 04 661		58 75 761
Current Assets, Loans and Advances					
Inventories	5	1 41 36 48 562		1 00 95 53 383	
Sundry Debtors	6	78 39 93 086		60 56 96 745	
Cash and Bank Balances	7	2 05 76 01 556		92 62 44 885	
Other Current Assets	8	5 91 19 030		1 59 57 649	
Loans and Advances	9	2 78 50 96 014		2 99 10 16 359	
		7 09 94 58 248		5 54 84 69 021	
Less : Current Liabilities and Provisions					
Current Liabilities	10	1 91 24 79 658		97 96 58 822	
Provisions	11	64 26 48 653		52 66 67 158	
		2 55 51 28 311		1 50 63 25 980	
Net Current Assets			4 54 43 29 937		4 04 21 43 041
TOTAL			5 77 70 66 122		4 95 74 94 802
Significant Accounting Policies and Notes to Accounts	17				

In terms of our report of even date attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

N. P. Sarda
Partner

Mumbai, August 18, 2010

For and on behalf of Board of Directors

S. K. Poddar
Chairman

S. Khosla
Managing Director

T. Buch
Chief Financial Officer

D. Acharya
Company Secretary

Mumbai, August 18, 2010

Profit and Loss Account for the year ended June 30, 2010

	Schedule No.	2009-2010 ₹	2008-2009 ₹
Income			
Sales – Gross		8 61 34 18 180	6 73 09 79 314
Less : Excise duty (Refer Note B19 of Schedule 17)		8 86 25 519	11 58 45 399
Net Sales		8 52 47 92 661	6 61 51 33 915
Other Income	12	21 17 79 325	30 01 26 658
		8 73 65 71 986	6 91 52 60 573
Expenditure			
Raw materials and packaging materials consumed		2 16 89 84 378	1 56 30 59 844
Purchase of finished goods		1 21 82 50 862	98 24 19 454
Decrease/(Increase) in finished goods and work-in-process	13	(18 72 31 847)	4 25 34 881
Payments to and provisions for employees	14	51 26 01 570	45 66 68 895
Operating and other expenses	15	2 77 09 25 287	1 98 64 72 142
Interest	16	4 34 710	2 83 985
Depreciation/Amortization	4a, 4b	12 49 56 493	11 36 68 446
		6 60 89 21 453	5 14 51 07 647
Profit Before Taxation		2 12 76 50 533	1 77 01 52 926
Provision for taxation:			
Income Tax			
Current Tax		73 81 21 000	62 65 39 000
Deferred Tax expense – Net		1 85 89 000	13 09 000
Fringe Benefit tax		—	1 10 00 000
Profit After Taxation		1 37 09 40 533	1 13 13 04 926
Balance brought forward from previous year		2 22 16 52 414	1 77 00 85 921
Amount available for Appropriation		3 59 25 92 947	2 90 13 90 847
Appropriations			
Transfer to Contingency Reserve		6 00 00 000	9 00 00 000
Proposed dividend		48 87 78 255	40 73 15 213
Corporate tax on Dividend		8 11 79 958	6 92 23 220
Transfer to General Reserve		13 71 00 000	11 32 00 000
		76 70 58 213	67 97 38 433
Balance carried forward		2 82 55 34 734	2 22 16 52 414
Number of equity shares outstanding during the year of ₹ 10/- each		3 25 85 217	3 25 85 217
Basic and diluted earnings per share (₹)		42.07	34.72
Significant Accounting Policies and Notes to Accounts	17		

In terms of our report of even date attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

N. P. Sarda
Partner

Mumbai, August 18, 2010

For and on behalf of Board of Directors

S. K. Poddar
Chairman

S. Khosla
Managing Director

T. Buch
Chief Financial Officer

D. Acharya
Company Secretary

Mumbai, August 18, 2010

Cash Flow Statement for the year ended June 30, 2010

		2009-2010		2008-2009
	₹	₹	₹	₹
A. Cash Flow from Operating Activities				
Profit Before Taxation		2 12 76 50 533		1 77 01 52 926
Adjustments for:				
Depreciation/Amortisation	12 49 56 493		11 36 68 446	
Provision for Employee Benefits	2 25 61 715		(1 21 30 111)	
Write-back of liabilities no longer required	—		(64 47 000)	
Interest expense	4 34 710		2 83 985	
Interest income	(19 21 79 463)		(23 76 47 340)	
Unrealised Foreign Exchange Loss/(Gain)	(13 23 251)		(30 22 352)	
Write-back of provision for doubtful debts	—		(2 52 26 803)	
Inventories written off	5 91 29 847		5 45 58 917	
Loss/(Profit) on sale/scrapping of fixed assets (net)	3 60 484		13 97 599	
		1 39 40 535		(11 45 64 659)
Operating Profit before working capital changes		2 14 15 91 068		1 65 55 88 267
Adjustments for:				
Decrease/(Increase) in Trade and other receivables	(15 98 74 529)		12 04 60 227	
Increase in Inventories	(46 32 25 027)		(3 21 30 821)	
(Decrease)/Increase in Trade and other payables	92 38 57 078		(25 97 70 794)	
		30 07 57 522		(17 14 41 388)
Cash generated from operations		2 44 23 48 590		1 48 41 46 879
Direct taxes paid (net)		(83 28 01 155)		(76 18 03 618)
Net Cash generated from Operating Activities		1 60 95 47 435		72 23 43 261
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(44 32 20 370)		(8 42 90 124)	
Sale of Fixed Assets	5 18 969		18 13 989	
Interest received	14 90 18 082		26 88 98 177	
Loan to fellow subsidiaries received/(given)	(15 75 53 339)		10 04 30 497	
Inter Corporate Deposits placed/repaid (net)	45 00 00 000		(37 00 00 000)	
Net Cash used in Investing Activities		(12 36 658)		(8 31 47 461)
C. Cash Flow from Financing Activities				
Dividend paid	(40 73 15 213)		(40 73 15 213)	
Corporate Tax on Dividend paid	(6 92 23 220)		(6 92 23 220)	
Interest paid	(4 34 710)		(2 83 985)	
Net Cash used in Financing Activities		(47 69 73 143)		(47 68 22 418)
D. Net Increase/(Decrease) in Cash and Cash Equivalents		1 13 13 37 634		16 23 73 382
E. Cash and Cash Equivalents at the beginning of the year		92 61 07 915		76 37 34 533
F. Cash and Cash Equivalents at the end of the year (D+E)		2 05 74 45 549		92 61 07 915

Notes:

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

	June 30, 2010	June 30, 2009
	₹	₹
2. Cash and Bank balances include:		
Cash and Bank balances (refer Schedule 7)	2 05 76 01 556	92 62 44 885
Less : Deposits having maturity beyond 3 months	(75 000)	(75 000)
	2 05 75 26 556	92 61 69 885
Effect of exchange rate changes – gain	(81 007)	(61 970)
Cash and Cash Equivalents – as restated	2 05 74 45 549	92 61 07 915

Cash and Bank balances include an amount of ₹54 65 249 (Previous year : ₹51 93 086) being balance in Unclaimed Dividend Accounts.

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

In terms of our report of even date attached

For DELOITTE HASKINS & SELLS

Chartered Accountants

N. P. Sarda

Partner

Mumbai, August, 18, 2010

For and on behalf of Board of Directors

S. K. Poddar — *Chairman*

S. Khosla — *Managing Director*

T. Buch — *Chief Financial Officer*

D. Acharya — *Company Secretary*

Mumbai, August 18, 2010

Schedules forming part of the accounts

	As at June 30, 2010 ₹	As at June 30, 2010 ₹	As at June 30, 2009 ₹	As at June 30, 2009 ₹
(1) Share Capital				
Authorised				
3 30 00 000 (Previous year : 3 30 00 000) equity shares of ₹10 each		33 00 00 000		33 00 00 000
Issued and subscribed				
3 25 85 217 (Previous year : 3 25 85 217) equity shares of ₹10 each fully paid up		32 58 52 170		32 58 52 170

Of the above shares

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

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

	As at June 30, 2010 ₹	As at June 30, 2010 ₹	As at June 30, 2009 ₹	As at June 30, 2009 ₹
(2) Reserves and Surplus				
Capital Reserve				
As per last Balance Sheet		1 25 88 91 513		1 25 88 91 513
Contingency Reserve (Refer Note B2 of Schedule 17)				
As per last Balance Sheet	15 00 00 000		6 00 00 000	
Transfer from Profit and Loss Account	6 00 00 000		9 00 00 000	
		21 00 00 000		15 00 00 000
Securities Premium				
As per last Balance Sheet		32 90 16 500		32 90 16 500
General Reserve				
As per last Balance Sheet	62 34 54 395		51 02 54 395	
Transfer from Profit and Loss Account	13 71 00 000		11 32 00 000	
		76 05 54 395		62 34 54 395
Profit and Loss Account				
Surplus as per Profit and Loss Account		2 82 55 34 734		2 22 16 52 414
		5 38 39 97 142		4 58 30 14 822
(3) Deferred Tax Liability – Net				
Deferred Tax Assets				
Voluntary retirement scheme		33 03 071		14 367
Provision for doubtful debts and advances		78 88 905		1 73 19 879
Other timing differences		5 41 86 511		5 20 47 662
		6 53 78 487		6 93 81 908
Deferred Tax Liability				
Depreciation		(13 25 95 297)		(11 80 09 718)
		(13 25 95 297)		(11 80 09 718)
Net deferred tax liability		(6 72 16 810)		(4 86 27 810)

Schedules forming part of the accounts

(4a) Fixed Assets

Particulars	Gross Block at Cost				Depreciation/Amortization				Net Block	
	As at July 1, 2009 ₹	Additions/ Transfers during the year ₹	Deletions/ Transfers during the year ₹	**As at June 30, 2010 ₹**	As at July 1, 2009 ₹	For the year ₹	On Deletions/ Transfers ₹	**As at June 30, 2010 ₹**	**As at June 30, 2010 ₹**	As at June 30, 2009 ₹
Land – Freehold	7 26 567	—	—	**7 26 567**	—	—	—	**—**	**7 26 567**	7 26 567
Land – Leasehold	9 62 17 660	—	—	**9 62 17 660**	1 25 78 222	11 24 786	—	**1 37 03 008**	**8 25 14 652**	8 36 39 438
Buildings	29 04 71 395	72 17 525	—	**29 76 88 920**	7 77 00 368	1 17 20 086	—	**8 94 20 454**	**20 82 68 466**	21 27 71 027
Plant and Machinery	1 99 36 89 583	42 58 59 039	63 39 992	**2 41 32 08 630**	1 42 81 74 742	9 24 35 594	55 05 771	**1 51 51 04 565**	**89 81 04 065**	56 55 14 841
Furniture, Fittings and Office Equipment	7 66 31 061	54 56 034	3 69 588	**8 17 17 507**	5 54 19 733	1 89 69 247	3 24 356	**7 40 64 624**	**76 52 883**	2 12 11 328
Motor vehicles	24 09 672	27 12 007	—	**51 21 679**	11 18 812	3 35 680	—	**14 54 492**	**36 67 187**	12 90 860
	2 46 01 45 938	44 12 44 605	67 09 580	**2 89 46 80 963**	1 57 49 91 877	12 45 85 393	58 30 127	**1 69 37 47 143**	**1 20 09 33 820**	
Previous Year	2 53 07 82 539	9 00 08 332	16 06 44 933	2 46 01 45 938	1 61 88 81 131	11 35 44 091	15 74 33 345	1 57 49 91 877		88 51 54 061
Capital work in progress (including advances on capital account)									**2 62 97 704**	2 43 21 939
									1 22 72 31 524	90 94 76 000

(4b) Fixed Assets held for disposal

Particulars	Gross Block at Cost				Depreciation				Net Block	
	As at July 1, 2009 ₹	Additions/ Transfers during the year ₹	Deletions/ Transfers during the year ₹	**As at June 30, 2010 ₹**	As at July 1, 2009 ₹	For the year ₹	On Deletions/ Transfers ₹	**As at June 30, 2010 ₹**	**As at June 30, 2010 ₹**	As at June 30, 2009 ₹
Buildings	76 12 154	—	—	**76 12 154**	17 36 393	3 71 100	—	**21 07 493**	**55 04 661**	
Previous Year	76 12 154	—	—	76 12 154	16 12 038	1 24 355	—	17 36 393		58 75 761
									55 04 661	58 75 761

	As at June 30, 2010 ₹	As at June 30, 2009 ₹
(5) Inventories (At lower of cost and net realisable value)		
Raw materials (including Goods-in-transit ₹21 39 63 365 (Previous year : ₹Nil))	**54 82 27 089**	35 22 96 692
Packaging materials	**2 25 12 800**	1 79 23 516
Stores and spare parts	**6 20 17 939**	4 56 74 288
Work-in-process	**6 51 18 366**	4 33 04 958
Finished goods	**71 57 72 368**	55 03 53 929
	1 41 36 48 562	1 00 95 53 383
(6) Sundry Debtors – Unsecured		
Debts outstanding for a period exceeding six months		
– Considered good	**2 61 57 684**	2 65 09 748
– Considered doubtful	**2 37 49 244**	5 09 55 809
	4 99 06 928	7 74 65 557
Other debts – Considered good	**75 78 35 402**	57 91 86 997
	80 77 42 330	65 66 52 554
Less : Provision for doubtful debts	**2 37 49 244**	5 09 55 809
	78 39 93 086	60 56 96 745

(Refer Note B13 of Schedule 17 – Dues from Companies under the same management)

Schedules forming part of the accounts

	As at June 30, 2010 ₹	As at June 30, 2009 ₹
(7) Cash and Bank Balances		
Bank Balances with scheduled banks on:		
Current accounts	**1 89 87 227**	1 17 69 885
Deposit accounts	**2 03 86 14 329**	91 44 75 000
	2 05 76 01 556	92 62 44 885
(8) Other Current Assets		
Interest accrued on Loan to fellow subsidiary	**5 06 11 020**	1 09 92 108
Interest accrued on inter-corporate deposits	**—**	35 24 384
Interest accrued on bank deposits	**85 08 010**	14 41 157
	5 91 19 030	1 59 57 649
(9) Loans and Advances – Unsecured, considered good		
Loans and Advances recoverable in cash or in kind or for value to be received (Refer Note B14(b) of Schedule 17)	**40 02 83 251**	44 57 80 631
Loan to Fellow Subsidiary (Refer Note B14(a) of Schedule 17)	**1 96 01 22 842**	1 80 25 69 503
Inter-corporate deposits	**—**	45 00 00 000
Other deposits	**10 91 83 827**	7 91 29 075
Balance with customs and excise	**1 47 62 539**	74 73 750
Taxes paid less provisions (Advance Income tax net of provisions ₹3 91 50 16 685 (Previous year : ₹3 17 68 95 685))	**30 07 43 555**	20 60 63 400
	2 78 50 96 014	2 99 10 16 359
(10) Current Liabilities		
Sundry creditors		
Total Outstanding dues to Micro Enterprises and Small Enterprises (Refer note B10 of Schedule 17)	**—**	—
Total Outstanding dues to Creditors other than Micro Enterprises and Small Enterprises	**1 77 48 43 628**	82 48 88 863
Investor Education and Protection Fund		
– Unclaimed dividends*	**54 65 249**	51 93 086
Other current liabilities	**13 21 70 781**	14 95 76 873
	1 91 24 79 658	97 96 58 822

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

	As at June 30, 2010 ₹	As at June 30, 2009 ₹
(11) Provisions		
Provision for Employee Benefits	**6 76 90 440**	4 51 28 725
Provision for Fringe Benefit Tax (Net of Advance Fringe Benefit tax ₹7 12 00 000 (Previous year : ₹7 12 00 000))	**50 00 000**	50 00 000
Proposed dividend	**48 87 78 255**	40 73 15 213
Corporate tax on dividend	**8 11 79 958**	6 92 23 220
	64 26 48 653	52 66 67 158

Schedules forming part of the accounts

	2009-2010		2008-2009	
	₹	₹	₹	₹
(12) Other Income				
Interest on Fixed Deposits/Inter-Corporate Deposits (gross) (tax deducted at source ₹77 68 678) (Previous year : ₹98 64 677)		**6 63 83 397**		4 35 33 439
Interest on loan from Fellow Subsidiaries (tax deducted at source ₹1 42 24 121) (Previous year : ₹4 33 25 251)		**12 19 06 072**		19 11 97 048
Interest on loans from employees		**38 89 994**		29 16 853
Write-back of liabilities no longer required		**—**		64 47 000
Write-back of provision for doubtful debts		**—**		2 52 26 803
Sale of Scrap		**1 61 27 586**		1 07 46 021
Rental Income		**3 49 833**		3 32 195
Miscellaneous Income		**31 22 443**		1 97 27 299
		21 17 79 325		30 01 26 658

	2009-2010		2008-2009	
	₹	₹	₹	₹
(13) Decrease/(Increase) in finished goods and work-in-process				
Opening Balance				
Work-in-process	**4 33 04 958**		3 63 92 594	
Finished goods (including excise duty ₹1 32 75 540 (Previous year : ₹1 70 59 529))	**55 03 53 929**		59 98 01 174	
		59 36 58 887		63 61 93 768
Closing Balance				
Work-in-process	**6 51 18 366**		4 33 04 958	
Finished goods (including excise duty ₹1 88 20 021 (Previous year : ₹1 32 75 540))	**71 57 72 368**		55 03 53 929	
		78 08 90 734		59 36 58 887
		(18 72 31 847)		4 25 34 881

	2009-2010		2008-2009	
	₹	₹	₹	₹
(14) Payments to and provisions for employees				
Salaries, wages and bonus		**33 79 11 966**		25 85 74 378
Contribution to provident and other funds		**8 77 81 948**		6 77 76 792
Staff welfare expenses		**2 35 58 763**		2 79 16 371
Add : Reimbursement of Salary and Benefits shared by group companies (Refer Note B4 of Schedule 17)		**6 33 48 893**		10 24 01 354
		51 26 01 570		45 66 68 895

Schedules forming part of the accounts

	2009-2010		2008-2009	
	₹	₹	₹	₹
(15) Operating and other expenses				
Consumption of Stores and spare parts		6 40 76 293		4 08 65 744
Rent (Refer Note B5 of Schedule 17)		1 68 17 301		99 52 917
Rates and Taxes:				
Excise Duty (Refer Note B19 of Schedule 17)		55 44 481		(37 83 988)
Others		5 12 305		10 25 649
Insurance		39 50 905		38 87 247
Power and fuel		7 16 64 536		4 99 72 450
Repairs and maintenance:				
Plant and machinery		1 51 99 366		1 62 53 531
Buildings		17 55 119		18 91 370
Others		56 26 383		9 57 169
Processing charges		11 09 28 334		5 65 64 685
Auditor's remuneration:				
As Auditor	63 95 240		66 54 400	
Tax Audit and Certification	11 10 000		9 75 000	
Reimbursement of Out-of-pocket expenses	2 00 000		1 81 653	
Service Tax	7 93 640		8 04 847	
		84 98 880		86 15 900
Trade Incentives		76 72 99 114		36 39 02 549
Advertising expenses		92 01 86 175		73 06 99 271
Freight, transport, warehousing and distribution charges		32 14 60 697		29 60 98 053
Commission to Directors		1 80 00 000		1 10 99 315
Royalty		1 04 20 297		—
Turnover and Resale Tax		9 91 57 208		9 13 30 823
Travelling, conveyance and vehicle expenses		3 34 87 822		3 02 15 954
Communications		58 05 853		50 02 465
Business process outsourcing expenses		7 76 19 989		7 16 05 397
Computer expenses		84 40 856		92 32 040
Inventories Written-off (net of insurance claim)		5 91 29 847		5 45 58 917
Loss on sale/scrapping of fixed assets (Net)		3 60 484		13 97 599
Exchange Loss (Net)		74 70 461		5 86 40 087
Distributor Coverage Expenses		9 61 73 565		3 94 87 723
Professional Fees		4 71 31 024		2 52 51 054
Others		8 30 96 859		8 02 84 103
		2 85 98 14 154		2 05 50 08 024
Add/(less) : Reimbursement of expenses shared by group companies – Net (Refer Note B4 of Schedule 17)		(8 88 88 867)		(6 85 35 882)
		2 77 09 25 287		1 98 64 72 142

	2009-2010		2008-2009	
(16) Interest				
Interest on temporary overdrawn Bank balance		4 34 710		2 83 985
		4 34 710		2 83 985

Schedules forming part of the accounts

(17) Significant Accounting Policies and Notes to Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

Accounting Convention

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

Use of estimates

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

Revenue Recognition

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

Fixed Assets

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

Depreciation/Amortisation

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

- Computer software – 20% per annum.
- Furniture and fixtures – 6.67% per annum
- Office equipment:
  - Other office equipment – 20% per annum
  - Fire Fighting Equipments – 10% per annum

Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Individual fixed assets costing less than ₹5000 are depreciated in full, in the year of purchase. Cost of leasehold land is amortised over the year of the lease or management estimate whichever is lower.

Assets which were purchased by erstwhile Sharpedge Limited prior to January 1, 1983, and acquired on amalgamation, and still existing are being depreciated on written down value basis at rates specified in Schedule XIV to the Companies Act, 1956.

Assets acquired on amalgamation of erstwhile Wilkinson Sword India Limited and erstwhile Duracell (India) Limited with the Company and still existing are being depreciated on straight line basis at rates derived on the basis of remaining estimated economic useful life. The derived rates, which are higher than the minimum prescribed rates under Schedule XIV to the Companies Act, 1956, are as follows:

- Leasehold land over the remaining period of the lease
- Plant and machinery – at rates varying from 4.75% to 12.26% per annum
- Furniture, fittings and office equipment – at rates varying from 6.67% to 41.56% per annum
- Factory buildings – at rates varying from 3.34% to 5.38% per annum
- Motor vehicles – at rates varying from 9.5% to 19.40% per annum

Schedules forming part of the accounts

Impairment of Assets

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

Inventories

Inventories are valued at the lower of cost and net realisable value. Raw materials (excluding bulk raw materials), stores and spare parts and traded finished goods which were determined on First In First Out basis have w.e.f. previous financial year been determined based on weighted average basis. Bulk raw materials are valued 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.

Foreign Exchange Transactions

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

Employee benefits

(i) Post-employment Benefits

(a) Defined Contribution Plans:

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

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

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

(b) Defined Benefit Plans:

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

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

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

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

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

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

(ii) Liability for Compensated Absences and Leave Travel Allowance which are in the nature of short term benefits is provided for as per company rules on an accrual basis. The liability for compensated absences for its employees at its Bhiwadi Plant is in the nature of long term benefits and the same is provided on the basis of an actuarial valuation carried out at the year end.

Schedules forming part of the accounts

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

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

Taxation

Income-tax expense comprises current tax, fringe benefit tax (i.e. amount of tax for the period determined in accordance with the Income-tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year). Provision for taxation for the Company's financial year ended on June 30, 2010 is based on the results of the 9 months ended March 31, 2010 (Assessment year 2010-11) and for the 3 months ended June 30, 2010 (Assessment year 2011-12). The ultimate liability for the Assessment year 2010-11 is determined on the total income of the Company for the year ending on March 31, 2010. The deferred tax charge or credit and the corresponding deferred tax liabilities and/or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future.

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

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

Borrowing cost

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

Leases

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

Provisions, Contingent Liabilities and Contingent Assets

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

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

B. NOTES TO ACCOUNTS

1. (a) Contingent Liabilities:

(i) In respect of Income Tax demands for which the company has preferred appeals with appropriate authorities – ₹12 99 57 557 (Previous year : ₹11 21 29 632). The contingent liability is in respect of matters related to Income tax dispute on inventory write-off, allowability of losses carried forward from merged entities and others.

(ii) In respect of Sales tax matters for which the company has preferred appeals with appropriate authorities – ₹22 70 19 399 (Previous year : ₹13 50 65 417). The contingent liability is in respect of matters related to: non-submission of "C" Forms/"F" Forms ₹18 21 19 292 (Previous year : ₹12 85 81 880) and Interest demand on VAT rate difference ₹56 85 537 (Previous year : ₹56 85 537) and others ₹3 92 14 570 (Previous year : ₹7 98 000).

Schedules forming part of the accounts

(iii) In respect of Excise and Customs matters for which the company has preferred appeals with appropriate authorities – ₹1 92 44 66 782 (Previous year : ₹1 67 99 51 934). The contingent liabilities are in respect of denial of excise duty benefits at excise exempt location ₹1 51 26 75 466 (Previous year : ₹1 26 76 87 071); denial of Cenvat credit ₹22 34 04 285 (Previous year : ₹22 34 04 285), Customs valuation disputes ₹15 28 06 226 (Previous year : ₹15 28 06 226) and others ₹3 55 80 805 (Previous year : ₹3 60 54 352).

(iv) In respect of counter guarantees given to bank against guarantees given by bank – ₹6 86 85 067 (Previous year : ₹7 10 73 988). At the request of the Company, its banks have issued guarantees in the event of the Company failing to fulfil its performance obligation under various commercial agreements. The Company has issued counter guarantees to the banks in respect of these guarantees.

(v) In respect of other claims – ₹1 53 00 000 (Previous year : ₹1 53 00 000). The Company is a party to various legal proceedings in the normal course of business. The Company does not expect the outcome of these proceedings to have a material adverse effect on the Company's financial conditions, results of operations or cash flows.

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

(b) Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹5 92 63 288 (Previous year : ₹51 72 799).

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

3. During the previous year the Company has changed the method of valuation of raw materials (excluding bulk raw materials), stores and spare parts and traded finished goods from First In First Out basis to Weighted Average basis. As a result of the said change, the inventory as at June 30, 2009 was higher by ₹22 50 927 and consequently the consumption was lower by ₹22 50 927 and profits for that year were higher by ₹22 50 927.

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

5. The Company has taken on lease for 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 lease agreements. Lease payments amounting to ₹1 90 69 601 (Previous year : ₹1 25 14 117) have been charged to the Profit and Loss Account for the year. There are no 'Non-cancellable' leases.

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

	2009-2010 ₹	2008-2009 ₹
Profit before Tax	**2 12 76 50 533**	1 77 01 52 926
Add : Managerial Remuneration	**2 93 83 999**	2 27 39 001
Add : Loss on sale/scrapping of assets (Net)	**3 60 484**	13 97 599
Less : Write back of provisions no longer required	**—**	64 47 000
Less : Write back of provision for doubtful debts	**—**	2 52 26 803
Net profit u/s 349 for the purpose of Directors' Commission	**2 15 73 95 016**	1 76 26 15 723

Schedules forming part of the accounts

	2009-2010 ₹	2008-2009 ₹
Maximum remuneration permissible to whole-time Directors under the Act at 10%	**21 57 39 502**	17 62 61 572
Total managerial remuneration charged to accounts	**1 13 83 999**	1 16 39 686
Commission payable to non-whole time Directors at 1%	**2 15 73 950**	1 76 26 157
Commission restricted as determined by the Board of Directors	**1 80 00 000**	1 10 99 315

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

	2009-2010 ₹	2008-2009 ₹
Salary	**94 91 749**	95 74 748
Contribution to Provident Fund and other Funds (excluding gratuity)	**16 16 490**	16 08 862
Perquisites in cash or in kind	**2 75 760**	4 56 076
Commission to Non-Executive Directors	**1 80 00 000**	1 10 99 315
Total Managerial Remuneration	**2 93 83 999**	2 27 39 001

In terms of Board resolution dated January 29, 2010, the commission payable to Mr. S. K. Poddar, non-executive Chairman was enhanced from ₹60 00 000 to ₹80 00 000 for the financial year ended 30th June, 2009. Accordingly, additional commission of ₹20 00 000 was paid during the current financial year. Further w.e.f. 1st July, 2009, the commission of Mr. S. K. Poddar is ₹1 00 00 000 per annum.

The above excludes expenses in respect of managerial personnel ₹91 56 225 (Previous year : ₹1 09 93 015) cross charged from Procter and Gamble Hygiene and Health Care Ltd. in terms of the common services agreement referred to in note 4 above.

8. **Employee Benefits**

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

I. **Defined Contribution Plans**

(a) Superannuation Fund

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

	2009-2010 ₹	2008-2009 ₹
During the year, the Company has recognized the following amounts in the Profit and Loss Account:		
— Employer's Contribution to Superannuation Fund	**1 89 07 184**	1 78 92 730
— Employer's Contribution to Employees' State Insurance	**7 68 363**	6 63 744

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

II. **Defined Benefit Plans**

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

Schedules forming part of the accounts

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

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

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

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

		Funded Scheme-Gratuity	Funded Scheme-Provident Fund	Non-Funded Scheme-Post Retirement Medical Benefit	Non-Funded Scheme-Leave Encashment for Bhiwadi Plant employees
		₹	₹	₹	₹
(A) Changes in the Present Value of Obligation					
Present Value of Obligation as at opening date					
	2009-2010	**9 51 51 000**	**30 43 58 000**	**35 53 000**	**77 03 509**
	2008-2009	8 42 49 756	16 85 60 031	28 27 000	59 72 686
Interest Cost					
	2009-2010	**73 71 290**	**—**	**2 50 443**	**5 77 763**
	2008-2009	66 88 667	—	2 21 445	4 18 088
Current Service Cost					
	2009-2010	**91 84 675**	**1 71 67 236**	**2 48 491**	**5 35 001**
	2008-2009	55 06 484	1 56 69 599	2 16 265	4 46 762
Service Contribution-Employee					
	2009-2010	**—**	**3 19 56 187**	**—**	**—**
	2008-2009	—	3 32 74 415	—	—
Interest Cost-earned					
	2009-2010	**—**	**2 18 75 188**	**—**	**—**
	2008-2009	—	1 76 39 244	—	—
Benefits Paid					
	2009-2010	**(1 32 91 800)**	**(2 26 92 058)**	**—**	**—**
	2008-2009	(1 20 14 695)	(2 66 55 628)	—	(3 06 961)
Acquisitions/Transfer in					
	2009-2010	**—**	**—**	**—**	**—**
	2008-2009	—	31 44 000	—	—
Actuarial (gain) on Obligations					
	2009-2010	**2 83 22 435**	**1 07 10 447**	**(1 70 934)**	**7 88 110**
	2008-2009	1 07 20 787	3 37 09 339	2 88 290	11 72 934
Present Value of Obligation as at closing date					
	2009-2010	**12 67 37 600**	**30 43 58 000**	**38 81 000**	**96 04 383**
	2008-2009	9 51 51 000	24 53 41 000	35 53 000	77 03 509

Schedules forming part of the accounts

			Funded Scheme-Gratuity ₹	Funded Scheme-Provident Fund ₹	Non-Funded Scheme-Post Retirement Medical Benefit ₹	Non-Funded Scheme-Leave Encashment for Bhiwadi Plant employees ₹
(B)	**Changes in the Fair Value of Plan Assets** (For Funded Scheme)					
	Fair Value of Plan Assets as at opening date					
		2009-2010	**8 01 15 439**	**24 53 41 000**	**—**	**—**
		2008-2009	5 04 07 869	16 85 60 031	—	—
	Expected Actual Return on Plan Assets					
		2009-2010	**69 82 131**	**3 25 85 635**	**—**	**—**
		2008-2009	48 33 332	5 13 48 583	—	—
	Actuarial Gains and (Losses)					
		2009-2010	**(7 67 777)**	**—**	**—**	**—**
		2008-2009	(18 24 823)	—	—	—
	Contributions					
		2009-2010	**2 47 04 497**	**4 91 23 423**	**—**	**—**
		2008-2009	3 87 13 756	5 20 88 014	—	—
	Benefits Paid					
		2009-2010	**(1 32 91 800)**	**(2 26 92 058)**	**—**	**—**
		2008-2009	(1 20 14 695)	(2 66 55 628)	—	—
	Fair Value of Plan Assets as at closing date					
		2009-2010	**9 77 42 490**	**30 43 58 000**	**—**	**—**
		2008-2009	8 01 15 439	24 53 41 000	—	—
(C)	**Amount recognized in the Balance Sheet**					
	Present Value of Obligation	**as at June 30, 2010**	**12 67 37 600**	**30 43 58 000**	**38 81 000**	**96 04 383**
		as at June 30, 2009	9 51 51 000	24 53 41 000	35 53 000	77 03 509
	Fair Value of Plan Assets	**as at June 30, 2010**	**9 77 42 490**	**30 43 58 000**	**—**	**—**
		as at June 30, 2009	8 01 15 439	24 53 41 000	—	—
	Liability recognized in the Balance Sheet included in Loans and advances (Refer Schedule 9) & provisions (Refer Schedule 11)					
		as at June 30, 2010	**2 89 95 110**	**—**	**38 81 000**	**96 04 383**
		as at June 30, 2009	1 50 35 561	—	35 53 000	77 03 509
(D)	**Expenses recognized in the Profit and Loss Account**					
	Current Service Cost	**2009-2010**	**91 84 675**	**1 71 67 236**	**2 48 491**	**5 35 001**
		2008-2009	55 06 484	1 56 69 599	2 16 265	4 46 762
	Interest Cost	**2009-2010**	**73 71 290**	**2 18 75 188**	**2 50 443**	**5 77 763**
		2008-2009	66 88 667	1 76 39 244	2 21 445	4 18 088
	Expected Return on Plan Assets	**2009-2010**	**(69 82 131)**	**(3 25 85 635)**	**—**	**—**
		2008-2009	(48 33 332)	(5 13 48 583)	—	—
	Net actuarial (gain)/loss recognized	**2009-2010**	**2 90 90 212**	**1 07 10 447**	**(1 70 934)**	**7 88 110**
		2008-2009	1 25 45 611	3 37 09 339	2 88 290	11 72 934
	Total Expenses recognized in the Profit and Loss Account	**2009-2010**	**3 86 64 046**	**1 71 67 236**	**3 28 000**	**19 00 874**
		2008-2009	1 99 07 430	1 56 69 599	7 26 000	20 37 784
	Included in Contribution to Provident and Other Funds (Refer Schedule 14)					

Schedules forming part of the accounts

(E) Category of Plan Assets

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

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

Public Sector Unit	**2009-2010**	**43%**
	2008-2009	40%
Government Of India Securities	**2009-2010**	**42%**
	2008-2009	45%
State Government Securities	**2009-2010**	**15%**
	2008-2009	15%

(F) Sensitivity of Results to Medical Inflation Rate

Medical Inflation Rate		Current Service + Interest Cost ₹	Present Value of Defined Benefit Obligation ₹
Effect of 1% increase (6.5%)	**2009-2010**	**6 43 995**	**47 84 126**
Effect of 1% decrease (4.5%)	**2009-2010**	**3 91 601**	**31 84 955**
Effect of 1% increase (5%)	2008-2009	5 63 973	44 79 442
Effect of 1% decrease (3%)	2008-2009	3 43 823	28 54 954

(G) Actuarial Assumptions

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

		Funded Scheme-Gratuity	Funded Scheme-Provident Fund	Non-Funded Scheme-Post Retirement Medical Benefit	Non-Funded Scheme-Leave Encashment for Bhiwadi Plant employees
Discount rate (per annum)					
	2009-2010	**8.50%**	**8.50%**	**8.50%**	**7.50%**
	2008-2009	8.20%	8.20%	8.20%	7.00%
Average Salary increase rate					
	2009-2010	**7.00%**	**7.00%**	**N/A**	**8.00%**
	2008-2009	7.00%	7.00%	N/A	8.00%
Rate of Return on Plan Assets (For funded scheme)					
	2009-2010	**8.00%**	**8.50%**	**N/A**	**N/A**
	2008-2009	8.00%	8.50%	N/A	N/A
Medical Inflation Rate					
	2009-2010	**N/A**	**N/A**	**5.50%**	**N/A**
	2008-2009	N/A	N/A	4.00%	N/A
Expected Retirement age of employees (years)					
	2009-2010	**60**	**60**	**60**	**58**
	2008-2009	60	60	60	58

Schedules forming part of the accounts

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

Year	Age	Funded Scheme-Gratuity	Funded Scheme-Provident Fund	Non-Funded Scheme-Post Retirement Medical Benefit	Non-Funded Scheme-Leave Encashment for Bhiwadi Plant employees
		Withdrawal Rate(%)			
2009-2010	**Upto 30 years**	**N/A**	**N/A**	**N/A**	**3%**
2008-2009		N/A	N/A	N/A	3%
2009-2010	**From 31-44 years**	**N/A**	**N/A**	**N/A**	**2%**
2008-2009		N/A	N/A	N/A	2%
2009-2010	**Above 44 years**	**N/A**	**N/A**	**N/A**	**1%**
2008-2009		N/A	N/A	N/A	1%
2009-2010	**Upto 45 years**	**5%**	**N/A**	**5%**	**N/A**
2008-2009		5%	N/A	5%	N/A
2009-2010	**Above 45 years**	**3%**	**N/A**	**3%**	**N/A**
2008-2009		3%	N/A	3%	N/A

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

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

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

As, this is the third year in which the AS-15 has been applied, the amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets for the previous four years have not been furnished.

Schedules forming part of the accounts

The contribution expected to be made by the Company for leave encashment is ₹ 12 55 761 during financial year ending June 30, 2011 and for other obligations it has not been ascertained.

The Company's Provident Fund is administered by Company's own Trust Fund. The Company has an obligation to service the shortfall on account of interest generated by the Fund and on maturity of Fund investments and hence the same has been classified as Defined Benefit Obligation. Having regard to the assets of the Fund and the return on investments, the Company does not expect any deficiency in the forseeable future.

9. (a) Sales

Class of Goods	Units	2009-2010 Quantity*	2009-2010 Value (₹)	2008-2009 Quantity*	2008-2009 Value (₹)
Shaving system and cartridges	Millions	**224.27**	**3 66 97 20 758**	214.84	2 40 29 49 426
Safety razor blades	Millions	**1002.91**	**1 51 63 01 259**	807.39	1 87 61 14 849
Tooth brushes	Millions	**172.40**	**2 13 05 99 540**	95.64	1 35 05 15 381
Batteries	Millions	**24.63**	**41 46 54 008**	19.19	35 42 26 907
Toiletries	Millions	**13.98**	**75 07 54 485**	12.15	63 93 94 060
Oral care products	Millions	**0.82**	**4 49 16 840**	1.26	3 33 27 595
Shaving brushes	Millions	**2.41**	**7 89 88 741**	3.22	6 60 40 448
Components			**74 82 549**		84 10 648
			8 61 34 18 180		6 73 09 79 314

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

(b) Purchase of finished goods

	Units	2009-2010 Quantity	2009-2010 Value (₹)	2008-2009 Quantity	2008-2009 Value (₹)
Shaving system and cartridges	Millions	**2.56**	**4 55 60 747**	1.48	10 45 53 670
Tooth brushes	Millions	**142.66**	**81 05 83 893**	91.93	52 53 51 019
Toiletries	Millions	**14.79**	**32 11 03 501**	13.23	28 07 97 235
Oral care products	Millions	**0.31**	**54 96 400**	0.81	2 49 23 186
Shaving brushes	Millions	**2.22**	**3 39 24 255**	3.52	3 23 63 080
Batteries	Millions	**0.20**	**1 51 60 639**	0.19	2 26 03 167
Less : Consumption of free issues/inventories written off			**(1 35 78 573)**		(81 71 903)
			1 21 82 50 862		98 24 19 454

(c) Opening and closing stock of Finished Goods:

	Units		Opening Quantity	Opening Value ₹	Closing Quantity	Closing Value ₹
Shaving system and cartridges	Millions	**2009-2010**	**17.08**	**20 78 45 194**	**25.36**	**32 20 85 179**
		2008-2009	17.73	21 94 24 021	17.08	20 78 45 194
Safety razor blades	Millions	**2009-2010**	**107.69**	**11 34 00 460**	**56.21**	**4 04 36 503**
		2008-2009	103.91	9 54 01 573	107.69	11 34 00 460
Tooth brushes	Millions	**2009-2010**	**23.90**	**10 85 63 158**	**19.05**	**15 77 50 617**
		2008-2009	13.78	11 52 43 240	23.90	10 85 63 158
Batteries	Millions	**2009-2010**	**4.93**	**4 83 93 073**	**2.90**	**4 79 40 944**
		2008-2009	1.96	4 31 06 933	4.93	4 83 93 073
Toiletries	Millions	**2009-2010**	**2.93**	**5 03 24 808**	**3.73**	**12 58 48 512**
		2008-2009	1.85	9 27 15 054	2.93	5 03 24 808
Oral care products	Millions	**2009-2010**	**0.40**	**1 53 16 771**	**0.42**	**1 74 90 938**
		2008-2009	0.78	3 10 24 072	0.40	1 53 16 771
Shaving brushes	Millions	**2009-2010**	**0.46**	**65 10 465**	**0.27**	**42 19 675**
		2008-2009	0.16	28 86 281	0.46	65 10 465
		2009-2010		**55 03 53 929**		**71 57 72 368**
		2008-2009		59 98 01 174		55 03 53 929

Schedules forming part of the accounts

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

Particulars of goods manufactured	Units of Measurement		Licensed capacity	Installed capacity	Actual production
Razors and Cartridges					
Twin type shaving system and cartridges	Millions	**2009-2010**	**N.A.**	**686**	**230**
	Millions	2008-2009	N.A.	234	213
Blades					
Others (Single edge blade sets)	Millions	N.A.*	N.A.*	—	—
Safety razor blades	Millions	**2009-2010**	**N.A.***	**1 340**	**951**
	Millions	2008-2009	N.A.*	886	811
Tooth brushes **	Millions	**2009-2010**	**N.A.**	**—**	**25**
	Millions	2008-2009	N.A.	—	14
Batteries **	Millions	**2009-2010**	**N.A.**	**—**	**22**
	Millions	2008-2009	N.A.	—	22

Installed capacities are as at June 30, 2010 and being a technical matter, are as certified by the management.

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

** Production through job work only.

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

	Units	2009-2010 Quantity	2009-2010 Value (₹)	2008-2009 Quantity	2008-2009 Value (₹)
Steel strips	M.T.	**780**	**22 51 07 697**	670	18 51 36 236
Shaving system and cartridges #	Millions	**220**	**1 13 49 38 670**	206	98 25 15 324
Batteries #	Millions	**23**	**26 47 90 105**	22	17 58 89 724
Others			**54 41 47 906**		21 95 18 560
			2 16 89 84 378		1 56 30 59 844

\# Bulk raw materials

(f) Percentage of materials consumed

		2009-2010 ₹	2009-2010 Percentage	2008-2009 ₹	2008-2009 Percentage
(a)	Raw materials and consumables				
	(i) Imported	**1 51 39 02 875**	**69.8**	92 17 82 817	59.0
	(ii) Indigenous	**65 50 81 503**	**30.2**	64 12 77 027	41.0
		2 16 89 84 378	**100.00**	1 56 30 59 844	100.00
(b)	Stores and spare parts				
	(i) Imported	**1 64 10 907**	**25.6**	1 64 54 751	40.3
	(ii) Indigenous	**4 76 65 386**	**74.4**	2 44 10 993	59.7
		6 40 76 293	**100.00**	4 08 65 744	100.00

Schedules forming part of the accounts

			2009-2010 ₹	2008-2009 ₹
(g)	**CIF value of imports**			
	(i) Raw materials		**1 49 72 82 592**	1 25 11 70 436
	(ii) Stores and spare parts		**3 54 20 316**	2 11 50 930
	(iii) Capital goods		**28 01 63 944**	38 29 757
			1 81 28 66 852	1 27 61 51 123
(h)	**Expenditure in foreign currency**			
	(i) Travel		**76 13 011**	52 13 466
	(ii) Computer expenses		**81 62 727**	—
	(iii) Business process outsourcing expenses		**7 76 19 989**	7 16 05 397
	(iv) Professional Fees		**3 40 143**	—
	(v) Retirals & Other Reimbursement		**2 40 69 810**	—
	(vi) Others		**91 23 347**	2 09 02 130
			12 69 29 027	9 77 20 993
(i)	**Remittance made on account of dividend in foreign currency**			
	(i) Amount remitted		**18 06 67 113**	18 02 81 850
	(ii) Number of non resident shareholders	(nos.)	**107**	28
	(iii) Number of shares held by them	(nos.)	**1 44 53 369**	1 44 22 548
	(iv) Period to which the dividend relates		**2009**	2008

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.

		2009-2010 ₹	2008-2009 ₹
(j)	**Earnings in foreign exchange**		
	Exports of goods calculated on f.o.b. basis (excludes Rupee exports to Nepal and Bhutan ₹5 27 44 622 (Previous year : ₹3 32 61 962))	**51 04 46 002**	33 13 66 636
	Others (freight, insurance etc.)	**1 34 85 940**	30 47 794
		52 39 31 942	33 44 14 430

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

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

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

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

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

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

Schedules forming part of the accounts

11. Earnings per share (EPS)

	For the year ended June 30, 2010 ₹	For the year ended June 30, 2009 ₹
Basic and diluted earnings per share (₹)		
Profit After Taxation	1 37 09 40 533	1 13 13 04 926
Weighted average number of equity shares outstanding for Basic/ Diluted EPS	3 25 85 217	3 25 85 217
Nominal value of equity per share	10	10
Basic/Diluted Earnings per share	42.07	34.72

12. There are no outstanding derivative instruments as at June 30, 2010.

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

(a) Amounts receivable in foreign currency on account of the following:

	Currency	As at June 30, 2010	As at June 30, 2009
Export of goods	₹	10 13 37 470	9 48 65 736
	USD	21 72 458	19 79 687
	GBP	1 237	1 237
Capital and Spares	₹	19 59 773	—
	GBP	568	—
	USD	41 517	—
Reimbursable expenses receivable	₹	3 99 202	51 04 962
	USD	8 567	1 06 643

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

	Currency	As at June 30, 2010	As at June 30, 2009
Import of goods and services	₹	30 90 08 523	29 86 90 632
	USD	62 73 009	62 19 377
	SEK	3 88 340	—
	EUR	1 64 374	—
	AUD	1 26 360	—
	JPY	—	19 42 592
Capital and Spares	₹	9 25 88 069	18 99 769
	EUR	23 350	21 630
	GBP	68 842	—
	USD	18 54 715	9 172
Reimbursable expenses payable	₹	4 09 41 354	4 89 17 868
	USD	12 68 364	8 39 721
	AUD	7 513	—
	GBP	—	1 08 916
	SGD	1 41 586	1 460

Schedules forming part of the accounts

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

	As at June 30, 2010 ₹	As at June 30, 2009 ₹
The Gillette Company, USA	**—**	32 97 999
P&G Ceemea	**47 28 570**	72 97 274
Gillette Shanghai Limited (GTM)	**33 64 551**	—
Procter & Gamble International Operations Pte	**5 88 90 540**	6 83 89 622
Procter & Gamble International Operations SA	**2 69 94 478**	—
Procter & Gamble Bangladesh Private Limited	**1 99 33 284**	1 65 74 251
Gillette UK Ltd.	**86 844**	98 509
	11 39 98 267	9 56 57 655

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

	As at June 30, 2010 ₹	**Maximum Balance ₹**	As at June 30, 2009 ₹	Maximum Balance ₹
The Procter & Gamble Distributing LLC	**—**	**1 65 915**	1 65 915	14 96 960
Gillette Diversified Operations Private Limited – Loan A/C	**24 72 11 168**	**24 72 11 168**	23 91 38 107	23 91 38 107
Gillette Diversified Operations Private Limited – Others	**50 48 169**	**50 48 169**	8 74 085	49 76 838
Procter & Gamble Asia Pte Ltd.	**—**	**8 96 874**	8 96 874	8 96 874
Procter & Gamble Trading (Thailand)	**39 151**	**70 200**	—	—
The P&G Company	**1 85 731**	**1 85 731**	—	—
The Gillette Company	**—**	**2 11 496**	2 11 496	6 60 311
Procter & Gamble Hygiene & Health Care Limited	**5 38 60 389**	**5 38 60 389**	1 27 11 741	5 92 11 535
Procter & Gamble Home Products Limited – Loan A/C	**1 71 29 11 674**	**1 95 16 60 988**	1 56 34 31 396	1 89 00 00 000
Procter & Gamble Home Products Limited – Others	**12 89 13 021**	**17 44 79 797**	6 04 35 434	14 09 84 788
Procter & Gamble International Operations Pte	**9 69 421**	**40 42 173**	40 42 173	40 42 173
	2 14 91 38 724		1 88 19 07 221	

(b) Directors Loan

Loans and advances include Housing Loans to the directors amounting to ₹12 58 132 (Previous year : ₹23 72 153).

The maximum balance outstanding during the year amounted to ₹23 72 153 (Previous year : ₹34 42 565).

Schedules forming part of the accounts

15. Related Party Disclosures:

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

(a) Parties where control exists:

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

The Procter & Gamble Company, USA – Ultimate Holding Company

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

(i) Fellow Subsidiaries:

Wella India Haircosmetics Private Limited (Formerly known as Gillette Group India Private Limited)	Procter & Gamble Distributing (Philipines) Inc.
Gillette Diversified Operations Private Limited	Procter & Gamble US Business Services Co.
Gillette Products Private Limited	Gillette Group South Africa (Pty) Ltd.
Mining Consultants (India) Private Limited	Duracell (China) Ltd.
Nexus Mercantile Private Limited	Gillette Poland SA
Gillette UK Limited	Gillette Management Inc.
Procter & Gamble Trading (Thailand) Ltd.	Gillette Group International, SARL
Gillette Shanghai Limited	P&G Ceemea
Gillette Egypt S.A.E.	Procter & Gamble Home Products Limited
Braun GmbH	Procter & Gamble Hygiene & Health Care Limited
Gillette Lanka (Private) Limited	Procter & Gamble Asia Pte. Ltd. (MROH).
Gillette Bangladesh Private Limited	Procter & Gamble Asia Pte Ltd.
Procter & Gamble International Operations Pte Ltd.	The Gillette Company, USA
Procter & Gamble Lanka Private Limited	Procter & Gamble Bangladesh Pvt. Ltd.
Procter & Gamble Australia Pty Ltd.	The Procter & Gamble Distributing LLC
Procter & Gamble International Operations SA	Procter & Gamble Lanka (Pvt.) Ltd.

(ii)	Investing company in respect of which the Company is an associate: # Also being a fellow subsidiary Company	Wella India Haircosmetics Private Limited ("Wella") (Formerly known as Gillette Group India Private Limited (GGIPL) #
(iii)	Key Management Personnel	
	Mr. Shantanu Khosla	Managing Director
	Mr. Subhash Bansal	Whole time Executive Director

All the employees of the Company including its Managing Director are given the right to purchase shares of the ultimate holding company-The Procter & Gamble Company, USA under its Employees Stock Option Plan.

Under the above plan, Mr. Subhash Bansal has been granted the right to purchase 2 600 shares (Previous year : 3 415 shares) during the year.

Schedules forming part of the accounts

(c) Transactions

(Amount in ₹)

Nature of transactions		Holding Company & Ultimate Holding Company	Wella	Fellow Subsidiary Companies	Key Management Personnel	Total
Sales & Income						
Goods						
– Procter & Gamble International Operations Pte	**2009-2010**	**—**	**—**	**36 68 93 744**	**—**	**36 68 93 744**
– Procter & Gamble Bangladesh Pvt. Ltd.	**2009-2010**	**—**	**—**	**7 02 85 763**	**—**	**7 02 85 763**
– Procter & Gamble International Operations SA	**2009-2010**	**—**	**—**	**5 46 28 685**	**—**	**5 46 28 685**
– Others	**2009-2010**	**—**	**—**	**2 77 72 656**	**—**	**2 77 72 656**
– The Gillette Company, USA	2008-2009	—	—	2 43 72 595	—	2 43 72 595
– Procter & Gamble CEEMEA	2008-2009	—	—	1 14 96 917	—	1 14 96 917
– Procter & Gamble Bangladesh Pvt. Ltd.	2008-2009	—	—	7 09 13 765	—	7 09 13 765
– Procter & Gamble International	2008-2009	—	—	19 16 62 268	—	19 16 62 268
– Procter & Gamble Lanka (Private) Limited	2008-2009	—	—	3 59 68 885	—	3 59 68 885
Relocation and other reimbursements						
– Procter & Gamble Home Products Ltd.	**2009-2010**	**—**	**—**	**10 05 89 191**	**—**	**10 05 89 191**
– Procter & Gamble Hygiene and Health Care Ltd.	**2009-2010**	**—**	**—**	**2 38 33 630**	**—**	**2 38 33 630**
– Others	**2009-2010**	**—**	**—**	**1 39 51 676**	**—**	**1 39 51 676**
– Procter & Gamble Home Products Ltd.	2008-2009	—	—	7 10 95 180	—	7 10 95 180
– Procter & Gamble Hygiene and Health Care Ltd.	2008-2009	—	—	2 44 29 496	—	2 44 29 496
– Others	2008-2009	—	—	99 99 969	—	99 99 969
Retirals reimbursements						
– The Procter & Gamble Distributing LLC	**2009-2010**	**—**	**—**	**1 67 328**	**—**	**1 67 328**
– Procter & Gamble Trading (Thailand) Ltd.	**2009-2010**	**—**	**—**	**2 22 480**	**—**	**2 22 480**
– Procter & Gamble International Operations Pte	**2009-2010**	**—**	**—**	**9 44 367**	**—**	**9 44 367**
– The P&G Company	**2009-2010**	**1 81 231**	**—**	**—**	**—**	**1 81 231**
– Others	**2009-2010**	**—**	**44 850**	**1 20 120**	**—**	**1 64 970**
– The Procter & Gamble Distributing LLC	2008-2009	—	—	3 20 752	—	3 20 752
– Procter & Gamble Asia Pte Ltd.	2008-2009	—	—	3 65 758	—	3 65 758
– Procter & Gamble International	2008-2009	—	—	7 84 417	—	7 84 417
– Others	2008-2009	—	1 99 981	—	—	1 99 981
Reimbursement of Expenses shared by Group Companies						
– Procter & Gamble Hygiene and Health Care Ltd.	**2009-2010**	**—**	**—**	**9 82 65 545**	**—**	**9 82 65 545**
– Procter & Gamble Home Products Ltd.	**2009-2010**	**—**	**—**	**22 35 45 052**	**—**	**22 35 45 052**
– Procter & Gamble Hygiene and Health Care Ltd.	2008-2009	—	—	5 30 16 592	—	5 30 16 592
– Procter & Gamble Home Products Ltd.	2008-2009	—	—	11 96 08 807	—	11 96 08 807
Interest income						
– Procter & Gamble Home Products Ltd.	**2009-2010**	**—**	**—**	**10 76 23 246**	**—**	**10 76 23 246**
– Gillette Diversified Operations Pvt. Ltd.	**2009-2010**	**—**	**—**	**1 42 82 826**	**—**	**1 42 82 826**
– Others	**2009-2010**	**—**	**—**	**—**	**74 610**	**74 610**
– Procter & Gamble Home Products Ltd.	2008-2009	—	—	17 44 72 165	—	17 44 72 165
– Gillette Diversified Operations Pvt. Ltd.	2008-2009	—	—	1 67 24 882	—	1 67 24 882
– Others	2008-2009	—	—	—	1 18 220	1 18 220

Schedules forming part of the accounts

(Amount in ₹)

Nature of transactions		Holding Company & Ultimate Holding Company	Wella	Fellow Subsidiary Companies	Key Management Personnel	Total
Loans Given						
– Procter & Gamble Home Products Ltd.	**2009-2010**	—	—	**14 94 80 278**	—	**14 94 80 278**
– Gillette Diversified Operations Pvt. Ltd.	**2009-2010**	—	—	**80 73 061**	—	**80 73 061**
– Procter & Gamble Home Products Ltd.	2008-2009	—	—	—	—	—
– Gillette Diversified Operations Pvt. Ltd.	2008-2009	—	—	8 11 38 107	—	8 11 38 107
Loans Repaid						
– Procter & Gamble Home Products Ltd.	**2009-2010**	—	—	—	—	—
– Others	**2009-2010**	—	—	—	**11 14 021**	**11 14 021**
– Procter & Gamble Home Products Ltd.	2008-2009	—	—	18 15 68 604	—	18 15 68 604
– Others	2008-2009	—	—	—	10 70 411	10 70 411
Purchases & Expenses						
Goods						
– The Gillette Company, USA	**2009-2010**	—	—	**30 11 86 813**	—	**30 11 86 813**
– Procter & Gamble International Operations Pte	**2009-2010**	—	—	**1 16 09 59 069**	—	**1 16 09 59 069**
– Others	**2009-2010**	—	—	**7 24 17 838**	—	**7 24 17 838**
– The Gillette Company, USA	2008-2009	—	—	1 19 14 71 481	—	1 19 14 71 481
– Others	2008-2009	—	—	5 26 35 756	—	5 26 35 756
Assets/Spares						
– The Procter & Gamble Distributing LLC	**2009-2010**	—	—	**27 65 51 578**	—	**27 65 51 578**
– Others	**2009-2010**	—	—	**1 29 85 079**	—	**1 29 85 079**
– The Gillette Company, USA	2008-2009	—	—	1 28 39 343	—	1 28 39 343
– Gillette UK Ltd.	2008-2009	—	—	55 87 854	—	55 87 854
Reimbursement of Expenses shared by Group Companies						
– Procter & Gamble Hygiene and Health Care Ltd.	**2009-2010**	—	—	**19 29 29 081**	—	**19 29 29 081**
– Procter & Gamble Home Products Ltd.	**2009-2010**	—	—	**16 57 60 218**	—	**16 57 60 218**
– Procter & Gamble Hygiene and Health Care Ltd.	2008-2009	—	—	15 41 14 378	—	15 41 14 378
– Procter & Gamble Home Products Ltd.	2008-2009	—	—	5 23 76 494	—	5 23 76 494
Business Process Outsourcing expenses						
– Procter & Gamble Asia Pte Ltd.	**2009-2010**	—	—	**2 80 17 440**	—	**2 80 17 440**
– Procter & Gamble Asia Pte Ltd. (MROH)	**2009-2010**	—	—	**4 96 02 549**	—	**4 96 02 549**
– Procter & Gamble Asia Pte Ltd.	2008-2009	—	—	1 95 47 825	—	1 95 47 825
– Procter & Gamble Asia Pte Ltd. (MROH)	2008-2009	—	—	5 20 57 572	—	5 20 57 572
Relocation and other reimbursements						
– Procter & Gamble Hygiene and Health Care Ltd.	**2009-2010**	—	—	**12 76 69 214**	—	**12 76 69 214**
– Procter & Gamble Home Products Ltd.	**2009-2010**	—	—	**18 90 55 970**	—	**18 90 55 970**
– Others	**2009-2010**	**23 137**	**1 16 64 420**	**4 54 70 740**	—	**5 71 58 297**
– Procter & Gamble Hygiene and Health Care Ltd.	2008-2009	—	—	12 95 49 215	—	12 95 49 215
– Procter & Gamble Home Products Ltd.	2008-2009	—	—	19 69 21 395	—	19 69 21 395
– Others	2008-2009	—	—	1 58 08 486	—	1 58 08 486
Royalty						
– The Gillette Company, USA	**2009-2010**	—	—	**1 04 20 297**	—	**1 04 20 297**
Remuneration (Refer Note B8 of Schedule 17)	**2009-2010**	—	—	—	**1 13 83 999**	**1 13 83 999**
	2008-2009	—	—	—	1 16 39 686	1 16 39 686
Dividend Remitted/Paid	**2009-2010**	**16 70 84 275**	**8 28 40 675**	**5 92 13 550**	—	**30 91 38 500**
	2008-2009	16 70 84 275	8 28 40 675	5 92 13 550	—	30 91 38 500

Schedules forming part of the accounts

(d) Outstandings

(Amount in ₹)

Nature of transactions	As On	Holding Company & Ultimate Holding Company	Wella	Fellow Subsidiary Companies	Key Management Personnel	Total
Payable						
– The Procter & Gamble Distributing LLC	**30.06.2010**	**—**	**—**	**10 27 08 903**	**—**	**10 27 08 903**
– Procter & Gamble International Operations Pte Ltd.	**30.06.2010**	**—**	**—**	**25 51 81 868**	**—**	**25 51 81 868**
– Procter & Gamble Home Products Ltd.	**30.06.2010**	**—**	**—**	**9 26 88 876**	**—**	**9 26 88 876**
– Others	**30.06.2010**	**23 299**	**5 99 063**	**12 13 25 394**	**—**	**12 19 47 756**
– The Gillette Company, USA	30.06.2009	—	—	29 15 22 003	—	29 15 22 003
– Procter & Gamble Hygiene and Health Care Ltd.	30.06.2009	—	—	2 06 81 403	—	2 06 81 403
– Procter & Gamble Home Products Ltd.	30.06.2009	—	—	10 69 90 150	—	10 69 90 150
– Others	30.06.2009	—	12 130	5 42 09 761	—	5 42 21 891
Receivables/Advances						
– Procter & Gamble Home Products Ltd.	**30.06.2010**	**—**	**—**	**12 89 13 021**	**—**	**12 89 13 021**
– Procter & Gamble Hygiene and Health Care Ltd.	**30.06.2010**	**—**	**—**	**5 38 60 389**	**—**	**5 38 60 389**
– Procter & Gamble International Operations SA	**30.06.2010**	**—**	**—**	**2 69 94 478**	**—**	**2 69 94 478**
– Procter & Gamble International Operations Pte Ltd.	**30.06.2010**	**—**	**—**	**5 98 59 961**	**—**	**5 98 59 961**
– Others	**30.06.2010**	**1 85 731**	**—**	**3 32 00 569**	**—**	**3 32 00 569**
– Procter & Gamble Home Products Ltd.	30.06.2009	—	—	6 04 35 434	—	6 04 35 434
– Procter & Gamble Hygiene and Health Care Ltd.	30.06.2009	—	—	1 27 11 741	—	1 27 11 741
– Procter & Gamble CEEMEA	30.06.2009	—	—	72 97 274	—	72 97 274
– Procter & Gamble Bangladesh Pvt. Ltd.	30.06.2009	—	—	1 65 74 251	—	1 65 74 251
– Procter & Gamble International Operations Pte Ltd.	30.06.2009	—	—	7 24 31 796	—	7 24 31 796
– Others	30.06.2009	—	—	55 44 878	—	55 44 878
Loans						
– Procter & Gamble Home Products Ltd.	**30.06.2010**	**—**	**—**	**1 71 29 11 674**	**—**	**1 71 29 11 674**
– Gillette Diversified Operations Pvt. Ltd.	**30.06.2010**	**—**	**—**	**24 72 11 168**	**—**	**24 72 11 168**
– Others	**30.06.2010**	**—**	**—**	**—**	**12 58 132**	**12 58 132**
– Procter & Gamble Home Products Ltd.	30.06.2009	—	—	1 56 34 31 396	—	1 56 34 31 396
– Gillette Diversified Operations Pvt. Ltd.	30.06.2009	—	—	23 91 38 107	—	23 91 38 107
– Others	30.06.2009	—	—	—	23 72 153	23 72 153

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

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

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

Schedules forming part of the accounts

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

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

During the year shares 2 161.60 shares (Previous year : 2 063 shares) were purchased by employees at weighted average fair value of ₹2 778.56 (Previous year : ₹2 799) per share.

The Company's contribution during the year on such purchase of shares amounting to ₹17 93 395 (Previous year : ₹13 74 350) has been charged to the Profit and Loss Account.

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

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

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

The shares of the Gillette Company (till September 30, 2005)/The Procter & Gamble Company, USA were/are listed with New York Stock Exchange of USA. The options were issued to Key Employees of the Company with Exercise price equal to the market price of the underlying shares on the date of the grant. Accordingly no stock compensation expenses have been incurred by the Company during the period. The Grants issued are vested after 3 years/5 years and have a 10 years life cycle.

Fair Value of shares at Grant dates:

2009-2010		2008-2009	
Amount in US Dollar		Amount in US Dollar	
15-Sep-09	55.03	15-Sep-08	72.14
26-Feb-10	63.28	27-Feb-09	48.17

The other disclosures in respect of the plans are:

	Shares arising out of option		Amount in US Dollar		Remaining contractual life (Years)	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Outstanding at the beginning of the year	69 671	57 533	51.10	60.81	7.21	7.73
Granted during the year						
15-Sep-08	—	1 100	—	72.14	—	10.00
27-Feb-09	—	8 387	—	48.17	—	10.00
15-Sep-09	1 000	—	55.03	—	10.00	—
26-Feb-10	8 521	—	63.28	—	10.00	—
Forfeited during the year	906	—	—	—	—	—
Transferred/Adjustments during the year	100	5 576	—	—	—	—
Exercised during the year	—	—	68.50	68.50	—	—
Expired during the year	—	—	—	—	—	—
Outstanding at the end of the year	78 386	69 671	59.98	51.10	7.12	7.21
Exercisable at the end of the year	50 461	52 128	59.98	51.10	—	—

Schedules forming part of the accounts

18. Segment Information

(a) Primary Segment Information (by Business Segments)

	2009-2010 ₹	2008-2009 ₹
Segment Revenue		
– Grooming	5 93 46 50 843	4 87 70 64 030
– Portable Power	41 46 47 714	35 42 26 908
– Oral Care	2 17 54 94 104	1 38 38 42 977
Total Segment Revenue	8 52 47 92 661	6 61 51 33 915
Segment Results (before interest and unallocated income/expense)		
– Grooming	1 90 69 58 970	1 31 05 41 364
– Portable Power	(1 92 51 699)	4 72 54 671
– Oral Care	14 47 52 040	21 84 27 711
Total Segment Results	2 03 24 59 311	1 57 62 23 746
Less : Unallocated corporate non-interest expenses (net of non interest income)	(9 65 53 531)	(4 34 34 175)
Operating Profit	1 93 59 05 780	1 53 27 89 571
Less : Unallocated Interest Expenses	4 34 710	2 83 985
Add : Unallocable Interest Income	19 21 79 463	23 76 47 340
Total Profit Before Tax	2 12 76 50 533	1 77 01 52 926
Segment Assets		
– Grooming	2 07 76 92 936	1 43 32 07 353
– Portable Power	18 59 45 484	9 18 05 562
– Oral Care	28 08 55 144	29 99 37 160
– Unallocated Corporate Assets	5 78 77 00 869	4 63 88 70 707
Total	8 33 21 94 433	6 46 38 20 782
Segment Liabilities		
– Grooming	61 87 65 146	12 41 35 621
– Portable Power	10 87 58 091	1 24 42 136
– Oral Care	27 08 14 344	11 39 04 471
– Unallocated Corporate Liabilities	1 62 40 07 541	1 30 44 71 561
Total	2 62 23 45 122	1 55 49 53 789
Capital Expenditure		
– Grooming	44 32 20 370	8 42 90 124
– Unallocated	—	—
Total	44 32 20 370	8 42 90 124
Depreciation		
– Grooming	11 06 58 019	10 03 06 375
– Unallocated	1 42 98 474	1 33 62 071
Total	12 49 56 493	11 36 68 446
Non-cash expenses other than depreciation		
– Grooming	2 60 90 542	3 95 52 618
– Portable Power	1 36 74 703	1 00 01 707
– Oral Care	1 93 64 602	50 04 592
Total	5 91 29 847	5 45 58 917

Schedules forming part of the accounts

(b) **Secondary Segment Information (by Geographic Segments)**

	2009-2010 ₹	2008-2009 ₹
Segment Revenue – net of excise		
– Within India	**7 94 81 16 097**	6 24 74 57 523
– Outside India	**57 66 76 564**	36 76 76 392
Total	**8 52 47 92 661**	6 61 51 33 915
Segment Assets		
– Within India	**8 21 70 01 863**	6 36 28 46 668
– Outside India	**11 51 92 570**	10 09 74 114
Total	**8 33 21 94 433**	6 46 38 20 782
Capital Expenditure		
– Within India	**44 32 20 370**	8 42 90 124
– Outside India	**—**	—
Total	**44 32 20 370**	8 42 90 124

Notes on Segment Information:

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

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

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

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

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

(5) Unallocable Corporate liabilities include Creditors and Provisions.

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

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

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

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

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

In terms of our report of even date attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

N. P. Sarda
Partner

Mumbai, August 18, 2010

For and on behalf of Board of Directors

S. K. Poddar
Chairman

S. Khosla
Managing Director

T. Buch
Chief Financial Officer

D. Acharya
Company Secretary

Mumbai, August 18, 2010

Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956 for the year ended June 30, 2010

Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details

Registration No.	2890
State Code	017
Balance Sheet Date	June 30, 2010

II. Capital Raised during the Year (₹) Nil

III. Position of Mobilisation and Deployment of Funds

	Amount (In ₹ Thousands)
Total Liabilities	5 77 70 66
Total Assets	5 77 70 66
Sources of Funds:	
Paid-up Capital	32 58 52
Reserves & Surplus	5 38 39 97
Secured Loans	Nil
Unsecured Loans	Nil
Application of Funds:	
Net Fixed Assets	1 23 27 36
Investments	Nil
Net Current Assets	4 54 43 30
Misc. Expenditure	Nil
Accumulated Losses	Nil

IV. Performance of Company:

Turnover & other income	8 73 65 72
Total Expenditure	6 60 89 21
Profit Before Tax	2 12 76 51
Profit After Tax	1 37 09 41
Earning Per Share (₹)	42.07
Dividend Rate	150%

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

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

TEN YEAR FINANCIAL HIGHLIGHTS

	2000	2001	2002	2003	2004	2005	*2006-07 (18 months)	2007-08	2008-09	**2009-10**
YEAR END FINANCIAL POSITION (₹ Crores)										
Gross Fixed Assets	299	370	356	317	264	273	253	253	246	**289**
Net Fixed Assets	261	238	210	163	134	136	107	95	91	**123**
Net Worth	237	276	274	287	317	348	360	425	491	**571**
SUMMARY OF OPERATIONS (₹ Crores)										
Gross Sales	517	495	421	407	447	489	725	606	673	**861**
Profit before Tax	23	(42)	17	75	98	109	216	182	177	**213**
Profit after Tax	26	(28)	6	45	61	69	142	117	113	**137**
Dividend	4.89	7.33	8.96	27.70	27.70	32.59	**57	40.73	40.73	**48.88**
PER SHARE DATA										
EPS (₹)	8.11	(8.53)	1.98	13.75	18.79	21.09	43.69	36.02	34.72	**42.07**
Dividend (%)	22.5	15	27.5	85	85	100	**175	125	125	**150**
NUMBER OF SHARES										
Shares (Lakhs)	325.85	325.85	325.85	325.85	325.85	325.85	325.85	325.85	325.85	**325.85**

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

** includes interim dividend.

Gillette India Limited

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

ATTENDANCE SLIP

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

I hereby record my presence at the Twenty-sixth ANNUAL GENERAL MEETING of the members of the Company at the registered office of the Company at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan on Thursday, November 18, 2010 at 11.00 a.m.

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

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

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

No. of Shares held ....

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

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

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

CUT HERE

Gillette India Limited

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

PROXY FORM

Folio No./DP ID/(Client ID) ....

I/We ....of...

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

Gillette India Limited hereby appoint ....

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

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

in the district of .... as my/our proxy to attend and vote for me / us, on my / our behalf at the Twenty-sixth ANNUAL GENERAL MEETING of the members of the Company to be held on Thursday, November 18, 2010 at 11.00 a.m. at the registered office of the Company at SPA- 65A, Bhiwadi Industrial Area, Bhiwadi (Distt. Alwar), Rajasthan and at any adjournment thereof.

Signed this ....day of... 2010

Signature(s) .... Affix 0.15 p. 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 Brands and P&G People are the foundation of P&G's success.

P&G People bring the values to life as we focus on improving the lives of the world's consumers.

Gillette India Limited

Registered Office :
P&G Plaza, Cardinal Gracias Road, Chakala,
Andheri (East), Mumbai-400 099.
Tel : (91-22) 2826 6000 Fax : (91-22) 6693 9696

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