

GILLETTE INDIA LIMITED

CIN: L28931RJ1984PLC002890

Registered Office: SPA-65A, Bhiwadi Industrial Area, Bhiwadi (Dist. Alwar), Rajasthan-301 019
Corporate Office: P&G Plaza Cardinal Gracias Road, Chakala, Andheri (E). Mumbai 400 099, Maharashtra, India
Tel : 022-2826 6000 • Fax : 022-28267303 • www.pg.com/en_IN

NOTICE

NOTICE is hereby given that the Thirtieth (30th) Annual General Meeting of the Members of the Company will be held on Monday, September 29, 2014 at 11.00 a.m. at the Registered Office of the Company at SPA - 65A, Bhiwadi Industrial Area, Bhiwadi (Distt. Alwar), Rajasthan - 301019 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at June 30, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the Financial Year ended on that date, together with the Reports of the Directors and Auditors thereon.
2. To declare dividend for the Financial Year ended June 30, 2014.
3. To appoint a Director in place of Mr. Pramod Agarwal (DIN 00066989), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs. Deloitte Haskins and Sells LLP, Chartered Accountants (Firm Reg. No.117366W/W-100018) as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the Thirty Third Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting, on such remuneration and reimbursement of out-of-pocket expenses, as the Board of Directors may decide.

SPECIAL BUSINESS

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

Appointment of Mr. B. S. Mehta as the Non-Executive Independent Director of the Company, not liable to retire by rotation

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder, read with Schedule IV to the Act (as amended from time to time) and any other applicable law, Mr. B. S. Mehta (DIN 00035019), Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as the Non-Executive Independent Director of the Company for a term upto five years with effect from September 29, 2014, not being liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/or Ms. Jessica Rastogi, Dy. Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

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

Appointment of Mr. C. R. Dua as the Non-Executive Independent Director of the Company, not liable to retire by rotation

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder, read with Schedule IV to the Act (as amended from time to time) and any other applicable law, Mr. C. R. Dua (DIN 00036080), Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as the Non-Executive Independent Director of the Company for a term upto five years with effect from September 29, 2014, not being liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/or Ms. Jessica Rastogi, Dy. Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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

Appointment of Mr. Gurcharan Das as the Non-Executive Independent Director of the Company, not liable to retire by rotation

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder, read with Schedule IV to the Act (as amended from time to time) and any other applicable law, Mr. Gurcharan Das (DIN 00032103), Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as the Non-Executive Independent Director of the Company for a term upto five years with effect from September 29, 2014, not being liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/or Ms. Jessica Rastogi, Dy. Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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

Appointment of Mr. A. K. Gupta as the Non-Executive Independent Director of the Company, not liable to retire by rotation

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder,

read with Schedule IV to the Act (as amended from time to time) and any other applicable law, Mr. A. K. Gupta (DIN 02588131), Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as the Non-Executive Independent Director of the Company for a term upto five years with effect from September 29, 2014, not being liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/or Ms. Jessica Rastogi, Dy. Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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

Appointment of Ms. Sonali Dhawan as the Non-Executive Director of the Company, liable to retire by rotation

"RESOLVED THAT Ms. Sonali Dhawan (DIN 06808527) who was appointed as an Additional Director of the Company with effect from February 25, 2014 by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and pursuant to the Articles of Association of the Company, and who holds such office until this Annual General Meeting and who has submitted a notice in writing under Section 160 of the Companies Act, 2013, proposing her candidature for the office of a Director, be and is hereby appointed as the Non-Executive Director of the Company, liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/or Ms. Jessica Rastogi, Dy. Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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

Payment of Remuneration to the Cost Auditor for the Financial Year 2014-15

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder (as amended from time to time) and other applicable laws, such other permissions as may be necessary and subject to such amendatory notification as may be issued in this regard, the Members hereby approve the remuneration of ₹ 6,00,000/- plus service tax and out-of-pocket expenses payable to M/s Ashwin Solanki & Associates, Cost Accountants, who are appointed by the Board of Directors of the Company to conduct audit of the Cost records maintained by the Company for the Financial Year 2014-15."

"RESOLVED FURTHER THAT the Board of Directors of the Company and/or Ms. Jessica Rastogi, Dy. Company Secretary be and are hereby severally authorised to do all

acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board of Directors

sd/-

Jessica Rastogi
Dy. Company Secretary
& Compliance Officer

August 12, 2014

Mumbai

Registered Office:

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

NOTES

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business under Item Nos. 5 to 10 is annexed hereto and forms a part of this Notice.
2. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy (ies) to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The instrument appointing proxy, in order to be effective should be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.** Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total paid-up Share Capital of the Company. Members holding more than ten percent of the total paid-up Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and the Share Transfer books of the Company will remain closed from *Monday, September 15, 2014 to Monday, September 29, 2014* (both days inclusive), for the purpose of determining the names of Members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.
6. The dividend on Equity Shares for the Financial Year ended June 30, 2014, as recommended by the Directors, if approved at the Annual General Meeting, will be paid on or around *October 15, 2014* as under:
 - (a) To all beneficial owners, in respect of shares held in dematerialized form, as per details furnished by the

Depositories for this purpose as at the close of business hours on *September 12, 2014*;

(b) To all Members, in respect of shares held in physical form, whose names shall appear on the Company's Register of Members as on *September 29, 2014*.

7. In compliance with Clause 35B of the Listing Agreement and the provisions of Section 108 of the Companies Act, 2013, and the Rules framed there under, Members may cast their votes electronically, through the e-voting services, on all the resolutions set forth in this Notice. The e-voting period commences on Monday, September 22, 2014 at 9:00 a.m. and ends on Wednesday, September 24, 2014 at 5:00 p.m. During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on August 14, 2014, may cast their vote electronically. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by a Member, he shall not be allowed to change it subsequently. The Company has appointed Dr. S. Chandrasekaran, Practising Company Secretary, to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

Procedure For E-Voting

A. The Company has entered into an arrangement with National Securities Depository Limited ("NSDL") for facilitating e-voting for the Annual General Meeting. The instructions for e-voting are as under:

a) In case of Members receiving an e-mail from NSDL:

- (i) Open the PDF file 'Gillette e-voting.pdf' attached to the e-mail, using your Client ID / Folio No. as password. The PDF file contains your User ID and Password for e-voting. Please note that the Password provided in PDF is an 'Initial Password'.
- (ii) Launch an internet browser and open <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login.
- (iv) Insert 'User ID' and 'Initial Password' as noted in step (i) above and click 'Login'.
- (v) Password change menu will appear. Change the Password with a new Password of your choice. Please keep a note of the new Password. It is strongly recommended not to share your Password with any person and take utmost care to keep it confidential.
- (vi) Home page of e-voting will open. Click on e-Voting - Active E-voting Cycles.
- (vii) Select 'EVEN' of Gillette India Ltd.
- (viii) Now you are ready for e-voting as 'Cast Vote' page opens.
- (ix) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'Confirm' when prompted.

- (x) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) For the votes to be considered valid, the Institutional Members (other than individuals, HUF, NRI etc) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc together with attested specimen signatures of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at rupesh@cacsindia.com with a copy marked to evoting@nsdl.co.in.

b) In case of Members receiving physical copy of the Notice of Annual General Meeting and Attendance Slip

- (i) Initial Password is provided at the bottom of the Attendance Slip.
 - (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast vote.
- B. In case of any queries, you may refer to the 'Frequently Asked Questions' ("FAQs") and 'e-voting user manual' available at the Downloads section of NSDL's e-voting website www.evoting.nsdl.com.
- C. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for casting vote.
- D. The results along with the Scrutinizer's Report, shall be placed on the website of the Company.
8. In line with circulars issued by Securities and Exchange Board of India ("SEBI"), the Company is required to update bank details of the Members of the Company to enable usage of the electronic mode of remittance such as ECS [LECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS)], NEFT for distributing dividends and other cash benefits to its Members.
- In this regard, Members holding shares in electronic form are requested to furnish their bank details to their Depository Participants. Members holding shares in physical form are requested to furnish their bank details, alongwith a photocopy of a blank cancelled cheque pertaining to your bank account to the Registrar and Share Transfer Agent, M/s. Mas Services Ltd.
9. Members holding shares in physical form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agent, MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase II, New Delhi 110 020:
- a) Bank Mandate with full particulars for remittance of dividend directly into their Bank Accounts, if declared at the Meeting;
 - b) Intimate changes, if any, in their address/name, bank details, NECS/ECS, mandates, nominations, power of attorney etc. at an early date;
 - c) Apply for consolidation of folios, if shareholdings are under multiple folios in identical names or joint holding in the same order of names;

- d) Send their share certificates for consolidation, and
- e) Request for nomination forms for making nominations, as per the format prescribed under the Companies Act, 2013, which is available on the website of the Company

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

10. SEBI has mandated submission of Permanent Account Number ("PAN") for all transactions in the securities market. Members who are holding shares in dematerialized form are requested to submit their PAN details to their respective Depository Participant. Members holding shares in physical form can submit their PAN details to M/s. Mas Services Limited. Members are requested to note that in case of transfer of shares held in physical form, submission of photocopy of PAN card of the transferee(s) alongwith the transfer deeds and share certificates at the time of lodgement of transfer of shares is mandatory.
11. In the case of Dematerialized Shares, the Company is obliged to print Bank details on the dividend warrants, as are furnished by the National Securities Depository Limited ("NSDL") and the Central Depositories Services (India) Limited ("CDSL") ("the Depositories") to the Company and the Company cannot entertain any request for deletion/change of Bank details without confirmation from the Depositories. In this regard, Members are advised to contact their Depository Participants and furnish them the particulars of any change(s) desired.
12. Non-resident Indian Members are requested to immediately inform the Company or its Registrar & Transfer Agent or the concerned Depository Participant, as the case may be, about the following:
 - (a) The change in the residential status on return to India for permanent settlement;
 - (b) The particulars of the Non-Resident External (NRE) account with a Bank in India, if not furnished earlier.
13. Members' attention is particularly drawn to "Corporate Governance" section of the Annual Report in respect of unclaimed and unpaid dividends.
14. Members are requested to address all correspondence, including share transfer documents and dividend matters to the Company's RTA at -
M/s. MAS Services Limited,
T-34, 2nd Floor, Okhla Industrial Area,
Phase II, New Delhi 110 020.
Tel: (011) 26387281-3;
Fax: (011) 26387384;
Email: info@masserv.com.

Members are requested to quote their ledger folio numbers in all their correspondence to enable the Company to provide better services to the Members.
15. Pursuant to the amended Clause 5A of the Listing Agreement which provides that shares held in physical form and remained unclaimed by Members due to

insufficient/incorrect information or any other reason, should be transferred in the demat mode to one folio in the name of 'Unclaimed Suspense Account' with one of the depository participants.

In this regard, as confirmed by the Registrar & Transfer Agent to the Company, there are NIL Shares remaining unclaimed with the Company.

16. This Annual Report comprising of Notice, Audited Financial Statements, Directors' Report, Auditors' Report etc. is being sent in the electronic form to all the Members who have furnished their e-mail ids to the Company or updated/provided their e-mail ids to their respective Depository Participants. Members may kindly note that as Members of the Company they are entitled to be furnished, free of cost a printed copy of the Annual Report of the Company, upon receipt of requisition at any time. The communications/ documents issued by the Company would also be made available on the Company's website: www.pg.com/en_IN. Members holding shares in physical form, who have not registered/updated their respective e-mail addresses, are requested to intimate their respective e-mail ids with Company's Registrar & Transfer Agent at their website www.masserv.com. Members holding shares in dematerialised form, who have not registered/updated their respective e-mail addresses, are requested to do so with their respective Depository Participants.

We request the Members to support the Green Initiative introduced by the Ministry of Corporate Affairs and make it a success.

17. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.

Members may kindly note that no gifts in any form shall be given to any Member and the Company will not entertain any requests in this regard.

By Order of the Board of Directors

sd/-

**Jessica Rastogi
Dy. Company Secretary**

**August 12, 2014
Mumbai**

Registered Office:

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

EXPLANATORY STATEMENT

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

Item No. 5

Appointment of Mr. B. S. Mehta as the Non-Executive Independent Director of the Company, not liable to retire by rotation

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

Mr. Mehta meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 ("Act") and has furnished a declaration to the Company in this respect. In the opinion of the Board of Directors, Mr. Mehta fulfils the conditions specified in the Act and the Rules made thereunder and is independent of the management. Accordingly, the Board of Directors recommends appointment of Mr. B. S. Mehta as the Non-Executive Independent Director for a period of five years with effect from September 29, 2014 in terms of Act, not being liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. B. S. Mehta, are concerned or interested, financially or otherwise, in this item.

Item No. 6

Appointment of Mr. C. R. Dua as the Non-Executive Independent Director of the Company, not liable to retire by rotation

Mr. C. R. Dua is the founder of Dua Associates which is one of the prominent law firms in India. He has been actively involved in the process of regulatory reforms in India consistent with India's multilateral trade policy commitments.

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

Mr. Dua meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 ("Act") and has furnished a declaration to the Company in this respect. In the opinion of the Board of Directors, Mr. Dua fulfils the conditions specified in the Act and the Rules made thereunder and is independent of the management. Accordingly, the Board of Directors recommends appointment of Mr. C. R. Dua as the Non-Executive Independent Director for a period of five years with effect from September 29, 2014 in terms of Act, not being liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. C. R. Dua, are concerned or interested, financially or otherwise, in this item.

Item No. 7

Appointment of Mr. Gurcharan Das as the Non-Executive Independent Director of the Company, not liable to retire by rotation

Mr. Gurcharan Das is an author, management guru and public intellectual.

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

Mr. Das meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 ("Act") and has furnished a declaration to the Company in this respect. In the opinion of the Board of Directors, Mr. Das fulfils the conditions specified in the Act and the Rules made thereunder and is independent of the management. Accordingly, the Board of Directors recommends appointment of Mr. Gurcharan Das as the Non-Executive Independent Director for a period of five years with effect from September 29, 2014 in terms of Act, not being liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Gurcharan Das, are concerned or interested, financially or otherwise, in this item.

Item No. 8

Appointment of Mr. A. K. Gupta as the Non-Executive Independent Director of the Company, not liable to retire by rotation

Mr. A. K. Gupta is an Engineer from Indian Institute of Technology, Delhi besides holding Post Graduate Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. Mr. Gupta is an expert in the field of manufacturing and supply chain management. He has vast experience of over 35 years in India and abroad in the field of manufacturing and product supply and had held various senior management positions.

Mr. Gupta meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 ("Act") and has furnished a declaration to the Company in this respect. In the opinion of the Board of Directors, Mr. Gupta fulfils the conditions specified in the Act and the Rules made thereunder and is independent of the management. Accordingly, the Board of Directors recommends appointment of Mr. A. K. Gupta as the Non-Executive Independent Director for a period of five years with effect from September 29, 2014 in terms of Act, not being liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. A. K. Gupta, are concerned or interested, financially or otherwise, in this item.

Item No. 9

Appointment of Ms. Sonali Dhawan as the Non-Executive Director of the Company, liable to retire by rotation

Ms. Sonali Dhawan was appointed as an Additional Director of the Company by the Board of Directors with effect from February 25, 2014 pursuant to Section 161 of the Companies Act, 2013. Ms. Dhawan holds such office till the date of ensuing Thirtieth (30th) Annual General Meeting of the Company. Hence, it is proposed to appoint Ms. Dhawan as the Non-Executive Director liable to retire by rotation.

Ms. Dhawan is a graduate from Lady Shriram College, with a B.Com (Hons.) in Business Studies. She holds Masters in Business Administration in Marketing from the Indian Institute of Management, Ahmedabad.

Ms. Dhawan joined Procter & Gamble in 1998. She has handled various roles in Marketing across different regions which include ASEAN, India & Australia. Through

a career spanning 15 years, she brings with her a wealth of experience.

Pursuant to Section 160 of the Companies Act, 2013, Ms. Dhawan has submitted a notice proposing her candidature for the office of Director liable to retire by rotation, together with a deposit of ₹ 1,00,000/-

The Board of Directors recommends the appointment of Ms. Dhawan as the Non-Executive Director of the Company, liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Ms. Sonali Dhawan, are concerned or interested, financially or otherwise, in this item.

Item No. 10

Payment of Remuneration to the Cost Auditor for the Financial Year 2014-15

The Board of Directors at their meeting held on August 12, 2014, on the recommendation of the Audit Committee, approved the appointment of M/s. Ashwin Solanki & Associates, Cost Accountants as the Cost Auditors to conduct the audit of the Cost records of the Company for the Financial Year 2014-15 and remuneration of ₹ 6,00,000/- plus service tax and out-of-pocket expenses.

In terms with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company.

The Board recommends passing of the resolution at item no. 10 as an Ordinary resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives, are concerned or interested, financially or otherwise, in this item.

By Order of the Board of Directors

sd/-

**Jessica Rastogi
Dy. Company Secretary**

August 12, 2014

Mumbai

Registered Office:

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

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

Name of Director	Mr. B. S. Mehta	Mr. C. R. Dua	Mr. Gurcharan Das	Mr. Anil Kumar Gupta	Mr. Pramod Agarwal	Ms. Sonali Dhawan
Age	78 years	62 years	70 years	68 years	52 years	38 years
Date of appointment on the Board	26th October, 2005	July 31, 2002	January 29, 2007	28th March, 2009	August 13, 2012	February 25, 2014
Expertise in specific field	Chartered Accountant	Law	General Management	Engineer, IIT & PGDM in Industrial Management	MBA in Finance	MBA in Marketing
Names of other companies in which he holds directorships	Public Companies 1. Atul Limited 2. Bharat Bijlee Limited 3. Century Enka Limited 4. CEAT Limited 5. Procter & Gamble Hygiene and Health Care Limited 6. Housing Development Finance Corporation Limited 7. IL&FS Investment Managers Limited 8. J.B. Chemicals & Pharmaceuticals Ltd 9. Pidilite Industries Limited 10. Sasken Communication Technologies Limited 11. SBI Capital Markets Limited 12. Sudarshan Chemical Industries Limited 13. NSDL E-Governance Infrastructure Limited Foreign Company Jumbo World Holdings Limited	Public Companies 1. Cabot India Limited 2. Pearl Global Industries Limited 3. Vodafone India Limited 4. Tractors & Farm Equipment Limited 5. TVS Motor Company Limited 6. Wimco Limited Private Companies 1. Amit Investments Private Limited 2. Associated Corporate Consultants India Private Limited 3. Becton Dickinson India Pvt Ltd 4. Emerson Process Management Power & Water Solutions India Pvt Ltd 5. Fila Sport India Pvt Ltd 6. Inapex Private Limited 7. LexSphere Private Limited 8. Linde Engineering India Pvt Ltd 9. McDonalds India Private Limited 10. Norling Private Limited 11. PBE India Private Limited 12. Result Services Private Limited 13. Sella Synergy India Private Limited 14. UL India Private Limited Alternate Directorships 1. McCann-Erickson (India) Pvt Ltd	Public Companies 1. Fortis Health Care Limited 2. Air India Limited 3. Berger Paints India Limited Private Companies 1. Birla Sun Life Trustee Company Private Limited 2. DMI Finance Private Limited 3. Gurcharan Das Consultants Private Limited	Public Companies 1. Procter & Gamble Hygiene and Health Care Limited Private Companies 1. Temple Trees Impex & Investment Private Limited	Public Companies 1. Procter & Gamble Hygiene and Health Care Limited	

Name of Director	Mr. B. S. Mehta	Mr. C. R. Dua	Mr. Gurcharan Das	Mr. Anil Kumar Gupta	Mr. Pramod Agarwal	Ms. Sonali Dhawan
Chairman/Member of the Committee(s) of the Board of Directors of the company	Audit Committee - Member	Audit Committee – Chairman	Audit Committee – Member	Audit Committee - Member Shareholders Grievance Committee - Chairman	Nil	Nil
Chairman/member of the committee(s) of board of directors of other companies in which he/she is a director.	Audit Committee 1. IL & FS Investment Managers Limited (Chairman & Member) 2. Sudarshan Chemicals Ltd (Chairman & Member) 3. Sassen Communication Technologies Ltd (Chairman & Member) 4. Pidilite Industries Ltd (Chairman & Member) 5. Procter & Gamble Hygiene and Health Care Limited (Member) 6. Housing Development Finance Corporation Limited (Member) 7. Atul Limited (Member) 8. Century Enka Limited (Member) 9. NSDL e-Governance Infrastructure Limited (Member)	Audit Committee 1. Cabot India Limited (Member) 2. Wimco Limited (Member) 3. TVS Motor Company Limited (Member) Remuneration Committee 1. Cabot India Limited (Member) 2. TVS Motor Company Limited (Member) Corporate Social Responsibility Committee 1. Linde Engineering India Pvt Ltd	Remuneration Committee 1. Fortis Health Care Limited (Member)	Audit Committee 1. Procter & Gamble Hygiene and Health Care Limited (Member) Shareholders' Grievances Committee 1. Procter & Gamble Hygiene and Health Care Limited (Member)	Nil	Nil
Shareholding in the company	3,799 Equity Shares of ₹ 10/- each	Nil	Nil	Nil	Nil	Nil

Gillette India Limited

ANNUAL REPORT
2013 - 2014

P&G

BOARD OF DIRECTORS

Mr. B. S. Mehta
(Chairman)

Mr. Shantanu Khosla
(Managing Director)

Mr. C. R. Dua
Mr. Gurcharan Das
Mr. A. K. Gupta
Mr. Pramod Agarwal
Ms. Sonali Dhawan

.....
Ms. Jessica Rastogi
(Dy. Company Secretary)

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Dear Shareholders,

Your Company's continued commitment to creating consistent and sustainable value for consumers, customers and shareholders, has resulted in yet another year of achieving strong business results. Value creation comes from two primary drivers: Innovation, and Productivity. We believe that value is the yardstick by which companies can achieve sustainable growth in today's changing business environment. As, I share with you, your Company's annual performance for the Financial Year 2013-14, I take pride in the fact that we *delivered increased Net Sales of Rs. 1,746 crores, up 22% versus last year, with robust growth across all segments including Grooming, Oral Care and Portable Power.*

We continued to drive sustained growth and delivered Profit After Tax (PAT) at Rs. 51 crores while Profit Before Tax stood at Rs. 81 crores. The base business sustained strong results delivering Profit Before Tax + 26% versus year ago, while ongoing investments in Oral B toothpaste continued as per plan.

This Fiscal Year, your Company has consistently sought to innovate in all we do, to continue to touch and improve the lives of our consumers. Our focus on innovation in the value chain, a critical driver of growth, is reflected in our evolving product portfolio. It is with this focus that our Blades & Razors, Oral Care and Batteries businesses understand and meet consumer needs successfully, which is reflected in our results over the past fiscal year.

Gillette India Limited has consistently sought to innovate in all we do, to continue to touch and improve the lives of our consumers. The consumer is the focus of all our innovation and we continue to bring superior product propositions that will delight the consumers. Meeting the need that lower income users have for a safe & affordable shave has helped us reach more consumers with Gillette Guard last fiscal. *Consumers, dentists & customers have rewarded us with their trial & purchase of Oral B brushes & toothpaste.*

Your Company's focus on innovation and productivity was the key enabler for brand building and launching superior products this year as well. The fiscal year witnessed the launch of The Gillette Fusion Power Phantom razors that bring advanced electronics to deliver the best powered wet shave ever. Gillette Fusion Power Phantom Razor represents India's most superior technology - A battery operated shaving system which has 5 blades on the front and one precision trimmer at the back, to step change the shaving experience for Indian men. Similarly driven by innovation, Oral-B Pro Health toothpaste is based on the insight that the Indian family has a diverse set of dental needs. Oral-B Pro Health toothpaste is designed with technological superiority to provide a one stop solution.

Innovation is integral to every aspect of your Company's business, and this is also reflected in the way we take our products to our consumers. Engaging communication has resulted in best-in-class output and rewarding results right through the value chain.

To take the example of Gillette, this year a multi-city outreach and influencer advocacy movement was undertaken titled *Unshaved is Unbathed*, based on the insight that 'women prefer men clean shaven as they look bathed and fresh'. The movement helped us achieve our highest ever market share and grow key equities. Another movement that grew equity this year was the *Gillette Because You are Role Model Movement* which was based on the insight 'A boy's first shave is with his father - his role model'. Renowned cricketers like Rahul Dravid, Anil Kumble, VVS Laxman and Venkatesh Prasad came together to create awareness for this movement.

Over the past decade, P&G's sustainability mantra '*to touch and improve the lives of consumers, now and for generations to come*' has inspired an enduring *CSR strategy supported by three pillars* - social responsibility via health & hygiene awareness & children's education, environmental sustainability and effective disaster relief efforts.

This dedicated commitment is the driving force behind our Corporate Social Responsibility initiatives like 'P&G Shiksha' which has built and supported over 330 schools and will impact the lives of over 600,000 children. P&G, over the past year, continued its efforts to provide timely aid and relief to families affected by natural disasters. Over 15,800 families affected by the Uttarakhand Floods and the Odisha Cyclone, received relief aid in the form of hygiene kits comprising of P&G products as well as Children's Safe Drinking Water sachets.

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

B. S. Mehta
Chairman

Mumbai
August 12, 2014



DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting their Thirtieth (30th) Annual Report together with the Audited Accounts for the Financial Year ended June 30, 2014.

FINANCIAL RESULTS

(Figures in ₹ Crores)

	2013-14	2012-13
Sales (less excise duty)	1,745.62	1,435.33
Other Operating Income	4.17	2.39
Other Income	31.62	36.55
Profit before tax & exceptional items	80.66	138.25
Profit after tax	51.42	87.16
Transfer to General Reserve	5.14	8.72
Proposed dividend plus tax thereon	57.18	57.18
Balance carried forward	278.46	302.87

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, 2014.

OPERATIONS

Your Company delivered another year of robust performance in the Financial Year 2013-14, despite challenging economic conditions – particularly volatility in the Rupee and inflationary market conditions. Driven by Company's focus on innovation and productivity, Sales for the year increased by 22 per cent to ₹ 1,746 Crore.

Profit After Tax (PAT) for the Financial Year was in line with expectations at ₹ 51 crores while Profit Before Tax stood at ₹ 81 crores. While ongoing investment in *Oral-B* toothpaste continued as per plan.

PERSONAL GROOMING

Gillette Personal Grooming portfolio had a strong year registering high double digit growth combined with highest-ever market share growth

across Blades and Razors and Personal Care category. This was driven by strong performance across all product tiers through irresistible Product and Commercial innovations and by expanding our product offerings.

We successfully launched New *Gillette Vector-3* in the Mid-Tier Blades & Razor segment during the year. The new razor comes with 3-self adjusting blades, advanced lubra-strip, easy to rinse blades and non-slip rubber grip, thus, providing consumers with a superior shaving experience.

We also expanded our Female Hair Removal (FHR) portfolio with the launch of New *Gillette Venus* with 3-blades and soft protective cushions, specially designed for women along with Satin Care Gel and Venus Oceana Disposables.

Our premium line of systems registered strong performance with both *Mach3* and *Fusion*, delivering double digit growth behind strong razor placement, Go-to-Market plans and innovative

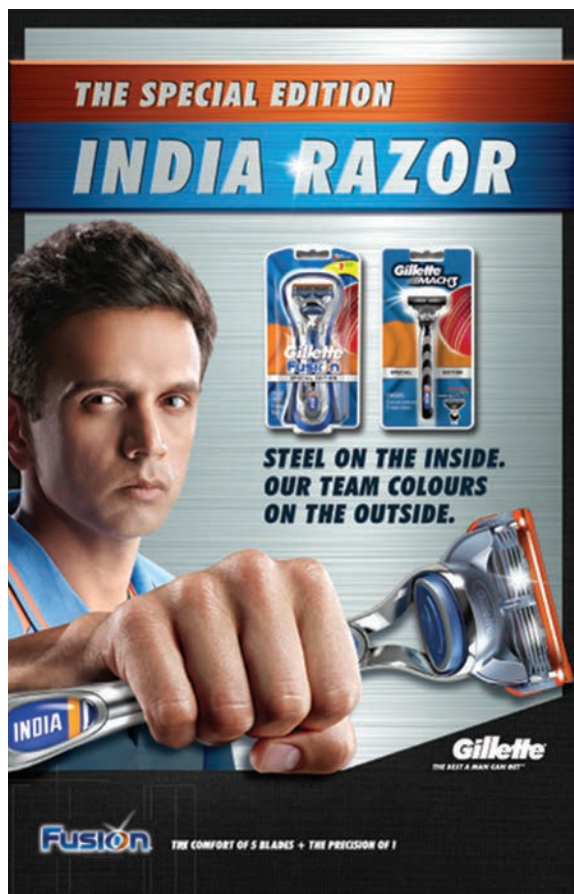
"The most comfortable and convenient hair removal, ever." - NEHA DHUPIA

The Gillette Satin Care razor gently slides over your skin giving you a smooth and satiny radiance. Now get goddess like arms and legs anywhere, anytime you want.

MYTH It's a myth that shaving causes hair to grow back thicker, darker and faster. Hair regrowth is determined by your genetics and hormones.

Gillette® Satin Care





marketing campaigns – Shave India, Cricket and Football activation through the Financial Year. Gillette launched the first-ever India razor to salute the undying passion of the Indian fans towards their team. The special edition razor had the word INDIA engraved on the handle as a mark of salute to the inner steel which is shared by Gillette and Indian cricket fans.

Gillette Guard, the Entry Level system, specially designed for low-income group consumers, continued to register Strong double digit growth by value and volume. *Gillette Guard* has demonstrated the fastest share and distribution build-up among all categories in India since its launch in October 2010.

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

In the Personal Care Category comprising of pre-shave and post-shave products, we entered the cream segment this year with the launch of the

New Gillette Shaving Cream. It helped further strengthen our position versus competition in the pre-shave category while we continued our leadership in the Gel and Foam segment, respectively.

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

ORAL CARE

Oral-B continues to grow across all tiers. Initiatives focused on establishing superiority of *Cross Action* helped *Oral-B* grow in the super premium tier segment. *Oral-B* has led innovation this year launching two new technologically superior products – Top of the line manual brush called '*Pro-health Sensitive*' and '*Allrounder 5 way clean*'. The sensitive toothbrush market is growing at more than 30% and *Allrounder-5 way clean* is specifically designed and suited to the needs of the Indian market. *Oral-B 123* continues to drive the premium tier by providing superior propositions to the consumers. Dedicated TV initiatives on *Oral-B Shiny Clean* along with



Gillette India Limited

strong plans to drive deeper distribution further helped strengthen *Oral-B*'s position in the mid-tier segment. Multiple initiatives were undertaken to expand *Oral-B* distribution, which resulted in the brand being available to more consumers across India.



Oral-B, which is the *World's No. 1 dentist recommended toothbrush brand*, (Based on surveys of a representative worldwide sample of dentists carried out for P&G) continued its partnership with dentists across India, to promote oral health awareness for yet another year through its *Oral-B Smile India Movement-4* initiative. This campaign helped in improving the lives of consumers by educating them on oral hygiene and by offering them a free dental checkup close to their residence simply on the purchase of an *Oral-B* toothbrush and toothpaste.

After a year of launching the *Oral-B* toothpaste successfully (3 tiers of toothpaste in both Gel and Paste), the Company focuses to now offer a complete Oral Care regimen with both products. The product response during the year from both Dentists and consumers is positive.

PORTABLE POWER

For the Financial Year 2013-2014, *Duracell* has achieved robust sales growth due to successful price up helping in earnings improvement behind volume growth and higher pricing.

Duracell has increased the scope by shifting the

communication from only high drain device to everyday use devices like Torch. This has helped us to increase the scope of target audience. In the coming future, *Duracell* will continue to outperform the category focusing on everyday device consumers in need of superior performance, whilst continuing to service "*Aspiring Indian*" consumers who seek value for money from the battery.

MANUFACTURING

Your Directors have the pleasure of informing you that during the Financial Year under review, Company's plants at Bhiwadi and Baddi continued to perform at record levels and delivered all time high throughputs and customer service. During the year, Bhiwadi and Baddi plants further improved productivity and reduced cost. Changes in the work system were successfully implemented, that would enhance long term people capability to continue to meet the business needs. The plants continued to deliver outstanding performance in all key measures such as Safety, Quality, Cost etc.

CORPORATE SOCIAL RESPONSIBILITY

Building business by improving lives

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

Over the past decade, P&G's sustainability mantra '**to touch and improve the lives of consumers, now and for generations to come**' has inspired an enduring Corporate Social Responsibility strategy supported by three pillars – "*P&G Shiksha*", "*The Whisper School program (Education)*" & "*Project Parivartan (Transformation)*" and "*Timely Disaster Relief*". While *P&G Shiksha* and *Project Parivartan* provide children from underprivileged backgrounds with access to basics like health and education, P&G's disaster



relief activities aim to rehabilitate and empower the victims of natural disasters by providing them with daily essential commodities and safe drinking water.

P&G's *Project Parivartan* continued its efforts in providing essential menstrual health and hygiene education to girl children across the country. Over the past year alone, the program reached out to over 3.5 million girls in schools across the country.

P&G's signature corporate sustainability program *P&G Shiksha* has till date built and supported over 330 (+110 since last year) schools across the country that will impact the lives of over 600,000 (+180,000 since last year) children, in partnership with a number of NGOs like - Army Wives Welfare Association, Navy Wives Welfare Association, Round Table India, Save the Children, amongst others. These partners serve as specialists, lending their expertise to particular aspects of the education system. The NGO Round Table India for example is dedicated towards constructing educational infrastructure and supporting schools across India. The NGO Save the Children focuses on girl child's education by aiding government funded programs like the Kasturba Gandhi Balika Vidyalayas. Similarly, the NGOs Army Wives Welfare Association and Navy Wives Welfare Association are experts in serving the educational needs of disabled children.

Since its commencement in 2005, *P&G Shiksha* has empowered consumers to contribute towards the education of underprivileged children by exercising conscious brand choices, which has enabled P&G to share a part of the sales towards this movement. *P&G Shiksha* has till date made a cumulative donation of over ₹ 32 crores towards building new schools, providing critical infrastructural amenities at existing schools or reviving non-operational government schools.

In the course of the past year, *Save the Children* in partnership with *P&G Shiksha* has expanded its impact. Six Kasturba Gandhi Balika Vidyalayas (KGBV) and fourteen primary and middle schools were supported through the provision of sports kits and laboratory equipment, which has enhanced the self-confidence and the learning abilities of the girl children. Additionally through



Wall writing on Right To Education awareness at Bonua village under Sonua Block of West Singhbhum district

this partnership, Baal Sansads and School Management Committees (SMCs) have also been strengthened through capacity building of its members, to monitor the activities of schools for ensuring quality education. These initiatives have thus resulted in a positive change in the overall environment of KGBVs, for example, teachers have started taking initiatives in practicing innovative pedagogical methods (such as promoting an effective use of the library facility, project work, story building as well as an overall better planning and execution of multi-level teaching).

At about 20 km from the Bhiwadi Plant, P&G continues its association with a local school (adopted under the *P&G Shiksha* program) to promote the education of girl children in Mewat. The students are provided holistic support in the form of uniforms, library, meals, infrastructure, recreational activities & study tours. This year, the initiative received a prestigious recognition with the **Bhamashah** award by the **Rajasthan Government** for outstanding contribution in promoting education and creating a transformational change in the lives of young girl children. Similarly, at Goa, in association with Matruchhaya, a local public charitable trust, P&G is providing educational and infrastructural support to a school for the orphaned, destitute and abandoned children. Going beyond the tangible, P&G has also lent assistance in organizing a *Fun Day* for the children with volunteers (employees and family members) which saw the donation of important amenities and equipment to the



school. These activities under the *P&G Shiksha* program have exemplified its motto **पढ़ेगा इंडिया तो बढ़ेगा इंडिया** and have further strengthened our resolve of touching and improving lives.

The P&G Baddi plant organized the '*World Environment Day*' event in Lodhimajra Village School in order to create awareness amongst school children on merits of a clean and healthy environment for the overall community.

Under the theme '**एक पेड़, एक ज़िंदगी**' and "*Best Out of Waste*", the event brought together school children, who participated in poster design, slogan writing competitions and making of useful items from Waste Material which was meant to create awareness on the importance of a safe and healthy environment.

P&G, over the past year, continued its efforts to provide timely aid and relief to families affected by natural disasters. Over 15,800 families affected by the Uttarakhand Floods and the Odisha Cyclone, received relief aid in the form of hygiene kits comprising of P&G products as well as Children's Safe Drinking Water sachets.

P&G's conscious commitment towards the pursuit of sustainable development programs has empowered us to truly make a substantial impact on the lives of the communities around us while simultaneously providing them with superior product propositions. This unequivocal principle has fueled our social responsibility programs aimed at improving lives and also lends inspiration to our efforts on environmental sustainability and economic accountability. At P&G, Corporate Social Responsibility has and will remain an important component of our ability to improve consumers' lives and to create value for our Members.

ENVIRONMENTAL SUSTAINABILITY

Environmental sustainability is embedded in our *Purpose, Values, Principles*, and our business. In order to improve lives, now and for generations to come, we ensure that our products, packaging and operations are safe for employees, consumers and the environment. We ensure this with a focus on technologies, processes and improvements that matter for the environment.

Our Company's Head Office at Mumbai reduced its annual energy consumption by over 37.9% over the last 10 years, saving over 2,159 gigajoules of energy.

At P&G, sustainability inspires and guides everything we do. Moreover, we ensure environmental friendly practices at our sites. These include reduction in power consumption, optimal water consumption and eliminating excess use of paper. With its strong monitoring and control of energy and water consumption, our plant in Bhiwadi, Rajasthan reduced its Environmental Footprint by 9% as compared to last year. The initiatives for the energy reduction at our plant in Bhiwadi resulted into 50% Diesel Savings.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. that in the preparation of the Annual Accounts for the Financial Year ended June 30, 2014, 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 Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors had prepared the accounts for the Financial Year ended June 30, 2014, on a "going concern" basis.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with the Auditors' Certificate on compliance with



Clause 49 of the Listing Agreement is annexed to this Report.

DIRECTORS

During the year, Mr. S. K. Poddar, Chairman and Mr. Akshay Poddar, Director ceased to be Directors of the Company with effect from December 26, 2013 and December 27, 2013 respectively, and also ceased to be the promoters of the Company, in line with the steps undertaken to achieve compliance with Minimum Public Shareholding requirement, as prescribed by the Securities and Exchange Board of India.

The Board places on record deep appreciation for the contributions made by them during their association with the Company.

Mr. B. S. Mehta was appointed as the Chairman of the Company with effect from February 3, 2014.

Ms. Sonali Dhawan has been appointed as Additional Director of the Company with effect from February 25, 2014 and holds office upto the date of the ensuing 30th Annual General Meeting of the Company. Notice under Section 160 of the Companies Act, 2013 has been received from her proposing her candidature as the Non-Executive Director of the Company, liable to retire by rotation.

Mr. Pramod Agarwal, Director, retires by rotation and, being eligible, offers himself for re-appointment.

In terms of Section 149 of the Companies Act, 2013, an Independent Director is required to be appointed for tenure of five years at a time and shall not be liable to retire by rotation. Accordingly, Mr. B. S. Mehta, Mr. C. R. Dua, Mr. Gurcharan Das and Mr. A. K. Gupta meet the criteria of independence and your Board recommends their appointment as Non-Executive Independent Directors for a period of five years with effect from September 29, 2014, not being liable to retire by rotation. Resolutions in this regard form part of the Notice of the ensuing 30th Annual General Meeting.

Brief resumes of Directors proposed to be appointed / reappointed at the ensuing 30th Annual General Meeting and the details of

the Directorships held by them in other companies are given in the "Corporate Governance" section of the Annual Report.

Appropriate resolutions for the appointment/ re-appointment of the aforesaid Directors are being moved at the ensuing 30th Annual General Meeting, which the Board recommends for your approval.

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

In terms of amendment to the Securities Contracts (Regulation) Rules, 2010, your Company was required to achieve Minimum Public Shareholding of 25%. Your Directors are pleased to inform you that the Company has achieved compliance with the said requirement during the Financial Year under review.

AUDITORS

The Auditors, M/s. Deloitte Haskins & Sells LLP, Mumbai, Chartered Accountants (Firm Registration No. 117366W/W-100018) retire at the ensuing 30th Annual General Meeting. In terms of the Companies Act, 2013, they are eligible for appointment for three Financial Year(s) and offer themselves for re-appointment upto the conclusion of 33rd Annual General Meeting.

COST AUDITORS

Your Company has re-appointed M/s. Ashwin Solanki & Associates, Cost Accountants, to conduct the cost audit for the Financial Year 2014-15.

CONSERVATION OF ENERGY & FOREIGN EXCHANGE

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

HUMAN RESOURCE DEVELOPMENT

The strong growth over the past few years demonstrates the core strengths of our



employees to stay reality-based and proactively influence the course of business. In a diverse organization & competitive environment, the efforts of our organization, strong capability plans and HR innovation accelerated our growth. Our productivity continues to be best-in-class with major progress in Leadership and Talent Development. The Company has a can-do attitude, embraces change easily, and operates as ONE-India.

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

Company Secretary at the corporate office of the Company.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

sd/-

B. S. Mehta
Chairman

Mumbai

August 12, 2014



ANNEXURE TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

1. Measures taken this year were:

- (a) Synchronized Gensets with grid to avoid power interruptions resulting into spoilage reduction and diesel usage by half. This initiative realized huge fuel savings worth ₹ 82 Lacs;
- (b) Optimized the use of Gensets by balanced load sharing through auto controlled system and incorporated various modes to suit varying seasons;
- (c) Improved the power availability through open access by load profile analysis and block-wise variable bidding at IEX (Indian Energy Exchange);
- (d) Modified the effluent pre-treatment plant to allow re-circulation of water in scrubber to reduce water usage and in-turn energy usage.

2. Plans for next year:

- (a) Heating optimization system at aqueous blade washing process to eliminate

the steam (boiler) usage with potential annualized energy savings of ₹ 98 Lacs;

- (b) Chiller efficiency improvement through auto treatment of cooling water to maintain the ideal approach temperature at condenser;
- (c) Explore possibility of solar power setup for the 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 utilized/earned during the year are given in Note no. 30 and 31 to the Accounts, respectively.

For and on behalf of the Board

B. S. Mehta
Chairman

Place: Mumbai
Date: August 12, 2014

MANAGEMENT DISCUSSION AND ANALYSIS REPORT, 2014

Review of Economic Scenario and Impact of Union Budget 2014-15

The Indian economy is showing positive signals of regaining growth momentum, especially in core areas of Manufacturing and Infrastructure. However, the weaker than expected monsoon is an area of worry and could impact growth as well as consumption. The recent stability in the rupee is welcome news as it enables the economic recovery.

The Union Budget 2014-15 is forward looking and recognizes the growth opportunity in the economy while looking to contain the Fiscal Deficit to 4.1% of GDP.

FMCG Sector and Indian Consumers

The Indian FMCG sector is around \$15 Billion and continues to grow at a healthy pace, though it has slowed down versus the historical growth rate. The long term prospects remain bright. There is significant opportunity to grow penetration, trial and consumption. We have strong Indian companies and major Multinationals operating in this area offering a wide array of products to the Indian consumer.

BUSINESS REVIEW:

MALE GROOMING — BLADES & RAZOR

Your Directors are of the view that the Blades & Razor sector is a big category and represents a sizable growth opportunity for your Company. The Blades & Razors market size is estimated at over ₹ 2000 crores. The strong portfolio and outstanding equity of Gillette has helped us deliver another year of robust double digit growth and record shares.

ORAL CARE

The Oral Care category which is over ₹ 10,000 crores presents significant opportunities as well as challenges in India. The Oral Care business delivered over 30% topline growth versus last year driven by product innovations including launch of *Oral-B* toothpaste and focus on brand fundamentals. The Company's entry into the toothpaste

market is delivering results in line with expectations but will require significant investment.

PORTABLE POWER

The growing usage in the high and mid drain devices like toys and cameras and increased purchasing power in India indicate a good potential in the coming years for alkaline batteries and thus for *Duracell*. Sales in this segment were up more than 20% versus last year.

Outlook, Risks and Opportunities

The Indian economy presents significant opportunity with a growing population, category whitespace and rising incomes. We do expect growth rate in the categories we compete to be around high single digits. However, high inflation, supply bottlenecks and intense competition present significant near term challenges. Your Company endeavors to overcome these risks and to sustain and improve its market position behind superior innovation, strategic pricing, effective communication and by focusing relentlessly on productivity.

Risk Management

Business, Finance & Operational risks

The Company's risk management policy is in line with the parent Company's global guidelines and as such adequate measures have been adopted by the Company to anticipate, plan and mitigate the spectrum of risks it faces. On business risks (competition, consumer preferences and technology changes) the company undertakes a Competition Response Model program. For financing risks it has a robust operational contingency and legal plan. It also undertakes Business Contingency Plan for key vendors and natural disasters. The Company also has adequate Insurance coverage to protect the value of its assets. This coverage duly covers any risks relating to business interruption resulting from property damage and legal liability resulting from property damage or personal injury.

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

Regulatory and Compliance risks

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

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

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

Security Risks

Your company has installed comprehensive security programs supported by latest technology and trained manpower to protect employees and assets, at all its offices and plants. Security measures are overseen by a specially designated Global Security Manager – India, and reputed security agencies has been appointed to provide guard force for ensuring asset protection, overall premises security and access control of personnel and material. Evacuation drills are conducted twice a year to ensure readiness and effectiveness. There is also a system for continuous monitoring of security alerts across the country and a pan India emergency notification system for reaching out to our employees in time of crisis has been

implemented. A global policy is in place to issue travel advisories to all employees, in case there is any adverse situation at any place in the world. If the situation warrants, travel bans are imposed. During the Financial Year under review, no security breaches or major incidents occurred at any of the company's plants. A comprehensive security risk assessment is carried out regularly and adequate security measures are implemented to cater to change security scenario. Your company has installed the best of the security measures and processes to protect its personnel and assets.

Internal Controls & their adequacy

Your company has strong Internal Controls Environment and Risk Assessment/Management systems. These systems enables company to comply with Internal Company policies, procedures, standard guidelines and local laws to help protect Company's Assets and Confidential information against financial losses and unauthorized use.

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

- o Controls Self Assessments (CSA's); are performed by the organization to assess process compliances with standards prescribed by Company in the Controls check list and to identify process outages. The organization undertakes a process review supported by random sample checking to evaluate process effectiveness which enables organization to identify control weaknesses and initiate actions to mitigate them.
- o Stewardship Reviews, led by a team of three fulltime Internal Controls experts to ensure that all key audit processes in the area of Selling, Distribution, Trade and Marketing Spending, Vendor Payments, and Plant Operations are reviewed and assessed at frequent intervals. The observations and findings are shared with senior management who implement quality action plans to remediate the observations. These are then supplemented by independent internal audits by P&G's Global Internal Audit team, where they rotate key areas every year.

- o Governance and stewardship boards comprising of the Chief Financial Officer, Chief Human Resource Officer and Legal Counsel reviews the Internal controls, Key Legal issues and Ethics Culture to create a standard, structured approach to identify Governance risks and proactively mitigate them.

During the Financial Year under review, the Global Internal Audit (GIA), performed Audits of key areas covering Marketing, Organization General Controls, IT Assets and Revenue (Accounts Receivable and Order Shipping Billing). Across these Audits, Controls were rated as '*Strong with low controls risks*'. Local management has developed and executed quality action plans to remediate all the findings reported by GIA.

HR Initiatives

The Company operates in a highly competitive environment vis-à-vis attracting the best talent for its operations and therefore the human resources management function has assumed vital importance in the Company. The 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 & Retaining Talent: India continues to be a key market for Global talent. In this scenario, our recruiting focus, innovative campus initiatives (digital and face to face), foray into Social media helped us reach a large number of prospective candidates. We continue to strengthen our position as employer of choice. Our policies on leadership pipeline, talent planning, mentoring, & gender-balance policies continued to ensure that we attract and retain the best talent. We continue to partner closely with the

top institutes in India and invest in both business/technical campuses, where we are a preferred employer. Our roles, careers and compensation & benefits continue to be very competitive, thereby helping us attract the talent that will keep the Company growing from strength to strength. We continued to be ranked in the top 3(Rank 2) in the Annual Nielsen Campus survey.

Developing Talent: Our organization survey scores were strong showing good increase in areas of Diversity & Inclusion, Culture of Innovation and Career & Guidance. New hires into the company are given a thorough on-boarding through our "*Future Stars Program*" to ensure that they are able to contribute in their roles as soon as they join. Clear career paths help employees to plan their career goals and understand the skills needed to be built. Our Company's annual performance management system is very robust and clearly assesses and differentiates amongst employees on the basis of performance and potential. We continue to build our talent through experiences both in India as well as internationally, ensuring that the benefits of a global organization are leveraged. A renewed leadership development program called "*P&G Leadership Academy*", leveraging virtual learning platforms and innovative learning methodologies beyond the classroom has been launched to ensure we focus on building leadership at all levels in the organization. All these initiatives make our retention among the best in the industry. Employee and trade relations related developments are covered in the Directors' Report. The number of employees as on June 30, 2014 was 678.

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

CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

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

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

Company's *Worldwide Business Conduct Standards*. These standards flow from the following core values of the Company:

- Treat the Company's assets as you would treat your own;
- Behave with the Company's long term success in mind;
- Always do the right thing;
- 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. As on date the Board comprises of Non-Executive Independent Chairman, Managing Director (Executive) and five Non-Executive Directors. Mr. Shantanu Khosla, Managing Director is involved in the day-to-day management of the Company while the Non-Executive Directors bring external perspective and independence to decision making. Mr. B. S. Mehta (Chairman), Mr. C. R. Dua, Mr. G. Das and Mr. A. K. Gupta are 'Non-Executive Independent Directors' as per Clause 49 I (A) of the Listing Agreement with the Stock Exchanges. All other Directors, except the Managing Director and the Non-Executive Independent Directors, are liable to retire by rotation. The Directors are experienced and eminent professionals in business, law, finance, public enterprise and corporate management.

The Board meets at least once in a quarter to review, amongst other business, the quarterly performance of the Company and Financial

Results. The Directors actively participate in the deliberations at these meetings.

The composition and other details of the Board of Directors as on June 30, 2014 are given below:

Name of the Director	Category	Designation	Other Directorships *	Membership of other Board Committees **	
				Member	Chairman
Mr. B. S. Mehta	NED/ID	Chairman	13	9	4
Mr. Shantanu Khosla	ED	Managing Director	2	2	Nil
Mr. C. R. Dua	ID	Director	6	3	Nil
Mr. Gurcharan Das	ID	Director	3	Nil	Nil
Mr. A. K. Gupta	ID	Director	1	2	Nil
Mr. Pramod Agarwal	NED	Director	1	Nil	Nil
Ms. Sonali Dhawan #	NED	Director	1	Nil	Nil

NED – Non-Executive Director

ED – Executive Director

ID – Independent Director

* Excludes directorships in private limited companies, bodies corporate, foreign companies, memberships of managing committees of various chambers/bodies and alternate directorships.

** Includes memberships of only audit committees and shareholders' grievance committees of public companies.

Ms. Sonali Dhawan was appointed as an Additional Director of the Company w.e.f. February 25, 2014

During the year, Mr. S. K. Poddar, Chairman ceased to be the Director of the Company with effect from December 26, 2013, and consequently ceased to be the Chairman of the Company. Mr. B. S. Mehta was appointed as the Chairman of the Company with effect from February 3, 2014.

Mr. Amit Vyas ceased to be the Company Secretary & Compliance Officer of the Company with effect from February 26, 2014. Ms. Jessica Rastogi was appointed as the Deputy Company Secretary & Compliance Officer with effect from March 26, 2014.

(b) Number of meetings of the Board:

During the Financial Year 2013-14, five (5) meetings of the Board were held on August 6, 2013, October 31, 2013, January 8, 2014, February 3, 2014 and May 6, 2014 respectively. The Annual General Meeting for the Financial Year ended June 30, 2013, was held on November 19, 2013.

(c) Directors' attendance record:

The attendance of Directors at the Board meetings and at the last Annual General meeting is as under:

Name of Director	No. of Board meetings held during the tenure	No. of Board meetings attended	Last Annual General Meeting (Whether Attended)
Mr. S. K. Poddar*	2	2	Yes
Mr. Shantanu Khosla	5	5	Yes
Mr. B. S. Mehta	5	5	No
Mr. C.R. Dua	5	3	No
Mr. Gurcharan Das	5	3	No
Mr. Akshay Poddar **	2	2	No
Mr. A. K. Gupta	5	5	Yes
Mr. Pramod Agarwal	5	2	No
Ms. Sonali Dhawan ***	1	1	Not Applicable

* Mr. S. K. Poddar ceased to be the Director of the Company w.e.f. December 26, 2013

** Mr. Akshay Poddar ceased to be the Director of the Company w.e.f. December 27, 2013

*** Ms. Sonali Dhawan was appointed as an Additional Director of the Company w.e.f. February 25, 2014

(d) Materially significant related party transactions having potential conflict with the interest of the Company

There are no material pecuniary relationships/ significant transactions made by the Company

with its Promoters, Directors or Management, their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note no. 39 forming part of the Financial Statements.

(e) Remuneration of Directors:

The Members of the Company at their 28th Annual General Meeting held on December 11, 2012, have accorded approval for payment of commission upto 1% of the net profits per annum in the aggregate to the Non-Executive Directors of the Company for a period of five years w.e.f. from January 1, 2013 by way of a Special Resolution. The aforesaid resolution empowered the Board of Directors to fix the quantum of commission payable to each of the Non-Executive Directors.

Pursuant to the said approval, the Board of Directors (comprising of non interested Directors) had accorded approval for payment of commission for the Financial Year 2013-14 to the tune of ₹ 71,19,970/- (exclusive of service tax of ₹ 8,80,030/-) in aggregate to the Non-Executive Directors of the Company. The said commission is within the limits of 1% of the net profits of the Company in the aggregate, as calculated as per the applicable provisions

of the Companies Act. The Non-Executive Directors are paid to compensate their valuable contribution to the Company owing to their wealth of experience and knowledge.

The application seeking the approval of Ministry of Corporate Affairs for waiver of commission paid in excess to the statutory limits, to the Non-Executive Directors for Financial Year 2011-12 has not been accorded to. Accordingly, the Directors have returned the proportionate amount(s) held by them under trust.

Mr. Shantanu Khosla was re-appointed as the Managing Director of the Company for a period of five years w.e.f. January 29, 2012 by the Members of the Company at their 28th Annual General Meeting held on December 11, 2012.

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

The details of remuneration paid/provided to the Executive/Non-Executive Directors during the Financial Year 2013-14 are as under:

Amount in ₹							
Name of Director	Relationship with other directors	Salary including Bonus + PF contribution	Perquisites	Commission	Service tax	Total	Shares held (Equity Shares, face value of ₹ 10/- each)
Mr. S. K. Poddar *	Father of Mr. Akshay Poddar	Nil	Nil	37,47,352	4,63,173	42,10,525	Nil
Mr. Shantanu Khosla	None	Nil [#]	Nil [#]	Nil	Nil	Nil	Nil
Mr. C. R. Dua	None	Nil	Nil	7,49,471	92,635	8,42,106	Nil
Mr. B. S. Mehta	None	Nil	Nil	7,49,471	92,635	8,42,106	Nil
Mr. Gurcharan Das	None	Nil	Nil	7,49,471	92,635	8,42,106	Nil
Mr. Akshay Poddar **	Son of Mr. S. K. Poddar	Nil	Nil	3,74,734	46,317	4,21,051	Nil
Mr. Anil Kumar Gupta	None	Nil	Nil	7,49,471	92,635	8,42,106	Nil
Mr. Pramod Agarwal	None	Nil	Nil	Nil	Nil	Nil	Nil
Ms. Sonali Dhawan ***	None	Nil ^{##}	Nil ^{##}	Nil	Nil	Nil	Nil

NOTE - No sitting fee is payable to any Director

Employee benefit expenses under Note 21 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 123 Lakhs (Previous Year: ₹ 127 Lakhs) cross charged from Procter & Gamble Hygiene and Health Care Ltd in terms of the common service agreement;

Employee benefit expenses under Note 21 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 13 Lakhs/- (Previous Year: Nil) cross charged from Procter & Gamble Home Products Limited Ltd in terms of the common service agreement;

* Mr. S. K. Poddar ceased to be the Director of the Company w.e.f. December 26, 2013;

** Mr. Akshay Poddar ceased to be the Director of the Company w.e.f. December 27, 2013;

*** Ms. Sonali Dhawan was appointed as an Additional Director of the Company w.e.f. February 25, 2014.

Stock Options

The Company has not issued stock options to any of its Directors. However, all employees of the Company are given the right to purchase shares of the ultimate holding Company – The Procter & Gamble Company, USA under its 'International Stock Ownership Plan'. Certain employees of the Company are also entitled to stock options of the ultimate holding Company under its 'Employee Stock Option Plan'. Details as

regards the same are disclosed vide note no. 27 forming part of the Financial Statements.

(f) Committees of the Board:**(i) Audit Committee**

The Audit Committee comprises of Mr. C. R. Dua (Chairman), Mr. B. S. Mehta (Member), Mr. Gurcharan Das (Member) and Mr. A. K. Gupta (Member). During

the Financial Year 2013-14, four Audit Committee meetings were held on August 6, 2013, October 31, 2013, February 3, 2014 and May 6, 2014 respectively.

Mr. Amit Vyas ceased to be the Secretary to the Audit Committee with effect from February 26, 2014. Effective March 26, 2014, Ms. Jessica Rastogi is the Secretary to the Audit Committee.

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

Name	Designation	Category	Profession	No. of meetings held during tenure	No. of meetings attended
Mr. C. R. Dua	Chairman	ID	Advocate	4	3
Mr. S. K. Poddar *	Member	NED	Business	2	2
Mr. B. S. Mehta	Member	ID	Chartered Accountant	4	4
Mr. Gurcharan Das	Member	ID	Management Consultant	4	3
Mr. A. K. Gupta**	Member	ID	Consultant	4	4

NED – Non-Executive Director

ED – Executive Director

ID – Independent Director

* Mr. S. K. Poddar ceased to be the Director of the Company w.e.f. December 26, 2013

** Mr. A. K. Gupta was appointed as the Chairman of the Audit Committee Meeting held on October 31, 2013, and was authorised by the Board to attend the 29th Annual General Meeting as the Chairman of the Audit Committee

All the committee members have extensive financial background and accounting knowledge. The Audit Committee plays the role as is contemplated under Section 292A of the Companies Act, 1956, read with the Listing Agreement as amended from time to time, with the Stock Exchanges. The Audit Committee, *inter alia*, provides reassurance to the Board on the existence of an effective internal control environment. The quorum for the Committee is two members, who should be Independent Directors.

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

- (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(s) 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 and other statutes, as amended from time to time.

The minutes of the Committee are placed before the Board.

(ii) Shareholders' Grievance Committee

The Shareholders' Grievance Committee comprises of Mr. Anil K. Gupta (Chairman) and Mr. Shantanu Khosla (Member). Ms. Jessica Rastogi is the Secretary to the Committee. During the Financial Year, four meetings were held on August 6, 2013, October 31, 2013, February 3, 2014 and May 6, 2014.

The role of the Committee is as follows:

- Resolving the grievances of the share holders of the Company including complaints related to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc.;
- Overseeing transfer/transmission of shares, issue of duplicate share certificates, and dematerialization/dematerialization of shares.

The minutes of the Committee are placed before the Board.

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

Name	No. of Committee meetings held during the tenure	No. of Committee meetings attended
Mr. Anil K Gupta *	4	4
Mr. Shantanu Khosla	4	4
Mr. Akshay Poddar **	2	2

* Mr. A. K. Gupta was appointed as the Chairman of the Committee on February 3, 2014

** Mr. Akshay Poddar ceased to be the Director of the Company w.e.f. December 27, 2013, consequently he ceased to be the Chairman of the Committee.

During the Financial Year, the Company received 31 complaints from the Members of the Company. These complaints have been resolved to the satisfaction of the Members except for

disputed cases and sub-judice matters, which would be resolved on final disposal by Courts. There were no pending share transfers as on June 30, 2014.

3. SHAREHOLDERS

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

1. **Mr. Pramod Agarwal**, Non-Executive Director, is a Bachelor of Commerce from Kanpur University and a Post Graduate in Management from Indian Institute of Management, Ahmedabad. He is Vice President – Finance & Accounting for Global Hair Care & Color Business of Procter & Gamble based out of Geneva Switzerland. Mr. Agarwal is an expert in Finance with deep knowledge of the business in various geographies and product categories. Prior to the current role, he was the Vice President Finance & Accounting for Asia business and rich experience in pulling the business out of Asian economic crisis in 1997 as well as the global financial crisis in 2008 and enabled strong growth of P&G business in Asia.

Mr. Agarwal has an experience of over 27 years and has worked across multiple geographies including Thailand, Japan, Philippines, USA, Singapore and now in Switzerland.

Mr. Agarwal has been selected as Member of the Indian Institute of Management Ahmedabad Society.

Mr. Agarwal is also a Director on the Board of Procter & Gamble Hygiene and Health Care Limited.

Mr. Agarwal, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 30th Annual General Meeting.

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

Mr. Mehta is also a director on the Board of Atul Limited, Bharat Bijlee Limited, Century Enka Limited, CEAT Limited, Housing Development Finance Corporation Limited, IL&FS Investment Managers Limited, J B Chemicals & Pharmaceuticals Limited, Pidilite Industries Limited, Sarsen Communication Technologies Limited, SBI

Capital Markets Limited, Procter & Gamble Hygiene and Health Care Limited, NSDL E-Governance Infrastructure Limited and Sudarshan Chemicals Industries Limited.

Mr. Mehta, meets the criteria of independence laid down in Section 149 of the Companies Act, 2013, and has furnished a declaration to the Company in this respect. Accordingly, the Board of Directors recommends the Members of the Company to appoint Mr. Mehta as the Non-Executive Independent Director for a period of five years in terms of Section 149 of the Companies Act, 2013, not being liable to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 30th Annual General Meeting.

3. **Mr. C. R. Dua** is the founder of Dua Associates which is one of the prominent law firms in India. He has been actively involved in the process of regulatory reforms in India consistent with India's multilateral trade policy commitments.

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

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

Mr. Dua, meets the criteria of independence laid down in Section 149 of the Companies Act, 2013, and has furnished a declaration to the Company in this respect. Accordingly, the Board of Directors recommends the Members of the Company to appoint Mr. Dua as the Non-Executive Independent Director for a period of five years in terms of Section 149 of the Companies Act, 2013, not being liable to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 30th Annual General Meeting.

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

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

Mr. Das, meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 and has furnished a declaration to the Company in this respect. Accordingly, the Board of Director recommends the Members of the Company to appoint Mr. Das as the Non-Executive Independent Director for a period of five years in terms of Section 149 of the Companies Act, 2013, not being liable to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 30th Annual General Meeting.

5. **Mr. A. K. Gupta** is an Engineer from Indian Institute of Technology, Delhi besides holding Post Graduate Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. Mr. Gupta is an expert in the field of manufacturing and supply chain management. He has vast experience of over 35 years in India and abroad in the field of manufacturing and product supply and had held various senior management positions.

Mr. Gupta is also a Director on the Board of Procter & Gamble Hygiene and Health Care Limited.

Mr. Gupta meets the criteria of independence laid down in Section 149 of the Companies Act, 2013 and has furnished a declaration to the Company in this respect. Accordingly, the Board of Director recommends the Members of the Company to appoint Mr. Gupta as the Non-Executive Independent Director for a period of five years with effect in terms of Section 149 of the Companies Act, 2013, not being liable to retire by rotation. The resolution in this regard forms part of the Notice of the ensuing 30th Annual General Meeting.

6. **Ms. Sonali Dhawan** is a graduate from Lady Shriram College, with a B.Com (Hons.) in Business Studies. She holds Masters in Business Administration in Marketing from the Indian Institute of Management, Ahmedabad.

Ms. Dhawan joined Procter & Gamble in 1998. She has handled various roles in Marketing across different regions which include ASEAN, India & Australia. Through a career spanning 15 years, she brings with her a wealth of experience.

Ms. Dhawan is also a Director on the Board of Procter & Gamble Hygiene and Health Care Limited.

Ms. Dhawan was appointed as an Additional Director of the Company by the Board of Directors of the Company with effect from February 25, 2014. As an Additional Director she holds office upto the date of the 30th Annual General Meeting. A notice under Section 160 of the Companies Act, 2013 has been received from her proposing her candidature as the Non-Executive Director of the Company, liable to retire by rotation, along with a deposit of ₹ 1 Lakh. Resolution in respect of her appointment as the Non-Executive Director, liable to retire by rotation forms part of the Notice of the ensuing 30th Annual General Meeting

(b) Communication to Shareholders:

- (i) The Quarterly Results of the Company are announced within 45 days of completion of the Quarter, as prescribed under the Listing Agreement. Audited Annual Results are announced within 60 days of the end of Financial Year and are published in 'Business Standard' (English) and 'Dainik Lokjivan, Jaipur' (Hindi)
- (ii) The Company's results and official news releases are published on Company's website: www.pg.com/en_IN.
- (iii) Corporate presentations made to analysts and institutional investors during the Financial Year 2013-14, have been updated on the website of the Company: www.pg.com/en_IN.
- (iv) This Annual Report comprising of Notice calling the General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. for the Financial Year 2013-14, in electronic form, is being sent to the Members at the email address provided/updated by the Members with the Depository Participants/Registrar & Transfer Agents, as applicable.

(c) Disclosures:

- (i) *Materially significant related party transactions:*

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

- (ii) *Compliance by the Company:*

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

In terms of the amendments to the Securities Contracts (Regulation) Rules, 2010, all listed companies (private sector) were required to achieve Minimum Public Shareholding of 25% by June 3, 2013. During the Financial Year, your Company has achieved compliance with Minimum Public Shareholding norm.

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

- (iii) *Whistle Blower policy:*

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

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

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

The Worldwide Business Conduct Helpline is accessible to all employees.

(iv) *CEO/CFO Certification:*

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

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

The Company has complied with all mandatory requirements and with the following non-mandatory requirements of Clause 49 of the Listing Agreement.

Compliance with Non-Mandatory Requirements

- (a) There are no audit qualifications in the Company's financial statements for the Financial Year 2013-14.
- (b) No specific training program was arranged for the Board Members. However, at the Board Meetings, detailed presentations are made by senior managerial personnel on the business related matters.
- (c) The Company has adopted a Whistle Blower Policy, as described above.

(d) General Meetings of Members:

AGM	DATE	TIME	VENUE	No. of special resolutions passed
29 th	19.11.2013	11.00 a.m.	All the three Annual General Meetings were held at SPA-65A, Bhiwadi Industrial Area, Bhiwadi, Dist. Alwar, Rajasthan - 301 019	1
28 th	11.12.2012	11.00 a.m.		3
27 th	31.10.2011	11.00 a.m.		1

At the previous 29th Annual General Meeting held on 19th November, 2013, the following Special Resolution was passed:

- i. Approval of Members under Section 309 of the Companies Act, 1956, subject to the approval of the Central Government, for waiver of recovery from the Non-Executive Directors, of the amounts of commission paid to them in excess of 1% of the net profits of the Company for the Financial Year ended June 30, 2013.

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

- i. Approval of Members under Section 309

of the Companies Act, 1956, subject to the approval of the Central Government, for waiver of recovery from the Non-Executive Directors, of the amounts of commission paid to them in excess of 1% of the net profits of the Company for the Financial Year ended June 30, 2012.

- ii. Approval of Members for payment of commission to the Non-Executive Directors of the Company for a period of five years with effect from January 1, 2013.
- iii. Approval of Members under Section 31 of the Companies Act, 1956 for Alteration of Articles of Association for enabling participation of Directors in Meetings through electronic mode.

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

- i. Approval of Members under Section 309 of the Companies Act, 1956, subject to the approval of the Central Government, for waiver of recovery from the Non-Executive Directors, of the amounts of commission paid to them in excess of 1% of the net profits of the Company for the Financial Year ended June 30, 2011.

Postal Ballot

During the Financial Year, a Special Resolution for alteration of Articles of Association of the Company under Section 31 of the Companies Act, 1956 was passed by the Members of the Company through Postal Ballot.

The Board had appointed Mr. B. V. Dholakia, Practising Company Secretary, as the scrutinizer to conduct the Postal Ballot process in a fair and transparent manner.

The results of the postal ballot were declared on 24th December, 2013. Details of the voting pattern were as under:

Description of Resolution	No. of total valid Postal Ballot Forms/ e-votes received	Votes Cast (No. of Shares)	
		For	Against
Alteration of Articles of Association of the Company	585	1,17,29,287	6,069

Accordingly the said Resolution was approved by the Members of the Company, with requisite and overwhelming majority.

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

The Company has adopted a Code of Conduct for its Directors and Senior Management. The Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct and it is applicable to all Directors and Senior Management of the Company. The Board Members and Senior Management Personnel have affirmed their compliance with the Code of Conduct and a CEO certificate to that effect is annexed to this Corporate Governance Report. The Code of Conduct has been posted on the Company's website at www.pg.com.com/en_IN.

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

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

4. GENERAL SHAREHOLDERS INFORMATION:**(i) Annual General Meeting**

The 30th Annual General Meeting will be held on **Monday, September 29, 2014 at 11.00 a.m.** at the Registered Office of the Company at SPA – 65A, Bhiwadi Industrial Area, Bhiwadi, (Dist. Alwar), Rajasthan - 301 019.

(ii) Financial Calendar

Financial Year	July to June
Accounts Finalization	August
Annual General Meeting	September – December
Dividend Dispatch	Within 30 days of Declaration
Quarterly Results	Normally within 45 days from end of quarter, except 4 th quarter when Audited Annual Results are declared within 60 Days from end of Financial Year as required under the Listing Agreement

(iii) Book Closure Date

Monday, September 15, 2014 to Monday, September 29, 2014 (both days inclusive)

(iv) Dividend Payment Details

Final Dividend, if declared : Will be paid on or before October 15, 2014

(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

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

(vii) Stock Price Data

Monthly high and low quotation of shares traded on BSE and NSE during the Financial Year 2013-14.*

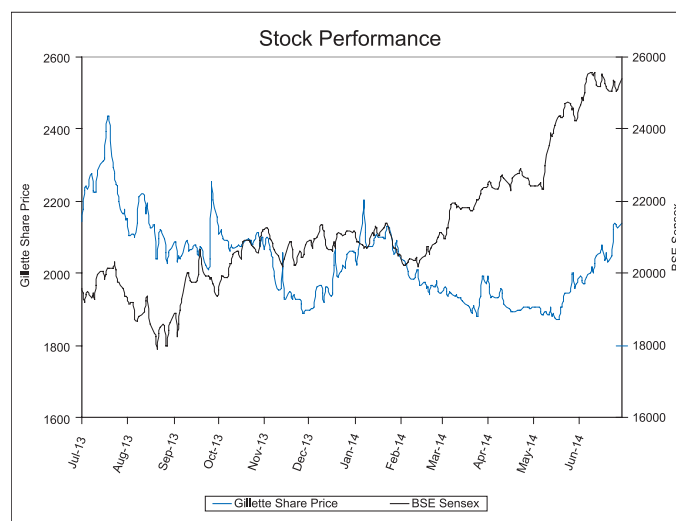
Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July 2013	2,464.00	2,125.00	2,468.95	2,100.25
August 2013	2,235.00	2,005.00	2,299.90	2,010.00
September 2013	2,325.00	2,000.00	2,324.95	1,990.00
October 2013	2,199.60	2,017.00	2,196.95	2,041.00
November 2013	2,123.00	1,872.00	2,138.00	1,871.15
December 2013	2,114.00	1,885.00	2,148.00	1,885.00
January 2014	2,314.00	2,004.00	2,315.55	2,005.00
February 2014	2,081.00	1,930.00	2,078.00	1,927.00
March 2014	2,023.95	1,875.00	2,003.05	1,875.00
April 2014	2,008.00	1,882.05	2,010.05	1,880.10
May 2014	2,049.00	1,850.00	2,049.80	1,850.00
June 2014	2,158.00	1,960.00	2,162.20	1,950.00

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

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

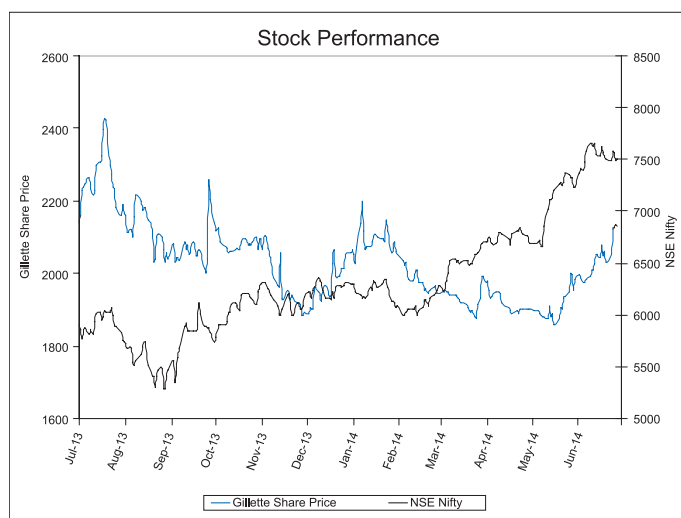
(viii) Performance in comparison to the BSE Sensex and NSE Nifty

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the Financial Year 2013-14:



Year – July 1, 2013 to June 30, 2014
(Source: www.bseindia.com)

The following chart shows the performance of the Company's share as compared to the NSE Nifty during the Financial Year 2013-2014:



Year –July 1, 2013 to June 30, 2014
(Source: www.nseindia.com)

(ix) Registrar and Share Transfer Agents

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

(x) Share Transfer System and Shareholders Complaints

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

During the Financial Year 2013-14, the Company had received 31 complaints from Members, which were resolved expeditiously. As on June 30, 2014, there were no complaints pending.

There were NIL share transfer pending as on June 30, 2014.

(xi) Distribution of shareholding by number of shares held as on June 30, 2014

No. of Shares held	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 – 500	17,453	95.93	10,85,919	3.33
501 – 1000	358	1.97	2,65,725	0.82
1001 – 2000	180	0.99	2,65,606	0.82
2001 – 3000	58	0.32	1,46,562	0.45
3001 – 4000	27	0.15	95,586	0.29
4001 – 5000	21	0.11	97,720	0.30
5001 – 10000	35	0.19	2,54,558	0.78
10001 and above	62	0.34	3,03,73,541	93.21
Total	18,194	100.00	3,25,85,217	100.00

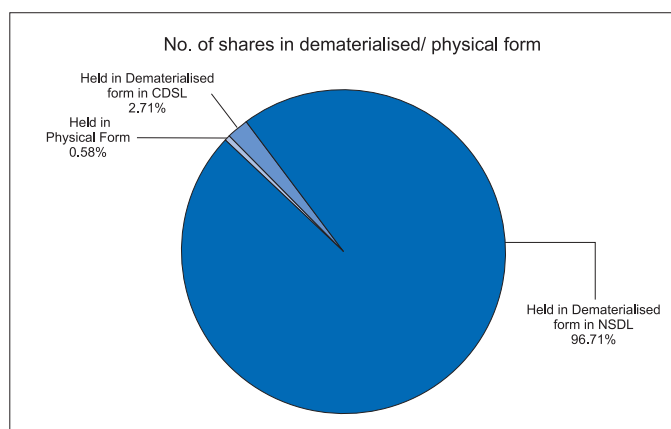
(xii) Distribution of shareholding by ownership as on June 30, 2014

Category	Number of Shares held	% of Shares held
Indian & Foreign Promoters	2,44,37,803	75.00
Resident Individuals and others	20,56,408	6.31
Mutual Funds & UTI	2,15,824	0.66
Financial Institutions/Banks	21,378	0.07
Foreign Institutional Investors	28,36,214	8.70
Private Corporate Bodies	23,14,688	7.10
NRIs	7,02,902	2.16
TOTAL	3,25,85,217	100.00

(xiii) Dematerialization of shares and liquidity

The Company's shares are required to be compulsorily traded on the Stock Exchange(s) in dematerialized form. As on June 30, 2014, the number of shares in dematerialized and physical mode is as under:

	No. of shares	% to total capital issued
Dematerialized form in NSDL	3,15,12,563	96.71
Dematerialized form in CDSL	8,82,896	2.71
Physical form	1,89,758	0.58
Total	3,25,85,217	100.00



(xiv) Shareholding of promoter/promoter group to be in dematerialized mode

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

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

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

(xvi) Unclaimed/Unpaid Dividends

The amount of unclaimed dividends for and upto the Interim Dividend for the Year 2006-07 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.

Dividend for the Financial Year ended June 30, 2007 and subsequent years, which remain unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on the dates mentioned in the table below.

Members, who have not encashed their dividend warrants for the said Financial Years, are requested to seek issue of duplicate warrants on or before the due dates mentioned below, by writing to the Company's RTA, M/s. MAS Services Limited.

Dividend No.	Date of Declaration	For the Year ended	Due for transfer to IEPF
15	25.10.2007	30.06.2007	30.11.2014
16	22.10.2008	30.06.2008	28.11.2015
17	27.10.2009	30.06.2009	02.12.2016
18	18.11.2010	30.06.2010	24.12.2017
19	31.10.2011	30.06.2011	06.12.2018
20	11.12.2012	30.06.2012	16.01.2020
21	19.11.2013	30.06.2013	25.12.2020

Unclaimed interim dividend amount for the Financial Year 2006-07 of ₹ 7,46,630/- was transferred to the Investor Education and Protection Fund on April 12, 2014.

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

(xvii) Plant Locations

- (i) India Bhiwadi Manufacturing Centre**
SPA – 65A, Bhiwadi Industrial Area,
Bhiwadi, (Dist. Alwar)
Rajasthan – 301019
- (ii) India Baddi Packing Centre**
Plot no. 4, Industrial Area
Village Katha, Bhatoli Kalan
Baddi - 173205
Dist. Solan, Himachal Pradesh

(xviii) Addresses

- (i) For Correspondence:-**
Gillette India Limited
P&G Plaza,
Cardinal Gracias Road,
Chakala, Andheri (East)
Mumbai - 400 099
Ph : 022-28266000; Fax 022-28267303
 - (ii) Registered Office:-**
Gillette India Limited
SPA – 65A,
Bhiwadi Industrial Area, Bhiwadi
(Dist. Alwar)
Rajasthan – 301019
- Compliance Officer:**
Ms. Jessica Rastogi,
Dy. Company Secretary
& Compliance Officer
Ph : 022-28266000 Fax : 022-28267303
e-mail : rastogi.j@pg.com

Declaration

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, the Board Members have confirmed compliance with the Directors' Code of Conduct for the Financial Year ended June 30, 2014 and the Senior Management has complied with the Business Conduct Manual for the Financial Year ended June 30, 2014.

For **GILLETTE INDIA LIMITED**

sd/-

Mumbai
August 12, 2014

Shantanu Khosla
Managing Director

Auditors Certificate for Corporate Governance

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, 2014 as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges in India.

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

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

As reported for the previous year ended June 30, 2013, the Company had provided and since paid excess commission amounting to ₹ 24 lakhs (including service tax of ₹ 3 lakhs). The Company's application to the Central Government for waiver is yet to be approved by the Central Government.

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

(Shyamak R Tata)
(Partner)

MUMBAI, August 12, 2014 (Membership No. 038320)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GILLETTE INDIA LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Gillette India Limited** ("the Company"), which comprise the Balance Sheet as at June 30, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the

Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

7. Further, as reported for the previous year ended June 30, 2013, the Company had provided and since paid excess commission amounting to ₹ 24 lakhs (including service tax of ₹ 3 lakhs). The Company's application to the Central Government for waiver is yet to be approved by the Central Government.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on June 30, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Shyamak R Tata
(Partner)

MUMBAI, August 12, 2014

(Membership No. 038320)

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 8 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year are such that clauses xi, xii, xiii, xiv, xvi, xix and xx of paragraph 4 of the Order are not applicable to the Company. In respect of the other clauses, we report as under:

- (i) In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The 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. During the Financial Year, in our opinion, a substantial part of fixed assets has not been disposed off by the Company.
- (ii) In respect of its inventories:
 - a. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) 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.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there are no

contracts or arrangements that needed to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.

- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year within the meaning of the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company, as prescribed by the Central Government under Section 209(1)(d) of the Act and are of the opinion that prima facie the prescribed cost records have been maintained and are being made up. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:
 - 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, customs 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 provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues in arrears as at June 30, 2014 for a period of more than six months from the date they became payable.
 - c. As at June 30, 2014, the following are the particulars of dues on account of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, matters that have not been deposited on account of any disputes:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates*	Amount Involved (₹ in lakhs)
The Central Excise Act, 1944	Excise duty	Appellate Authority - upto Commissioners/ Revisional authorities level	1994 - 98, 2002-03, 2004, 2008 - June 2014	17 355
		Customs, Excise and Service Tax Appellate Tribunal	1994-98 2004-07	150
		High Court	1991	9
	Sub-total			17 514

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates*	Amount Involved (₹ in lakhs)
Finance Act, 1994	Service tax	Appellate Authority - upto Commissioners/ Revisional authorities level	2001-02, 2004, 2005-06, 2007-08 to June 2013	1 591
	Sub-total			1 591
Customs Act, 1962	Custom Duty	Appellate Authority - upto Commissioners/ Revisional authorities level	2005-07, 2000-01, 2013	1 588
		Customs, Excise and Service Tax Appellate Tribunal	1996	27
	Sub-total			1 615
Sales Tax and Laws as per statutes applicable in various states	Sales Tax and VAT	Appellate Authority - upto Commissioners/ Revisional authorities level	1999-00 to 2010-11	1 275
		Appellate Authority -Tribunal	1997-98, 1999-00, 2002-05, 2006-10	36
		High Court	2005-06	60
	Sub-total			1 371
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2006-07,2008-09	6 197
	Sub-total			6 197

*generally, the year refers to the period April to March.

Out of the total disputed dues aggregating ₹ 28 288 lakhs as above, ₹ 6 197 lakhs has been stayed for recovery by the relevant authorities.

- (x) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from banks and financial institutions.
- (xii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- (xiii) During the year the Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Shyamak R Tata
(Partner)
MUMBAI, August 12, 2014

Shyamak R Tata
(Partner)
(Membership No. 038320)

Balance Sheet as at June 30, 2014

	Note No.	As at June 30, 2014		As at June 30, 2013	
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	3	3 259		3 259	
Reserves and Surplus	4	61 087		61 664	
			64 346		64 923
Non-Current Liabilities					
Deferred Tax Liabilities (Net)	5	235		640	
Other Long-Term Liabilities	6	2		2	
Long-Term Provisions	7	216		150	
			453		792
Current Liabilities					
Trade Payables	8	25 605		22 367	
Other Current Liabilities	9	5 158		6 534	
Short-Term Provisions	10	9 844		9 287	
			40 607		38 188
TOTAL			1 05 406		1 03 903
ASSETS					
Non-Current Assets					
Fixed Assets	11				
Tangible Assets		17 263		17 021	
Capital Work-in-Progress		6 084		2 978	
Total Fixed Assets		23 347		19 999	
Long-Term Loans and Advances	12	12 379		10 148	
			35 726		30 147
Current Assets					
Inventories	13	23 055		23 973	
Trade Receivables	14	9 226		9 270	
Cash and Bank Balances	15	16 961		16 682	
Short-Term Loans and Advances	16	19 758		21 831	
Other Current Assets	17	680		2 000	
			69 680		73 756
TOTAL			1 05 406		1 03 903

The accompanying notes 1 to 42 are an integral part of the Financial Statements.

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Shyamak R Tata
Partner

Place: Mumbai
Date: August 12, 2014

For and on behalf of Board of Directors

B. S. Mehta
Chairman

K. Natarajan
Chief Financial Officer

S. Khosla
Managing Director

J. Rastogi
Dy. Company Secretary & Compliance Officer

Statement of Profit and Loss for the Year ended June 30, 2014

	Note No.	For the year ended June 30, 2014 ₹ in lakhs	For the year ended June 30, 2013 ₹ in lakhs
Income			
Revenue from sale of products (Gross)	18	1 76 180	1 45 645
Less: Excise Duty attributable to products sold		1 618	2 112
Revenue from sale of products (Net)		1 74 562	1 43 533
Other Operating Revenue	18	417	239
Revenue from Operations		1 74 979	1 43 772
Other Income	19	3 162	3 655
Total Revenue		1 78 141	1 47 427
Expenses			
Cost of Raw and Packing Materials Consumed	20a	35 786	30 793
Purchases of Stock-in-Trade (Traded Goods)	20b	48 758	38 249
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20c	136	(2 164)
Employee Benefits Expense	21	9 513	7 865
Finance Costs	22	36	2
Depreciation and Amortisation Expense	11	3 298	3 132
Other Expenses	23	72 548	55 725
Total Expenses		1 70 075	1 33 602
Profit before Tax		8 066	13 825
Tax Expense:			
Current Tax			
– For the year		3 330	4 856
– For earlier years		—	250
Deferred Tax			
– For the year		(342)	3
– For earlier years		(64)	—
Profit after Tax for the year		5 142	8 716
Earnings per equity share (in ₹)			
Basic and diluted earnings per share (in ₹)	41	15.78	26.75
Face value of Equity share (in ₹)		10.00	10.00

The accompanying notes 1 to 42 are an integral part of the Financial Statements.

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Shyamak R Tata
Partner

Place: Mumbai
Date: August 12, 2014

For and on behalf of Board of Directors

B. S. Mehta
Chairman

K. Natarajan
Chief Financial Officer

S. Khosla
Managing Director

J. Rastogi
Dy. Company Secretary & Compliance Officer

Cash Flow Statement for the Year ended June 30, 2014

	For the year ended June 30, 2014		For the year ended June 30, 2013	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
A. Cash Flow from Operating Activities				
Profit before Tax		8 066		13 825
Adjustments for:				
Depreciation and Amortisation Expense	3 298		3 132	
Provision for Doubtful trade receivables	5		94	
Provision for Doubtful loans and advances	—		505	
Interest Income	(2 809)		(3 443)	
Finance Costs	36		2	
Provision For Employee Benefits	(179)		185	
Unrealised Foreign Exchange – (Gain)/Loss (net)	(128)		(1 578)	
(Profit)/Loss on sale/discard of Fixed Assets (net)	(2)		91	
		<u>221</u>		<u>(1 012)</u>
Operating Profit before Working Capital Changes		8 287		12 813
Changes in Working Capital				
Adjustments for (increase)/decrease in operating assets:				
Inventories	918		(2 885)	
Trade Receivables	49		(2 641)	
Short-term Loans and Advances	1 215		3 297	
Long-term Loans and Advances	(544)		(716)	
Other Current Assets	(184)		63	
		<u>1 454</u>		<u>(2 882)</u>
Adjustments for increase/(decrease) in operating liabilities:				
Trade Payables	3 237		(4 431)	
Other Current Liabilities	950		629	
		<u>4 187</u>		<u>(3 802)</u>
Cash Generated from Operations		13 928		6 129
Income Tax Paid		(4 369)		(3 189)
Net Cash Generated from Operating Activities		9 559		2 940
B. Cash Flow from Investing Activities				
Capital expenditure on fixed assets, including capital advances	(8 746)		(4 719)	
Proceeds from sale of fixed assets	14		3	
Interest received	2 893		4 823	
Loans realised	1 03 157		89 447	
Loans given	(1 00 857)		(81 725)	
Net movement in Bank balances not considered as Cash and Cash Equivalents	(2)		2	
Net Cash Generated from/(used in) Investing Activities		(3 541)		7 831

Cash Flow Statement for the Year ended June 30, 2014 (contd.)

	For the year ended June 30, 2014		For the year ended June 30, 2013	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
C. Cash Flow from Financing Activities				
Dividend paid	(4 888)		(4 888)	
Corporate Tax on Dividend paid	(831)		(793)	
Finance Costs	(2)		(1)	
Net Cash used in Financing Activities		(5 721)		(5 682)
Net Increase in Cash and Cash Equivalents		297		5 089
Opening Cash and Cash Equivalents		16 595		11 506
Closing Cash and Cash Equivalents		16 892		16 595
CASH AND CASH EQUIVALENTS				
Cash and Cash Equivalents as above		16 892		16 595
Add: Bank balances not considered as Cash and Cash Equivalents as defined in AS 3 <i>Cash Flow Statements</i>		69		67
Add: Temporary overdrawn book balances		—		20
Cash and Bank Balances (Refer Note 15)		16 961		16 682

Notes:

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

The accompanying notes 1 to 42 are an integral part of the Financial Statements.

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Shyamak R Tata
Partner

Place: Mumbai
Date: August 12, 2014

For and on behalf of Board of Directors

B. S. Mehta
Chairman

K. Natarajan
Chief Financial Officer

S. Khosla
Managing Director

J. Rastogi
Dy. Company Secretary & Compliance Officer

Notes forming part of Financial Statements**1. CORPORATE INFORMATION**

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

2. SIGNIFICANT ACCOUNTING POLICIES**2.01 Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15 / 2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.02 Use of estimates

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

2.03 Revenue Recognition

Sale of products is 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 exclude trade discounts and rebate. Sales include excise duty but exclude sales tax and value added tax.

Interest income is accounted on accrual basis.

2.04 Tangible Fixed Assets

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

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

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

2.05 Depreciation and Amortisation

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

	Years
Leasehold land	Over the remaining period of the lease / or management estimate whichever is lower
Plant, Machinery and Equipment	4 to 15
Furniture and Fixtures	3 to 15
Office Equipment	3 to 6
Buildings	28 to 61
Motor Vehicles (including forklifts)	11 to 14
Moulds and Dies	3 to 6

Notes forming part of Financial Statements

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

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

2.06 Impairment of Assets

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

2.07 Inventories

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

2.08 Foreign Currency Transactions

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

2.09 Employee benefits

i) Post-employment Benefits

a) Defined Contribution Plans:

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

- Superannuation Fund as per Company policy administered by the Life Insurance Corporation of India.
- State Defined Contribution Plans: Employer's Contribution to Employees' State Insurance.

b) Defined Benefit Plans:

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

- Gratuity for all employees administered through a trust where two other group companies are also participants. The Company contributes to the trust, which has taken group policies with the Life Insurance Corporation of India to cover its liabilities towards employees' gratuity.
- Provident Fund for all permanent employees is administered through a trust. The Provident Fund is administered by trustees of an independently constituted common trust recognised by the Income Tax authorities where two other group Companies are also participants. Periodic contributions to the Fund are charged to revenue and when services are rendered by the employees. 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.

Notes forming part of Financial Statements

Unfunded Plan: The Company has unfunded Defined Benefit Plans in the form of Post Retirement Medical Benefits (PRMB) and Compensated Absences (plant technicians) 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 (other than plant technicians) and Leave Travel Allowance which are in the nature of short term benefits is provided for as per company rules based on the undiscounted amount of benefits expected to be paid in exchange of services rendered.
- iii) Termination benefits and long service awards in terms of Company policy are recognised as an expense as and when incurred.
- iv) The Actuarial gains and losses arising during the year are recognised in the Statement of Profit and Loss for the year.
- v) The Procter & Gamble Company, USA has an "International Stock Ownership Plan (ISOP)" (employee share purchase plan) whereby specified employees of its subsidiaries have been given a right to purchase shares of the Ultimate Holding Company i.e. The Procter and Gamble Company, USA.

Every employee who opts for the scheme contributes by way of payroll deduction up to a specified percentage (upto 15%) of base salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 2.5% of his base salary) and charged to Employee Benefit Expenses.

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

2.10 Taxes on income

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income - tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year). Provision for taxation for the Company's financial year ended on June 30 is based on the results of the period July 1 to March 31 (later part of the fiscal year ended March 31) and for the balance and for the period April 1 to June 30 (beginning of the next fiscal year) as per the provisions of Income Tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liabilities and / or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future.

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

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

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

Notes forming part of Financial Statements

governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.11 Borrowing cost

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

2.12 Segment reporting

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

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

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

2.13 Leases

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

2.14 Earnings per share

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

2.15 Provisions, Contingent Liabilities and Contingent Assets

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

2.16 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

Notes forming part of the Financial Statements

	As at June 30, 2014		As at June 30, 2013	
	Number of Shares	Amount ₹ in lakhs	Number of Shares	Amount ₹ in lakhs
3. Share Capital				
Authorised				
Equity shares of ₹ 10 each	3 30 00 000	3 300	3 30 00 000	3 300
Issued, Subscribed and Paid-up				
Equity shares of ₹ 10 each fully paid-up	3 25 85 217	3 259	3 25 85 217	3 259
Reconciliation of fully paid equity shares	Number of Shares	Amount ₹ in lakhs	Number of Shares	Amount ₹ in lakhs
Equity shares at the beginning of the year	3 25 85 217	3 259	3 25 85 217	3 259
Equity shares of ₹ 10 each issued during the year	—	—	—	—
Equity shares outstanding at the end of the year	3 25 85 217	3 259	3 25 85 217	3 259

Rights attached to equity shares

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

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

	As at June 30, 2014		As at June 30, 2013	
	Number of Shares	Amount ₹ in lakhs	Number of Shares	Amount ₹ in lakhs
Details of equity shares held by the ultimate holding company, the holding company and its subsidiaries:				
Ultimate Holding Company				
The Procter & Gamble Company, USA	—	—	—	—
Holding Company				
Procter & Gamble India Holdings B.V., Netherlands	1 30 73 465	1 307	1 33 66 742	1 337
Subsidiaries of the ultimate holding company				
Wella India Haircosmetics Private Limited	66 27 254	663	66 27 254	663
Gillette Diversified Operations Private Limited	19 79 433	198	19 79 433	198
Gillette Products Private Limited	19 87 280	199	19 87 280	199
Mining Consultants (India) Private Limited	6 36 671	64	6 36 671	64
Nexus Mercantile Private Limited	1 33 700	13	1 33 700	13
Details of shareholders holding more than 5% equity shares	Number of Shares	% of holding	Number of Shares	% of holding
Procter & Gamble India Holdings B.V., Netherlands	1 30 73 465	40.12	1 33 66 742	41.02
Wella India Haircosmetics Private Limited	66 27 254	20.34	66 27 254	20.34
Gillette Diversified Operations Private Limited	19 79 433	6.07	19 79 433	6.07
Gillette Products Private Limited	19 87 280	6.10	19 87 280	6.10
Adventz Investments and Holdings Limited	11 09 104	3.40	24 88 850	7.64

Notes forming part of the Financial Statements

	As at June 30, 2014		As at June 30, 2013	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
4. Reserves and Surplus				
Capital Reserve				
Balance as per last Balance Sheet		12 589		12 589
Securities Premium Account				
Balance as per last Balance Sheet		3 290		3 290
Contingency Reserve				
Balance as per last Balance Sheet	5 400		4 150	
Add: Transferred from Surplus in Statement of Profit and Loss (Refer Note 25)	1 350		1 250	
		6 750		5 400
General Reserve				
Balance as per last Balance Sheet	10 098		9 226	
Add: Transferred from Surplus in Statement of Profit and Loss	514		872	
		10 612		10 098
Surplus in the Statement of Profit and Loss				
Balance as per last Balance Sheet	30 287		29 412	
Profit after tax for the year	5 142		8 716	
Less: Proposed Dividend to Equity Shareholders @ ₹ 15 per share (Previous year: ₹ 15 per share)	(4 888)		(4 888)	
Corporate tax on proposed dividend	(831)		(831)	
Transfer to Contingency Reserve	(1 350)		(1 250)	
Transfer to General Reserve	(514)		(872)	
Balance as at the year end		27 846		30 287
Total Reserves and Surplus		61 087		61 664
5. Deferred Tax Liabilities (Net)				
<u>Tax effect of items constituting deferred tax liabilities</u>				
On differences between Book and Tax Depreciation	1 142		1 344	
		1 142		1 344
<u>Tax effect of items constituting deferred tax assets</u>				
Voluntary retirement scheme	93		16	
Provision for doubtful trade receivables and advances	136		143	
Disallowance u / s 43 B of the Income Tax Act, 1961	256		139	
Other Timing Differences	422		406	
		907		704
Net Deferred Tax Liabilities		235		640

Notes forming part of the Financial Statements

	As at June 30, 2014 ₹ in lakhs	As at June 30, 2013 ₹ in lakhs
6. Other Long-Term Liabilities		
Trade / Security Deposits	2	2
	<u>2</u>	<u>2</u>
7. Long-Term Provisions		
Provision for Employee benefits (Refer Note 26)		
Compensated absences	162	—
Post Retirement Medical Benefits	54	64
Provisions – Others (Refer Note 38)	—	86
	<u>216</u>	<u>150</u>
8. Trade Payables		
Total Outstanding dues to Micro and Small Enterprises (Refer Note 33)	98	3
Total Outstanding for Trade Payables other than Micro and Small Enterprises	25 507	22 364
	<u>25 605</u>	<u>22 367</u>
9. Other Current Liabilities		
Gratuity (Refer Note 26)	—	218
Superannuation	8	9
Unclaimed / Unpaid Dividend*	65	64
Temporary overdrawn book balance	—	20
Other payables:		
Payables on Purchase of Fixed Assets	1 067	3 155
Other payables (including statutory remittances, excise and sales tax payable)	4 018	3 068
	<u>5 158</u>	<u>6 534</u>
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
10. Short-Term Provisions		
Provision for Employee benefits (Refer Note 26)		
Compensated absences	205	297
Post Retirement Medical Benefits	1	— #
Provisions (Others)		
Provision for tax	3 919	3 271
Proposed Equity Dividend	4 888	4 888
Corporate Tax on Proposed Dividend	831	831
	<u>9 844</u>	<u>9 287</u>

₹ 32 000

Notes forming part of the Financial Statements

11. Tangible Assets

Particulars - Own Use Assets	Gross Block at Cost			Depreciation and Amortisation				Net Block
	As at July 1, 2013 ₹ in lakhs	Additions/ Transfers during the year ₹ in lakhs	Deletions/ Transfers/ Adjustments during the year ₹ in lakhs	As at June 30, 2014 ₹ in lakhs	For the year ₹ in lakhs	Deletions/ Transfers/ Adjustments ₹ in lakhs	As at June 30, 2014 ₹ in lakhs	
Land - Freehold Land	7 (7)	—	—	7 (7)	—	—	—	7 (7)
Land - Leasehold Land	962 (962)	—	—	962 (962)	11 (11)	—	182 (171)	780 (791)
Buildings	3 375 (3 184)	54 (309)	— (118)	3 429 (3 375)	126 (129)	— (65)	1 332 (1 206)	2 097 (2 169)
Plant, Machinery and Equipment	29 909 (26 709)	2 027 (4 216)	144 (1 016)	31 792 (29 909)	2 128 (2 169)	138 (997)	20 566 (18 576)	11 226 (11 333)
Furniture and Fixtures	980 (940)	19 (99)	6 (59)	993 (980)	116 (87)	2 (56)	748 (634)	245 (346)
Office Equipment	1 037 (1 012)	342 (155)	15 (130)	1 364 (1 037)	129 (106)	13 (113)	519 (403)	845 (634)
Motor Vehicles (including Forklifts)	51 (51)	2 —	— —	53 (51)	3 (4)	— —	29 (26)	24 (25)
Moulds & Dies	3 047 (2 731)	1 108 (322)	— (6)	4 155 (3 047)	785 (626)	— (4)	2 116 (1 331)	2 039 (1 716)
Total	39 368 (35 596)	3 552 (5 101)	165 (1 329)	42 755 (39 368)	3 298 (3 132)	153 (1 235)	25 492 (22 347)	17 263 (17 021)
Capital work-in-progress								6 084 (2 978)
TOTAL								23 347 (19 999)

Figures in bracket pertain to Previous Year

Notes forming part of the Financial Statements

	As at June 30, 2014		As at June 30, 2013	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
12. Long-Term Loans and Advances				
Unsecured, considered good unless otherwise stated				
Security deposits		256		133
Loans and advances to employees		2 072		1 854
Advance Income Tax		8 659		6 972
Other loans and advances*		1 392		1 189
Doubtful loans and advances	1 111		925	
Less: Provision for doubtful loans and advances	(1 111)	—	(925)	—
		<u>12 379</u>		<u>10 148</u>
* Includes amounts deposited with Excise, Sales Tax and other authorities as demanded, pending resolution of disputes.				
13. Inventories (At lower of cost and net realisable value)				
Raw Materials (including Goods-in-transit ₹ Nil lakhs (Previous year: ₹ 3 210 lakhs))		4 846		6 119
Packing Materials		519		513
Work-in-progress				
Shaving System and Cartridges		526		385
Oral Care		13		—
Finished Goods (manufactured)		4 619		4 634
Stock-in-Trade (goods purchased for resale) (including Goods-in-transit ₹ Nil lakhs (Previous year: ₹ 83 lakhs))		10 239		10 514
Consumable Stores and Spares		2 293		1 808
		<u>23 055</u>		<u>23 973</u>
14. Trade Receivables				
Unsecured				
Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
– Considered Good		328		460
– Considered Doubtful		400		421
		<u>728</u>		<u>881</u>
Other trade receivables - considered good		8 898		8 810
		<u>9 626</u>		<u>9 691</u>
Less: Provision for doubtful trade receivables		400		421
		<u>9 226</u>		<u>9 270</u>

Notes forming part of the Financial Statements

	As at June 30, 2014		As at June 30, 2013	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
15. Cash and Bank Balances				
Cash and Cash Equivalents				
Balance with Bank				
Current accounts	3 687		163	
Deposit accounts	13 205		16 452	
		16 892		16 615
Other Bank Balances				
Earmarked accounts				
– Unpaid dividend accounts	65		64	
– Other earmarked accounts (deposit with sales tax authorities)	1		1	
Bank Deposits having maturity more than 3 months but less than 12 months	—		—*	
Bank Deposits with remaining maturity of more than 12 months	3	69	2	67
		16 961		16 682

* ₹ 16 374

16. Short-Term Loans and Advances

Unsecured, considered good unless otherwise stated

Loans to related parties (Refer Note 39)	16 108	18 408
Loans and advances to employees	323	272
Balances with government authorities (includes Service Tax and Cenvat credit receivable)	226	607
Security Deposits	26	54
Prepaid Expenses	24	25
Doubtful Advance to suppliers	64	64
Less : Provision for doubtful loans and advances	(64)	(64)
Other Loans and Advances (Advances to vendors)*	3 051	2 465
	19 758	21 831

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

– Directors	—	36
– Former Director	—	2

17. Other Current Assets

Interest accrued on loans to related parties (Refer Note 39)	102	200
Interest accrued on deposits with banks	22	8
Due from related parties (Refer Note 39)	293	1 735
Fixed assets held for sale – Building	—	21
Others:		
Receivable on account of sale of scrap	46	36
Receivable on account of sale of raw material	196	—
Prepaid Gratuity	21	—
	680	2 000

Notes forming part of the Financial Statements

	For the year ended June 30, 2014		For the year ended June 30, 2013	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
18. Revenue from operations				
Sale of products (Refer Note (i) and (ii) below)		1 76 180		1 45 645
Other operating revenues (Refer Note (iii) below)		417		239
Revenue from Operations (Gross)		1 76 597		1 45 884
Less: Excise Duty		1 618		2 112
Total		1 74 979		1 43 772
Notes:				
Sale of products comprises				
(i) Manufactured goods				
Shaving System and Cartridges		51 018		53 448
Blades		22 529		19 974
Batteries		8 515		7 034
Oral Care		524		311
Components		44		56
Total - Sale of manufactured goods		82 630		80 823
(ii) Traded goods (goods purchased for resale)				
Shaving System and Cartridges		27 470		10 568
Toiletries		14 022		12 003
Blades		8 061		8 353
Shaving Brush		1 342		1 168
Oral Care		42 655		32 713
Components		—		17
Total - Sale of traded goods		93 550		64 822
Total - Sale of products		1 76 180		1 45 645
(iii) Other operating revenues				
Sale of scrap		175		123
Others - sale of raw material		242		116
Total - Other operating revenues		417		239
19. Other Income				
Interest on Fixed deposits with banks		720		698
Interest on loan to related parties (Refer Note 39)		2 018		2 685
Interest on Income Tax Refund		—		82
Interest on loans to Employees		71		60
Write-back of liabilities no longer required		274		—
Gain on sale of fixed assets (Net)		2		—
Miscellaneous Income		77		130
		3 162		3 655

Notes forming part of the Financial Statements

	For the year ended June 30, 2014		For the year ended June 30, 2013	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
20. a) Cost of Raw and Packing Materials Consumed				
(Refer Note 28 (a))				
Opening stock		6 632		6 423
Add: Purchases		34 519		31 002
		<u>41 151</u>		<u>37 425</u>
Less: Closing stock		5 365		6 632
		<u>35 786</u>		<u>30 793</u>
Materials Consumed Comprises of:				
Steel strips		3 190		3 136
Shaving system and cartridges #		23 471		17 385
Batteries #		3 603		4 060
Oral care		—		656
Personal care		15		54
Cartons & Containers		4 095		4 334
Plastics		1 412		1 168
		<u>35 786</u>		<u>30 793</u>
# Bulk raw materials				
b) Purchases of Stock-in-Trade (goods purchase for resale)				
Blades		5 229		5 486
Oral care		27 017		20 406
Shaving Brush		743		634
Shaving System & cartridges		8 221		3 898
Toiletries		7 548		7 825
		<u>48 758</u>		<u>38 249</u>
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade				
<u>Inventories at the end of the year:</u>				
Finished Goods (manufactured)	4 619		4 634	
Work-in-Progress	539		385	
Stock-in-Trade (goods purchased for resale)	<u>10 239</u>		<u>10 514</u>	
		15 397		15 533
<u>Inventories at the beginning of the year:</u>				
Finished Goods (manufactured)	4 634		4 340	
Work-in-Progress	385		407	
Stock-in-Trade (goods purchased for resale)	<u>10 514</u>		<u>8 622</u>	
		15 533		13 369
Net (Increase) / Decrease		<u>136</u>		<u>(2 164)</u>

Notes forming part of the Financial Statements

	For the year ended June 30, 2014		For the year ended June 30, 2013	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
21. Employee Benefit Expenses				
Salaries and Wages*		5 876		5 467
Contribution to Provident and Other Funds (Refer Note 26)		1 560		795
Expense on Employee Stock Option (ESOP / ISOP) Scheme (Refer Note 27)		219		101
Staff Welfare Expenses (Refer Note 34)		736		809
Reimbursement of Employee cost cross charged by related parties (Refer Note 35)		1 122		693
		<u>9 513</u>		<u>7 865</u>
* Salaries and Wages includes ₹ 318 lakhs (Previous year: ₹ Nil) for expenditure on Voluntary Retirement Scheme.				
22. Finance Costs				
Interest expense on short term bank borrowings		2		1
Interest expense on trade payables (Refer Note 33)		34		1
		<u>36</u>		<u>2</u>
23. Other Expenses				
Consumption of Stores and spare parts (Refer Note 28 (b))		1 592		1 570
Rent (Refer Note 34)		173		166
Excise duty on increase / (decrease) of finished goods		11		(31)
Processing charges*		3 040		3 236
Power and fuel		1 128		836
Repairs and maintenance:				
Plant and machinery		387		397
Buildings		3		8
Others		—		68
Insurance		45		54
Turnover and Resale Tax		1 476		1 363
Rates and Taxes		4		3
Communications		527		276
Travelling, Conveyance and Vehicle expenses		442		560
Computer expenses		143		90
Freight, transport, warehousing and distribution charges		7 672		5 345
Trade Incentives		16 395		12 342
Advertising expenses		25 545		17 574
Distributor Coverage expenses		4 983		3 826
Royalty		1 953		1 515
Business process outsourcing expenses		2 867		1 400
Legal and Professional services		1 448		928
Payments to auditors (Refer Note below)		130		112
Commission to Directors (Refer Note 36(b))		80		172
Trade Receivables written off	26		69	
Less: Adjusted against Provision for earlier years	<u>26</u>	<u>—</u>	<u>69</u>	<u>—</u>

Notes forming part of the Financial Statements

	For the year ended June 30, 2014		For the year ended June 30, 2013	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Provision for doubtful Loans and Advances		—		505
Provision for doubtful Trade Receivables		5		94
Inventory written off (Net of Insurance claims recovered)		888		388
Net loss on foreign currency transaction and translation		19		788
Loss on sale / discard of Fixed Assets (Net)		—		91
Provision for Environmental Remediation		—		86
Miscellaneous Expenses		2 092		1 855
		<u>73 048</u>		<u>55 617</u>
(Recovery) / Reimbursement of expenses shared by related parties (Refer Note 35)		(500)		108
		<u>72 548</u>		<u>55 725</u>

* Processing charges include charges of ₹ Nil (Previous year: ₹ 370 lakhs) paid to Contract Manufacturer towards commitment charges.

Note:

Particulars

Payment to the auditors comprise:

a) To Statutory Auditors			
For Audit	65		57
For Taxation Matters	16		13
For Limited Review	16		17
For Other Services	3		3
Reimbursement of expenses	4		4
Service Tax	13		11
		<u>117</u>	<u>105</u>
b) To Cost Auditors for cost audit		13	7
Total		<u>130</u>	<u>112</u>

24. a) Contingent Liabilities:

- In respect of Income Tax demands for which the company has preferred appeals with appropriate authorities — ₹ 10 009 lakhs (Previous year: ₹ 4 160 lakhs). The contingent liability is in respect of matters related to: Income tax dispute on inventory write-off, allowability of losses carried forward from merged entities and others.
- In respect of Sales tax matters for which the company has preferred appeals with appropriate authorities — ₹ 1 397 lakhs (Previous Year: ₹ 1 135 lakhs). The contingent liability is in respect of matters related to: non submission of "C" Forms / "F" Forms ₹ 796 lakhs (Previous Year: ₹ 585 lakhs) and others ₹ 601 lakhs (Previous Year: ₹ 550 lakhs).
- In respect of Excise, Service Tax and Customs matters for which the company has preferred appeals with appropriate authorities — ₹ 20 816 lakhs (Previous Year: ₹ 16 292 lakhs). The contingent liabilities are in respect of denial of excise duty benefits at excise exempt location ₹ 17 337 lakhs (Previous Year: ₹ 9 943 lakhs) out of which the Company has a right to claim Cenvat credit of ₹ 8 943 lakhs (Previous Year: ₹ 6 017 lakhs); denial of Cenvat credit ₹ 55 lakhs (Previous Year: ₹ 3 161 lakhs); service tax matters ₹ 1 591 lakhs (Previous year: ₹ 1 361 lakhs); Customs valuation disputes ₹ 1 528 lakhs (Previous Year: ₹ 1 528 lakhs) and others ₹ 305 lakhs (Previous Year: ₹ 299 lakhs).
- In respect of counter guarantees given to bank against guarantees given by bank ₹ 4 112 lakhs (Previous Year: ₹ 3 291 lakhs). At the request of the Company, its bankers have issued guarantees to government bodies and third parties for performance obligation under various commercial agreements. The Company has issued counter guarantees to the banks in respect of these guarantees.
- In respect of other claims ₹ 5 456 lakhs (Previous Year: ₹ 135 lakhs). The Company is a party to various legal proceedings in the normal course of business.

Notes forming part of the Financial Statements

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

Future Cash Flow in respect of the above, if any, is determinable only on receipt of judgements / decisions pending with the relevant authorities. The Company does not expect the outcome of matters stated in (i) to (vi) above to have a material adverse effect on the Company's financial condition, results of operations or cash flows.

b) Commitments:

- i) Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 409 lakhs (Previous year: ₹ 159 lakhs).
- ii) Other commitments of ₹ Nil (Previous year: ₹ 50 lakhs) (Payable to a Contract Manufacturer towards commitment charges).

25. The Company had in earlier years filed a writ petition in the High Court of Himachal Pradesh at Shimla challenging the premature withdrawal of Excise duty exemption for packing / repacking activities at its Baddi Manufacturing Facility. The High Court has since passed an order on April 24, 2008 in favour of your Company and has struck down the notification withdrawing the excise exemption. The Excise department has preferred an appeal on October 31, 2009 with the Hon'ble Supreme Court of India against the said order of the High Court. The Company has, as a matter of prudence, created a Contingency Reserve of ₹ 6 750 lakhs (Previous Year: ₹ 5 400 lakhs) by way of appropriation of profits to the extent of excise duty payable (net of Cenvat credit) on dispatches made from the Baddi plant. Accordingly, during the current year, profit of ₹ 1 350 lakhs (Previous Year: ₹ 1 250 lakhs) have been appropriated. These Reserves will be reviewed as and when this litigation is finally decided.

26. Employee Benefits

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

I. Defined Contribution Plans

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

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

	For the year ended June 30, 2014	For the year ended June 30, 2013
	₹ in lakhs	₹ in lakhs
– Employer's Contribution to Superannuation Fund	100	100
– Employer's Contribution to Employees' State Insurance	13	19

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

II. Defined Benefit Plans

- a. Gratuity Fund (Funded Scheme): Gratuity is payable to all eligible employees of the Company on Superannuation, death, permanent disablement or resignation in terms of the provisions of the Payment of Gratuity Act or Company's scheme whichever is more beneficial. Benefits would be paid at the time of separation based on the last drawn base salary.
- b. Provident Fund (Funded Scheme): Provident Fund for all permanent employees is administered through a trust. The Provident Fund is administered by trustees of an independently constituted common trust recognised by the Income Tax authorities where two other group Companies are also participants. Periodic contributions to the Fund are charged to revenue. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and notified interest rate by the Government. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.
- c. Post Retirement Medical Benefit (PRMB) (Unfunded Scheme): Under this scheme, employees get medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade at the time of retirement. Employees separated from the Company as part of early separation scheme are also covered under the scheme. The liability for post retirement medical scheme is based on an independent actuarial valuation.

Notes forming part of the Financial Statements

- d. Compensated absences for Plant technicians (Unfunded Scheme): The Company provides for encashment of leave on termination / retirement of service or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Company makes provision for compensated absences based on an actuarial valuation carried out at the end of the year.

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

		Funded Gratuity	Funded Provident Fund	Unfunded Post Retirement Medical Benefit	Unfunded Leave Benefits
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
A) Changes in the Present Value of Obligation					
Present Value of Obligation as at opening date	2013-2014	2 212	5 586	64	—
	2012-2013	1 862	4 666	50	—
Interest Cost	2013-2014	161	—	5	—
	2012-2013	150	—	4	—
Current Service Cost	2013-2014	171	396	5	91
	2012-2013	100	362	4	—
Service Contribution - Employee	2013-2014	—	641	—	—
	2012-2013	—	603	—	—
Transfer from other funds	2013-2014	—	1	—	—
	2012-2013	—	1	—	—
Interest Cost - earned	2013-2014	—	467	—	—
	2012-2013	—	393	—	—
Benefits Paid	2013-2014	(240)	(950)	— *	—
	2012-2013	(202)	(168)	— #	—
Actuarial (gain) / loss on Obligations	2013-2014	(73)	(185)	(19)	85
	2012-2013	302	(271)	6	—
Present Value of Obligation as at closing date	2013-2014	2 231	5 956	55	176
	2012-2013	2 212	5 586	64	—

* ₹ 15 000

₹ 15 000

B) Changes in the Fair Value of Plan Assets

Fair Value of Plan Assets as at opening date	2013-2014	1 994	5 586	—	—
	2012-2013	1 906	4 666	—	—
Expected Actual Return on Plan Assets	2013-2014	164	467	—	—
	2012-2013	144	122	—	—
Actuarial Gains and (Losses)	2013-2014	(21)	(185)	—	—
	2012-2013	146	—	—	—
Contributions	2013-2014	355	1 038	—	—
	2012-2013	—	966	—	—
Benefits Paid	2013-2014	(240)	(950)	— *	—
	2012-2013	(202)	(168)	— #	—
Fair Value of Plan Assets as at closing date	2013-2014	2 252	5 956	—	—
	2012-2013	1 994	5 586	—	—

* ₹ 15 000

₹ 15 000

Notes forming part of the Financial Statements

		Funded Gratuity	Funded Provident Fund	Unfunded Post Retirement Medical Benefit	Unfunded Leave Benefits
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
C) Best Estimate of Employer's Expected Contribution for the next year	2013-2014	380	—	—	—
	2012-2013	350	—	—	—
D) Amount recognised in the Balance Sheet					
Present Value of Obligation	As at June 30, 2014	2 231	5 956	55	176
	As at June 30, 2013	2 212	5 586	64	—
Fair Value of Plan Assets	As at June 30, 2014	2 252	5 956	—	—
	As at June 30, 2013	1 994	5 586	—	—
Liability / (Asset) recognised in the Balance Sheet					
– Current Liability / (Asset) recognised in the Balance Sheet	As at June 30, 2014	(21)	—	1	14
	As at June 30, 2013	218	—	— [#]	—
– Non-current Liability / (Asset) recognised in the Balance Sheet	As at June 30, 2014	—	—	54	162
	As at June 30, 2013	—	—	64	—
[#] ₹ 32 000					
E) Expenses recognised in the Statement of Profit and Loss					
Current Service Cost	2013-2014	171	396	5	91
	2012-2013	100	362	4	—
Interest Cost	2013-2014	161	467	5	—
	2012-2013	150	393	4	—
Expected Return on Plan Assets	2013-2014	(164)	467	—	—
	2012-2013	(144)	122	—	—
Net actuarial (gain)/loss recognised in the year	2013-2014	(52)	—	(19)	85
	2012-2013	155	(271)	6	—
Total Expenses recognised in the Statement of Profit and Loss	2013-2014	116	1 330	(9)	176
	2012-2013	261	606	14	—

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

F) 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:

Category	Provident Fund	
	As at June 30, 2014	As at June 30, 2013
Public Sector Unit	34%	40%
Government of India Securities	35%	33%
State Government Securities	25%	19%
Private Sector Unit	6%	8%

Notes forming part of the Financial Statements

G) Sensitivity of Results to Medical Inflation Rate

	Current Service + Interest Cost		Present Value of Defined Benefit Obligation	
Medical Inflation Rate	For the year ended June 30, 2014 ₹ in lakhs	For the year ended June 30, 2013 ₹ in lakhs	For the year ended June 30, 2014 ₹ in lakhs	For the year ended June 30, 2013 ₹ in lakhs
Effect of 1% increase (6.5%)	13	10	66	79
Effect of 1% decrease (4.5%)	8	7	46	52

H) Actuarial Assumptions

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

		Funded Gratuity	Funded Provident Fund	Unfunded Post Retirement Medical Benefit	Unfunded Leave Benefits
Discount rate (per annum)	2013-2014	8.80%	8.80%	8.80%	8.80%
	2012-2013	7.70%	7.70%	7.70%	7.70%
Average Salary increase rate	2013-2014	7.00%	N/A	N/A	7.00%
	2012-2013	7.00%	N/A	N/A	7.00%
Rate of Return on Plan Assets (For funded scheme)	2013-2014	8.00%	8.60%	N/A	N/A
	2012-2013	8.00%	8.60%	N/A	N/A
Medical Inflation Rate	2013-2014	N/A	N/A	5.50%	N/A
	2012-2013	N/A	N/A	5.50%	N/A
Expected Retirement age of employees (years)	2013-2014	60	60	60	60
	2012-2013	60	60	60	60

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

		Funded Gratuity	Funded Provident Fund	Unfunded Post Retirement Medical Benefit	Unfunded Leave Benefits
Age					
Upto 45 years	2013-2014	5%	5%	5%	5%
	2012-2013	5%	5%	5%	5%
Above 45 years	2013-2014	3%	3%	3%	3%
	2012-2013	3%	3%	3%	3%

Mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2006-08) Ultimate.

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

Notes forming part of the Financial Statements

		Funded Gratuity	Unfunded Post Retirement Medical Benefit	Unfunded Leave Benefits
		₹ in lakhs	₹ in lakhs	₹ in lakhs
I) Experience History				
Defined Benefit Obligation as at closing date	2013-2014	2 231	55	176
	2012-2013	2 212	64	—
	2011-2012	1 862	50	—
	2010-2011	1 466	40	—
	2009-2010	1 267	39	—
Plan Assets as at closing date	2013-2014	2 252	—	—
	2012-2013	1 994	—	—
	2011-2012	1 906	—	—
	2010-2011	1 423	—	—
	2009-2010	977	—	—
Funded Status - Excess/(Short)	2013-2014	21	(55)	(176)
	2012-2013	(218)	(64)	—
	2011-2012	44	(50)	—
	2010-2011	(43)	(40)	—
	2009-2010	(290)	(39)	—
Experience Gain/(Loss) adjustments on plan liabilities	2013-2014	(159)	7	(85)
	2012-2013	(143)	7	—
	2011-2012	(238)	(2)	—
	2010-2011	(96)	2	—
	2009-2010	(215)	12	—
Experience Gain/(Loss) adjustments on plan assets	2013-2014	(21)	—	—
	2012-2013	146	—	—
	2011-2012	254	—	—
	2010-2011	22	—	—
	2009-2010	(7)	—	—
Actuarial Gain / (Loss) due to change on assumptions	2013-2014	233	12	—
	2012-2013	(159)	13	—
	2011-2012	(17)	(1)	—
	2010-2011	14	1	—
	2009-2010	37	(8)	—

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

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

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

Notes forming part of the Financial Statements

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

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

The shares of TGC (till September 30 2005) / The Procter & Gamble Company, USA are listed with New York Stock Exchange of USA and are purchased on behalf of the employees at market price on the date of purchase. During the year 2347.99 shares (Previous year: 2326.78 shares) were purchased by employees at weighted average fair value of ₹ 4 908.51 (Previous year: ₹ 3 997.10) per share. The Company's contribution during the year on such purchase of shares amounting to ₹ 34 lakhs (Previous year: ₹ 18 lakhs) has been charged under Employee Benefit Expenses under Note 21.

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

The Gillette Company, USA (TGC) had an Employees Stock Options Scheme whereby specified employees of its subsidiaries covered by the plan were granted an option to purchase shares of the Parent Company i.e. The Gillette Company, USA at a fixed price (grant price) for a fixed period of time. Subsequent to the worldwide merger of Aquarium Acquisition Corporation (wholly owned subsidiary of the Procter & Gamble Company, USA) with The Gillette Company, USA on October 1, 2005, the shares of The Gillette Company got delisted from the New York Stock Exchange. Upon this change in control the 2005 Gillette Option award got automatically converted into P&G options at the established conversion ratio of 0.975 shares in the Procter and Gamble Company, USA for every share held in the Gillette Company. The shares of the Gillette Company (till September 30, 2005) / The Procter & Gamble Company, USA were / are listed with New York Stock Exchange of USA. The options were issued to Key Employees of the Company with Exercise price equal to the market price of the underlying shares on the date of the grant. The Grants issued are vested after 3 years / 5 years and have a 5 years / 10 years life cycle.

Stock compensation expenses of ₹ 185 lakhs (Previous year: ₹ 83 lakhs) has been charged under Employee Benefit Expenses under Note 21.

Fair Value Stock Compensation of shares at Grant dates:

13-Sep-13	\$ 79.05
28-Feb-14	\$ 78.66
14-Sep-12	\$ 69.16
28-Feb-13	\$ 76.18

The other disclosures in respect of the plans for the year ended June 30, 2014 are:

	Shares arising out of option		Amount in US\$		Remaining Contractual life (Years)	
	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2014	For the year ended June 30, 2013
Outstanding at the beginning of the year	67 444	72 540	76.99	61.25	6.33	6.82
Granted during the year						
13-Sep-13	2 100	—	79.05	—	10.00	—
28-Feb-14	7 002	—	78.66	—	10.00	—
28-Feb-14	960	—	78.66	—	5.00	—
14-Sep-12	—	2 276	—	69.16	—	10.00
28-Feb-13	—	8 415	—	76.18	—	10.00
28-Feb-13	—	594	—	76.18	—	5.00

Notes forming part of the Financial Statements

	Shares arising out of option		Amount in US\$		Remaining Contractual life (Years)	
	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2014	For the year ended June 30, 2013
Forfeited during the year	(7 352)	(8 140)	—	—	—	—
Transferred / Adjustments during the year	—	100	—	—	—	—
Exercised during the year	(2 447)	(8 341)	80.94	71.43	—	—
Expired during the year	—	—	—	—	—	—
Outstanding at the end of the year	67 707	67 444	78.59	76.99	5.74	6.33
Exercisable at the end of the year	39 683	26 033	78.59	76.99	4.17	4.20

28. Consumption of raw & packing materials, stores & spares

	For the year ended June 30, 2014		For the year ended June 30, 2013	
	₹ in lakhs	Percentage	₹ in lakhs	Percentage
(a) Raw and packing materials:				
Indigenously obtained	22 625	63	15 102	49
Imported at landed cost	13 161	37	15 691	51
	<u>35 786</u>	<u>100</u>	<u>30 793</u>	<u>100</u>
(b) Stores and spare parts:				
Indigenously obtained	911	57	832	53
Imported at landed cost	681	43	738	47
	<u>1 592</u>	<u>100</u>	<u>1 570</u>	<u>100</u>

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

	For the year ended June 30, 2014	For the year ended June 30, 2013
	₹ in lakhs	₹ in lakhs
Raw and packing materials	14 089	14 568
Spare parts	776	701
Capital goods	3 185	1 971
	<u>18 050</u>	<u>17 240</u>

30. Expenditure in foreign currency

	For the year ended June 30, 2014	For the year ended June 30, 2013
	₹ in lakhs	₹ in lakhs
Royalty (Refer Note 39)	1 743	1 348
Travelling expenses	114	164
Legal and Professional services	5	4
Advertising expenses	379	288
Computer expenses	143	88
Business Process outsourcing expenses (Refer Note 39)	2 553	1 333
Expenses cross-charged by related parties (Refer Note 39)	506	108
Relocation Expenses	326	—
Others	23	1
	<u>5 792</u>	<u>3 334</u>

Notes forming part of the Financial Statements

31. Earnings in foreign exchange

	For the year ended June 30, 2014 ₹ in lakhs	For the year ended June 30, 2013 ₹ in lakhs
Exports of goods calculated on F.O.B. basis (excludes Rupee exports to Nepal and Bhutan ₹ 328 lakhs (Previous year: ₹ 285 lakhs))	1 518	1 831
Others (freight, insurance etc.)	45	75
	<u>1 563</u>	<u>1 906</u>

32. Remittance made on account of dividend in foreign currency

	For the year ended June 30, 2014	For the year ended June 30, 2013
i) Amount remitted (₹ in lakhs)	2 164	2 161
ii) Number of non-resident shareholders (nos.)	30	3
iii) Number of shares held by them (nos.)	1 44 24 121	1 44 09 818
iv) Period to which the dividend relates	2013	2012

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

	₹ in lakhs	
Particulars	For the year ended June 30, 2014	For the year ended June 30, 2013
Principal amount remaining unpaid to any supplier as at the end of the accounting year	98	3
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	35	1
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	—	—
The amount of interest due and payable for the year	34	1
The amount of interest accrued and remaining unpaid at the end of the accounting year	35	1
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	—	—

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

- 34.** The Company has taken on lease guesthouses for accommodation of employees and 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 ₹ 304 lakhs (Previous Year: ₹ 234 lakhs) have been charged to the Statement of Profit and Loss for the year. There are no 'Non cancellable' leases.
- 35.** Common service expenses paid / recovered include payment / recoveries on account of finance, personnel, secretarial, administration and planning services rendered under common services agreement of the Company with Procter and Gamble Hygiene and Healthcare Limited and Procter and Gamble Home Products Limited.

Notes forming part of the Financial Statements

36. a) Managerial Remuneration

The computation of managerial remuneration excludes an amount of ₹ 137 lakhs (Previous year ₹ 127 lakhs) in respect of managerial personnel cross-charged from Procter & Gamble Hygiene and Health Care Limited and Procter & Gamble Home Products Limited in terms of common services agreement referred to in Note 35 above.

b) Commission to Non-Executive Directors

During the current year, an aggregate amount of ₹ 80 lakhs has been provided as commission payable to the Non-Executive Directors which is within the overall limits of commission payable to such directors under Schedule XIII to the Companies Act, 1956.

For the financial year 2012-13 the aggregate amount of Commission of ₹ 172 lakhs (including service tax of ₹ 19 lakhs) charged and since paid for the year in the Financial Statements, exceeded the maximum amount payable based on 1% of the net profits of the Company by an amount of ₹ 24 lakhs (including service tax of ₹ 3 lakhs). The said excess amount of ₹ 24 lakhs has since been ratified by the members of the Company. The Company has made an application to the Central Government on January 6, 2014 for waiver of the excess commission; the approval of the Central Government is awaited.

For the financial year 2011-12, the Company had paid commission to Non-Executive Directors amounting to ₹ 160 lakhs, of which an amount of ₹ 38 lakhs (excluding service tax), being amount in excess of 1% of net profits for the year ended June 30, 2012, was ratified by the members of the Company. The Central Government has rejected the Company's re-application vide letter ref. ROC / CG / Approval / 2013-14 / 230 dated January 27, 2014. The Company has, accordingly, recovered the said excess amount of ₹ 38 lakhs from the Directors during the year.

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

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

a) Amounts receivable in foreign currency

Currency	In Foreign currency		₹ in lakhs	
	As at June 30, 2014	As at June 30, 2013	As at June 30, 2014	As at June 30, 2013
Export of goods	USD 3 47 027	2 82 301	208	169
Other Receivables	USD 19 269	1 33 114	12	80
	GBP —	24	—	— #
	EUR —	18 630	—	15
	SGD 18 245	—	9	—
	JPY 3 09 758	—	2	—

₹ 2 195

b) Amounts payable in foreign currency

Import of goods and services	USD 81 64 234	1 48 77 177	4 903	8 908
	SEK 10 10 945	—	90	—
	EUR 79 953	2 03 740	66	159
	SGD —	6 32 547	—	299
	AUD 1 39 402	28 344	79	16
Other payables	USD 38 26 754	18 22 589	2 298	1 091
	GBP 65 903	58 694	67	54
	EUR 256	84 519	— *	66
	JPY 21 60 000	—	13	—

* ₹ 20 939

Notes forming part of the Financial Statements

38. Details of Provisions:

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

₹ in lakhs

Particulars	As at July 1, 2013	Additions	Utilisation	Reversal (Withdrawn as no longer required)	As at June 30, 2014
Provision for Environmental Remediation	86	—	—	86	—
	—	(86)	—	—	(86)
Total	86	—	—	86	—
	—	(86)	—	—	(86)

Note: Figures in brackets relate to the previous year

39. Related Party Disclosures:

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

Details of Related parties:

a) Enterprises where control exists:

The Procter and Gamble Company, USA - Ultimate Holding Company

The Procter & Gamble India Holdings B.V., Netherlands - Holding Company

b) Other related parties with whom the Company had transactions during the year:

i) Fellow Subsidiaries:

Procter & Gamble Bangladesh Pvt. Ltd	Procter & Gamble Hygiene & Healthcare Limited
Gillette Diversified Operations Private Limited	Gillette UK Limited
Gillette Products Private Limited	The Procter & Gamble Distributing LLC
Mining Consultants (India) Private Limited	The Gillette Company, USA
Wella India Haircosmetics Private Limited	P&G International Operations SA - ROHQ
The Procter & Gamble US Business Services Company	Nexus Mercantile Private Limited
Gillette (Shanghai) Ltd.	Procter & Gamble Home Products Limited
Procter & Gamble Do Brasil S / A	Procter & Gamble International Operations SA
Procter & Gamble International Operations SA Singapore Branch	P&G Europe S.A., Singapore Branch
PT Procter & Gamble Home Products Indonesia	Procter & Gamble Japan K.K.
Procter & Gamble (China) Sales Co., Ltd.	

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

Wella India Haircosmetics Private Limited ("Wella") #

Also being a fellow subsidiary Company

iii) Key Management Personnel of the Company:

Mr. Shantanu Khosla

Managing Director

Note: Related parties have been identified by the management.

Notes forming part of the Financial Statements

(c) Transactions during the year:

₹ in lakhs

Nature of transactions		Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Total
Sale of Products				
Procter & Gamble International Operations SA Singapore Branch	2013-2014	—	649	649
Procter & Gamble Bangladesh Pvt. Ltd.	2013-2014	—	588	588
Procter & Gamble International Operations SA	2013-2014	—	282	282
Others	2013-2014	—	44	44
Procter & Gamble International Operations SA Singapore Branch	2012-2013	—	618	618
Procter & Gamble Bangladesh Pvt. Ltd.	2012-2013	—	410	410
Procter & Gamble International Operations SA	2012-2013	—	821	821
Others	2012-2013	—	56	56
Recovery of Expenses Cross charged				
Procter & Gamble International Operations SA Singapore Branch	2013-2014	—	897	897
Procter & Gamble Home Products Ltd.	2013-2014	—	658	658
Procter & Gamble Hygiene and Healthcare Ltd	2013-2014	—	557	557
Others	2013-2014	—	109	109
Procter & Gamble Home Products Ltd.	2012-2013	—	4 808	4 808
Procter & Gamble Hygiene and Healthcare Ltd	2012-2013	—	2 225	2 225
Others	2012-2013	31	311	342
Reimbursement of expenses shared by group cos.				
Procter & Gamble Home Products Ltd.	2013-2014	—	131	131
Procter & Gamble Home Products Ltd.	2012-2013	—	857	857
Interest income				
Procter & Gamble Home Products Ltd.	2013-2014	—	1 252	1 252
Gillette Diversified Operations Private Ltd.	2013-2014	—	766	766
Procter & Gamble Home Products Ltd.	2012-2013	—	2 060	2 060
Gillette Diversified Operations Private Ltd.	2012-2013	—	625	625
Loans Given				
Procter & Gamble Home Products Ltd.	2013-2014	—	64 359	64 359
Gillette Diversified Operations Pvt. Ltd.	2013-2014	—	36 498	36 498
Procter & Gamble Home Products Ltd.	2012-2013	—	66 676	66 676
Gillette Diversified Operations Private Ltd.	2012-2013	—	15 049	15 049
Loans Realised				
Procter & Gamble Home Products Ltd.	2013-2014	—	66 146	66 146
Gillette Diversified Operations Private Ltd.	2013-2014	—	37 011	37 011
Procter & Gamble Home Products Ltd.	2012-2013	—	76 919	76 919
Gillette Diversified Operations Private Ltd.	2012-2013	—	12 528	12 528
Purchase of Goods				
Procter & Gamble International Operations SA Singapore Branch	2013-2014	—	35 095	35 095
Others	2013-2014	—	1 911	1 911
Procter & Gamble International Operations SA Singapore Branch	2012-2013	—	23 866	23 866
Others	2012-2013	—	1 666	1 666

Notes forming part of the Financial Statements

₹ in lakhs

Nature of transactions		Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Total
Royalty				
The Gillette Company, USA	2013-2014	—	1 743	1 743
The Gillette Company, USA	2012-2013	—	1 348	1 348
Purchase of Equipment / Assets / Spares				
The Procter & Gamble Distributing LLC	2013-2014	—	1 551	1 551
Others	2013-2014	—	1	1
The Procter & Gamble Distributing LLC	2012-2013	—	1 990	1 990
Others	2012-2013	—	103	103
Reimbursement of expenses shared by group cos.				
Procter & Gamble Hygiene and Healthcare Ltd.	2013-2014	—	752	752
Procter & Gamble Home Products Ltd.	2012-2013	—	862	862
Procter & Gamble Hygiene and Healthcare Ltd.	2012-2013	—	796	796
Business Process Outsourcing expenses				
Procter & Gamble Europe SA Singapore Branch	2013-2014	—	2 148	2 148
Procter & Gamble International Operations SA-ROHQ	2013-2014	—	405	405
Procter & Gamble Europe SA Singapore Branch	2012-2013	—	985	985
Procter & Gamble International Operations SA-ROHQ	2012-2013	—	347	347
Computer Expenses				
The Procter & Gamble US Business Services Company	2013-2014	—	141	141
The Procter & Gamble US Business Services Company	2012-2013	—	88	88
Processing Charges				
Gillette Diversified Operations Private Ltd.	2013-2014	—	1 357	1 357
Gillette Diversified Operations Private Ltd.	2012-2013	—	1 030	1 030
Expenses Cross-Charged				
Procter & Gamble Home Products Ltd.	2013-2014	—	3 555	3 555
Procter & Gamble Hygiene and Healthcare Ltd.	2013-2014	—	3 000	3 000
Others	2013-2014	90	416	506
Procter & Gamble Home Products Ltd.	2012-2013	—	5 689	5 689
Procter & Gamble Hygiene and Healthcare Ltd.	2012-2013	—	2 057	2 057
Others	2012-2013	83	25	108
Dividend Remitted / Paid				
Procter & Gamble India Holding B.V., Netherlands	2013-2014	2 005	—	2 005
Wella India Haircosmetics Private Limited	2013-2014	—	994	994
Others	2013-2014	—	711	711
Procter & Gamble India Holding B.V., Netherlands	2012-2013	2 005	—	2 005
Wella India Haircosmetics Private Limited	2012-2013	—	994	994
Others	2012-2013	—	711	711

Notes forming part of the Financial Statements

(d) Outstandings

₹ in lakhs

Nature of Balances	As on	Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Total
Trade Payables				
Procter & Gamble International Operations SA Singapore Branch	June 30, 2014	—	5 192	5 192
Procter & Gamble Europe SA Singapore Branch	June 30, 2014	—	1 255	1 255
Procter & Gamble Hygiene and Healthcare Ltd.	June 30, 2014	—	1 107	1 107
Others	June 30, 2014	21	1 591	1 612
Procter & Gamble International Operations SA Singapore Branch	June 30, 2013	—	7 911	7 911
Procter & Gamble Home Products Ltd.	June 30, 2013	—	1 236	1 236
The Procter & Gamble Distributing LLC	June 30, 2013	—	1 596	1 596
Others	June 30, 2013	6	2 016	2 022
Trade Receivables				
Procter & Gamble International Operations SA Singapore Branch	June 30, 2014	—	115	115
Procter & Gamble Bangladesh Private Limited	June 30, 2014	—	93	93
Procter & Gamble International Operations SA Gillette (Shanghai) Ltd.	June 30, 2013	—	28	28
Procter & Gamble International Operations SA Singapore Branch	June 30, 2013	—	20	20
Procter & Gamble Bangladesh Private Limited	June 30, 2013	—	89	89
Procter & Gamble Bangladesh Private Limited	June 30, 2013	—	32	32
Other Current Assets				
Procter & Gamble Home Products Ltd.	June 30, 2014	—	155	155
Procter & Gamble Hygiene and Healthcare Ltd.	June 30, 2014	—	99	99
Others	June 30, 2014	—	39	39
Procter & Gamble Home Products Ltd.	June 30, 2013	—	864	864
Procter & Gamble Hygiene and Healthcare Ltd.	June 30, 2013	—	736	736
Others	June 30, 2013	31	104	135
Loans				
Procter & Gamble Home Products Ltd.	June 30, 2014	—	9 108	9 108
Gillette Diversified Operations Pvt. Ltd.	June 30, 2014	—	7 000	7 000
Procter & Gamble Home Products Ltd.	June 30, 2013	—	10 895	10 895
Gillette Diversified Operations Private Ltd.	June 30, 2013	—	7 513	7 513
Interest Income Accrued				
Procter & Gamble Home Products Ltd.	June 30, 2014	—	31	31
Gillette Diversified Operations Private Ltd.	June 30, 2014	—	71	71
Procter & Gamble Home Products Ltd.	June 30, 2013	—	121	121
Gillette Diversified Operations Private Ltd.	June 30, 2013	—	79	79

Notes forming part of the Financial Statements

40. Segment Information

a) Primary Segment Information (by Business Segments)

	For the year ended June 30, 2014 ₹ in lakhs	For the year ended June 30, 2013 ₹ in lakhs
Segment Revenue - net of excise duty		
Grooming	1 23 042	1 03 641
Portable Power	8 516	7 036
Oral Care	43 421	33 095
Total Segment Revenue	1 74 979	1 43 772
Segment Results		
Grooming	17 746	15 553
Portable Power	2	42
Oral Care	(10 173)	(3 710)
Total Segment Results	7 575	11 885
Less: Unallocated corporate expenses net of unallocated income	(2 282)	(1 583)
Profit before interest and tax	5 293	10 302
Less: Interest Expenses	36	2
Add: Interest Income	2 809	3 525
Profit Before Tax for the year	8 066	13 825
Less: Tax expense	2 924	5 109
Profit After Tax for the year	5 142	8 716
Segment Assets		
Grooming	44 779	36 869
Portable Power	1 428	1 376
Oral Care	11 499	4 775
Total Segment Assets	57 706	43 020
Unallocated Corporate Assets	47 700	60 883
Total	1 05 406	1 03 903
Segment Liabilities		
Grooming	16 960	8 387
Portable Power	1 302	710
Oral Care	8 374	2 063
Total Segment Liabilities	26 636	11 160
Unallocated Corporate Liabilities	14 424	27 820
Total	41 060	38 980
Capital Expenditure		
Grooming	4 944	4 403
Oral Care	3 688	102
Total	8 632	4 505
Depreciation		
Grooming	3 140	2 870
Oral Care	19	152
Total	3 159	3 022

Notes forming part of the Financial Statements

	For the year ended June 30, 2014 ₹ in lakhs	For the year ended June 30, 2013 ₹ in lakhs
b) Secondary Segment Information (by Geographic Segments)		
Segment Revenue – net of excise		
Within India	1 73 088	1 41 582
Outside India	1 891	2 190
Total	1 74 979	1 43 772
Segment Assets		
Within India	57 706	43 020
Outside India	—	—
Total	57 706	43 020
Capital Expenditure		
Within India	8 632	4 505
Outside India	—	—
Total	8 632	4 505

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.
- 3) Details of type of products included in each segment:
 Grooming: Shaving system and Cartridges, Blades, Toiletries and Components
 Portable Power: Batteries
 Oral Care: Tooth brushes, Toothpaste and Oral Care Products
- 4) Unallocable Corporate Assets mainly include Cash and Cash Equivalents, Loans and Advances and Other Current Assets.
- 5) Unallocable Corporate Liabilities mainly include Other Liabilities and Provisions.

41. Earnings per share (EPS)

	For the year ended June 30, 2014 ₹ in lakhs	For the year ended June 30, 2013 ₹ in lakhs
Calculation of Basic and diluted earnings per share (₹)		
Profit After Taxation	5 142	8 716
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	15.78	26.75

Notes forming part of the Financial Statements

- 42.** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of Board of Directors

B.S.Mehta
Chairman

S. Khosla
Managing Director

K. Natarajan
Chief Financial Officer

J. Rastogi
Dy. Company Secretary & Compliance Officer

Place: Mumbai
Date: August 12, 2014

TEN YEAR FINANCIAL HIGHLIGHTS

	2004	2005	*2006-07 18 months	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
YEAR END FINANCIAL POSITION (₹ Crores)										
Gross Fixed Assets	264	273	253	253	246	289	310	356	394	428
Net Fixed Assets	134	136	107	95	91	123	159	189	200	233
Net Worth	317	348	360	425	491	571	600	619	649	643
SUMMARY OF OPERATIONS (₹ Crores)										
Gross Sales	447	489	725	606	673	861	1073	1249	1459	1766
Profit before Tax	98	109	216	182	177	213	134	117	138	81
Profit after Tax	61	69	142	117	113	137	86	76	87	51
Dividend	27.70	32.59	**57	40.73	40.73	48.88	48.88	48.88	48.88	48.88
PER SHARE DATA										
EPS (₹)	18.79	21.09	43.69	36.02	34.72	42.07	26.44	23.24	26.75	15.78
Dividend (%)	85	100	**175	125	125	150	150	150	150	150
NUMBER OF SHARES										
Shares (Lakhs)	325.85	325.85	325.85	325.85	325.85	325.85	325.85	325.85	325.85	325.85

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

** includes interim dividend

NOTES

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P&G Values

Integrity
Leadership
Ownership
Passion for Winning
Trust



P&G Brands and P&G People are the foundation of P&G's success.

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

Gillette India Limited

CIN: L28931RJ1984PLC002890

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

Corporate Office: P&G Plaza, Cardinal Gracias Road, Chakala
Andheri (E). Mumbai-400 099, Maharashtra, India

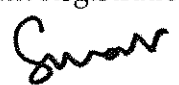
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FORM A

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

1.	Name of the Company	Gillette India Limited
2.	Annual financial statements for the year ended	June 30, 2014
3.	Type of Audit observation	Emphasis of Matter The Emphasis of Matter paragraph reproduced below (Page no.25 of the Annual Report): As reported for the previous year ended June 30, 2013, the Company had provided and since paid excess commission amounting to Rs. 24 lakhs (including service tax of Rs. 3 lakhs). The company's application to the Central Government for waiver is yet to be approved by the Central Government.
4.	Frequency of observation	The matter relating to the year ended June 30, 2013 has been reported since 2012-13.
5.	To be signed by- Mr. S. Khosla Managing Director Mr. Karthik Natarajan Chief Financial Officer Mr. C. R. Dua Audit Committee Chairman Auditor of the Company	   Refer our Audit Report dated August 12, 2014 on the Financial Statements of Gillette India Limited. For DELOITTE HASKINS & SELLS LLP Chartered Accountants (Firm Registration No. 117366W/W-100018)  (Shyamak R Tata) (Partner) (Membership No. 038568) Mumbai August 22, 2014