



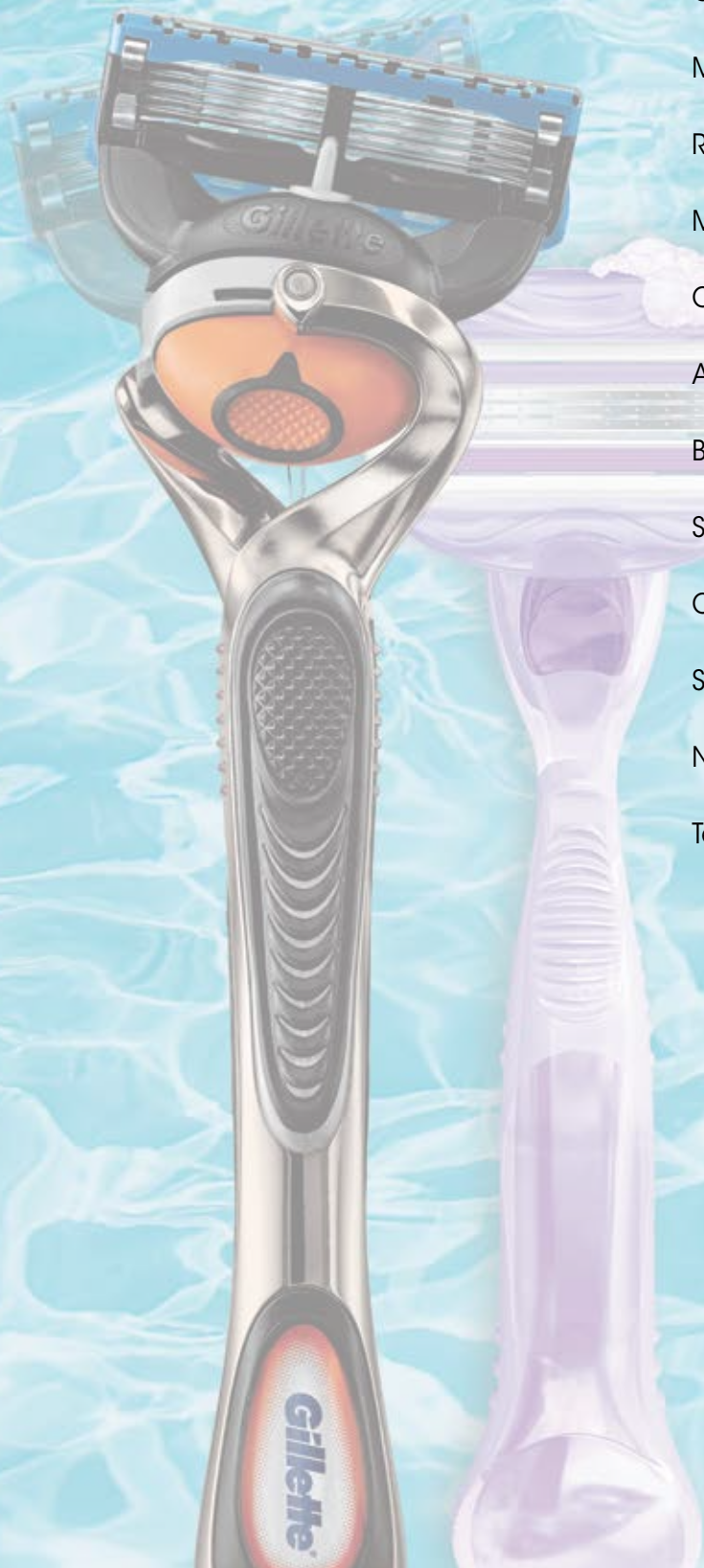
Gillette India Limited

ANNUAL REPORT
2016-2017

P&G

CONTENTS

Chairman's Letter	3
Managing Director's Letter.....	4-5
Report of the Directors	6-39
Management Discussion & Analysis.....	40-42
Corporate Governance	43-55
Auditors' Report	56-61
Balance Sheet	62
Statement of Profit & Loss	63
Cash Flow Statement	64-65
Statement of Changes in Equity.....	66
Notes forming part of the Financial Statements	67-118
Ten Year Financial Highlights	119



Corporate Information

Board of Directors & Key Managerial Personnel

Mr. Bansidhar S. Mehta

Mr. Al Rajwani

Mr. Karthik Natarajan

Mr. Chittranjan Dua

Mr. Gurcharan Das

Mr. Anil Kumar Gupta

Mr. Narendra P. Sarda

Mr. Pramod Agarwal

Ms. Sonali Dhawan

Mr. Gagan Sawhney

Ms. Flavia Machado

Chairman

Managing Director

Whole-time Director

Director

Director

Director

Director

Director

Director

Chief Financial Officer

Company Secretary

Registered Office:

Gillette India Limited

(CIN: L28931MH1984PLC267130)

P&G Plaza, Cardinal Gracias Road,

Chakala, Andheri (East),

Mumbai – 400 099

Tel. No.: (022) 2826 6000 Extn: 7468 / 7283

e-mail – investorgil.im@pg.com

Registrar & Share Transfer Agents:

Mas Services Limited

T-34, 2nd Floor,

Okhla Industrial Area, Phase II,

New Delhi – 110 020

Tel. No. – 011 2638 7281 / 82 / 83

Fax – 011 2638 7384

e-mail – info@masserv.com

Auditors:

Statutory Auditor:

Deloitte Haskins & Sells LLP

Chartered Accountants

Secretarial Auditor:

Dholakia & Associates LLP

Company Secretaries

Listed on Stock Exchanges:

National Stock Exchange of India Limited

BSE Limited





Mr. B. S. Mehta
Chairman

Mr. Mehta is a graduate in commerce and a Fellow Member of The Institute of Chartered Accountants of India. He is a Chartered 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. Al Rajwani
Managing Director

Mr. Rajwani received his degree in Chemical Engineering from the University of Calgary (Canada) in 1981. He has more than 35 years' experience working for Procter & Gamble in a variety of leadership roles across Product Supply, Marketing and General Management positions in the US, Canada, China, Korea and Arabian Peninsula.



Mr. Karthik Natarajan
Whole-time Director

Mr. Natarajan is a Chartered Accountant and has completed his Bachelor of Commerce from RA Podar College, Mumbai. Mr. Natarajan has been with P&G for over 16 years and is currently the Director, Finance & Accounting, India, Middle East & Africa. He has, over his experience at P&G, worked across multiple locations including India, US, China, Philippines and Singapore.



Mr. C. R. Dua
Director

Mr. Dua is the founding partner of Dua Associates and is currently chairman of the firm and engaged in providing strategic advice and direction for its further growth and development. His experience covers a broad range of areas relating to corporate and commercial matters, corporate finance, securities, infrastructure and aspects of public policy and administration, governance and ethics.



Mr. Gurcharan Das
Director

Mr. Das graduated with honors from Harvard University. He was CEO, Procter & Gamble India and later Managing Director, Procter & Gamble Worldwide (Strategic Planning). After a 30-year career, he took early retirement to become an author. He is on a number of Boards and is a regular speaker to the managements of the world's largest corporations.



Mr. A. K. Gupta
Director

Mr. Gupta is an engineer from IIT New Delhi. He also holds a PG Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has a vast experience of over 40 years in India and abroad in the field of Manufacturing, Projects and Supply Chain Management.



Mr. N. P. Sarda
Director

Mr. Sarda is a Chartered Accountant and was the President of The Institute of Chartered Accountants of India in 1993-1994. He was a member on the Board of the erstwhile International Accounting Standards Committee, London in 1993-1995. He was also a member of IFRS Advisory Council, London during 2009 to 2011.



Mr. Pramod Agarwal
Director

Mr. Agarwal is an MBA from Indian Institute of Management, Ahmedabad. After over 28 years of experience with P&G, he retired in 2016. He has worked in seven geographies - India, Thailand, Japan, Philippines, USA, Singapore and Switzerland. Mr. Agarwal has led several major changes which have had a lasting impact on the business and organization.



Ms. Sonali Dhawan
Director

Ms. Dhawan is a graduate from Lady Shriram College, with a B.Com (Hons) in Business Studies. She completed her MBA in marketing from the Indian Institute of Management, Ahmedabad. She has been awarded as 'Marketer of the Year FMCG' by IAA awards in 2014 and has been rated as Number 7 in the IMPACT 50 most influential women in Marketing and Advertising for last two years.



Mr. B. S. Mehta
Chairman

Dear Shareholders,

It gives me great pleasure to share with you the overall performance of our Company in 2016-17. This year we took another step towards our goal of delivering strong results behind sharper focus on winning with consumers, customers and shareholders.

Sales were up 1% versus year ago, while Profit After Tax grew by 27%. The results were strong in the context of market volatility and macro-economic challenges in this Financial Year. We are continuing to

make progress to strengthen business fundamentals, improve productivity and empower our organization and culture to deliver sustained strong performance.

This Financial Year, the Board of Directors declared a special interim dividend of ₹ 154/- per Equity Share from accumulated surplus from profits of earlier years and the current year to celebrate 30th anniversary of Make in India of its flagship brand *Gillette*. This takes Total Dividend for the Financial Year to be ₹ 164/- per Equity Share. The Company has consistently delivered balanced growth in recent years behind strengthening brand fundamentals, stronger product portfolio and improved in-store execution.

The economy is growing and with increase in disposable income and urbanization, the outlook for Consumer goods industry remains positive. We will continue to innovate so that we grow sales, profit and cash more consistently and more sustainably.

As a responsible Company, we also do right thing for the communities we operate in. *P&G Shiksha* the Company's flagship CSR provides children from underprivileged backgrounds with an access to a holistic education. By the end of Financial Year 2016-17, *P&G Shiksha* built and supported over 1,500 (+500 since last year) schools across the country that will impact the lives of over 1.2 million (+200,000 since last year) children.

Lastly, I would also like to express my gratitude to all our consumers, customers, employees, business partners and YOU, our valued shareholders. I look forward to your sustained support and participation in the growth of our Company.

B. S. Mehta
Chairman

Dear Shareholders,

It gives me great pleasure to share with you the overall performance of our Company in 2016-17, which was a very challenging year due to volatile market conditions. This Financial Year, we continued our journey towards sustainable balanced growth with a brutal obsession with fundamentals. We're raising the bar across everything we do to continue to accelerate sales growth, improve productivity, and empower our organization and culture to deliver sustained, strong performance.



Our Company delivered sales of ₹ 1,788 crores, up 1% versus year ago despite challenges of liquidity crunch in the second quarter and trade destocking ahead of GST in the fourth quarter. The Company responded to these challenges with agility and continued to strengthen brand fundamentals. **The Profit after Tax (PAT) for the Financial Year stood at ₹ 253 crores, up 27% versus year ago.**

We are establishing a higher standard of excellence for all our brands, with greater superiority in all elements of our consumer proposition. These include superior products, superior packaging, superior brand communications, excellent in-store & online execution and winning consumer & retail value equations.

In the Men's Grooming business, *Gillette* continues to be the market leader. We have put strong Go-to-Market plans and made strategic portfolio choices to strengthen the total grooming portfolio. On *Gillette Mach3*, the biggest systems franchise, we grew share and had double-digit growth. This was behind our new locally created consumer communication of ***Stronger than Steel Blades***. In the brand's female portfolio ***Venus*** (World's #1 selling Women's razor), we launched our next Innovation ***Venus Breeze***, a 2 in 1 product with moisturizing gel bars to further accelerate this category. It continued to deliver high double-digit growth behind strong awareness and in-store executions.

In the Oral Care business, *Oral-B* continued to focus on the consumers and launched several strong innovations this year. *Oral-B* expanded the portfolio and launched electric rechargeable toothbrushes. On manual toothbrushes, we launched *Pro-Health Anti-Bacterial* toothbrush, *Ultrathin Sensitive* toothbrush range and *Cavity Defense Black*. These innovations were received extremely well by consumers and trade helping us to further establish our product superiority.

As the business grows, we continue to drive positive change with our brands. A great example of this is *Oral-B* strengthening its partnership with dentists, to promote oral health awareness via the free dental check-up program.

We are also strengthening our Go-to-market execution. In stores, this means having the right store coverage, product forms, sizes, price points, shelving and merchandising execution. Online, it means having the right content, assortment, ratings, reviews, search and subscription offerings.

As a responsible corporate citizen, ours is a Company that cares and strives every day to improve lives. Not just for the consumers that trust our brands, or the many partners that we work with, but also for the communities in which we operate. By the end of Financial Year 2016-17, our flagship CSR program *P&G Shiksha* built and supported over 1,500 (+500 since last year) schools across the country that will impact the lives of over 1.2 million (+200,000 since last year) children. Over the recent years, we are especially excited about the impact *P&G Shiksha* has been making to improve the 'quality of education' which we believe can result in far-reaching impact on the learning outcomes and overall development of the children we reach. Through our *Early Childhood Education and Remedial Learning* programs, our goal is to set up *P&G Shiksha* students up for success from the day they enter school to the day they graduate.

India's FMCG sector continues to be an important contributor to the country's GDP. After a challenging year, the market has started showing signs of recovery. We will continue to focus on balanced growth behind brand fundamentals, strength of product portfolio and improved in-store execution.

Al Rajwani
Managing Director

REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 33rd Annual Report and the Audited Accounts of the Company for the Financial Year ended June 30, 2017.

FINANCIAL RESULTS

(Figures in ₹ Crores)

	2016-17	2015-16
Revenue from operations (continuing business)	1788	1776
Profit before tax (continuing business)	374	306
Profit after tax (continuing business)	253	199

FINANCIAL YEAR

The Company continues to follow its Financial Year as July 1st to June 30th, pursuant to the approval received from the Company Law Board in terms of Section 2 (41) of the Companies Act, 2013.

DIVIDEND

The Directors are pleased to recommend a final dividend of ₹ 10/- per Equity Share for the Financial Year ended June 30, 2017. During the Financial Year, the Board of Directors declared a special interim dividend of ₹ 154/- per Equity Share, out of the profits for the current year and accumulated surplus from profits of earlier years. This was to celebrate 30th anniversary of Make in India of its flagship brand *Gillette*. The said interim dividend was paid to the Shareholders on June 2, 2017.

BUSINESS PERFORMANCE

Your Company delivered another good year in a volatile external environment. Sales for the Financial Year 2016-17 increased by 1% to ₹ 1788 crores from ₹ 1776 crores driven by Company's focus on brand fundamentals and strength of product portfolio.

Profit after tax increased by 27% to ₹ 253 crores while Profit before tax increased by 23% to ₹ 374 crores. This was behind continued focus on productivity, operational excellence and cost optimization.

GROOMING

In the Men's Grooming business, *Gillette* continues to be the market leader. We have put strong Go-to-market plans & made strategic portfolio choices to strengthen the total grooming portfolio.



On *Gillette Mach3*, the biggest systems franchise, we grew share & had double digit growth. This was behind our new locally created consumer communication of *Stronger than Steel Blades*.



Gillette Guard, the entry level system, continued to grow double digit & gain share. *Gillette Guard's College Program 'Safalta Apni Muthi Mein'* was recognized globally across multiple award forums as the *Best Grooming College Program in India*.



In the brand's female portfolio *Venus* (World's # 1 selling Women's razor), we launched our next innovation, *Venus Breeze*, a 2 in 1 product with moisturizing gel bars. *Venus* continued to deliver high double-digit growth behind strong awareness and in-store executions.

ORAL CARE

Financial Year 2016-17, was a challenging year for *Oral-B*, with multiple external factors. However, the brand continued to focus on the consumers and strong in store fundamentals.



Oral-B launched electric rechargeable toothbrushes. We also had several strong innovations on manual toothbrushes like the launch of *Pro-Health Anti-Bacterial toothbrush*, *Ultrathin Sensitive* toothbrush range and *Cavity Defense Black*. All these innovations were received extremely well by the consumers and trade helping us to further establish our product superiority.



Oral-B further strengthened its partnership with dentists, to promote oral health awareness via the free dental checkup program. *Oral-B* brushes continue to be the most recommended and used toothbrush brand among dentists in India.*

CORPORATE SOCIAL RESPONSIBILITY

The only way to build a sustainable business is to improve lives



For your Company, sustainability means making every day better for people through how we innovate and how we act. Your Company's sustainability objective is to create long-term value for our consumers and shareholders by growing our brands and operations responsibly to conserve resources and improve life in the communities we impact across the world. This strategy has inspired an enduring CSR strategy supported by two pillars – *P&G Shiksha* and *Timely Disaster Relief*. While *P&G Shiksha* provides children from underprivileged backgrounds with an access to a holistic education, your Company'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.

Your Company's signature corporate sustainability program *P&G Shiksha* has till date built and supported over 1500 (+500 since last year) schools across the country that will impact the lives of over 1.2 million (+200,000 since last year) children, in partnership with a number of NGOs like - *Round Table India*, *Pratham Education Foundation*, 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 *Pratham* has special expertise in remedial

learning to help bring children up to speed with the learning levels in their curriculum.

Since its commencement in 2005, *P&G Shiksha* has also empowered consumers to contribute towards the education of underprivileged children by making conscious brand choices, which has enabled your Company to share a part of the sales towards this movement. *P&G Shiksha* has till date made a cumulative donation of over ₹ 65 crores towards building new schools, providing critical infrastructural amenities at existing schools or reviving non-operational government schools.

P&G continued to impact the communities around its plants in a holistic manner throughout the Financial Year. At about 20 km from the Bhiwadi Plant, in association with *IBTADA*, a local NGO, *P&G Shiksha* continues its association with a local school to promote the education of girl children in Gwalda village. The students are provided holistic support in the form of uniforms, library, meals, infrastructure, recreational activities & study tours. For the third consecutive 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.



* Based on survey of representative dentists sample in India.