

# Gillette India Limited



ANNUAL REPORT  
**2015-2016**



## CONTENTS

Chairman's Letter .....	4
Managing Director's Letter.....	5-6
Financial Overview .....	7
Report of the Directors .....	8-31
Secretarial Audit Report.....	32-33
Management Discussion & Analysis.....	34-36
Corporate Governance .....	37-49
Auditors' Report .....	50-55
Balance Sheet .....	56
Statement of Profit & Loss .....	57
Cash Flow Statement .....	58-59
Notes forming part of the Financial Statements .....	60-91
Ten Year Financial Highlights .....	92

# Corporate Information

## Board of Directors & Key Managerial Personnel

Mr. Bansidhar S. Mehta	Chairman
Mr. Al Rajwani	Managing Director
Mr. Chittranjan Dua	Director
Mr. Gurcharan Das	Director
Mr. Anil Kumar Gupta	Director
Mr. Narendra P. Sarda	Director
Mr. Pramod Agarwal	Director
Ms. Sonali Dhawan	Director
Mr. Karthik Natarajan	Chief Financial Officer

### Registered Office:

#### Gillette India Limited

(CIN: L28931MH1984PLC267130)  
P&G Plaza, Cardinal Gracias Road,  
Chakala, Andheri (East),  
Mumbai – 400 099  
Tel. No.: (022) 2826 6000

### Registrar & Share Transfer Agents:

#### Mas Services Limited

T-34, 2<sup>nd</sup> Floor,  
Okhla Industrial Area, Phase II,  
New Delhi – 110 020  
Tel. No. – 011 2638 7281  
Fax – 011 2638 7384  
e-mail – info@masserv.com

### Auditors:

#### Statutory Auditor:

Deloitte Haskins & Sells LLP  
*Chartered Accountants*

### Listed on Stock Exchanges:

National Stock Exchange of India Limited  
BSE Limited

### Secretarial Auditor:

Dholakia & Associates LLP  
*Company Secretaries*



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.





Mr. B. S. Mehta  
*Chairman*



Mr. Al Rajwani  
*Managing Director*



Mr. C. R. Dua  
*Director*



Mr. G. Das  
*Director*



Mr. A. K. Gupta  
*Director*



Mr. N. P. Sarda  
*Director*



Ms. Sonali Dhawan  
*Director*



Mr. Pramod Agarwal  
*Director*





Dear Shareholders,

At your Company, we win with consumers by providing consumer-preferred brands and products that become leading value creators in their categories. Your Company's continued commitment to creating consistent and sustainable value for consumers, customers and shareholders, has resulted in yet another year of achieving sustained growth in a challenging market environment.

Your Company's positive performance results for the Financial Year 2015-16, against a backdrop of challenging market environment, are testament to our focus on winning with the consumer. As I share with you, your Company's annual performance for the Financial Year 2015-16, I take pride in the fact that the Company's **net sales went up by 4% versus last year**, driven by Company's focus on brand fundamentals and strength of product portfolio. **Profit After Tax (PAT) for the Financial Year went up by 35%** behind focus on productivity and cost optimization.

As one of the world's largest consumer products Company, we have both a responsibility and an opportunity to do the right thing and create change. 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, 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. By the end of Financial Year 2015-16, *P&G Shiksha* built and supported over 1,000 (+550 since last year) schools across the country that will impact the lives of over 1 million (+200,000 since last year) children. P&G, over the last year, continued its efforts to provide timely aid and relief to families affected by natural disasters. P&G sent out relief aid to over 10,000 families affected by the Tamil Nadu floods comprising of P&G products.

Any company that wants to drive growth and create value in the long run needs to adopt a mindset of 'winning'. Ensuring we deliver value to our stakeholders, we will continue to innovate so that we grow sales, profit and cash more consistently and more sustainably to create value more reliably 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 Total Shareholder Return. Together, we will continue in our journey towards touching and improving lives.

**B. S. Mehta**  
Chairman



Dear Shareholders,

It gives me great delight to share with you that Financial Year 2015-16 was another stellar year for your Company that delivered sustained growth because of our brutal obsession with fundamentals. This Financial Year was a year of progress in our journey to a balance of top-line growth, bottom-line growth and cash generation. We focused on strengthening our product portfolio, improving productivity and our cost structure, building the foundation for stronger top-line growth, and strengthening our organization and culture. These are the choices we made to raise the bar on P&G's performance to consistently deliver balanced growth and leadership value creation.

Your Company's positive performance results for the Financial Year 2015-16, against a backdrop of challenging market environment, are testament to our focus on winning with the consumer. Driven by the Company's focus on brand fundamentals and strength of product portfolio, **net sales increased to ₹ 2 052 crores, up 4% versus last year.** Your Company made strategic portfolio choices that have resulted in strong margin improvement as **Profit After Tax (PAT) for the Financial Year stood at ₹ 213 crores versus ₹ 158 crores last year,** behind continued focus on productivity, operational excellence and cost optimization. Your Company has benefited from the portfolio optimization, even as it continues to focus on productivity and cost efficiency.

*Gillette* male and female grooming portfolio had a strong year registering double digit growth combined with high market share increase across the Blades and Razors category. This was driven by strong performance across all product tiers through irresistible Product and Commercial innovations continuing to add millions of new users to the *Gillette* franchise.

Your Company has always believed that innovation is the lifeblood of our business. We invent brands and products that create and transform categories, and that build consumer trial and create value in those categories for years – often for decades. This Financial Year, we brought to India, *Gillette's* most advanced razor "*Fusion Pro Glide with Flexball Technology*". On *Gillette Mach3*, the biggest systems franchise, we completed the first-ever blade and product upgrades since launch across its variants. *Gillette Guard*, the entry level system, registered its strongest year on value, volume and share growth, since its launch in 2010 behind strong awareness, activation and go-to-market plans.

Everything starts with winning with consumers and shoppers. We must win with consumers and shoppers at the zero, first and second moments of truth – when consumers become aware of our categories and brands, purchase them in a store or online, and use them in their homes. Winning these moments requires insights that lead to superior-performing product innovations, effective advertising and strong retail programs. The outcome is growing the number of users and usage of our brands and the categories in which we compete. *Oral-B*, which is the World's No. 1 dentist recommended toothbrush brand, delivered another year of strong growth in the key mid & premium tier brushes continues to be well ahead by several strategic initiatives focused mid-tier to premium tier brushes behind *Pro-Health* & *Sensitive* brushes. In the 123 continues to grow behind providing and strong go-to-market plans.

"Everything starts  
with winning  
with consumers &  
shoppers."

brushes. Our growth in the premium of the overall category. This was driven on shifting consumers from entry & establishing clear superiority of *Oral-B* mid-tier segment *Oral-B All Rounder* superior proposition to the consumers

We are also strengthening our go-to-our consumers and shoppers experience

market execution. Execution is what when they are in the store or online.

Our brands need to have the right selection of products, in the right sizes, at the right value, in the right quantity, and in the right points of sale to win with consumers and shoppers in stores and online every day.

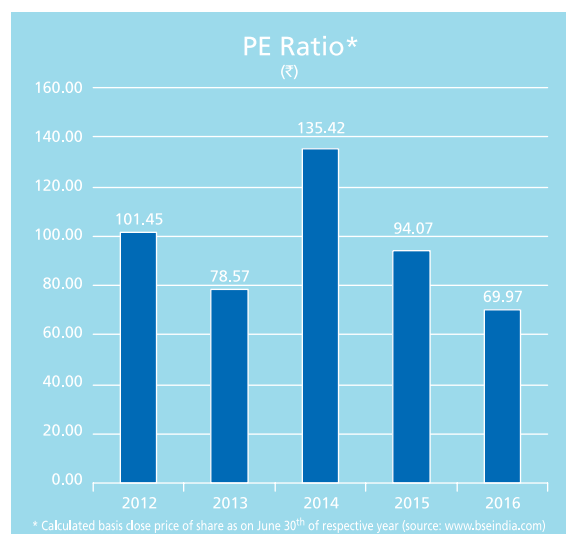
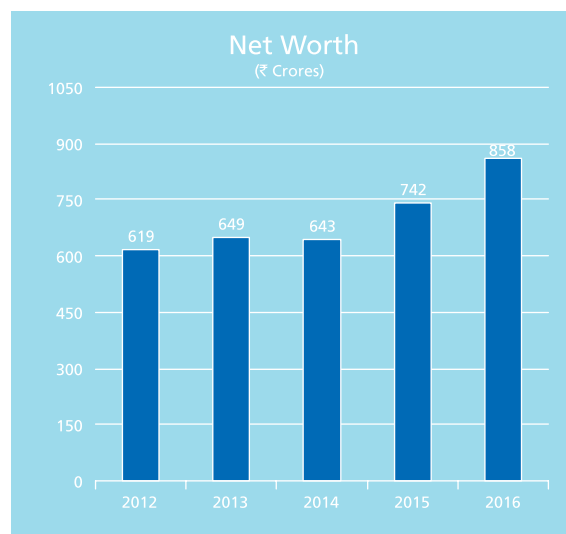
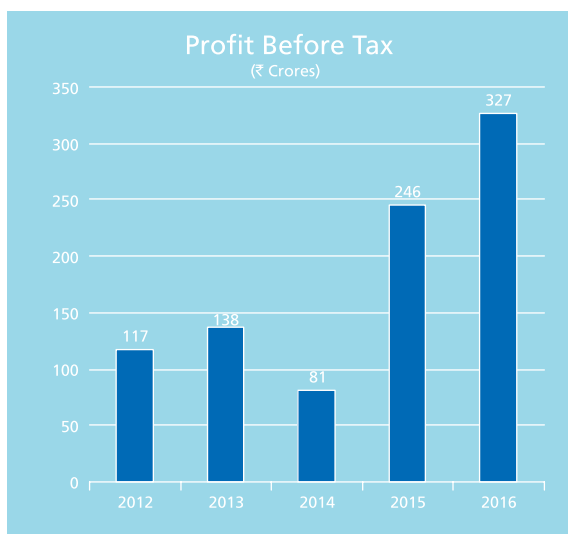
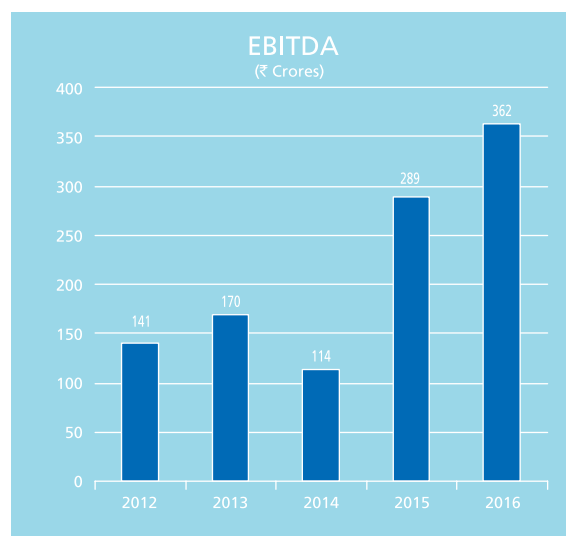
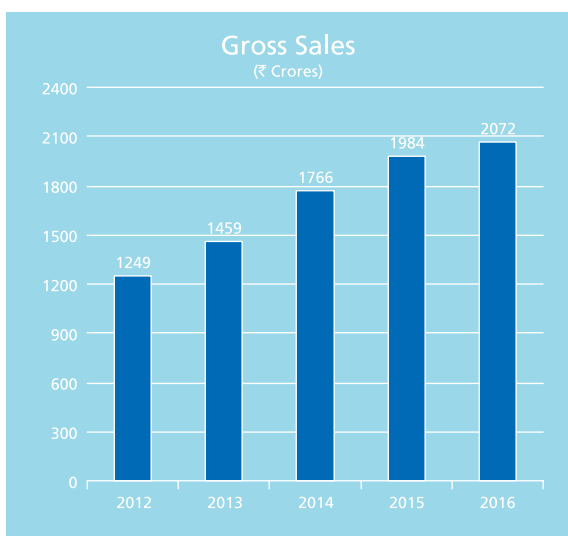
As a responsible corporate citizen, ours is a Company that cares and strives every day to improve lives. Not just for the consumers that trust our brands, or the many partners that we work with, but also for the communities in which we operate. By the end of Financial Year 2015-16, our flagship CSR program *P&G Shiksha* built and supported over 1,000 (+550 since last year) schools across the country that will impact the lives of over 1 million (+200,000 since last year) children. Over the last year, 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 to the learning outcomes & overall development of the children we reach.

We are encouraged and optimistic as we enter the next Financial Year. We expect this year to represent another step toward our goal of balanced top and bottom-line growth and cash generation. We're committed to continued productivity improvement and cost savings that provide the fuel for innovation and investments needed to accelerate and sustain faster top and bottom-line growth. As a Company, we are committed to do everything we can to win with consumers, and delivering consistent, reliable, balanced and sustainable growth and value creation for you, our shareholders.

**Ajit Rajwani**  
Managing Director



## FINANCIAL OVERVIEW



## REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 32<sup>nd</sup> Annual Report and the Audited Accounts of the Company for the Financial Year ended June 30, 2016.

### FINANCIAL RESULTS

(Figures in ₹ Crores)

	2015-16	2014-15
Sales including excise	2071	1981
Net sales (less excise duty)	2052	1971
Profit before tax	327	246
Profit after tax	213	158
Proposed dividend plus tax thereon	78	59
Transfer to general reserve	21	16
Balance carried forward	421	341

### FINANCIAL YEAR

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

### DIVIDEND

Your Directors are pleased to recommend a final dividend of ₹ 20 per Equity Share for the Financial Year ended June 30, 2016. During the Financial Year, an interim dividend of ₹ 19.52 per Equity Share was paid to Non-Promoter Shareholders on October 28, 2015.

### BUSINESS PERFORMANCE

Your Company delivered another year of robust performance in the Financial Year 2015-16. Sales for the Financial Year increased by 4% to ₹ 2052 crores driven by Company's focus on brand fundamentals and strength of product portfolio.

Profit After Tax (PAT) for the Financial Year stood at ₹ 213 crores versus ₹ 158 crores last year while Profit Before Tax (PBT) stood at ₹ 327 crores versus ₹ 246 last year, behind

continued focus on productivity, operational excellence and cost optimization.

Your Company will look to utilize the improved earnings and cash flow to consider investments for sustaining the growth of the Company over mid to long term.

### GROOMING

Gillette male and female grooming portfolio had a strong year registering double digit growth combined with high market share increase across the Blades and Razors category. This was driven by strong performance across all product tiers through irresistible product and commercial innovations continuing to add millions of new users to the Gillette franchise.

This Financial Year, we brought to India, *Gillette's* most advanced razor "*Fusion Pro Glide with Flexball Technology*". The razor with the revolutionary Flexball technology offers 24-degree sideways movement of the razor head along with the traditional front pivot movement leading to the razor holding onto the face more and gives our consumers a truly superior shaving experience.



We tied up with the prominent media houses in the North & Eastern India to expand the "*Gillette Guard – Success in your hands*" program centred around Grooming and Career counseling sessions with eligible candidates leading them to get a dream job, with the media house. The program brought the *Gillette* Brand Purpose to life by truly positively impacting consumers.