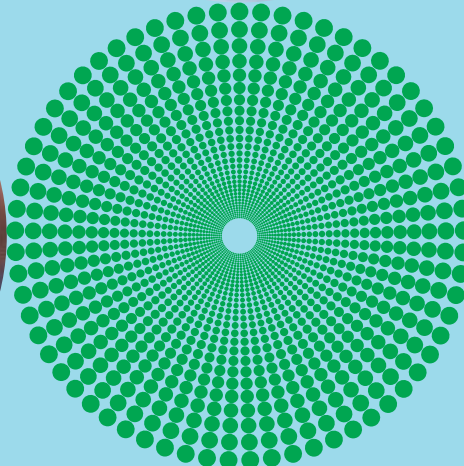


**Gillette®**

**Gillette  
Venus**



**P&G**

**Gillette India Limited**

**ANNUAL REPORT - 2018-2019**

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# Corporate Information

## Board of Directors & Key Managerial Personnel

Mr. Bansidhar S. Mehta	Chairman
Mr. Madhusudan Gopalan	Managing Director
Mr. Karthik Natarajan	Whole-time Director
Mr. Chittranjan Dua	Independent Director
Mr. Gurcharan Das	Independent Director
Mr. Anil Kumar Gupta	Independent Director
Mr. Narendra P. Sarda	Independent Director
Ms. Anjuly Chib Duggal	Independent Director
Mr. Pramod Agarwal	Non-Executive Director
Ms. Sonali Dhawan	Non-Executive Director
Mr. Gagan Sawhney	Executive Director – Finance and Chief Financial Officer
Mr. Ghanashyam Hegde	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  
Investor Helpline Nos.: 86575 12368 / 86575 00524  
e-mail ID: investorgil.im@pg.com

### 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 / 82 / 83  
e-mail ID: info@masserv.com

### Auditors:

#### **Statutory Auditor:**

Kalyaniwalla & Mistry 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 & Independent Director*

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 has been a director on the boards of several prominent companies in India.



**Mr. Madhusudan Gopalan**  
*Managing Director*

Mr. Madhusudan Gopalan is an alumnus of IIM Calcutta who joined P&G in 1999. He has more than 19 years of experience working across business units and diverse geographies like India, US and ASEAN countries. Prior to this role, he was leading the P&G business in Indonesia where he led strong sales growth, share turn around, strong value creation and cash productivity.

**Mr. Karthik Natarajan**  
*Whole-time Director*



Mr. Natarajan is a Chartered Accountant and has completed his Bachelor of Commerce from R. A. Podar College, Mumbai. Mr. Natarajan has been with P&G for over 19 years and is currently the Vice President, Finance & Accounting, Asia Pacific, Middle East & Africa. He has over his experience at P&G worked across multiple locations including India, US, China, Philippines and Singapore. He has held global responsibilities and has led strategy development, business and financial planning and operational execution with excellence for several important P&G businesses.

**Mr. C. R. Dua**  
*Independent 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**  
*Independent 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 has been on a number of boards and is a regular speaker to the managements of the world's largest corporations.

**Mr. N. P. Sarda**  
*Independent Director*



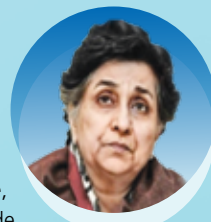
Mr. Sarda is a Chartered Accountant. He was the President of The Institute of Chartered Accountants of India in 1993-1994. He was a member on the Board of the erstwhile International Accounting Standards Committee, London in 1993-1995. He was also a member of IFRS Advisory Council, London during 2009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

**Mr. A. K. Gupta**  
*Independent 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.

**Ms. Anjuly Chib Duggal**  
*Independent Director*



Ms. Anjuly Chib Duggal, a 1981 batch IAS Officer (Punjab cadre), retired as Secretary of Department of Financial Services, Ministry of Finance, Government of India, in 2017. In the last decade, she worked in the areas of finance (public expenditure and financial services including banking, insurance, pensions and financial inclusion) and corporate affairs. Prior to this, Ms. Duggal was Secretary in the Ministry of Corporate Affairs (MCA). Ms. Duggal is a Fellow of LEAD (Leadership for Environment and Development) International since 1993, a global program that trained mid-career professionals from across the world in leadership in environment and development.



**Mr. Pramod Agarwal**  
*Non-executive Director*

Mr. Agarwal is an alumnus of Indian Institute of Management, Ahmedabad. After over 28 years of experience with P&G, he retired in 2016. He 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**  
*Non-executive 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. Ms. Dhawan has been with P&G for over 20 years and is currently Vice President, Marketing, Feminine Hygiene, Asia, Middle East & Africa. She has worked across multiple regions including ASEAN, India, Australia & Middle East.

**Mr. Gagan Sawhney**  
*Executive Director – Finance and Chief Financial Officer*



Mr. Gagan Sawhney is an alumnus of IIM, Ahmedabad who joined P&G in Finance in 2001. He has more than 19 years of experience across multiple geographies : India, ASEAN and Greater China. Prior to this, he was Finance Director of Internal Audit for P&G Global operations, where he provided assurance and consulting support across regions.



**Mr. B. S. Mehta**  
Chairman

Dear Shareholders,

It gives me great pleasure to share with you the performance of your Company for the Financial Year 2018-19. Your Company has delivered double-digit growth for the Financial Year. Our continued focus on strengthening brand fundamentals and improving productivity led us to achieving sustainable growth. In the last few months, while the economy is growing at a slower pace than expected, projections of recovery behind newly launched government initiatives are a positive sign for the industry.

Your Company has built citizenship into its way of doing business and is committed to be a force for good and a force for growth. Our aspiration is to have a positive

impact across each area of our Citizenship work – Community Impact, Gender Equality and Environment Sustainability.

In the area of community impact, through our flagship CSR program P&G *Shiksha*, the P&G group in India has supported 2100 schools that will impact the lives of 17 lakh children. P&G *Shiksha*'s efforts are focused in three main areas – improving educational infrastructure, empowering marginalized girls through education and improving learning outcomes. We also provide comforts of home to those affected by a disaster. Last year, we supported nearly 50,000 families affected by the floods in Kerala with health and hygiene kits. Our employees also contributed monetarily to set up health camps across the state. We also distributed P&G Purifier of Water providing clean water to the affected families. Earlier this year, we also donated health and hygiene kits to more than 10,000 families affected by cyclone FANI in Orissa.

Lastly, I would also like to express my gratitude to all our consumers, customers, employees, business partners and YOU, our valued shareholders for your support and participation in the growth of your Company. We are keenly focused on creating value for our stakeholders. We will continue to innovate and bring superior products to consumers and sustainably grow the business.

**B. S. Mehta**  
Chairman

Dear Shareholders,

It gives me great pleasure to share with you the overall performance of your Company in Financial Year 2018-19. In a competitive market, your company delivered strong double-digit growth. Our focus on raising the bar on superiority, improving productivity, and strengthening the organization culture has enabled us to deliver strong results consistently throughout the Financial Year.

Your Company delivered Sales of ₹ 1,862 crores, up 11% vs. year ago and recorded a Profit After Tax (PAT) of ₹ 253 crores up 10% vs. year ago. This is a result of our strong brand fundamentals, strength of our product portfolio and continued focus to raise the bar on superiority across products, packaging, brand communication and retail execution.

In the men's grooming business, your Company continues to be a market leader. During the year, we expanded our systems franchise with the launch of *Gillette Mach 3 Start*, an entry-level premium systems razor. We launched our campaign *Gillette Barbershop Girls* that challenged the gender stereotypes prevalent in our country. The film received a Silver Lion for Music at the prestigious Cannes Lions International Festival of Creativity.

During the Financial Year, the oral care business continued to deliver extremely strong results and grew in share and penetration. We continued to strengthen our brand propositions and build a robust portfolio behind meaningful innovations. Leading innovation in the category, we introduced the pro-health Ultra-thin toothbrush with Charcoal extract and crisscross bristles for consumers with sensitive gums and teeth. We also expanded our electric toothbrush portfolio with the launch of an entry tier rechargeable electric toothbrush in the market 'Oral-B Vitality'. These innovations coupled with extremely strong go-to-market execution were received extremely well by the consumers and trade helping us grow significantly ahead of the category.

Overall, we will continue to focus on category growth while continuing to maintain our leadership.

As a responsible corporate citizen, we want to be a force for good and a force for growth. We continue to build on each area of our citizenship to bring about a positive change in the communities we live and work. Through our flagship CSR program, P&G *Shiksha*, the P&G group in India has supported over 2100 schools impacting more than 17 lakh children. Over the years P&G *Shiksha* has evolved into a 360-degree educational intervention addressing three critical barriers to achieving universal education – access to education infrastructure, gender inequality in access to education and gap in learning.

The FMCG sector continues to be an important contributor to the economy. We will continue to focus on balanced growth behind brand fundamentals, strength of the product portfolio and improved execution.



**Mr. Madhusudan Gopalan**  
Managing Director

**Madhusudan Gopalan**  
Managing Director



## REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 35<sup>th</sup> Annual Report and the Audited Financial Statements of the Company for the Financial Year ended June 30, 2019.

### FINANCIAL RESULTS

(Figures in ₹ Crores)

	2018-19	2017-18
Revenue from operations	1,862	1,677
Profit before tax (PBT)	339	345
Profit after tax (PAT)	253	229

### FINANCIAL YEAR

The Company follows its Financial Year as July 1<sup>st</sup> to June 30<sup>th</sup>.

### DIVIDEND

Your Directors are pleased to recommend a final dividend of ₹ 25 per Equity Share for the Financial Year ended June 30, 2019. During the Financial Year, the Board of Directors declared an interim dividend of ₹ 19 per Equity Share. The payment of interim dividend to the Shareholders was completed on March 7, 2019.

### BUSINESS PERFORMANCE

Your Company delivered another strong year with Sales of ₹ 1,862 crores and PAT of ₹ 253 crores for the Financial Year 2018-19. The reported sales were up 11% versus year ago. Both the grooming and oral care businesses delivered strong comparable sales growth, ahead of market behind strong brand fundamentals, strength of the portfolio and improved in-store execution.

### GROOMING

In the men's grooming business, *Gillette* continues to be the market leader. Our irresistible superiority on product and commercial innovations continued to add millions of new users to the *Gillette* franchise.



This year, we launched *Gillette Mach 3 Start*, an entry-level premium system razor. *Gillette Mach 3* continues to be India's leading premium systems brand with strong business fundamentals. *Gillette Guard*, our pioneering 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. *Gillette Double Edge* blades continued to grow primarily led by 7-o'clock and *Wilkinson Sword* brands. The recent launch of *Gillette Winner* will further strengthen our position in this segment.



In the brand's female portfolio, we re-staged the premium razor portfolio behind strong consumers learning to position *Gillette Venus* as an aspirational beauty brand for female consumers.

As a result of key interventions across the *Gillette* portfolio, this Financial Year we recorded our highest-ever market share in the Blades and Razors category.

*Note: Certain Statements in this Annual 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.*

## ORAL CARE

After an extremely strong Financial Year 2017-18, your Company delivered another year of strong results in Financial Year 2018-19 with strong growth across value share, volume share and penetration for the brand. We led the innovation in category by introducing the pro-health Ultra-thin toothbrush with charcoal extract and crisscross bristles for consumers with sensitive gums and teeth. Along with this, we launched super saver packs in Premium Tier.

In electric toothbrush range, we launched the entry tier rechargeable electric toothbrush 'Oral-B Vitality'.



These innovations coupled with extremely strong go-to-market execution were received extremely well by the consumers and trade helping us to grow significantly ahead of the category.

We continued to leverage our targeted trial programs and deeper distribution plans enabling more consumers to have access to superior brushes.

Oral-B continued its collaboration with dentists, to promote oral health awareness via the free dental checkup program.



## FINANCIAL RATIOS

	2018-19	2017-18	Change	Explanation for changes over 25% in the ratios, if any
Debtors turnover	10.4	10.9	-5%	—
Inventory turnover	8.6	7.9	8%	—
Interest coverage ratio	44.2	47.2	-6%	—
Current ratio	1.7	1.3	29%	Improvement in current ratio is due to reduction in tax liabilities
Debt equity ratio	0	0	N.A.	—
Operating profit margin	19%	21%	-11%	—
Net profit margin	13%	14%	-1%	—
Return on Networth	34%	38%	-10%	—

## BUSINESS RESPONSIBILITY REPORT

A separate report on Business Responsibility has been appended as Annexure I to this Report.

### CORPORATE SOCIAL RESPONSIBILITY

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

Since its foundation, giving back to the communities has been an integral part of your Company's purpose and values. We have built sustainability into the way we operate, and we know that this will enable us to have a bigger impact on the world around us. This has inspired our CSR strategy supported by two pillars – P&G *Shiksha* and Timely Disaster Relief. P&G *Shiksha* provides access to holistic education for underprivileged children through 360-degree educational interventions and your Company's disaster relief aims to provide comforts to those affected by natural disasters. Your Company donated health and hygiene kits to more than 50,000 families impacted by Kerala floods. Our employees also contributed monetarily to set up health camps across the state. In addition to this, we also distributed P&G Purifier of Water, providing clean water to the affected families. Recently, we also donated health and hygiene kits to more than 10,000 families displaced by cyclone FANI in Odisha.

Your Company's signature corporate sustainability program P&G *Shiksha* has focused on three main areas – improving education infrastructure, empowering marginalized girls through education and improving learning outcomes. Till date, the P&G group in India

has supported over 2100 schools (+300 since last year) schools across the country that will impact the lives of over 17 lakh (+300,000 since last year) children, in partnership with several NGOs/organizations like — Round Table India (RTI), Pratham, Education Initiatives, among others.

Along with our NGO partner Round Table India (RTI), we have focused on building and refurbishing school buildings, constructing classrooms, building playgrounds and improving health and hygiene facilities for children at schools. In line with the Sustainable Development Goals (SDGs), in partnership with NGO Save the Children, we are providing quality education to girls by enhancing the education infrastructure and the quality of education available to them.

A key area that we have focused on is 'improving learning outcomes in children'. Within this, we have concentrated our efforts in bridging learning gaps through on-ground remedial learning interventions, strengthening early childhood education and implementing software-based adaptive learning solutions across government schools.

Along with our NGO partner Pratham Education Foundation, we are bridging the expected and existing learning gaps in children through on-ground remedial learning interventions. During the Financial Year, we reached out to more than 26,000 children



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

