

Procter & Gamble
Hygiene and Health Care Limited



ANNUAL REPORT
2015-2016

P&G



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	60-87
Ten Year Financial Highlights	88

Corporate Information

Board of Directors & Key Managerial Personnel

Mr. Rajendra A. Shah	Chairman
Mr. Al Rajwani	Managing Director
Mr. Bansidhar S. Mehta	Director
Mr. Anil Kumar Gupta	Director
Mr. Pramod Agarwal	Director
Mr. Karthik Natarajan	Director
Ms. Sonali Dhawan	Director
Mr. Shailyamanyu Singh Rathore	Director
Mr. Prashant Bhatnagar	Chief Financial Officer
Ms. Preeti Bishnoi	Company Secretary

Registered Office:

Procter & Gamble Hygiene and Health Care Limited

(CIN: L24239MH1964PLC012971)

P&G Plaza, Cardinal Gracias Road, Chakala,
Andheri (East), Mumbai – 400 099

Tel. No.: (022) 2826 6000

Registrar & Share Transfer Agents:

Link Intime Private Limited

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West),

Mumbai – 400 078

Tel. No.: (022) 2596 7799 / (022) 2596 3838

Fax: (022) 2594 6969

e-mail: rnt.helpdesk@linkintime.co.in

Auditors:

Statutory Auditor:

Deloitte Haskins & Sells LLP

*Chartered Accountants***Cost Auditor:**

Ashwin Solanki & Associates

*Cost Accountants***Secretarial Auditor:**

Dholakia & Associates LLP

Company Secretaries

Listed on Stock Exchanges:

National Stock Exchange of India Limited

BSE Limited



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. R. A. Shah
Chairman



Mr. Al Rajwani
Managing Director



Mr. B. S. Mehta
Director



Mr. A. K. Gupta
Director



Mr. Pramod Agarwal
Director



Mr. Karthik Natarajan
Director



Ms. Sonali Dhawan
Director



Mr. Shailymanyu
Singh Rathore
Director





Dear Shareholders,

I am pleased to share with you that this Financial Year 2015-16, we delivered another year of sustained growth and strong results, behind a sharpened focus on winning with our consumers, customers and shareholders. It is this dedicated approach towards value creation that will drive the business for years to come. 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 positive performance results for the Financial Year 2015-16, against a backdrop of a challenging market environment, are a result of our focus on winning with the consumer. Net Sales delivered by the company were up 6% versus year ago, while Profit After Tax (PAT) grew by 22% versus year ago. These results are testament to our progress in getting the right balance of top-line growth, bottom-line growth and cash generation. The overall outlook remains positive for India's consumer goods industry in the upcoming year. With the growth in disposable income, increased urbanization and exponential growth of e-commerce, we expect our business to grow as we will continue to delight our consumers with superior products and value propositions.

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.

As a Company, we are keenly focused to create value for our stakeholders. In line with that, 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. Lastly, I would also like to express my gratitude to all our consumers, customers, employees, business partners and YOU, our valued shareholders for your unwavering trust in the Company. I look forward to your sustained support and participation in the growth of your Company as we continue to touch and improve lives.

R. A. Shah
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.

- The Company delivered total net sales of ₹ 2482 crores, up 6% versus year ago behind strong volume growth and focus on improving mix
- Profit After Tax (PAT) for the Financial Year stood at ₹ 423 crores, up 22% versus year ago behind continued focus on productivity and cost efficiency.

The Feminine Care business continued to deliver strong double digit sales growth in a competitive market environment behind superior value propositions and strength of product portfolio. Due to category slowdown, sales in the Health Care business remained flat.

The Feminine Care business recorded the 13th consecutive year of double-digit growth. The business has been a growth engine for the Company and *Whisper* continues to be the market leader despite stiff competition from other category players.

As the business grows, we continue to drive positive change with P&G's *National Parivartan Program* (*Whisper School Program*) in schools. The program on an average reaches 4 million girls annually, providing them with timely menstrual education and product samples. Not only did the program reach out to more potential consumers, but it also increased its depth by reaching out to more schools in smaller towns.

In the Health Care business, your Company continued to grow share in the category behind the strength of our equities and our portfolio, which includes *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500* and *Vicks Inhaler*. The growth was driven by combination of product initiatives and proven equity advertising. *Vicks VapoRub* reached highest ever share in January 2016. *Vicks Inhaler* was the fastest growing business in the *Vicks* franchise. With more positive macro-economic and seasonal factors, and with strong innovation and go to market plan, your Company is poised to build further on its position as the most trusted cough and cold care solution in India.



Mr. Al Rajwani
Managing Director

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. In the last Financial Year, we continued products and value propositions. The our NEW *Whisper Ultra* Clean product, 5 times better protection than other our strong focus on offering products Company also drove the *Whisper Ultra* lasts all night. On *Whisper Choice*, we sanitary napkins particularly among non-plans and also reaching out to non-users in rural regions by educating and leveraging local self-help groups. Similarly, on Health Care, we continued to focus on driving consumer meaningful innovations backed by distribution expansion and strong advertising.



to delight our consumers with superior top-tier consumers were delighted by with the promise of superior benefits like ordinary pads in the market. Continuing serving the needs of our consumers, the Nights line-up providing protection that continued to drive increased usage of users through increased reach of awareness

We are also strengthening our go-to-market execution. Execution is what our consumers and shoppers experience 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.

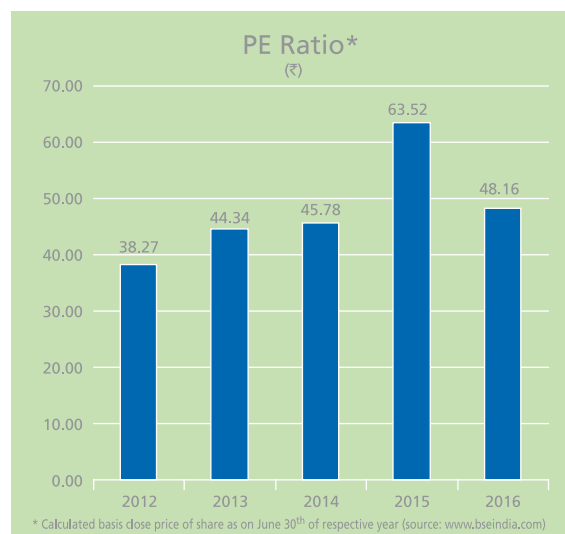
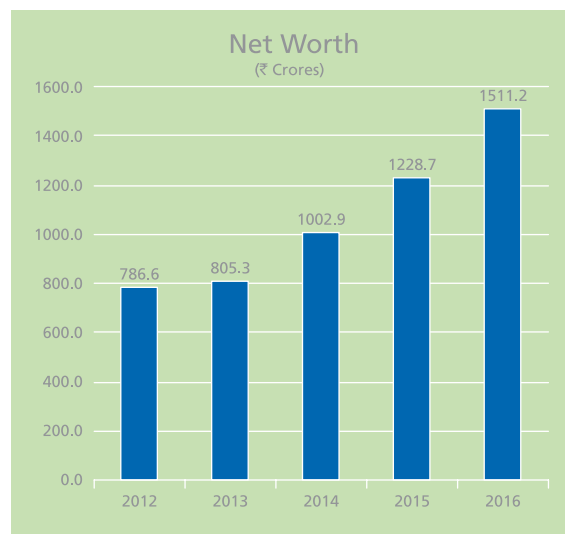
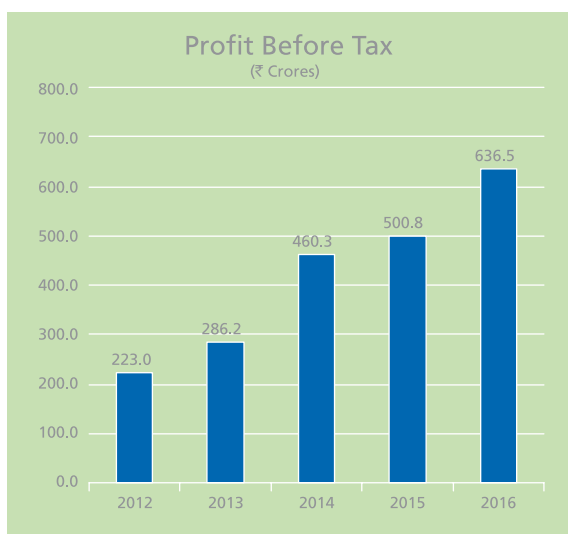
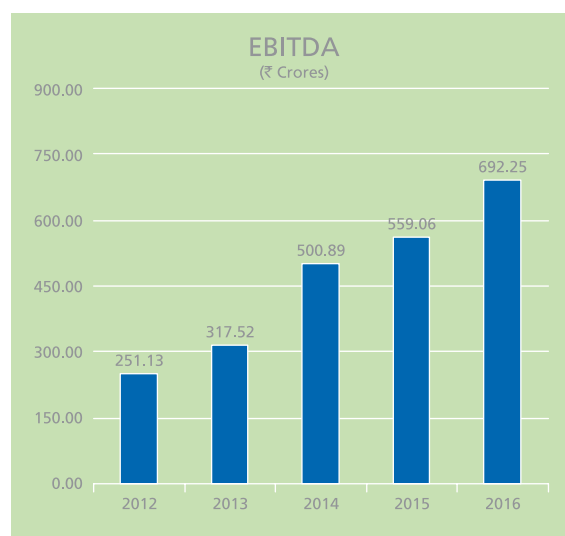
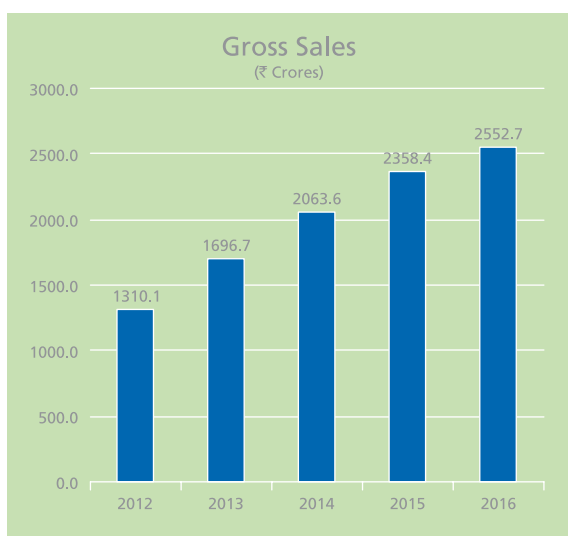
As a responsible corporate citizen, ours is a Company that cares and strives every day to improve lives. Not just for the consumers that trust our brands, or the many partners that we work with, but also for the communities in which we operate. By the end of Financial Year 2015-16, our flagship CSR program *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. 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.

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.

A handwritten signature in blue ink, appearing to read "Al Rajwani". The signature is fluid and cursive, with a large initial "A" and "R".

Al Rajwani
Managing Director

FINANCIAL OVERVIEW



REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 52nd 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	2553	2358
Net sales (less excise duty)	2482	2332
Profit before tax	637	501
Profit after tax	423	346
Proposed dividend plus tax thereon	141	118
Transfer to general reserve	42	35
Balance carried forward	1094	854

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 36 for each Equity Share of ₹ 10 each for the Financial Year ended June 30, 2016.

BUSINESS PERFORMANCE

Your Company delivered another year of strong performance in the Financial Year 2015-16, with double-digit growth on both top and bottom line in a competitive market environment. This was achieved behind superior value propositions and strength of product portfolio. Sales for the Financial Year increased by 6% to ₹ 2482 crores as against ₹ 2332 crores during the previous Financial Year. Profit after tax increased by 22% to ₹ 423 crores as against ₹ 346 crores during the previous Financial Year behind continued focus on productivity and cost efficiency.

Feminine Hygiene Business

Whisper India recorded the 13th consecutive year of double-digit growth. The business has been a growth engine for the Company, demonstrating the highest growth within P&G India. *Whisper* continues to be the market leader despite stiff competition from other category players.

During the Financial Year under review, a number of strategic initiatives were designed to meet the consumers' needs across segments. The top-tier consumers were delighted by our NEW *Whisper Ultra Clean* product, with the promise of superior benefits like 5 times better protection than other ordinary pads in the market. This has helped us arrest share decline on *Ultra clean*. Continuing our strong focus on offering products serving the needs of our consumers, the Company also drove the *Whisper Ultra Nights* line-up providing protection that lasts all night. On *Whisper Choice*, we continued to drive increased usage of sanitary napkins particularly among non-users through increase reach of awareness plans and also reaching out to non-users in rural regions by educating and leveraging local self-help groups. We also continued to disproportionately drive the focus on the 'Point of Market' entry consumer.

