



Procter & Gamble Hygiene
and Health Care Limited
CIN: L24239MH1964PLC012971
Registered Office:
P&G Plaza
Cardinal Gracias Road, Chakala
Andheri (E), Mumbai 400 099
Tel: (91-22) 2826 6000
Fax: (91-22) 2826 7303
www.pg.com/en_IN

October 31, 2018

To
The BSE Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001

Ref:- Scrip Code:- 500459

Dear Sir/Madam,

Sub: Annual Report of Procter & Gamble Hygiene and Health Care Limited for the Financial Year ended June 30, 2018 alongwith Notice convening 54th Annual General Meeting

We refer to our letter dated September 28, 2018, informing the date of 54th Annual General Meeting. In this respect, please find enclosed Annual Report of Procter & Gamble Hygiene and Health Care Limited for the Financial Year ended June 30, 2018 alongwith Notice convening 54th Annual General Meeting.

Kindly take the above on record and oblige.

Thanking you,

Yours faithfully,
For Procter & Gamble Hygiene and Health Care Limited


Flavia Machado
Company Secretary

P&G

Procter & Gamble

Hygiene and Health Care Limited



whisper®

**ANNUAL REPORT
2017-2018**

CONTENTS

Chairman's Letter	3
Managing Director's Letter.....	4-5
Report of the Directors	6-30
Management Discussion & Analysis.....	31-32
Corporate Governance	33-45
Auditors' Report	46-51
Balance Sheet	52
Statement of Profit & Loss	53
Cash Flow Statement	54-55
Statement of Changes in Equity.....	56
Notes forming part of the Financial Statements	57-98
Ten Year Financial Highlights	99



Corporate Information

Board of Directors & Key Managerial Personnel

Mr. Rajendra A. Shah	Chairman
Mr. Madhusudan Gopalan	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. Shaillyamanyu Singh Rathore	Director
Mr. Prashant Bhatnagar	Chief Financial Officer
Ms. Flavia Machado	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 (Extn: 7468)

Email Id: investorpghh.im@pg.com

Registrar & Share Transfer Agents:

Link Intime India Private Limited

C-101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400 083

Tel. No.: (022) 4918 6279

Fax: (022) 4918 6060

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

Auditors:

Statutory Auditor:

Kalyaniwalla & Mistry 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





Mr. R. A. Shah
Chairman

Mr. Shah is a leading solicitor and a senior partner of Crawford Bayley & Co., a firm of solicitors and advocates. He specializes in broad spectrum of corporate laws. He is 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 18 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. 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. 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. 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.



Mr. Karthik Natarajan
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 18 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. Shailymanyu Singh Rathore
Director

Mr. Rathore graduated in Law from Maharishi Dayanand University, Rohtak, and completed his Masters of Law from Bond University, Australia. He is a fellow member of the Center for American and International Law, Texas. Mr. Rathore has been associated with Procter & Gamble for last nine years and has held various positions in legal department in Singapore and India.



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 had been rated twice as Number 7 in the IMPACT 50 most influential women in Marketing and Advertising.



Mr. R. A. Shah, Chairman

Dear Shareholders,

It gives me great pleasure to share with you the performance of your Company for the Financial Year 2017-18. During the Financial Year, the industry witnessed a transformation in the business environment with the rollout of the Goods and Services Tax (GST). The introduction of GST led to a uniform and integrated tax system across the country creating 'One Market' that benefits both consumers and businesses. While GST is a landmark reform, its implementation posed several short-term challenges to the industry creating a subdued trade sentiment. Your Company navigated through this macroeconomic shift with agility. This is reflected in our strong performance during the Financial Year. We delivered Sales of ₹ 2,455 crores up by 10% versus a year ago on a comparable* basis and recorded a Profit After Tax (PAT) of ₹ 375 crores. Our continued focus on strengthening business fundamentals and improving productivity enabled us to achieve sustainable growth during this challenging period.

The overall outlook for the FMCG industry continues to remain positive. We are witnessing trends like increased disposable income, increased consumer spending, growing youth population and increased rural consumption

which will fuel the growth of the FMCG sector in years to come. In this dynamic environment, your Company will continue to focus on sustainable balanced growth and create shareholder value.

Your Company strives to improve the lives of millions around us not just through our products but also through our citizenship efforts. As one of the world's largest consumer Company, we have a responsibility and an opportunity to make a difference. Our aspiration is to be a positive force for good and for growth across each area of our Citizenship work – Community Impact, Gender Equality and Environment Sustainability.

In the area of community impact, our focus is to bring about a change through two main initiatives – our flagship CSR program: *P&G Shiksha* and *timely disaster relief*. Through *P&G Shiksha*, we have supported over 1800 (+300 since last year) schools across the country that will impact the lives of over 1.4 million (+200,000 since last year) children. In addition to our focus on infrastructure, over the recent years, we have also identified and supported innovative learning to improve the learning outcomes like remedial learning and computer-based adaptive learning.

On the environmental sustainability front, we're making good progress as we are already on our way to achieving several goals that we set for 2020. Looking ahead, we have established broad-reaching Ambition 2030 goals aimed at enabling positive impacts on the environment while creating value for consumers and 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 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.

**R. A. Shah
Chairman**

* Sales excluding GST/excise duties on sales further adjusted for other tax costs subsumed under GST and excluded from sales in the base.

Dear Shareholders,

It gives me great pleasure to share with you the overall performance of your Company in Financial Year 2017-18. It was a challenging year for the industry with market volatility and economic uncertainty. In a dynamic business environment, our ability to adapt to changes with agility enabled us to deliver sustainable growth. We continued to raise the bar across everything we do to continue to accelerate our sales growth further, improve productivity and empower our organization and culture to deliver sustained balanced growth.

Your Company delivered Sales of ₹ 2,455 crores, up 10% versus year ago on comparable* basis and recorded a Profit After Tax (PAT) of ₹ 375 crores. This growth was a result of strong brand fundamentals, strength of the portfolio and improved in-store execution.



Mr. Madhusudan Gopalan
Managing Director

In the Feminine Care business, *Whisper* continues to be the market leader behind new product launches, diverse product portfolio and superior consumer communication. We forayed into the emerging 'Comfort & Soft' segment with *Ultra Softs* launch also winning external recognition 'Product of the Year Award – 2018' in sanitary napkins category.

Whisper continued to be the force for good through its marketing campaigns like *#SitImproper* and *#WhisperBreaksSilence* winning the hearts of millions of consumers and brought numerous external recognition including 'Best Media Campaign - Gender Parity' at Indian Digital Marketing Awards, 2018. Through our *Whisper* School program, we actively supported 40,000 schools educate about 4.5 million adolescent girls annually on the importance of menstrual hygiene.

In the Health Care business, we posted strong sales growth driven by a combination of strategies aimed at winning with consumers and establishing new categories. During the Financial Year we launched *Vicks BabyRub*, specially developed for babies and gentle on their skin. We continued to grow our share in the Cough & Cold category with off take growing strong double-digit behind the strength of our equity and our portfolio, which includes *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500 Advanced*, *Vicks Inhaler* and *Vicks BabyRub*.

Overall, we continued to focus on driving consumer meaningful innovations backed by distribution expansion and strong advertising thereby delivering consistent growth.

* Sales excluding GST/excise duties on sales further adjusted for other tax costs subsumed under GST and excluded from sales in the base.

As a responsible corporate citizen, we want to be a force for good and a force for growth. This is not just through our brands but also through initiatives that bring about a positive change in the communities we operate in. Through our flagship CSR program *P&G Shiksha*, we have supported over 1,800 (+300 since last year) schools across the country that will impact the lives of over 1.4 million (+200,000 since last year) children. Over the recent years, we have identified and supported innovative learning to improve the learning outcomes. Two years ago, *P&G Shiksha* entered into a partnership with Education Initiatives (EI) and Government of Rajasthan to implement *Mindspark*, a computer based adaptive learning solution that integrates pedagogy, teacher instruction and a learning management system to help students learn better. We were happy to see that post the intervention, the learning levels among students using *Mindspark* improved two-fold compared to the control group.

The FMCG sector continues to be one of the largest sectors contributing to the Indian economy. As the Indian economy stabilizes, we will continue to focus on balanced growth behind brand fundamentals, strength of product portfolio and improved in-store execution.

Madhusudan Gopalan
Managing Director

REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 54th Annual Report and the Audited Financial Statements of your Company for the Financial Year ended June 30, 2018.

FINANCIAL RESULTS

(₹ in crores)

	2017-18	2016-17
Revenue from operations	2455	2419
Profit before tax	582	672
Profit after tax	375	433

FINANCIAL YEAR

Your 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 ₹ 40/- for each Equity Share for the Financial Year ended June 30, 2018.

BUSINESS PERFORMANCE

Your Company delivered another year of steady balanced performance in a tough external environment.

Your Company delivered Sales of ₹ 2,455 crores, up 10% versus year ago on comparable* basis. Reported sales were up 1% versus year ago due to treatment of indirect taxes

* Comparable sales is sales excluding GST / Excise duties on sales further adjusted for other tax costs subsumed under GST and excluded from sales in the base.

post Goods and Service Tax (GST). The Profit After Tax (PAT) was ₹ 375 crores, down 13% versus year ago largely behind increased investments on product innovations and advertising. We continue to focus on growth behind brand fundamentals, strength of product portfolio and improved in-store execution.

Hygiene Business

In the Feminine Care business, *Whisper* continues to be the market leader. During the Financial Year, your Company continued to make strong progress in growing more users on sanitary napkins, particularly among non-users in their early teen years via clutter breaking 'Check Check' campaign and continued focus on the 'Point of Market' entry consumer via school programme. This was reflected in acceleration of *Whisper* penetration among teens which was significantly ahead of category penetration growth. We also strengthened value proposition on our longer length offerings in *Choice* line up as consumers shift towards longer length pads for a better protection experience. We also continued to drive depth and breadth of our portfolio via sharply defined go-to-market plans taking category to more stores.

Your Company's strategic foray in emerging 'Comfort & Soft' segment with *Ultra Softs* demonstrated strong sales growth and also won 'Product of the Year Award-2018' in sanitary napkins category. We built on the success of *Whisper* portfolio expansion by extending it from 'Period protection' to overall 'Feminine wellness' via *Whisper* daily liners





launch in top channels. *Whisper* continued to be the 'force for good' reflected in our marketing campaigns like #SitImproper and #WhisperBreaksSilence winning the hearts of millions of consumers which also brought numerous external awards including 'Best Media Campaign – Gender Parity' at Indian Digital Marketing Awards, 2018.

Old Spice continued to have a challenging Financial Year 2017-18 driven by sales decline. There is a conscious business choice to hold back investments on *Old Spice* until there is a winning proposition in a category that is highly dynamic and competitive.



Health Care Business

Your Company's Health Care sales posted strong growth this Financial Year. Your Company continued to grow share in the *Cough & Cold* category (excluding Cough Syrup) with offtake growing strong double-digit behind the strength of our equities and our portfolio, which includes *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500 Advanced*, *Vicks Inhaler* and *Vicks BabyRub* – our new launch in Financial Year 2017-18. The growth was driven by a combination of plans to win with consumers, winning versus competition and winning in whitespaces with the launch of *BabyRub*.



Vicks Rubs grew penetration behind our Category Development Index program for the second year in a row continuing to grow share in the Financial Year 2017-18. *Vicks Cough Drops* offtake grew strong with share gain in the cough lozenges category in a year of competitive launches.

Overall, your Company continued to focus on driving consumer meaningful innovations backed by distribution expansion and strong advertising thereby delivering consistent growth.

