

Procter & Gamble  
Hygiene and Health Care Limited



ANNUAL REPORT  
**2015-2016**

**P&G**



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## 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](mailto:rnt.helpdesk@linkintime.co.in)

#### Auditors:

**Statutory Auditor:**

Deloitte Haskins &amp; Sells LLP

*Chartered Accountants***Cost Auditor:**

Ashwin Solanki &amp; Associates

*Cost Accountants***Secretarial Auditor:**

Dholakia &amp; 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 13<sup>th</sup> 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.

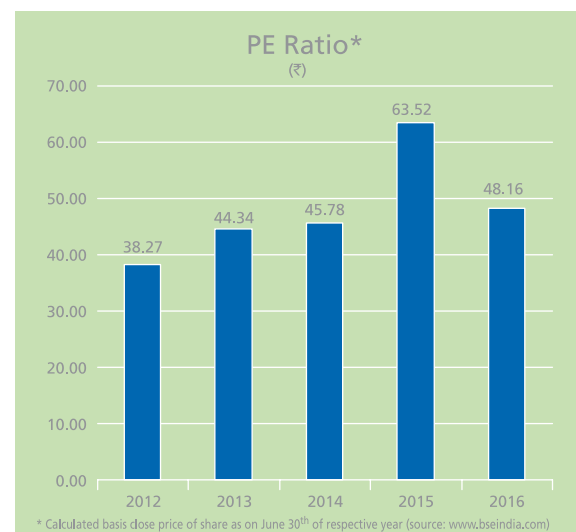
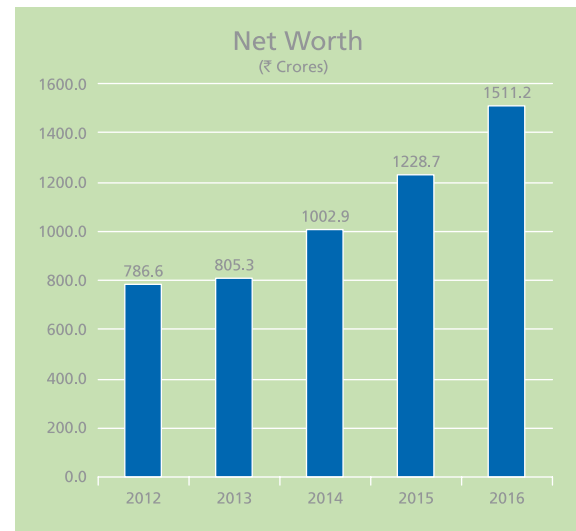
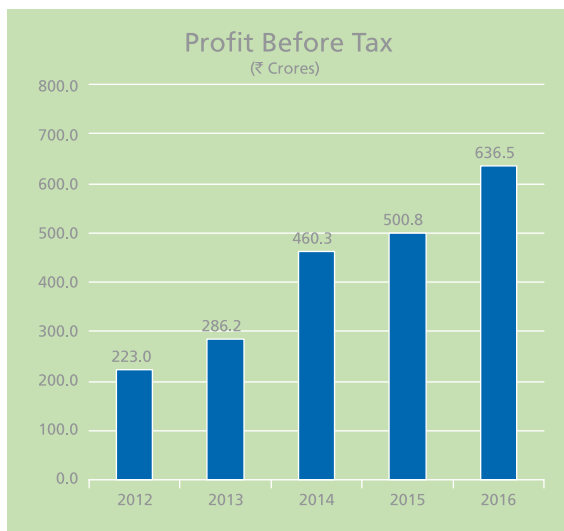
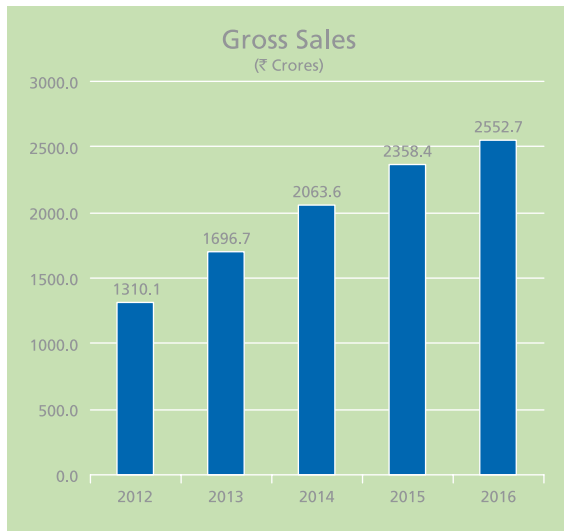
As a Company, we are committed to do everything we can to win with consumers, and delivering consistent, reliable, balanced and sustainable growth and value creation for you, our shareholders.

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 52<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	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 balanced 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 13<sup>th</sup> 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.



The *Whisper* school program reached nearly 4 million menstruating girls across private and government schools, educating them about sanitary hygiene and its importance. 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.

### Health Care Business

The Company's Health Care sales posted modest growth this Financial Year on the back of a strong double-digit growth last year. This is in the face of an overall slowdown in the cough and cold category in this period due to seasonal fluctuations and regulatory actions. However, 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.

Overall, the Company continued to focus on driving consumer meaningful innovations backed by distribution expansion and strong advertising thereby delivering consistent growth. Earnings have also benefited from focus on mix, pricing and productivity.



Cash generation continued to be strong arising from significant improvements in the business performance, efficiencies and cost savings across the organization and a continued efficient collection system. Your Company managed investments prudently by deployment of the surplus funds after ensuring that such investments satisfy the Company's criteria of safety and security.

*Old Spice* de-grew 15% on sales in the Financial Year 2015-16. It was a conscious choice to hold back investments and review the right business model and support strategies for the brand, in a highly dynamic category, where there have been multiple new brand/form launches over the last year.

### CORPORATE SOCIAL RESPONSIBILITY ('CSR')

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



At P&G, sustainability means making every day better for people through how we innovate and how we act. 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





"I have often been asked what the essence of P&G's purpose is. What the recipe is to becoming a reputed Company which millions of people trust, everyday. I have for them, but four words ***'Touching lives. Improving life.'*** Everyday, each one of us at P&G wakes up to try and see how we can get just one step closer to improving lives, more completely. Not just for the consumers that trust our brands, or the partners that we work with along the way, but also for the communities in which we operate."

Al Rajwani,  
Managing Director



बेटी को शाला भेजो आज, कल तुम को लगे अमेरिका

natural disasters by providing them with daily essential commodities and safe drinking water.

P&G's signature CSR program *P&G Shiksha* has till date built and supported over 1000 (+550 since last year) schools across the country that will impact the lives of over 1,000,000 (+200,000 since last year) children, in partnership with a number of NGOs like - Round Table India (RTI), Save the Children, Pratham, Army Wives Welfare Association (AWWA), Navy Wives Welfare Association (NWWA), Air Force Wives Welfare Association (AFWWA) amongst others. These partners serve as specialists, lending their expertise to particular aspects of the education system. RTI for example is dedicated towards constructing educational infrastructure and supporting schools across India. Save the Children focuses on girl child's education by aiding government funded programs like the Kasturba Gandhi Balika Vidyalayas. Pratham has special expertise in remedial learning to help bring children up to speed with the learning levels in their curriculum. Similarly, the NGOs AWWA and NWWA are experts in serving the educational needs of disabled children.

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. This has enabled P&G to share a part of the sales towards this movement. *P&G Shiksha* has till date made a cumulative donation of over ₹ 50 crores towards building new schools, providing critical infrastructural amenities at existing schools or reviving non-operational government schools.

During the Financial Year, Save the Children in partnership with *P&G Shiksha* has continued to empower marginalized girls through improving learning effectiveness and has also expanded its impact. Thirteen Kasturba Gandhi Balika Vidyalayas (KGBV) were supported through the provision of sports kits and laboratory equipment. Additionally, Baal Sansads and School Management Committees (SMCs) have also been strengthened through capacity building of its members. These initiatives have thus resulted in a positive change in the overall environment of KGBVs.

For example, teachers have started taking initiatives in practicing innovative pedagogical methods (such as promoting an effective use of the library facility, project work, story building as well as an overall better planning and execution of multi-level teaching).

P&G continued to impact the communities around its plants in a holistic manner throughout the Financial Year. At Goa, in association with *Matruchhaya*, a local public charitable trust, P&G is providing educational and infrastructural support to a school for the orphaned, destitute and abandoned children. In Baddi, we continued our association with Himachal Pradesh Voluntary Health Association ("HPVHA") with Lodhimajra Village School in order to make infrastructure additions to school while organizing health check-ups for the students. In Mandideep, the Company also built on its association with *Arushi*, a local NGO, to provide infrastructure, nutrition and hygiene support to the Satlapur Government School.

Last year, we entered into partnership with Pratham Education Foundation, a leading NGO in India in the educational space to foray into *Remedial Learning* and *Early Childhood Education* thereby focusing on learning outcomes as well. *P&G Shiksha* partnered with *Pratham's Read India* initiative that aims to bridge the existing gap between current and existing learning levels. The results were phenomenal; we reached out to more than 500 schools and 18,000 children and saw the learning levels in the schools rise at the end of the year following our interventions. Before the intervention, only 20% children in these schools who were able to read and write as per their curriculum level, which increased to 70% after our intervention. Similarly, there was more than a two fold increase in the percentage of children who were able to do basic arithmetic after our intervention.

P&G also identified '*Early Childhood Education*' as a key opportunity area in the educational landscape of the country. The program builds capability of Anganwadi workers in order to develop motor and cognitive skills in children so that they are set for a fast paced growth once they start going to school. We launched the program in



Bihar and Maharashtra through Pratham's partnership with the Government (ICDS), to impact early childhood learning in Anganwadi centers to strengthen school readiness in children. At the end of the year, to assess their level of development, children were asked to do several tasks like matching shapes, ability to trace shapes to recognize number, ability to tell their name and family background. The results were overwhelming, 80% children in the intervention groups had competent motor skills (ability to draw, hold a pencil, colour within a shape etc.) versus 42% in the comparison groups. Similarly, cognitive competence of the children in intervention groups was more than two-fold than that of comparison groups.

We are encouraged by the results on our new areas of focus and in 2015-16, *P&G Shiksha* is all set to strengthen the *Shiksha* Upgrade by expanding these programs across more states as per their respective needs in 2016-17. Since the government has highlighted 'quality of education' as one of the key focus areas for country's growth in the next decade, P&G is well poised to play an active role in the India Success Story.

In the last one year, P&G continued its efforts to provide timely aid and relief to families affected by natural disasters. During the Tamil Nadu floods, P&G India worked with NGO Save the Children India to provide essential commodities with our products as well as our P&G Purifier of Water sachets in the affected areas. With the help of our Chennai distributor, P&G reacted quickly and provided products for flood relief to local NGOs as well, primarily *Whisper* as the need for sanitary napkins was high in affected areas. Overall, P&G disaster relief efforts reached out to more than 10,000 affected families in Chennai.

Your Company has constituted a Corporate Social Responsibility Committee. The composition and terms of reference of the Corporate Social Responsibility Committee are provided in the Corporate Governance Report annexed to this report.

Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as Annexure I to this Report.

## ENVIRONMENTAL SUSTAINABILITY AND CONSERVATION OF ENERGY

Environmental sustainability is embedded in our *Purpose, Values, Principles*, and our business. In order to improve lives, now and for generations to come, we ensure that our products, packaging and operations are safe for employees, consumers and the environment. We ensure this with a focus on technologies, processes and improvements that matter for the environment.

Your Company's Head Office at Mumbai reduced its annual energy consumption by over 39.6% over the last 14 years, saving over 2233 gigajoules of energy.

During the Financial Year, our plant in Goa has reduced carbon footprint by 91% versus year ago and water consumption by 8%. Overall, the plant reduced energy footprint by 39%.

At P&G, sustainability inspires and guides everything we do. Moreover, we ensure environmental friendly practices at our sites. These include reduction in power consumption, optimal water consumption and eliminating excess use of paper.

## TECHNOLOGY ABSORPTION

### i. Efforts made towards technology absorption:

Continued implementation of quality control/quality assurance procedures of products and processes were successfully adapted on commercial scale to utilize local raw materials and machinery; technical services for reliability, quality and cost savings.

**ii. Benefits derived like product improvement, cost reduction, product development or import substitution:**

All the above efforts resulted in improving process efficiencies, consistent quality of our products, introduction of new products and import substitution and successful absorption of technology.

**iii. Imported technology:**

The Company has the advantage of availing advanced technology and continuous upgradation thereof from the Procter & Gamble Company, USA and its subsidiaries. This is an unmatched competitive advantage that helps the Company deliver strong business results.

In the Financial Year 2013-14, the Company had imported new converting machine & packing machine. The new converting machine introduction helped to get higher capacity & also a new topsheet introduction for better performance. The introduction of online packing machine has improved the packaging quality & has led to reduction in packing cost. Technology absorption is based on the capacity utilization.

**iv. Expenditure incurred on Research and Development:**

₹ Lakhs

		2015-16	2014-15
a	Capital	—	—
b	Recurring	—	5.43
c	Total	—	5.43

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars of foreign exchange utilized/earned during the Financial Year are given in Note No. 29 & 30 respectively forming part of the Financial Statements.

**RELATED PARTY TRANSACTIONS**

Your Company has formulated a policy on related party transactions which is also available on Company's website at [http://www.pg.com/en\\_IN/invest/pghh/corporate\\_governance/policies.shtml/](http://www.pg.com/en_IN/invest/pghh/corporate_governance/policies.shtml/). This policy deals with the review and approval of related party transactions. All related party transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and at arm's length. All related party transactions are subjected to independent review by external chartered accountancy firm to confirm compliance with the requirements under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All related party transactions entered during the Financial Year were in ordinary course of business and on arm's length basis. No material related party transactions were entered during the Financial Year by your Company. Accordingly, the disclosure of related party transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable to your Company.

**LOANS GIVEN DURING THE FINANCIAL YEAR 2015-16**

Details of loans given by your Company under Section 186 of the Companies Act, 2013 during the Financial Year 2015-16 are as follows:

Name of the Company	Relation	Amount (₹ In Crores)	Purpose for which the loans are proposed to be utilized
Gillette Diversified Operations Private Limited	Fellow Subsidiary	13.00	General business purpose
Procter & Gamble Home Products Private Limited		200.00	General business purpose
Wella India Haircosmetics Private Limited		200.00	General business purpose

## **PUBLIC DEPOSITS**

Your Company has not accepted any Public Deposits under Chapter V of Companies Act, 2013, during the Financial Year.

## **PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC). During the Financial Year, no complaints with allegations of sexual harassment were filed with the Company.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Sections 134 (3) (c) of the Companies Act, 2013, with respect to the Directors' Responsibilities Statement, it is hereby confirmed:

- i. that in the preparation of the Annual Accounts for the Financial Year ended June 30, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss of the Company for the Financial Year under review;
- iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors had prepared the accounts for the Financial Year ended June 30, 2016, on a "going concern" basis;

- v. that the Directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and
- vi. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **CORPORATE GOVERNANCE**

A separate report on Corporate Governance along with the Auditors' Certificate on its compliance is annexed to this report.

## **EXTRACT OF ANNUAL RETURN**

The extract of annual return in Form MGT 9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as Annexure II to this Report.

## **MANAGEMENT & PERSONNEL**

The strong growth over the past few years demonstrates the core strengths of our employees to stay reality-based and proactively influence the course of business. Financial Year 2015-16 was a year of overall strong growth in many categories. Our productivity continues to be best-in-class with major progress in Leadership and Talent Development.

The statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure III to the Report.

The information as per Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. As per the provisions of first proviso to Section 136 (1) of the Act, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of

employees under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Any Member interested in obtaining a copy of the said statement may write to the Legal and Secretarial Department at the Registered Office of the Company.

## DIRECTORS

Mr. Al Rajwani was appointed as Managing Director of the Company for a period of five years effective August 28, 2015 by the Members at their 51<sup>st</sup> Annual General Meeting.

Ms. Sonali Dhawan, Director, retires by rotation and, being eligible, offers herself for re-appointment.

Mr. Shaillyamanyu Singh Rathore, Director, retires by rotation and, being eligible, offers himself for re-appointment.

The Independent Directors of your Company have given Certificate of Independence to your Company stating that they meet the criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details of training and familiarization programmes and Annual Board Evaluation process for Directors have been provided under the Corporate Governance Report.

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for Key Managerial Personnel has been appended as Annexure IV to this Report. The same is also available on the website of the Company at [http://www.pg.com/en\\_IN/invest/pghh/corporate\\_governance/policies.shtml](http://www.pg.com/en_IN/invest/pghh/corporate_governance/policies.shtml)

Brief resumes of Directors proposed to be appointed/reappointed at the ensuing 52<sup>nd</sup> Annual General Meeting and the details of the Directorships held by them in other companies are given in the "Corporate Governance" section of the Annual Report.

Appropriate resolutions for the re-appointment of the aforesaid Directors are being moved at the ensuing 52<sup>nd</sup> Annual General Meeting, which the Board recommends for your approval.

## MEETING OF THE BOARD

During the Financial Year, five meetings of the Board of Directors were held. Details of the meeting are given in the "Corporate Governance" section of the Annual Report.

## AUDITORS

Deloitte Haskins & Sells LLP were appointed as Statutory Auditors of your Company at the 50<sup>th</sup> Annual General Meeting held on September 24, 2014 for a term of three consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting. Resolution for the said ratification is being moved at the ensuing 52<sup>nd</sup> Annual General Meeting.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation or adverse remark given by the Auditors in their Report.

## COST AUDITORS

Ashwin Solanki & Associates, Cost Accountants carried out the cost audit for applicable business during the Financial Year. The Board of Directors has appointed Ashwin Solanki & Associates, Cost Accountants for the Financial Year 2016-17.

## SECRETARIAL AUDIT

Secretarial Audit was carried out by Dholakia & Associates LLP, Company Secretaries for the Financial Year 2015-16. There were no qualifications, reservation or adverse remarks given by Secretarial Auditors of the Company. The Secretarial Audit report is annexed to this report.

## RISK MANAGEMENT

The Company has adopted a risk management policy which aims to create a standard, structured and efficient approach to identify, assess and mitigate risks. Our Company meetings are structured to plan, assess and mitigate risks. This includes annual and monthly business planning meetings as well as specific category and go-to-market assessments.

## POLICIES

Your Company has adopted policies on related party transactions, corporate social responsibility, vigil mechanism, nomination and remuneration, materiality of events and dividend distribution policy, which are available on the website of the Company at [http://www.pg.com/en\\_IN/invest/pghh/corporate\\_governance/policies.shtml/](http://www.pg.com/en_IN/invest/pghh/corporate_governance/policies.shtml/).

The dividend distribution policy has been appended as Annexure V to this Report. The same is also available on the website of the Company at [http://www.pg.com/en\\_IN/invest/pghh/corporate\\_governance/policies.shtml](http://www.pg.com/en_IN/invest/pghh/corporate_governance/policies.shtml)

The details of the policies are provided in the Corporate Governance Report annexed to this Report.

## TRADE RELATIONS

The Directors wish to thank the Retailers, Wholesalers, Distributors, Suppliers of Goods & Services, Clearing and Forwarding Agents and all other business associates and acknowledge their efficiency and continued support in promoting such healthy growth in the Company's business.

## ACKNOWLEDGEMENT

We are grateful to the Procter & Gamble Company USA and its subsidiaries for their invaluable support in terms of access to the latest information/knowledge in the field of research & development for products, ingredients and technologies; timely inputs to exceptional marketing strategies; and the goodwill of its world-renowned trademarks and superior brands. We are proud to acknowledge this unstinted association that has vastly benefited the Company.

**On behalf of the Board of Directors**



**Mumbai  
September 21, 2016**

**R. A. Shah  
Chairman**



## ANNEXURE I

### Annual Report on Corporate Social Responsibility [Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

#### 1. Brief outline of the Company's CSR policy

Doing the right thing is the foundation of Procter & Gamble's Purpose, Values, and Principles. It is naturally woven into the way we work every day — paying competitive wages, working consistently with our retailers and suppliers, preventing conflicts of interest, ensuring consumer privacy and maintaining financial stewardship. This approach to business is at the heart of all we do at P&G. Doing the right thing also includes investing in the communities in which we live, work, and serve. At its core, P&G's Social Responsibility efforts aim to improve lives.

Companies Act, 2013 highlights the importance of Corporate Social Responsibility ("CSR") as a strategic tool for sustainable growth of the people, the communities we operate in and the Company as a whole. In line with the global principles followed by the Procter & Gamble group and the terms of Act, the policy on CSR is broadly framed taking into account the following:

1. We believe it's essential to run our business responsibly, and our operating practices reflect this commitment.
2. P&G is focused on making every day better for people and the planet through our innovations and our actions;
  - i) Environment by: Conservation of Resources, Using Renewable Resources, Generating Worth from Waste;
  - ii) Social by: Providing the comforts of home, improving health and hygiene of people, social and cultural development, imparting education, training and social awareness.

The CSR activities to be undertaken by the Company, include, but are not limited to the following:

- a. Social and cultural development by:
  - Imparting education, training (vocational and skill based) and creating social awareness;
  - Awareness programs on girl education;
  - Empowerment of women for education / health & self-employment;
  - Empowerment of differentially abled children and their self-development;
  - Skill development and generation of employment by locally driven initiatives;
  - Promoting preventive health care and sanitation by providing health and hygiene products;
  - Making available safe drinking water;
  - Promoting sports and cultural activities;
  - Creating awareness and development of infrastructure for sports and cultural activities;
  - Measures for the benefit of armed forces veterans, war widows and their dependents; and
  - Relief and support to victims of natural calamities in any part of the country.
- b. Ensuring Environmental Sustainability by:
  - Conservation of resources by design and manufacture of products that maximize the conservation of resources;
  - Utilization of renewable energy and renewable or recycled materials;
  - Generating worth from waste.
- c. Any other objectives as mentioned under Section 135 of Companies Act, 2013 and / or relevant Rules and Schedules.

The CSR Policy is available on the website of the Company at [http://www.pg.com/en\\_IN/invest/pghh/corporate\\_governance/policies.shtml](http://www.pg.com/en_IN/invest/pghh/corporate_governance/policies.shtml).

The composition of the CSR Committee as on date:-

Mr. A. K. Gupta	Chairman
Mr. Al Rajwani	Member
Mr. Karthik Natarajan	Member
Ms. Sonali Dhawan	Member

2. Average net profit of the Company for last three Financial Years – ₹ **422.23 Crores**
3. Prescribed CSR expenditure (2% of amount as in item 2) – ₹ **8.45 Crores**
4. Details of CSR spend during Financial Year:
  - a) Total amount to be spent for the Financial Year – ₹ **8.45 Crores**
  - b) Amount unspent, if any – **Not applicable**
  - c) Manner in which the amount spent is as detailed below:-

Sr. no.	CSR project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify State & district where projects/ programs were undertaken	Amount outlay (budget) project or program wise (₹ in Crores)	Amount spent on the projects or programs			Cumulative expenditure upto the reporting period (₹ in Crores)	Amount spent: Direct or through implementing agency*
					Total (₹ in Crores)	Direct expenditure	Overheads		
1	P&G Shiksha: Read India Program	Education: Remedial Learning	Himachal Pradesh, Rajasthan and Madhya Pradesh	1.03	1.03	93%	7%	2.03	Implementing agency: Pratham Education Foundation
2	P&G Shiksha: Build & Support Schools	Education: Infrastructure Interventions	Pan-India	2.61	2.61	100%	Nil	3.88	Implementing agency: Round Table India Trust
3	P&G Shiksha: Early Childhood Education	Education: Foraying into early childhood education focused on motor and cognitive skills	Uttar Pradesh, Bihar and Delhi	1.97	1.97	93%	7%	3.97	Implementing agency: Pratham Education Foundation
4	P&G Shiksha: Supporting communities around our plants	Education: Interventions in a Govt. School in Mandideep around our Plant	Mandideep (MP)	0.20	0.20	94%	6%	0.30	Implementing agency: Arushi Society
5	P&G Shiksha: Supporting communities around our plants	Education: Interventions in a Public Charitable Trust for orphan, destitute and abandoned children	Goa	0.07	0.07	100%	Nil	0.12	Implementing agency: Matruchhaya
6	P&G Shiksha: Read India Program	Education: Remedial Learning	Mysore	0.12	0.12	93%	7%	0.22	Implementing agency: Pratham Mysore
7	P&G Shiksha: Supporting Defence NGOs to educate underprivileged children	Education: Support Sankalp School Mumbai - a special school for differently abled children	Mumbai (Maharashtra)	0.15	0.15	90%	10%	0.30	Implementing agency: Navy Wives Welfare Association
8	P&G Shiksha: Supporting Defence NGOs to educate underprivileged children	Education: Support Umeed Schools through AFWWA – school for the underprivileged	Delhi	0.10	0.10	90%	10%	0.20	Implementing agency: Air Force Wives Welfare Association
9	P&G Shiksha: Supporting Defence NGOs to educate underprivileged children	Education: Support Asha Schools, APS Leh and Education of Girl Children for Army Widows through AWWA	Delhi, Leh	0.60	0.60	90%	10%	0.60	Implementing agency: Army Wives Welfare Association
10	P&G Shiksha: Supporting Education of Marginalised Girls and children in rural areas	Education: Support Girl Child Education through KGBV Schools in Rajasthan and Jharkhand	Rajasthan, Jharkhand	1.60	1.60	93%	7%	3.00	Implementing agency: Save The Children

5. In case the Company has failed to spend two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report: **Not applicable**
6. The CSR Committee confirms that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and CSR policy of the Company.

Sd/-

**Al Rajwani**  
Managing Director

Sd/-

**A. K. Gupta**  
Chairman of the CSR Committee

**ANNEXURE II****Extract of Annual Return****Form No. MGT-9****(As on the Financial Year ended on June 30, 2016)****[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]****I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	:	L24239MH1964PLC012971
ii)	Registration Date	:	July 20, 1964
iii)	Name of the Company	:	Procter & Gamble Hygiene and Health Care Limited
iv)	Category/Sub-Category of the Company	:	Company limited by shares/Indian Non-Government Company
v)	Address of the Registered Office and contact details	:	P & G Plaza, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai - 400 099 Tel: 022-2826 6000 Fax: 022-2826 7303 Website: www.pg.com/en_IN
vi)	Whether Listed Company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Link Intime Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 Tel – (022) 2596 7799/(022) 2596 3838, Fax – (022) 2594 6969 e-mail – rnt.helpdesk@linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

Sr. No.	Name and Description of Products	NIC Code of the Product	% to total turnover of the Company
1	Ayurvedic products	21003	29
2	Sanitary napkins	13996	69

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:****Holding Company [Section 2(46)]:**

Sr. No.	Name and address of the Company	CIN/GLN	% of Shares held
1	The Procter & Gamble Company, USA (Ultimate holding Company)	Not applicable (Foreign Company)	Holds 70.64% through its subsidiaries
2	Procter & Gamble Asia Holdings B.V., Netherlands (Holding Company)	Not applicable (Foreign Company)	Holds 65.38% directly

The Company does not have any subsidiary companies or associate companies.

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK-UP AS PERCENTAGE OF TOTAL EQUITY):

##### i. Category-wise Shareholding:

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A.</b>	<b>Promoters</b>									
<b>1.</b>	<b>Indian</b>									
	Bodies corporate	619683	—	619683	1.91	619683	—	619683	1.91	0.00
<b>2.</b>	<b>Foreign</b>									
	Bodies corporate	22310090	—	22310090	68.73	22310090	—	22310090	68.73	0.00
	<b>Total Promoter Shareholding (A)</b>	<b>22929773</b>	<b>—</b>	<b>22929773</b>	<b>70.64</b>	<b>22929773</b>	<b>—</b>	<b>22929773</b>	<b>70.64</b>	<b>0.00</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1.</b>	<b>Institutions</b>									
	Mutual funds	2549572	2671	2552243	7.86	2214081	—	2214081	6.82	-1.04
	Financial Institutions/Banks	69578	2360	71938	0.22	77715	4956	82671	0.25	0.03
	Insurance Companies	856686	—	856686	2.64	856686	—	856686	2.64	0.00
	Foreign Institutional Investors	940825	543	836701	2.90	1077142	393	1077535	3.32	0.42
	<b>Sub Total (B)(1)</b>	<b>4311994</b>	<b>5574</b>	<b>4317568</b>	<b>13.30</b>	<b>4225624</b>	<b>5359</b>	<b>4230973</b>	<b>13.03</b>	<b>-0.27</b>
<b>2.</b>	<b>Non-Institutions</b>									
	<b>Bodies Corporate</b>									
	- Indian	915974	7263	923237	2.84	1151271	6965	1144306	3.55	0.71
	- Overseas	—	—	—	—	—	—	—	—	0.00
	<b>Individuals</b>									
	- Individual shareholders holding nominal share capital up to ₹ 2 lakh	3145826	488349	3634175	11.20	3398171	414721	3812892	11.75	0.55
	- Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	357107	—	357107	1.10	71327	—	71327	0.22	-0.88
	<b>Others</b>									
	- Clearing Members	8173	—	8173	0.03	3626	—	3626	0.11	0.08
	- HUF	11933	5875	17808	0.05	78560	5812	84372	0.26	0.21
	- Foreign National	190	—	190	0.00	908	—	908	0.00	0.00
	- NRI	23551	30	23581	0.07	25909	30	25939	0.08	0.01
	- NRN	121733	4988	126721	0.39	119463	3833	123296	0.38	-0.01
	- Director/Relatives	17326	67	17393	0.05	17326	—	17326	0.05	0.00
	- Trust	343	—	343	0.00	558	—	558	0.00	0.00
	<b>Sub Total (B)(2)</b>	<b>4706823</b>	<b>506572</b>	<b>5213395</b>	<b>16.06</b>	<b>4860154</b>	<b>431428</b>	<b>5291582</b>	<b>16.30</b>	<b>0.24</b>
	<b>Total Public Shareholding (B)</b>	<b>9018817</b>	<b>512146</b>	<b>9530963</b>	<b>29.36</b>	<b>9094186</b>	<b>436777</b>	<b>9530963</b>	<b>29.36</b>	<b>0.00</b>
	Shares held by Custodian for GDRs & ADRs (C)	—	—	—	—	—	—	—	—	—
	<b>Grand Total (A+B+C)</b>	<b>31948590</b>	<b>512146</b>	<b>32460736</b>	<b>100.00</b>	<b>32023959</b>	<b>436777</b>	<b>32460736</b>	<b>100.00</b>	<b>—</b>

## ii. Shareholding of Promoters:

Sr. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Procter and Gamble Asia Holding BV	21221953	65.38	—	21221953	65.38	—	0.00
2	Rosemount LLC	1088137	3.35	—	1088137	3.35	—	0.00
3	Temple Trees Impex & Investment Pvt Ltd	619683	1.91	—	619683	1.91	—	0.00
		<b>22929773</b>	<b>70.64</b>	<b>—</b>	<b>22929773</b>	<b>70.64</b>	<b>—</b>	<b>0.00</b>

## iii. Change in Promoters' Shareholding:

There is no change in the Promoter's Shareholding during the Financial Year 2015-16.

## iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on June 30, 2016:

Sr. No.	Name of Shareholder	Shareholding at the beginning and end of the year		Date of change in shareholding	Increase/decrease in shareholding	Reason for increase/decrease	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1	SBI Emerging Businesses Fund	817662	2.52	01 Jul 2015				
				03 Jul 2015	-793	Transfer	816869	2.52
				28 Aug 2015	532	Purchase	817401	2.52
				11 Sep 2015	1100	Purchase	818501	2.52
				09 Oct 2015	-2205	Transfer	816296	2.52
				30 Oct 2015	500	Purchase	816796	2.51
				13 Nov 2015	107585	Purchase	924381	2.52
				20 Nov 2015	1000	Purchase	925381	2.85
				08 Jan 2016	40000	Purchase	965381	2.85
				22 Jan 2016	300	Purchase	965681	2.97
				29 Jan 2016	1500	Purchase	967181	2.97
				26 Feb 2016	700	Purchase	967881	2.98
				04 Mar 2016	-2033	Transfer	965848	2.98
				08 Apr 2016	197	Purchase	966045	2.98
				15 Apr 2016	2001	Purchase	968046	2.98
				13 May 2016	-40000	Transfer	928046	2.98
				20 May 2016	37999	Purchase	966045	2.86
		966045	2.86	30 Jun 2016				



Sr. No.	Name of Shareholder	Shareholding at the beginning and end of the year		Date of change in shareholding	Increase/decrease in shareholding	Reason for increase/decrease	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
2	General Insurance Corporation of India	517195	1.59	01 Jul 2015	—	No change during the year	517195	1.59
		517195	1.59	30 Jun 2016				
3	Birla Sun Life Trustee Company Private Limited A/c Birla Sun Life MNC Fund*	100100	0.31	01 Jul 2015				
				03 Jul 2015	-200	Transfer	99900	0.31
				08 Jan 2016	143206	Purchase	243106	0.75
				05 Feb 2016	270	Purchase	243376	0.75
				25 Mar 2016	-24	Transfer	243352	0.75
				29 Apr 2016	395	Purchase	243747	0.75
		243747	0.75	30 Jun 2016				
4	IDFC Premier Equity Fund	167892	0.52	01 Jul 2015				
				24 Jul 2015	-5237	Transfer	162655	0.50
				07 Aug 2015	-833	Transfer	161822	0.50
				25 Dec 2015	15100	Purchase	176922	0.55
				31 Dec 2015	5000	Purchase	181922	0.56
				08 Jan 2016	17711	Purchase	199633	0.62
				12 Feb 2016	9154	Purchase	208787	0.64
				19 Feb 2016	7674	Purchase	216461	0.67
				26 Feb 2016	1625	Purchase	218086	0.67
				04 Mar 2016	15463	Purchase	233549	0.72
		233549	0.72	30 Jun 2016				
5	Pari Washington Company Pvt. Ltd. A/c Pari Washington India Master Fund, Ltd.	229418	0.71	01 Jul 2015	—	No change during the year	229418	0.71
		229418	0.71	30 Jun 2016				
6	HDFC Standard Life Insurance Company Limited	205805	0.63	01 Jul 2015				
				03 Jul 2015	-355	Transfer	205450	0.63
				10 Jul 2015	-41	Transfer	205409	0.63
				31 Jul 2015	1973	Purchase	207382	0.64
				14 Aug 2015	-314	Transfer	207068	0.64
				21 Aug 2015	34	Purchase	207102	0.64
				28 Aug 2015	4338	Purchase	211440	0.65
				11 Sep 2015	153	Purchase	211593	0.65
				18 Sep 2015	-235	Transfer	211358	0.65
				25 Sep 2015	1100	Purchase	212458	0.65
				09 Oct 2015	-384	Transfer	212074	0.65
				23 Oct 2015	-196	Transfer	211878	0.65

Sr. No.	Name of Shareholder	Shareholding at the beginning and end of the year		Date of change in shareholding	Increase/ decrease in shareholding	Reason for increase/ decrease	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
				30 Oct 2015	-106	Transfer	211772	0.65
				06 Nov 2015	1800	Purchase	213572	0.66
				13 Nov 2015	-401	Transfer	213171	0.66
				20 Nov 2015	70	Purchase	213241	0.66
				15 Jan 2016	2119	Purchase	215360	0.66
				22 Jan 2016	761	Purchase	216121	0.67
				12 Feb 2016	543	Purchase	216664	0.67
				08 Apr 2016	11535	Purchase	228199	0.70
				15 Apr 2016	32	Purchase	228231	0.70
				29 Apr 2016	-428	Transfer	227803	0.70
				06 May 2016	-1586	Transfer	226217	0.70
				20 May 2016	-269	Transfer	225948	0.70
				27 May 2016	67	Purchase	226015	0.70
				17 Jun 2016	65	Purchase	226080	0.70
				24 Jun 2016	289	Purchase	226369	0.70
		226374	0.70	30 Jun 2016	5	Purchase	226374	0.70
7	HDFC Trustee Company Limited - HDFC Tax Saverfund**	997743	3.07	01 Jul 2015				
				10 Jul 2015	-3800	Transfer	993943	3.06
				31 Jul 2015	-37200	Transfer	956743	2.95
				21 Aug 2015	-29000	Transfer	927743	2.86
				04 Sep 2015	-11350	Transfer	916393	2.82
				18 Sep 2015	-35000	Transfer	881393	2.72
				25 Sep 2015	-41000	Transfer	840393	2.59
				30 Sep 2015	-13000	Transfer	827393	2.55
				30 Oct 2015	-11300	Transfer	816093	2.51
				06 Nov 2015	-20000	Transfer	796093	2.45
				13 Nov 2015	-116000	Transfer	680093	2.10
				04 Dec 2015	-33400	Transfer	646693	1.99
				11 Dec 2015	-23200	Transfer	623493	1.92
				18 Dec 2015	-24100	Transfer	599393	1.85
				25 Dec 2015	-50000	Transfer	549393	1.69
				31 Dec 2015	-21000	Transfer	528393	1.63
				08 Jan 2016	-208700	Transfer	319693	0.98
				22 Jan 2016	-27534	Transfer	292159	0.90
				26 Feb 2016	-19600	Transfer	272559	0.84
				18 Mar 2016	-2144	Transfer	270415	0.83
				08 Apr 2016	-9200	Transfer	261215	0.80

Sr. No.	Name of Shareholder	Shareholding at the beginning and end of the year		Date of change in shareholding	Increase/decrease in shareholding	Reason for increase/decrease	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
				06 May 2016	-25000	Transfer	236215	0.73
				13 May 2016	-8519	Transfer	227696	0.70
				10 Jun 2016	-23108	Transfer	204588	0.63
				17 Jun 2016	-6900	Transfer	197688	0.61
		197688	0.61	30 Jun 2016				
8	Goldman Sachs India Fund Limited	195833	0.60	01 Jul 2015				
				31 Jul 2015	10308	Purchase	206141	0.64
				28 Aug 2015	-9871	Transfer	196270	0.60
				04 Sep 2015	-277	Transfer	195993	0.60
		195993	0.60	30 Jun 2016				
9	The New India Assurance Company Limited	156625	0.48	01 Jul 2015	—	No change during the year	156625	0.48
		156625	0.48	30 Jun 2016				
10	United India Insurance Company Limited	151132	0.47	01 Jul 2015	—	No change during the year	151132	0.47
				30 Jun 2016				
11	UTI – Dividend Yield Fund	162233	0.50	01 Jul 2015				
				31 Jul 2015	9000		171233	0.53
				04 Sep 2015	9000		180233	0.56
				09 Oct 2015	-3057		177176	0.55
				16 Oct 2015	-791		176385	0.54
				20 Nov 2015	900		177285	0.55
				31 Dec 2015	-3000		174285	0.54
				18 Mar 2016	1847		176132	0.54
				29 Apr 2016	4637		180769	0.56
				10 Jun 2016	248		181017	0.56
				17 Jun 2016	-31480		149537	0.46
		145037	0.45	30 Jun 2016	-4500		145037	0.45

Note: The above information is based on the weekly beneficiary position received from Depositories.

\* Not in the list of Top 10 shareholders as on July 1, 2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on June 30, 2016.

\*\* Ceased to be in the list of Top 10 shareholders as on June 30, 2016. The same is reflected above since the shareholder was one of the Top 10 shareholder as on July 1, 2015.

**v. Shareholding of Directors and Key Managerial Personnel**

Sr. No.	Name of the Directors / Key Managerial Personnel	Shareholding at the beginning and end of the year		Date of change in shareholding	Increase/ decrease in shareholding	Reason for increase/ decrease	Cumulative Shareholding during the year
		No. of Shares	% of total Shares of the Company				No. of Shares
1.	Mr. R. A. Shah	12906	0.04	01 July, 2015	—	No change during the year	12906
		12906	0.04	30 June, 2016			
2.	Mr. B. S. Mehta	3799	0.01	01 July, 2015	—	No change during the year	3799
		3799	0.01	30 June, 2016			

Note: Apart from above, other Directors and Key Managerial Personnel did not hold any shares of the Company during the Financial Year 2015-16.

**V. INDEBTEDNESS**

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the Financial Year 2015-16.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. REMUNERATION TO MANAGING DIRECTOR**

Sr. No.	Particulars of Remuneration	Mr. Al Rajwani Managing Director (Amount in ₹ lakhs)
1.	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	642 23 —
2.	Stock Option (US entity stocks exercised)	—
3.	Sweat Equity	—
4.	Commission — as % of profit — Others, specify...	— —
5.	Others, please specify*	232
	<b>Total (A)</b>	<b>897</b>
	Ceiling as per the Act (5% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)	3302

\* All employees of the Company are given the right to purchase shares of the ultimate Holding Company – The Procter & Gamble Company, USA under its 'International Stock Ownership Plan.' Certain employees of the Company are also entitled to Stock Option of the ultimate Holding Company under its Employee Stock Option Plan. Details of the same are disclosed vide Note 26 forming part of the Financial Statements.

## B. REMUNERATION TO OTHER DIRECTORS

₹ in lakhs

Particulars of Remuneration	Mr. R. A. Shah	Mr. B. S. Mehta	Mr. A. K. Gupta	Total Amount
<b>Independent Directors</b>				
Fee for attending board/committee meetings	2.90	2.45	2.85	8.20
Commission	11.00	11.00	11.00	33.00
<b>Total</b>	<b>13.90</b>	<b>13.45</b>	<b>13.85</b>	<b>41.30</b>
Ceiling as per the Act (1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)				<b>660.35</b>

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR/MANAGER/WHOLE-TIME DIRECTOR

₹ in lakhs

Sr. No.	Particulars of Remuneration	Ms. Preeti Bishnoi Company Secretary	Mr. Prashant Bhatnagar* Chief Financial Officer	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	37.07	142.45	<b>179.52</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.58	12.79	<b>17.37</b>
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961			
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission – as % of profit – others, specify	—	—	—
5.	Others, please specify**	—	43.87	<b>43.87</b>
	<b>Total</b>	<b>41.65</b>	<b>199.11</b>	<b>240.76</b>

\* Mr. Prashant Bhatnagar receives salary from another group Company, Gillette India Limited and the Company contributes towards the same in proportion to its Net Outside Sales.

\*\* All employees of the Company are given the right to purchase shares of the ultimate Holding Company – The Procter & Gamble Company, USA under its 'International Stock Ownership Plan.' Certain employees of the Company are also entitled to Stock Option of the ultimate Holding Company under its Employee Stock Option Plan. Details of the same are disclosed vide Note 26 forming part of the Financial Statements.

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default during the Financial Year.



## ANNEXURE III

### Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**i. Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year:**

Name of Director	Designation	Commission ₹ in lakhs	Sitting Fees ₹ in lakhs	Total ₹ in lakhs	Ratio
Mr. Al Rajwani	Managing Director	—	—	897.25	58.9
Mr. R. A. Shah	Independent Director	11.00	2.90	13.90	3.18
Mr. B. S. Mehta	Independent Director	11.00	2.45	13.45	3.08
Mr. A. K. Gupta	Independent Director	11.00	2.85	13.85	3.17
Mr. P. Agarwal	Non-Executive Director	—	—	0	0
Mr. S. Singh Rathore	Non-Executive Director	—	—	0	0
Ms. S. Dhawan	Non-Executive Director	—	—	0	0

**ii. % increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year:**

Designation	Name of Employee	% increase in remuneration
Managing Director	Mr. Al Rajwani	Not applicable*
Company Secretary	Ms. Preeti Bishnoi	8.9%
Chief Financial Officer	Mr. Prashant Bhatnagar	20%

\* Mr. Al Rajwani was not Managing Director of the Company in the Financial Year 2014-15, hence % increase in remuneration cannot be computed.

**iii. The % increase in the median remuneration of employees in the Financial Year is 9%.**

**iv. The number of permanent employees on the rolls of Company is 354.**

**v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**

The average percentage increase made in the salaries of employees other than the managerial personnel in the financial year was 8.5% whereas the increase in managerial remuneration was 10.5%. The average increase every year is an outcome of company's market competitiveness as against peer group companies.

**vi. It is hereby affirmed that the remuneration is as per the remuneration policy of the Company.**

## ANNEXURE IV

### Nomination & Remuneration Policy and its Framework

#### 1. CHARTER

This charter governs the formation and operation of the Nomination and Remuneration Committee (the 'Committee') of Procter & Gamble Hygiene and Health Care Limited (the 'Company').

#### 2. INTRODUCTION

The Company believes in conducting its affairs in a non-discriminatory and transparent manner by adopting highest standards of professionalism and good corporate governance practices. The Company believes that a good corporate governance system is necessary to ensure its long term success. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and regularly reviewed by the Board and/or the committees of the members of the Board.

#### 3. FORMATION OF COMMITTEE

The Nomination and Remuneration Committee of the Company was constituted on August 12, 2014 consisting of 3 Directors. The Committee and Nomination and Remuneration Policy (the 'Policy') is in compliance with all applicable provisions of the Companies Act, 2013, particularly Section 178 read together with the applicable rules thereto and Clause 49 of the Listing Agreement.

#### 4. CONSTITUTION OF THE COMMITTEE

- 4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- 4.2 Term of the Committee shall be continued unless terminated by the Board of Directors.
- 4.3 Chairman of the Committee shall be an Independent Director. The Chairperson of the Company may be appointed as a member of the Committee but shall not be the Chairman of the Committee.

#### 5. QUORUM & MEETINGS

Minimum two (2) members shall constitute a quorum for a Committee meeting. In the event only two (2) members are present, the unanimous vote of the two (2) members shall constitute an act of the Committee.

In case of an equality of votes, the Chairman shall have a second or casting vote. Where the Committee comprises of more than two (2) members, the act of a majority of the members present will constitute an act of the Committee.

The Committee shall meet at least twice in a financial year, with additional meetings when circumstances require, as determined by the Committee Chairman.

#### 6. MINUTES

Minutes of each meeting will be prepared by or under the direction of the Company Secretary. The Company Secretary shall maintain a permanent record of the minutes of the meeting/s, and shall distribute minutes to members of the Committee as also directors who are not members of the Committee.

#### 7. REPORTING AND DISCLOSURE

The Company Secretary or any other person nominated by the Board shall apprise the Board at its next meeting or earlier, if required by the law, of all material matters and recommendations proposed by the Committee from time to time.

Membership of the Committee, brief description of term of reference, programs under corporate social responsibility and attendance of the member of the Committee during the year shall be disclosed in the Annual Report.

#### 8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

#### 9. FUNCTIONS OF THE COMMITTEE

- 9.1 **Corporate Governance:** To ensure that the Board is comprised of directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance;
- 9.2 **Board diversity:** Review the composition of the Board and devise a policy on Board diversity; and
- 9.3 **Appointment Criteria:** To formulate criteria for determining qualifications, positive attributes and independence of a director and to identify persons who are qualified to become directors and who may be appointed in senior management in

accordance with the criteria laid down and recommend the Board of their appointment and removal;

**9.4 Appointment of Independent Directors:** To formulate the criteria for evaluation of independent directors on the Board;

**9.5 Remuneration Policy:** To review and recommend to the Board the overall strategies in relation to executive and non-executive remuneration policies;

**9.6 Performance evaluation:** To carry out evaluation of every director's performance;

## 10. REVIEW

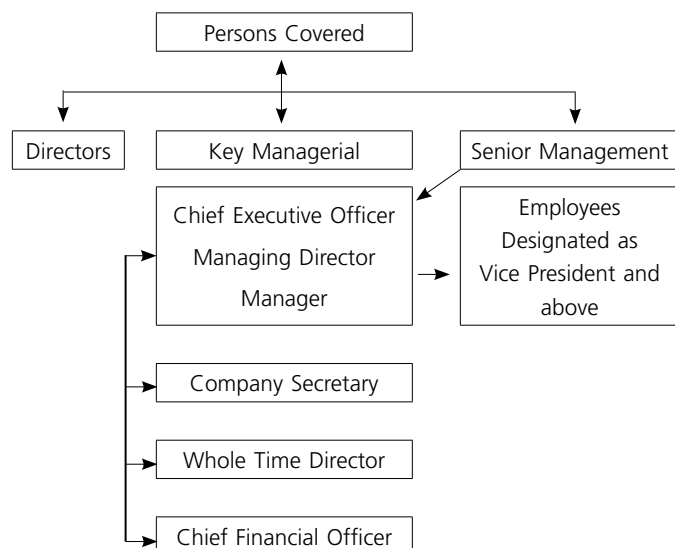
The Committee shall review and reassess the framework and the Policy, on an annual basis and obtain the approval of the Board of Directors, for any changes/amendment in the framework/policy.

## NOMINATION AND REMUNERATION POLICY

### 1. PREFACE

The Nomination and Remuneration Policy ('Policy') for members of the Board of Directors, Key Managerial Personnel and Senior Management of the Company is designed to attract, motivate and retain leadership members in a competitive and international market. The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

### 2. POLICY IS APPLICABLE TO:



### 3.1 GUIDING PRINCIPLES – Key Management Personnel Compensation

Our fundamental and overriding objective is to create value for our shareholders at leadership levels on a consistent long-term basis. To accomplish this goal, the global guidelines on executive compensation programs provide the following guiding principles:

#### 1. *Emphasize Pay for Performance*

Aligning incentives with business strategies to reward executives who achieve or exceed Company, business unit, and individual goals, while discouraging excessive risk-taking by removing any incentive to focus on a single performance goal to the detriment of others.

#### 2. *Pay Competitively*

Set target compensation opportunities to be competitive with other multinational corporations of similar size, value, and complexity.

#### 3. *Focus on Long-Term Success*

Include equity as a cornerstone of our executive pay programs and by using a combination of short-term and long-term incentives to ensure a strong connection between Company performance and actual compensation realized.

### 3.2 GUIDING PRINCIPLES – Compensation to Independent Directors

#### 1. *Ensure compliance with local laws*

Compensation to Independent Directors cannot exceed the threshold provided under local law as per the Companies Act.

#### 2. *Pay Competitively in line with peer companies*

Target compensation to be competitive with other corporations of similar size, value, and complexity.

The company will undertake periodic exercise to benchmark the pay-out of key peer/ same sector companies.

### 4. REMUNERATION OF EXECUTIVE DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT ("EXECUTIVE EMPLOYEE")

The Human Resources department will determine remuneration criteria and recommend the same to the Board, using the above guiding principles.

- i **SALARY:** Each executive employee will be entitled to receive a salary which will be competitive and based on executive's responsibilities and performance.
- ii **SHORT TERM INCENTIVES:** Based on the achievement of an individual, pre-defined financial and strategic business targets presented by the Committee and ratified by the Board of Directors;
- iii **LONG TERM INCENTIVES:** Each Executive Employee will be entitled to receive long term incentives, as per the global guidelines and as recommended by the Management, from time to time.
- iv **SEVERANCE PAY AND PENSION CONTRIBUTION:** As per employment terms;
- v **OTHER BENEFITS:** Executive employees will be entitled to insurance policy(s), pension scheme and such other benefits as the Company may provide from time to time.

## 5. RATIFICATION OF REMUNERATION TO KEY MANAGEMENT PERSONNEL

The committee will bi-annually ratify the remuneration of the key Management Personnel.

## 6. MAXIMUM MANAGERIAL REMUNERATION

The total managerial remuneration payable by the Company, to its directors, including managing director and whole-time director and non executive directors shall be within the limits as prescribed under the law.

## 7. REMUNERATION OF INDEPENDENT DIRECTOR

The Company will remunerate Independent Directors in a manner designed to attract and maintain high quality Board members. Independent Directors are paid remuneration by way of commission and/or sitting fees. The Company may pay a sitting fee per meeting to Independent Directors for attending Board meetings within the limits prescribed under law. Further, if the shareholders approve, commission may be paid to Independent Directors including Independent Directors within the statutory monetary limits. Such commission is paid on a uniform basis to reinforce the principle of collective responsibility.

The remuneration of Independent directors is consistent with and supportive of maintaining the Independent director's independence.

## 8. POLICY AND PROCEDURE FOR SELECTION AND APPOINTMENT OF NEW DIRECTORS

- (A) The selection criteria for the appointment and re-appointment of directors will normally be based on an analysis of the composition of the existing Board, its skill and experience and its independence requirements.

Factors to be considered when reviewing a potential candidate for Board appointment include without limitation:

- The skills, experience, expertise and personal qualities that will best complement Board effectiveness;
- The capability of the candidate to devote the necessary time and commitment to the role. This involves a consideration of matters such as other Board or executive appointments;
- Potential conflicts of interest, and independence in accordance with the Companies Act, 2013 and the SEBI Regulations, as specified and applicable from time to time.

- (B) Each director will prior to their appointment provide to the company sufficient information to allow the Board to adequately assess the independence of the director. Directors should ensure that updated information is provided to the Board if the circumstances relating to the assessment of their independent status changes.

- (C) The identification of potential Directorial candidates may be assisted by the use of external search organisations as appropriate.

## 9. EVALUATION

### 9.1 Evaluation of Key Managerial Personnel

- The Managing Director performs the evaluation of performance on an annual basis.
- The Managing Director does a review of the performance based on the efforts put in by the employee, results achieved against the goals set, and impact of external/internal factors.
- The performance review will also include the review of remuneration of the KMP.

## 9.2 Evaluation of Independent Directors

The performance evaluation of Independent Directors shall be done by the Board, excluding the Director being evaluated, basis the contributions made to the Board deliberations in the board meetings.

## 10 REVIEW AND DISCLOSURE

- 10.1 The Company shall disclose in the Board's report, the ratio of the remuneration of each director, to the median employee's remuneration and such other details as prescribed under law.
- 10.2 The Company discloses in its Annual Report all elements of remuneration package of individual directors summarized under major groups details of fixed component and performance linked incentives together with material terms, service contracts like notice period, severance fees (if any) and stock option details (if any).
- 10.3 The Board is responsible for approving the remuneration strategy for directors, executive and senior management. In determining whether to approve the relevant level of remuneration, the Board is to consider the recommendations from the Committee, prevailing market conditions, performance by the individual and the business strategies and objectives of the Company. The Board shall disclose the remuneration of senior executives in the Company's Annual Report. The Human Resources department of the Company will monitor the day to day compliance with this Policy.

## ANNEXURE V

### DIVIDEND DISTRIBUTION POLICY

In India, regulatory framework as laid down under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, requires the Company to put in place policy framework for distribution of dividend. Accordingly, the Board of Directors of Procter & Gamble Hygiene and Health Care Limited ("the Company") have formally adopted the following written policy.

This policy documents the principles for distribution of dividends for the Equity Shareholders of the Company.

Principles for considering dividend are as follows:

The Board of Directors will consider appropriate dividend periodically in a manner in which it:

1. Rewards the Shareholders with **sustainable returns**;
2. Retains **sufficient capital** for exploring any business opportunity.

Basis these principles, the management will recommend the proposed dividend payment to the Board of Directors for their approval and recommendation to the Shareholders.

The dividend distribution shall be made in accordance with the applicable provisions of the Companies Act, 2013; Rules framed thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legislations governing dividends, as in force and as amended from time to time.

#### Periodicity:

The Company shall declare its Annual Dividend at its Annual General Meeting every year, as per recommendation by the Board of Directors. The Board may declare any interim dividend(s), based on management review during the Financial Year.

#### Accounting Year:

The Company shall account for dividend (including dividend distribution tax) in the year in which it is approved in the Annual General Meeting and the interim dividend in the year in which it is approved in Board meeting. This is subject to any regulatory requirements.

#### Disclosure:

This policy shall be disclosed on the website of the Company.

# SECRETARIAL AUDIT REPORT

## FORM NO. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE, 2016

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with modifications as deemed necessary, without changing the substance of format given in MR-3]*

To,  
**The Members,**  
**Procter & Gamble Hygiene and Health Care Limited**  
P & G Plaza, Cardinal Gracias Road, Chakala,  
Andheri East, Mumbai – 400 099

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Procter & Gamble Hygiene and Health Care Limited (CIN L24239MH1964PLC012971)** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**A.** In expressing our opinion it must be noted that-

- i. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis of our opinion.
- iii. We have not verified the correctness and appropriateness of the financial statements of the Company.
- iv. Wherever required, we have discussed with the management of the Company, relied on the legal opinion, subsequent approval of the Central Government and the management representation pertaining to compliance of laws, rules and regulations, happening of events, etc.
- v. The compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

vi. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

- B.** Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 30<sup>th</sup> June, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board - process (duly evolved) and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
- C.** We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 30<sup>th</sup> June, 2016, according to the provisions of:
- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
  - II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - IV. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
    - (c) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.



The Company has neither made any Overseas Direct Investment nor obtained External Commercial Borrowings during the audit period and hence provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder are applicable to the extent of Foreign Direct Investment only.

The Company has not undertaken any of the activities during the audit period as envisaged in the following Regulations and Guidelines prescribed under the SEBI Act and hence no opinion has been expressed thereon:

- (a) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and
  - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
- V. The following Acts and Rules made thereunder pertaining to Company's business are applicable to the Company:
- (a) Drugs and Cosmetics Act, 1940;
  - (b) The Legal Metrology Act, 2009 and
  - (c) The Legal Metrology (Packaged Commodities) Rules, 2011.
- VI. We have also examined compliance with the applicable clauses which, are generally adhered to, of the following:
- i. Secretarial Standards in respect of Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
  - ii. The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited up to 30<sup>th</sup> November, 2015 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) effective 1<sup>st</sup> December, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

D. We further report that,

- I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.
- II. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- III. The Agenda items are well deliberated before passing the same and there was no instance of any director expressing any dissenting views.

E. We further report that there are adequate systems and process in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

F. We further report that during the audit period:

- I. The Company has received an approval of the Company Law Board vide order No. 3/2(41) MB/2016 dated January 14, 2016 to continue to follow July 1<sup>st</sup> to June 30<sup>th</sup> as its Financial Year.

G. We further report that during the audit period none of the following events has taken place:

- I. Public/Rights/Preferential Issue of Shares/ Debentures/Sweat equity etc.
- II. Redemption/buy back of securities.
- III. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
- IV. Merger/Amalgamation/Reconstruction, etc.
- V. Foreign Technical Collaborations.

For **DHOLAKIA & ASSOCIATES LLP**  
(Company Secretaries)

Sd/-  
**CS Bhumitra V. Dholakia**  
Designated Partner  
FCS - 977 CP No. 507

Place : Mumbai

Date : 21<sup>st</sup> September, 2016

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Economic Scenario and impact of Union Budget 2016-17

The fundamentals of the Indian economy have remained positive in a subdued global economic environment. The Indian economy accelerated to 7.6% in 2015-16 and India was hailed as a 'bright spot' amidst a slowing global economy by the International Monetary Fund (IMF). The Union Budget 2016-17 is forward looking with 'Transform India' as the underlying theme. Finance minister Arun Jaitley's emphasis on rural India in the Union Budget 2016-17 will help the FMCG sector witness a revival in demand which had tapered in the past few years due to low agricultural yield and resultant low disposable incomes.

The government will focus on ensuring macro-economic stability and prudent fiscal management, boosting domestic demand and will continue with the pace of the economic reforms and policy initiatives with an aim to change the lives of people for the better. Urban demand is picking up, as also seen by rising retail loans, car sales and consumer durables growth. The demand boost is also expected to come from the spends of higher allocations earmarked for roads and railways expansion which will ultimately benefit the consumer.

### The FMCG Sector and Indian consumers

India's FMCG sector is the fourth largest sector in the economy and is an important contributor to India's GDP. It has been growing at a robust pace and is estimated to reach USD 49 billion in 2016. The industry has had a fair share of peaks and crests right from the Union Budget to the implementation of the GST Bill. Despite the economic slowdown over the past few years, the FMCG industry has remained resilient and delivered returns over most sectors. The overall outlook remains positive for India's consumer goods industry in the new year. The year ahead will see the emergence of new growth opportunities. Some of the new emerging trends that will drive demand going forward include – growth in disposable income, increased urbanization, favourable changes in government policies, simplification, infrastructure development, consumers of FMCG products getting increasingly digitally influenced and the exponential growth of e-commerce. To effectively capture these changing trends the industry will need to re-invent itself, build newer capabilities & only offer superior value keeping the new, evolved & discerning consumer at the centre.

### Outlook, Risks and Opportunities

The Indian economy presents significant opportunity with a growing population, category whitespace and rising incomes. We do expect growth rate in the categories we compete to be around high single digits. However, currency volatility, supply bottlenecks and intense competition present significant near term challenges. Your Company endeavours to overcome these risks and to sustain and improve its market position behind superior innovation, by driving favourable price/mix, consumer relevant communication and through a relentless focus on productivity.

### Performance Overview

The Company operates in a single reportable business and geographical segment. The Company's core business is manufacturing, marketing and distribution of Hygiene and Health Care products. Under these businesses it has in its portfolio: *VICKS* – India's No-1 Healthcare brand, *WHISPER* – India's leading Feminine Hygiene brand (in value terms) and *OLD SPICE*. The discussion on financial performance of the Company and its various businesses is elaborated in the Directors' Report.

### Risk Management

Your Company has set up a Risk Management Committee. The Company has also adopted a Risk Management Policy.

### Business, Finance & Operational risks

The Company's risk management policy is in line with the parent Company's global guidelines and as such adequate measures have been adopted by the Company to anticipate, plan and mitigate the spectrum of risks it faces. On business risks (competition, consumer preferences and technology changes) the Company undertakes a Competition Response Model program. For financing risks it has a robust operational contingency and legal plan. It also undertakes Business Contingency Plan for key vendors and natural disasters. The Company also has adequate Insurance coverage to protect the value of its assets. This coverage duly covers any risks relating to business interruption resulting from property damage and legal liability resulting from property damage or personal injury.

The Company has in place a very stringent and responsive system under which all its distributors and vendors are assessed before being selected.

## Regulatory and Compliance risks

Your Company operates within the letter and spirit of all applicable laws. General compliance with legal requirements is an important component of the *Worldwide Business Conduct Manual* and the same directs the following action from every employee:

- To obey all legal requirements at all times;
- To understand exactly what legal requirements apply to the work function;
- To consult the legal personnel if there are conflicting legal requirements in different jurisdictions;
- To strictly follow the directions from the legal personnel;
- To address and resolve, in a timely manner, any legal compliance issues that have been identified;
- Absolutely no violation of any law;
- To immediately report any instance of violations to the Legal Department.

Your Company has set in place the requisite mechanism for meeting with the compliance requirements, periodic monitoring of compliance to avoid any deviations, and regular updates to keep pace with the regulatory changes.

## Security Risks

Your Company has installed comprehensive security programs supported by latest technology and trained manpower to protect employees and assets, at all its offices and plants. Security measures are overseen by a specially designated Global Security Manager – India, and reputed security agencies has been appointed to provide guard force for ensuring asset protection, overall premises security and access control of personnel and material. Evacuation drills are conducted once a year to ensure readiness and effectiveness. There is also a system for continuous monitoring of security alerts across the country and a pan India emergency notification system for reaching out to our employees in time of crisis has been implemented. A global policy is in place to issue travel advisories to all employees, in case there is any adverse situation at any place in the world. If the situation warrants, travel bans are imposed. During the Financial Year under review, no major security breaches or incidents occurred at any of the company's plants. A comprehensive security risk assessment is carried out regularly and adequate security measures are implemented to cater to change security scenario. Your Company has installed the best of the security measures and processes to protect its personnel and assets.

## Internal Auditor

During the Financial Year, the Board of Directors had appointed Mr. Hari Dasgupta, Chartered Accountant as the Internal Auditor of the Company for the Financial Year 2015-16.

## Internal Controls & their adequacy

Your Company has strong Internal Controls Environment and Risk Assessment/ Management systems. These systems enables Company to comply with Internal Company policies, procedures, standard guidelines and local laws to help protect Company's assets and confidential information against financial losses and unauthorized use.

The robust controls environment at your Company is efficiently managed through:

- o **Controls Self Assessments (CSA's)** are performed by the organization to assess process compliances with standards prescribed by Company in the Controls check list and to identify process outages. The organization undertakes a process review supported by random sample checking to evaluate process effectiveness which enables organization to identify control weaknesses and initiate actions to mitigate them.
- o **Stewardship Reviews** led by a team of three fulltime Internal Controls experts ensure that all key processes in the area of selling, distribution, trade and marketing spending, vendor payments, and plant operations are reviewed and assessed at frequent intervals. The observations and findings are shared with senior management for implementing quality action plans to further enhance the strength of the processes. The assessments of key areas are also supplemented by an independent internal audit lead by P&G's Global Internal Audit team. This team comprises of internal experts who have experience across the different markets that P&G operates in.
- o **Governance and stewardship** boards comprising of the Managing Director, Chief Financial Officer, Chief Human Resource Officer and Chief Legal Officer reviews the Internal controls, Key Legal issues and Ethics Culture to create a standard, structured approach to identify Governance risks and proactively mitigate them.

During the Financial Year under review, the Global Internal Audit (GIA) performed Audits of key areas covering Marketing, Distribution and Legal entity stewardship. Across these Audits, Controls were rated as '*Strong with*

*low controls risks*'. Local management has developed and executed quality action plans to remediate all the findings reported by GIA during their engagement.

### **HR Initiatives**

The Company operates in a highly competitive environment vis-à-vis attracting the best talent for its operations and therefore the human resources management function has assumed vital importance in the Company. The Company focuses on attracting, motivating and retaining the best talent. Its people systems like talent supply, performance management and talent development are robust and competitive. We have put in place robust HR programs to ensure that the organization is geared up to deliver the future.

*Attracting & Retaining Talent:* India continues to be a key market for Global talent. In this scenario, our recruiting focus, innovative campus initiatives (digital and face to face), foray into Social media helped us reach a large number of prospective candidates. We continue to strengthen our position as employer of choice with innovative programs like '*Emerging Leader*' and '*CEO Challenge*' to target campus students. Our policies on leadership pipeline, talent planning, mentoring and diversity & inclusion policies continued to ensure that we attract and retain the best talent. We continue to partner closely with the top institutes in India and invest in both business and technical campuses, where we are a preferred employer. Providing challenging and meaningful careers, competitive

compensation & benefits, leadership development opportunities continues to enable us to attract the best talent that will keep the Company growing from strength to strength. We continued to be ranked among the top few companies in the Annual Nielsen Campus survey.

*Developing Talent:* Our organization survey scores were strong showing good increase in areas of career and guidance, culture of innovation and meaningful work. New hires into the company are given a thorough on-boarding through our "i-LEAD Program" to ensure that they are early contributors in their roles and feel valued. Clear career paths help employees to plan their career goals and understand the skills needed for their development. The Company's performance management system is robust, clearly assesses and differentiates employees on the basis of performance. We continue to build our talent through experiences both in India as well as internationally, ensuring that the benefits of a global organization are leveraged. A renewed leadership development program called "*P&G Leadership Academy*", leveraging virtual learning platforms and innovative learning methodologies beyond the classroom has been launched to ensure we focus on building leadership at all levels in the organization. The number of employees as on June 30, 2016 was 354.

The Statements in the Management Discussion and Analysis 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.

## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE PHILOSOPHY

Your Directors are pleased to present the Corporate Governance Report.

Corporate Governance is the interaction of the Management, Members and the Board of Directors to help ensure that all stake holders are protected against managers acting solely in their own best interest. Governance process has to ensure that the societal measures employed by the Company are utilized in a manner that meets with the stakeholders' aspirations and societal expectations. Corporate Governance consists of laws, policies, procedures, and, most importantly, practices, that ensure the well being of the assets of the Company. Corporate Governance is at its highest levels when Management is acting as if they are long-term investors in the Company.

Your Company has a strong history of operating with integrity – at all levels, both internally and externally. Our actions and the actions of all our employees are governed by our *Purpose, Values and Principles (PVP)*. Our commitment to operate responsibly is reflected in the steps we have in place to ensure rigorous financial discipline and Corporate Governance.

We have a highly experienced Board of Directors, which helps us maintain the highest standards of Corporate Governance. Our Audit Committee is comprised of Independent Directors, with appropriate financial skills to provide good oversight. We have in place strong internal controls, to ensure compliance with all relevant regulations and standards. Our rigorous business process controls include ongoing programs of self-assessment, controls, as well as internal and external audits. Your Company has adopted a Code of Conduct for its Directors, which is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct.

Further, your Company reinforces responsibilities on all its employees, including key employees, of observing high standards of Corporate Governance through the Company's *"Worldwide Business Conduct Manual"* which sets forth management's commitment to conduct its business affairs with high ethical standards. This Manual flows from our PVP which is the umbrella for our critical policy areas, which in turn create specific guidelines and standards. This Manual enables the Company's employees to make easier connection to relevant policies and the tools that support them. This Manual describes the Company's *"Worldwide Business Conduct Standards"*. These standards flow from the following core values of the Company:

- Treat the Company's assets as you would treat your own;
- Behave with the Company's long term success in mind;
- Always do the right thing; and
- Operate within the letter and spirit of law.

The *"Worldwide Business Conduct Manual"* also details the policy statements, operating policies/procedures/practices and Internal Controls being followed by the Company with specific emphasis on ethical behaviour of employees, compliance with all applicable laws in letter and spirit, ensuring accuracy of books and records, maintaining confidentiality of corporate data, avoidance of conflict of interest, fair dealings, fair competition, following best practices for safety and health of Company personnel, environmental protection, trading in securities and a host of special legal issues.

Our reputation is earned by our conduct: what we say, what we do, the products we make, the services we provide, and the way we act and treat others. As conscientious citizens and employees, we want to do what is right. For your Company, this is the only way to do business.

### BOARD OF DIRECTORS

#### (a) Composition of the Board

The Board of Directors of the Company comprises an optimum combination of Executive and Non-Executive Directors. As on date, the Board is headed by a Non-Executive Independent Chairman, a Managing Director (Executive) and six other Non-Executive Directors.

The Non-Executive Independent Directors bring external perspective and independence to decision making. Mr. R. A. Shah (Chairman), Mr. B. S. Mehta and Mr. A. K. Gupta have been appointed as 'Non-Executive Independent Directors' for a period of five years w.e.f. September 24, 2014 by the Members at the 50<sup>th</sup> Annual General Meeting. The Non-Executive Independent Directors have provided certificate of independence to the Company stating that they meet the criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015"). The terms & conditions of appointment of Independent Directors is available on the website of the Company. All other Directors, except the Managing Director and the Non-Executive Independent Directors, are Directors liable to retire by rotation.



The composition and other required details of the Board of Directors as on date are given below:

Name of the Director	Category	Designation	Directorships in other companies	Membership of Board Committees of other companies *	
				Member	Chairman
Mr. R. A. Shah	NED/ID	Chairman	12	7	3
Mr. Al Rajwani	ED	Managing Director	1	2	Nil
Mr. B. S. Mehta	NED/ID	Director	9	8	3
Mr. A. K. Gupta	NED/ID	Director	1	2	1
Mr. P. Agarwal	NED	Director	1	Nil	Nil
Mr. S. Singh Rathore	NED	Director	2	Nil	Nil
Ms. S. Dhawan	NED	Director	1	1	Nil
Mr. K. Natarajan	NED	Director	1	Nil	Nil

NED – Non Executive Director

ED – Executive Director

ID – Independent Director

\* Includes memberships of only Audit Committee and Stakeholders' Relationship Committee of Public Companies.

#### (b) Number of meetings of the Board

Five (5) meetings of the Board were held during the period July 1, 2015 to June 30, 2016. These meetings were held on August 28, 2015 (*two Board Meetings were held on the same day*), November 4, 2015, February 6, 2016, and May 5, 2016. The Annual General Meeting for the Financial Year ended June 30, 2015 was held on October 28, 2015.

#### (c) Directors' attendance record and Directorships held

The attendance of the Directors at the Board meetings and at the last Annual General Meeting is as under:

Name of Director	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Last Annual General Meeting (Whether attended)
Mr. R. A. Shah	5	5	Yes
Mr. Al Rajwani	4	4	Yes
Mr. B. S. Mehta	5	4	Yes
Mr. A. K. Gupta	5	3	Yes
Mr. P. Agarwal	5	1	No
Mr. S. Singh Rathore	5	5	Yes
Ms. S. Dhawan	5	5	Yes
Mr. K. Natarajan	5	5	Yes

#### (d) Separate meeting of Independent Directors

The Independent Directors of the Company met separately without the presence of Non-Independent Directors or management representatives on May 5, 2016 to review the performance of non-independent directors; the Board & the Chairperson of the Company, and to assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### (e) Related Party Transactions

The Company has adopted Related Party Transaction Policy ('RPT Policy') to ensure that all related party transactions entered into by the Company shall be in the best interest of the Company and in accordance with the provisions of the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations, 2015. The RPT Policy is available on the Company's website at [http://www.pg.com/en\\_IN/invest/pghh/corporate\\_governance/policies.shtml](http://www.pg.com/en_IN/invest/pghh/corporate_governance/policies.shtml).

Prior approval of the Audit Committee is obtained for all related party transactions. Prior omnibus approval of the Audit Committee is obtained for all related party transactions which are of repetitive nature. All related party transactions are reviewed by an external chartered accounting firm to ensure transactions are in ordinary course of business, at arm's length and are



in compliance with the RPT Policy of the Company. All related party transactions are placed before the Audit Committee for quarterly review.

There are no material pecuniary relationships/ significant transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note 37 forming part of the Financial Statements.

#### (f) Remuneration of Directors

Members of the Company at their 47<sup>th</sup> Annual General Meeting held on November 23, 2011 had passed a Special Resolution according approval for payment of commission to the Non-Executive Independent Directors of the Company upto a maximum of 1% of the net profits of the Company per annum in

the aggregate, for a period of 5 years w.e.f. July 1, 2011. The said resolution had also empowered the Board of Directors to fix the quantum of commission payable to each of the Non-Executive Independent Directors and to also determine the period for which said commission is payable. In view of the above, the Board of Directors have accorded approval for payment of Annual Commission of ₹ 11 Lakhs to each of the Non-Executive Independent Directors for the Financial Year 2015-16. The said commission is within the limits of 1% of the net profits of the Company in the aggregate. The Non-Executive Independent Directors are paid to compensate their valuable contribution to the Company owing to their wealth of experience and knowledge.

No fee/compensation is payable to the Directors on severance of Directorship of the Company.

Details of the remuneration paid/provided to the Directors of the Company during the Financial Year ended June 30, 2016 are given below:

Amount in ₹

Name of Director	Relationship with other Directors	Salary including Bonus + PF contribution	Commission	Sitting Fees	Shares held (Equity Shares of ₹ 10/- each)
Mr. R. A. Shah	None	—	11,00,000	2,90,000	12,906
Mr. Al Rajwani*	None	8,97,25,281 <sup>\$</sup>	—	—	—
Mr. B. S. Mehta	None	—	11,00,000	2,45,000	3,799
Mr. A. K. Gupta	None	—	11,00,000	2,85,000	—
Mr. P. Agarwal	None	—	—	—	—
Mr. S. Singh Rathore	None	— <sup>\$\$</sup>	—	—	—
Ms. S. Dhawan	None	— <sup>\$\$\$</sup>	—	—	—
Mr. K. Natarajan	None	— <sup>\$\$\$\$</sup>	—	—	—

\* Mr. Al Rajwani was appointed as Managing Director of the Company w.e.f. August 28, 2015.

<sup>\$</sup> Employee benefits expense under Note 21 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 656 Lakhs (Previous Year: ₹ Nil Lakhs) cross charged to Gillette India Limited and Procter & Gamble Home Products Private Limited.

<sup>\$\$</sup> Employee benefits expense under Note 21 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 39 Lakhs (Previous Year: ₹ 34 Lakhs) cross charged from Gillette India Limited in terms of the common service agreement.

<sup>\$\$\$</sup> Employee benefits expense under Note 21 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 82 Lakhs (Previous Year: ₹ 73 Lakhs) cross charged from Procter & Gamble Home Products Private Limited in terms of the common service agreement.

<sup>\$\$\$\$</sup> Employee benefits expense under Note 21 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 48 Lakhs (Previous Year: ₹ 52 Lakhs) cross charged from Gillette India Limited in terms of the common service agreement.

## Stock Options

The Company does not have any Stock Option Plan for its employees. However, all employees of the Company including its Managing Director are given the right to purchase shares of the ultimate Holding Company – The Procter & Gamble Company, USA under its 'International Stock Ownership Plan.' Certain employees of the Company are also entitled to Stock Option of the ultimate Holding Company under its Employee Stock Option Plan. Details as regards the same are disclosed vide Note 26 forming part of the Financial Statements.

## (g) Committees of the Board

### Audit Committee

The Audit Committee comprises of Mr. R. A. Shah (Chairman), Mr. B. S. Mehta (Member), Mr. A. K. Gupta (Member) and Mr. Al Rajwani (Member). The Audit Committee met on August 28, 2015, November 4, 2015, February 6, 2016 and May 5, 2016.

Directors	Designation	Category	Profession	No. of Meetings held during tenure	No. of Meetings attended
Mr. R. A. Shah	Chairman	NED/ID	Solicitor	4	4
Mr. B. S. Mehta	Member	NED/ID	Chartered Accountant	4	3
Mr. A. K. Gupta	Member	NED/ID	Consultant	4	3
Mr. Al Rajwani*	Member	ED	Service	Nil	Nil

NED – Non Executive Director

ID – Independent Director

ED – Executive Director

\* Mr. Al Rajwani was inducted as a Member of the Audit Committee on May 5, 2016

The Audit Committee plays the role as is contemplated under Section 177 of the Companies Act, 2013 read with the Listing Regulations.

The Audit Committee powers include the following:

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice; and

- to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee role includes the following:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Examination and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings

- Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report
- x. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
  - xi. Monitoring the end use of funds raised through public offers and related matters and reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  - xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - xiv. Discussion with internal auditors of any significant findings and follow up there on;
  - xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  - xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

- xviii. To review the functioning of the Whistle Blower mechanism;
- xix. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Reviewing any other areas which may be specified as role of the Audit Committee under the SEBI Listing Regulations, 2015, Companies Act, 2013 and other statutes, as amended from time to time.

The minutes of the Committee are placed before the Board.

### Stakeholder Relationship Committee

The Committee comprises of Mr. Shaillyamanyu Singh Rathore (Chairman), Mr. Al Rajwani (Member) and Mr. Anil Kumar Gupta (Member). During the Financial Year, four meetings were held on August 28, 2015, November 4, 2015, February 6, 2016 and May 5, 2016.

Directors	No. of Meetings held during tenure	No. of Meetings attended
Mr. A. K. Gupta	4	3
Mr. S. Singh Rathore	4	4
Mr. Al Rajwani*	4	4

\* Mr. Al Rajwani was inducted as a Member of the Stakeholder Relationship Committee on August 28, 2015;

The role of the Committee is as follows:

- ❖ Resolving the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc.
- ❖ Overseeing transfer/transmission of shares, issue of duplicate share certificates, and dematerialization/rematerialization of shares.

During the Financial Year, the Company received 56 complaints from Members. These complaints have been resolved during the year. There were no pending complaints as on June 30, 2016.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. A. K. Gupta (Chairman), Mr. R. A. Shah (Member), and Mr. Karthik Natarajan (Member). During the Financial Year, three meetings were held on August 28, 2015, February 6, 2016 and May 5, 2016.

Directors	No. of Meetings held during tenure	No. of Meetings attended
Mr. A. K. Gupta*	3	2
Mr. R. A. Shah	3	3
Mr. Karthik Natarajan	3	3

\* Mr. A. K. Gupta was appointed as the Chairman of the Nomination and Remuneration Committee in place of Mr. R. A. Shah on August 26, 2016.

The role of the Committee is as follows:

- Formulation of criteria for determining qualifications, positive attributes and independence of Directors;
- Formulation of evaluation criteria for performance evaluation of Independent Directors and the Board;
- Recommendation to the Board of a Policy, relating to the remuneration of Directors, key managerial personnel and senior management;
- Identification of persons who are qualified to become Directors and who may be appointed in senior management and recommendation to the Board their appointment and removal;
- Carrying out evaluation of every Director's performance;
- Devise a policy on Board diversity; and
- Any other role & responsibility, as may be mandated by any statutory legislation, from time to time.

The Company has adopted Nomination and Remuneration Policy. The Nomination and Remuneration Policy is in compliance with all applicable provisions of the Companies Act, 2013, particularly Section 178 read together with the applicable rules thereto and the SEBI Listing Regulations, 2015. The Policy is designed to attract, motivate and retain leadership members in a competitive and

international market. The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders. The Policy is available on the website of the Company at [http://www.pg.com/en\\_IN/invest/pghh/corporate\\_governance/policies.shtml](http://www.pg.com/en_IN/invest/pghh/corporate_governance/policies.shtml). This Policy is also annexed to this Directors' report as Annexure IV.

The Company has also adopted a Board Diversity Policy which is based on the principle that the Company's Board of Directors should have a balance of skills, experience and diversity of perspectives appropriate to the Company's business. The Company recognizes that a Board composed of appropriately qualified people with a broad spectrum of experience relevant to the business is important for effective corporate governance and sustained commercial success of the Company. The Company aims to achieve a sustainable and balanced development by building a diverse and inclusive culture.

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of Mr. A. K. Gupta (Chairman), Mr. Al Rajwani (Member), Mr. Karthik Natarajan (Member) and Ms. Sonali Dhawan (Member). During the Financial Year, two meetings were held on August 28, 2015 and February 6, 2016.

Directors	No. of Meetings held during tenure	No. of Meetings attended
Mr. A. K. Gupta	2	1
Mr. K. Natarajan	2	2
Mr. Al Rajwani*	2	2
Ms. S. Dhawan*	2	2

\* Mr. Al Rajwani and Ms. S. Dhawan were inducted as a Member of the Corporate Social Responsibility Committee on August 28, 2015;

The role of the Committee is as follows:

- ❖ Formulation and recommendation to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company;
- ❖ Recommendation of the amount of expenditure to be incurred on the CSR activities;
- ❖ Monitoring the CSR Policy of the Company from time to time.

The Company has adopted a Corporate Social Responsibility Policy ('CSR Policy'). In line with the global principles followed by the Procter & Gamble group and the terms of Companies Act, 2013, the CSR policy is broadly framed taking into account the following:

- ❖ We believe it's essential to run our business responsibly and our operating practices reflect this commitment.
- ❖ We are focused on making every day better for people and the planet through our innovations and our actions:
  - Environment by – Conservation of Resources, Using Renewable Resources, Generating Worth from Waste;
  - Social by – providing the comforts of home, improving health and hygiene of people, social and cultural development, imparting education, training and social awareness.

### Risk Management Committee

The Company has constituted a Risk Management Committee to monitor and the review the Risk Management Policy and plans of the Company.

The composition of the Risk Management Committee is as follows:

Name of Member	Category	Designation
Mr. Al Rajwani	MD	Chairman
Mr. K. Natarajan	NED	Member
Mr. P. Bhatnagar	CFO	Member

*MD – Managing Director*

*NED – Non Executive Director*

*CFO – Chief Financial Officer*

The Company has adopted a Risk Management Policy which aims to create a standard, structured and efficient approach to identify, assess and mitigate risks. Our Company meetings are structured to plan, assess and mitigate risks. These include annual & monthly business planning meetings as well as specific category and go-to-market assessments.

### (h) Familiarization programme for Independent Directors

The familiarization programme aims at familiarizing the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates and business model of the Company.

The Company conducts presentations at meetings of the Board and meeting of various Committees of the Board periodically to familiarize the Independent Directors with the business performance, business strategy, operations and functions of the Company. Such presentations help the Independent Directors to understand the Company's strategy, business model, operations, market, competition, organization structure, risk analysis and such other areas.

The Company updates the Independent Directors on changes in relevant laws / regulations from time to time. Each member of the Board, including the Independent Directors, are given any information relating to the Company, whenever they so request. Independent Directors have the freedom to interact with the Company's management.

In case of appointment of new Independent Director on the Board of the Company, the Company would:

- Issue a formal letter of appointment containing roles and responsibilities at the time of appointment;
- Provide introductory documents including Annual Report, Board committee framework, codes of conducts as may be applicable to the Director, various Policies and procedures adopted by the Company;

The familiarization programme is available on the Company's website at [http://www.pg.com/en\\_IN/invest/pghh/corporate\\_governance/index.shtml](http://www.pg.com/en_IN/invest/pghh/corporate_governance/index.shtml).

### (i) Annual Evaluation of the Directors

Pursuant to the captioned requirements, an annual evaluation has been carried out and the Board is happy to report that the result thereof shows that the Company is well-equipped in the management as well as the governance aspects.



**(j) Disclosures regarding re-appointment of Directors**

- i. **Ms. Sonali Dhawan** is a graduate from Lady Shriram College, with a B.Com (Hons.) in Business Studies. She has completed her MBA in Marketing from the Indian Institute of Management, Ahmedabad.

Ms. Dhawan joined Procter & Gamble in 1998. She has handled various roles in Marketing across different regions which include ASEAN, India & Australia. Through a career spanning 18 years, she brings with her a wealth of experience.

Ms. Dhawan is also a Director on the Board of Gillette India Limited and The Indian Society of Advertisers.

Ms. Dhawan, retires by rotation and being eligible, offers herself for re-appointment at the forthcoming 52<sup>nd</sup> Annual General Meeting.

- ii. **Mr. Shailamanyu Singh Rathore** graduated in Law from Maharishi Dayanand University, Rohtak, India and completed his Master of Laws from Bond University, Gold Coast, Australia. He also is a Fellow member of the Center for American and International Law, Plano, Texas.

Mr. Rathore joined Procter & Gamble in the year 2008, at the regional office in Singapore. He has held various positions at regional and global level with the legal department of the Procter & Gamble. Mr. Rathore was appointed as Group Manager, Legal, India in the year 2014. Previously, Mr. Rathore has worked as a Private Practitioner of Law and also served as the member of the Disciplinary Committee of the Bar Council of India.

Mr. Rathore, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 52<sup>nd</sup> Annual General Meeting.

the end of Financial Year which are published in The Economic Times, Mumbai Lakshadeep and The Asian Age.

- (ii) The Company's results and official news releases are published on Company's website: [www.pg.com/en\\_IN](http://www.pg.com/en_IN).
- (iii) No presentations were made to Analysts and Institutional Investors during the course of the Financial Year.
- (iv) This Annual Report along with the Notice of the Annual General Meeting for the Financial Year 2015-16, in electronic form, is being sent to the Members at the email address provided / updated by the Members with the Depository Participants / RTA, as applicable.

**Statutory Compliance**

The Company has complied with all applicable requirements prescribed by the regulatory and statutory authorities including Stock Exchanges and SEBI on all matters related to capital markets and no strictures or penalty was imposed on the Company in past three years.

**General Meetings**

Annual General Meeting	Date	Time	Venue	No. of special resolutions passed
51 <sup>st</sup>	October 28, 2015	3.30 p.m.	All the three Annual General Meetings were held at Y. B. Chavan Pratisthan, Gen. Jagannathrao Bhonsle Marg, Mumbai-400 021	1
50 <sup>th</sup>	September 24, 2014	3.30 p.m.		—
49 <sup>th</sup>	December 9, 2013	3.30 p.m.		—

At the 51<sup>st</sup> Annual General Meeting held on October 28, 2015, the following Special Resolution was passed:

Approval for payment of Commission to Non-Executive Independent Directors of the Company upto one percent of the net profits of the Company per annum in the aggregate for a period of five years with effect from July 1, 2016.

**Communication to Shareholders**

- (i) The quarterly results of the Company are announced within 45 days of completion of the quarter, as prescribed under the Listing Regulation. Audited Annual Results are announced within 60 days of

## Postal Ballot

No postal ballot was undertaken during the Financial Year ended June 30, 2016.

## CEO / CFO Certification

In terms of requirement of Listing Regulations, the Managing Director and the Chief Financial Officer have made a certification to the Board of Directors in the prescribed format for the Financial Year under review, which has been reviewed by the Audit Committee and taken on record by the Board.

## Adoption of Discretionary Requirements

The Company has adopted following discretionary requirements of the SEBI Listing Regulations, 2015:

- a. There are no audit qualifications in the Company's financial statements for the Financial Year 2015-16.
- b. The Company has appointed separate persons as Chairman and Managing Director of the Company.

## Whistle Blower Policy

The Company being a part of the Procter & Gamble group is guided by a Whistle Blower Policy as laid down in its "Worldwide Business Conduct Manual". Any employee or other interested person can call on 'The Worldwide Business Conduct Helpline (previously called the Alertline)', twenty-four hours a day, seven days a week, to report any concerns about violations of the Company's "Worldwide Business Conduct Standards".

The *Worldwide Business Conduct Helpline* is not staffed or monitored by the Company personnel. All calls can be completed anonymous if the caller desires. The *Helpline* can take calls in most languages spoken by employees around the world.

Calls made to the *Helpline* are reported to the Company's Corporate Security and Legal personnel, who will ensure appropriate investigation and follow-up of all calls. Callers are given a confidential identification number so they can inquire about the status of their reported concerns.

The 'Worldwide Business Conduct Helpline' is accessible to all employees.

In compliance with the requirement under the SEBI Listing Regulations, 2015 and Section 177 of the Companies Act, 2013 and the Rules made thereunder, the Company

has adopted the Whistle Blowing Policy as the Vigil Mechanism for Directors and employees to report genuine concerns or grievances such as unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

The Audit Committee oversees the Vigil Mechanism and number of cases reported alongwith the status report and action taken (if any) are reported to the Committee. No personnel has been denied access to the Audit Committee.

The Vigil Mechanism is available on the Company's website at [http://www.pg.com/en\\_IN/invest/pghh/corporate\\_governance/policies.shtml](http://www.pg.com/en_IN/invest/pghh/corporate_governance/policies.shtml).

## Code of Conduct

### (i) Code of Conduct for Directors

The Company has in place a Code of Conduct for its Directors and senior management. This Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. The Board Members and Senior Management Personnel have affirmed their compliance with the Code of Conduct and a CEO certificate to that effect is annexed to this Corporate Governance Report. The Code of Conduct is available on the Company's website at [http://www.pg.com/en\\_IN/invest/pghh/corporate\\_governance/code\\_of\\_conduct.shtml](http://www.pg.com/en_IN/invest/pghh/corporate_governance/code_of_conduct.shtml).

### (ii) Code of Conduct for Prohibition of Insider Trading

The Board of the Company has adopted the Code of Conduct for prevention of Insider Trading SEBI (Prohibition of Insider Trading) Regulations, 2015 on May 8, 2015. The Code is available on the Company's website at [http://www.pg.com/en\\_IN/invest/pghh/corporate\\_governance/code\\_of\\_conduct.shtml](http://www.pg.com/en_IN/invest/pghh/corporate_governance/code_of_conduct.shtml).

## GENERAL SHAREHOLDER INFORMATION

### I. Annual General Meeting

The 52<sup>nd</sup> Annual General Meeting will be held on **Friday, December 2, 2016 at 11.00 a.m.** at Y. B. Chavan Pratisthan, Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021.

## II. Financial Calendar

Presently, the Company follows July-June Financial Year. The Unaudited Financial Results in respect of every quarter beginning from July are declared in the month following the quarter except for the last quarter, for which the Audited Financial Results are declared by August, as permitted under the SEBI Listing Regulations, 2015.

**III. Book Closure Dates:** Saturday, November 26, 2016, to Friday, December 2, 2016 (both days inclusive).  
The said book closure is for payment of dividend.

**IV. Dividend Payment Date:** Between December 3, 2016 to December 15, 2016.

## V. Listing of Equity Shares on Stock Exchange

The Company's shares are listed on the BSE Limited, Mumbai and the National Stock Exchange of India Limited. Listing fees as prescribed have been paid to the respective Stock Exchanges.

## VI. Stock Code

BSE Ltd, Mumbai - Code : 500459

National Stock Exchange of India Ltd - Code : PGHH

The dematerialization ISIN Code is **INE 179A01014**

## VII. Stock Price Data

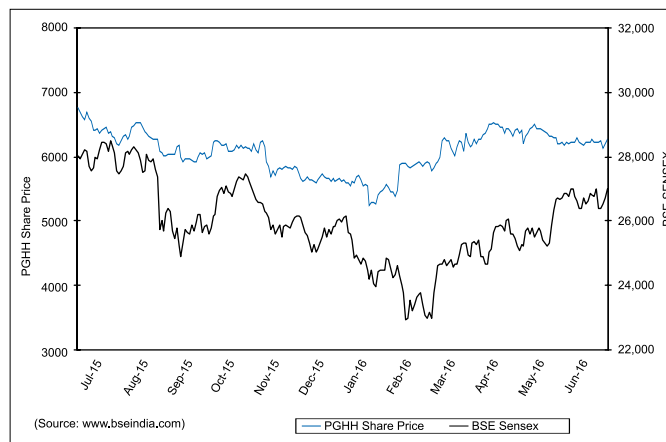
Month	BSE Ltd		National Stock Exchange of India Ltd.	
	High	Low	High	Low
July – 2015	6981.60	6117.05	6998.00	6111.00
August – 2015	6569.55	5963.40	6549.95	6070.00
September – 2015	6350.00	5851.05	6400.00	5816.35
October – 2015	6350.00	6019.00	6362.95	6050.00
November – 2015	6320.00	5618.00	6349.40	5618.00
December – 2015	5873.00	5580.00	5854.00	5575.05
January – 2016	5710.00	5171.00	5744.00	5178.65
February – 2016	6049.00	5360.05	6050.00	5378.00
March – 2016	6421.00	5755.00	6490.00	5711.00
April – 2016	6561.00	5915.00	6575.00	6160.00
May – 2016	6431.80	6198.40	6586.55	6151.15
June – 2016	6551.05	6025.00	6399.00	6101.50

(Source: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com))

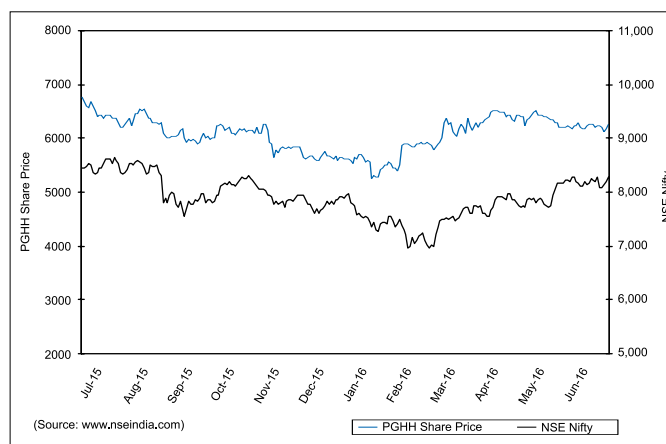
Note: High and low are in Rupees (₹) per traded share

## VIII. Stock Performance in comparison to the BSE Sensex and NSE Nifty

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the Financial Year 2015-16:



The following chart shows the performance of the Company's shares as compared to the NSE Nifty during the Financial Year 2015-16:



## IX. Registrar & Transfer Agents

Link Intime Private Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg,  
Bhandup (West),  
Mumbai - 400 078  
Tel – (022) 2596 7799 / (022) 2596 3838  
Fax – (022) 2594 6969  
e-mail – [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**X. Share Transfer System**

All Shares sent for transfer in the physical form are registered by the Registrar and Share Transfer Agents as per the terms of the SEBI Listing Regulations, 2015. Shares under objection are returned within two weeks.

All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

**XI. Distribution of shareholding by size class as on June 30, 2016**

Share holding	Shareholders		Shares	
	Number	% to Total	Number	% to Total
Upto 500	26882	93.93	17,92,583	5.52
501 – 1000	940	3.29	6,61,948	2.04
1001 – 2000	447	1.56	6,24,793	1.93
2001 – 3000	107	0.37	2,59,748	0.80
3001 – 4000	56	0.20	1,95,989	0.60
4001 – 5000	35	0.12	1,59,036	0.49
5001 – 10000	55	0.19	3,75,902	1.16
10001 and above	96	0.34	2,83,90,737	87.46
<b>TOTAL</b>	<b>28,618</b>	<b>100.00</b>	<b>3,24,60,736</b>	<b>100.00</b>

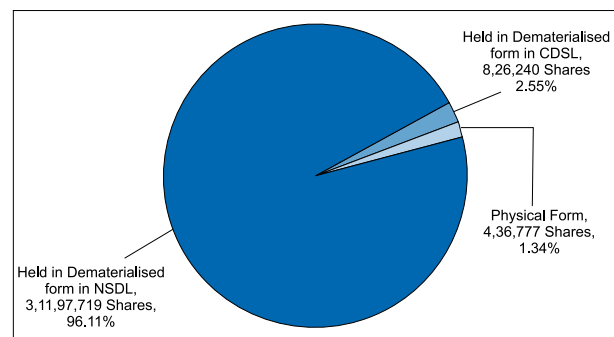
**Distribution of shareholding by ownership as on June 30, 2016**

Category	Number of Shares held	% of Shares held
Foreign & Indian promoters	2,29,29,773	70.64
Resident Individuals and others	39,83,883	12.27
Mutual Funds	22,14,081	6.82
Financial Institutions/Banks	49,187	0.15
Insurance Companies	8,56,686	2.64
Foreign Financial Institutions	30,784	0.09
Foreign Portfolio Investors	10,77,535	3.32
Private Corporate Bodies	11,51,271	3.55
NRIs & Foreign Nationals	1,50,143	0.46
Directors and their relatives	17,326	0.05
<b>TOTAL</b>	<b>3,24,60,736</b>	<b>100.00</b>

**XII. Dematerialization of shares and liquidity**

The Company's shares are required to be compulsorily traded in the stock exchanges in dematerialised form. As on June 30, 2016, the number of shares in dematerialized and physical mode is as under:

Particulars	No. of shares	% to total capital issued
Held in dematerialised form in NSDL	3,11,97,719	96.11
Held in dematerialised form in CDSL	8,26,240	2.55
Held in Physical form	4,36,777	1.34
<b>TOTAL</b>	<b>3,24,60,736</b>	<b>100.00</b>

**Shares held in demat/physical form as on June 30, 2016**

**XIII.** As on date, the Company has not issued GDR/ADR/ warrants or any convertible instruments.

**XIV. Unclaimed/Unpaid Dividends**

The amount of the unclaimed dividend for and upto the Financial Year ended June 30, 2008, has been transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Those Members who have not claimed their dividend for the said periods shall not be entitled to claim the same from the Company.

Final dividend for the Financial Year ended June 30, 2009 and for the subsequent years, which remain unpaid or unclaimed, will be due for transfer to the IEPF of the Central Government on the dates mentioned in the table below. Members who have not encashed their dividend warrants for these years are requested to seek issue of duplicate warrants

on or before the due dates mentioned therein, by writing to the Company's RTA Link Intime India Private Limited.

Dividend No.	Date of Declaration	For the Financial Year ended	Due for transfer to IEPF
56	15.10.2009	30.06.2009	20.11.2016
57	08.10.2010	30.06.2010	13.11.2017
58	23.11.2011	30.06.2011	29.12.2018
59	06.12.2012	30.06.2012	11.01.2020
60	09.12.2013	30.06.2013	14.01.2021
61	24.09.2014	30.06.2014	30.10.2021
62	28.10.2015	30.06.2015	03.12.2022

During the Financial Year 2015-16, unclaimed final dividend amount for the Financial Year ended June 30, 2008 of ₹ 17,37,320/- was transferred to the IEPF on December 13, 2015.

The details of unpaid/unclaimed dividend as on date of previous Annual General Meeting, i.e., October 28, 2015, is available on the website of the Company, viz., [www.pg.com/en\\_IN](http://www.pg.com/en_IN).

## XV. Plant Locations

### Goa Plants:

- (1) 173, 314, 315, Kundaim Industrial Estate, Kundaim, Goa - 403 115

### Baddi Plants:

- (1) Khasara. No. 1808-09, Village-Doria, Export Park, Thana, Near Indo Farm, PO. Baddi, Tehsil: Nalagarh, Dist. Solan Himachal Pradesh - 173 205
- (2) Village Katha, Near Charak Pharma, PO. Baddi, Tehsil: Nalagarh, Dist. Solan Himachal Pradesh - 173 205

## XVI. Address for Correspondence:

Procter & Gamble Hygiene and Health Care Limited,  
P&G Plaza,  
Cardinal Gracias Road,  
Chakala, Andheri (East),  
Mumbai - 400 099.  
Tel: (91-22) 2826 6000,  
Fax (91-22) 2826 7303

## Declaration

As provided under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, the Board Members have confirmed compliance with the Directors' Code of Conduct for the Financial Year ended June 30, 2016 and the Senior Management has complied with the Business Conduct Manual for the Financial Year ended June 30, 2016.

For **Procter & Gamble Hygiene and Health Care Limited**

**MUMBAI**  
**August 26, 2016**

**Sd/-**  
**Al Rajwani**  
**Managing Director**



## Auditors' Certificate for Corporate Governance

### TO THE MEMBERS OF

### PROCTER AND GAMBLE HYGIENE AND HEALTH CARE LIMITED

1. We have examined the compliance of conditions of Corporate Governance by Procter and Gamble Hygiene and Health Care Limited ("the Company"), for the year ended on June 30, 2016, as stipulated in:
  - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from July 01, 2015 to November 30, 2015.
  - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from July 01, 2015 to September 01, 2015.
  - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to June 30, 2016 and
  - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to June 30, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended June 30, 2016, except that the Chairman of the Company continued as the Chairman of the Nomination and Remuneration Committee, which is not in compliance with the regulation 19(2) of the Listing Regulations. The Board of Directors of the Company has at its meeting held on August 26, 2016 appointed another non-executive director as the Chairman of the Nomination & Remuneration Committee. The new Committee has reaffirmed all the decisions taken by previous Committee.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Sd/-**  
**Shyamak R Tata**  
Partner  
(Membership No. 038320)

**MUMBAI, August 26, 2016**

## INDEPENDENT AUDITORS' REPORT

### To the Members of Procter & Gamble Hygiene and Health Care Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of **Procter & Gamble Hygiene and Health Care Limited** ("the Company"), which comprise the Balance Sheet as at June 30, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the orders under section 143(11) of the Act. We conducted our audit in accordance with the Standards

on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at June 30, 2016, and its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

7. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company

so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- (e) On the basis of the written representations received from the directors as on June 30, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with Generally Accepted accounting practice – also Refer Note 24(a) to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
8. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Sd/-**  
**Shyamak R Tata**  
Partner  
(Membership No. 038320)

**MUMBAI, August 26, 2016**

## **ANNEXURE – A TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 7(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Procter & Gamble Hygiene and Health Care Limited ("the Company") as of June 30, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively

as at June 30, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**Sd/-**

**Shyamak R Tata**

Partner

(Membership No. 038320)

**MUMBAI, August 26, 2016**



## ANNEXURE – B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 8 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- c. With respect to immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on such physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of the provisions of Sections 73 and 76 or any other relevant provisions of the Companies Act, 2013. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vi) The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of specified products of the Company. For such products, we have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, and according to the books and records as produced and examined by us, in our opinion:
- a. The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable to it with the appropriate authorities.
- b. As at June 30, 2016, the following are the particulars of dues on account of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Value Added Tax matters that have not been deposited on account of any dispute:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates*	Amount involved (₹ in lakhs)
Sales Tax and VAT Laws as per statutes applicable in various states	Sales Tax and VAT	Appellate Authority – upto Commissioners/ Revisional authorities level	1997-98 to 2001-02, 2003-04 to 2014-15	2 899
		Appellate Authority – Tribunal	1996-97, 2001-02, 2002-03, 2005-06, 2006-07 and 2007-08	699
		High Court	1990-91 to 1997-98 and 2002-03	17
<b>Sub-total</b>				<b>3 615</b>

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates*	Amount involved (₹ in lakhs)
The Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal	2004-05 to 2008-09	10
<b>Sub-total</b>				<b>10</b>
Custom Act, 1962	Custom Duty	Commissioner of Customs	1998-99	19
<b>Sub-total</b>				<b>19</b>
Finance Act, 1994	Service Tax	Appellate Authority - upto Commissioners/ Revisional authorities level	2006-07 to 2012-13	1 225
<b>Sub-total</b>				<b>1 225</b>
The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2008-09 to 2009-10	4 003
<b>Sub-total</b>				<b>4 003</b>
<b>Total</b>				<b>8 872</b>

\*generally, the year refers to the period April to March.

Out of the total disputed dues aggregating ₹ 8 872 lakhs as above, ₹ 4 003 lakhs has been stayed for recovery by the relevant authorities.

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures and hence reporting under clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Sd/-**  
**Shyamak R Tata**  
Partner  
(Membership No. 038320)

**MUMBAI, August 26, 2016**

## Balance Sheet as at June 30, 2016

	Note No.	As at June 30, 2016		As at June 30, 2015	
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	3	3 246		3 246	
Reserves and Surplus	4	1 47 875		1 19 622	
			1 51 121		1 22 868
<b>Non-current Liabilities</b>					
Long-Term Provisions	6	357		333	
			357		333
<b>Current Liabilities</b>					
Trade Payables	7				
Total Outstanding dues of Micro Enterprises and Small Enterprises		474		157	
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		31 939		37 073	
Other Current Liabilities	8	9 974		8 465	
Short-Term Provisions	9	22 595		25 872	
			64 982		71 567
<b>TOTAL</b>			<b>2 16 460</b>		<b>1 94 768</b>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Fixed Assets	10				
Tangible Assets		31 686		30 879	
Capital Work-In-Progress		3 472		3 898	
Total Fixed Assets		35 158		34 777	
Deferred Tax Assets (Net)	5	788		396	
Long-Term Loans and Advances	11	17 147		23 879	
Other Non-current Assets	12	12		5	
			53 105		59 057
<b>Current Assets</b>					
Inventories	13	12 748		11 907	
Trade Receivables	14	14 962		11 394	
Cash and Bank Balances	15	1 07 487		61 858	
Short-Term Loans and Advances	16	21 779		45 116	
Other Current Assets	17	6 379		5 436	
			1 63 355		1 35 711
<b>TOTAL</b>			<b>2 16 460</b>		<b>1 94 768</b>

The accompanying notes 1 to 40 are an integral part of the Financial Statements.

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**  
**Chartered Accountants**

**Shyamak R Tata**  
**Partner**

**Mumbai**  
**August 26, 2016**

**For and on behalf of Board of Directors**

**R. A. Shah**  
**Chairman**

**P. Bishnoi**  
**Company Secretary**

**Al Rajwani**  
**Managing Director**

**P. Bhatnagar**  
**Chief Financial Officer**

## Statement of Profit and Loss for the year ended June 30, 2016

	Note No.	For the year ended June 30, 2016 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs
<b>INCOME</b>			
Revenue from sale of products (Gross)	18	2 55 272	2 35 838
Less: Excise Duty attributable to products sold		7 104	2 611
Revenue from sale of products (Net)		2 48 168	2 33 227
Other operating revenues	18	265	152
Revenue from operations	18	2 48 433	2 33 379
Other Income	19	8 761	7 464
<b>Total Revenue</b>		<b>2 57 194</b>	<b>2 40 843</b>
<b>EXPENSES</b>			
Cost of Raw and Packing Material Consumed	20a	59 163	57 886
Purchase of Stock-in-Trade	20b	33 350	34 330
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20c	(1 071)	(124)
Employee Benefits Expense	21	11 856	11 329
Finance Costs	22	402	572
Depreciation and Amortisation Expense	10	5 169	5 253
Other Expenses	23	84 671	81 516
<b>Total Expenses</b>		<b>1 93 540</b>	<b>1 90 762</b>
<b>Profit before Tax</b>		<b>63 654</b>	<b>50 081</b>
<b>Tax Expense:</b>			
Current tax			
– for current year		21 636	15 034
– for earlier year		92	—
Deferred tax charge / (credit)			
– for current year		(300)	300
– for earlier year		(92)	133
<b>Profit after Tax for the year</b>		<b>42 318</b>	<b>34 614</b>
<b>Earnings per Equity share (in ₹)</b>	39		
Basic and diluted earnings per share (₹)		130.37	106.63
Face Value of Equity Share (in ₹)		10.00	10.00

The accompanying notes 1 to 40 are an integral part of the Financial Statements.

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**  
**Chartered Accountants**

**Shyamak R Tata**  
**Partner**

**Mumbai**  
**August 26, 2016**

**For and on behalf of Board of Directors**

**R. A. Shah**  
**Chairman**

**P. Bishnoi**  
**Company Secretary**

**Al Rajwani**  
**Managing Director**

**P. Bhatnagar**  
**Chief Financial Officer**

## Cash Flow Statement for the year ended June 30, 2016

	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>A. Cash Flow from Operating Activities</b>				
Profit Before Tax		63 654		50 081
Adjustments for:				
Depreciation and Amortisation Expense	5 169		5 253	
Interest Income	(8 475)		(7 156)	
Finance Costs	402		572	
Provision for employee benefits	623		936	
Provision for doubtful trade receivable	78		108	
Unrealised Foreign Exchange - Loss / (Gain) (Net)	22		(36)	
Loss on sale / discard of Fixed Assets (Net)	251		1 107	
		(1 930)		784
Operating profit before working capital changes		61 724		50 865
Changes in working capital				
Adjustments for (increase) / decrease in operating assets:				
Long-term Loans and Advances	40		107	
Inventories	(841)		(55)	
Trade Receivables	(3 659)		(2 889)	
Short-term Loans and Advances	2 037		1 051	
Other Current Assets	854		(1 237)	
Adjustments for increase / (decrease) in operating liabilities:				
Other Long-term Liabilities	—		(28)	
Trade Payables	(4 826)		14 259	
Other Current Liabilities	136		1 045	
		(6 259)		12 253
<b>Cash generated from operations</b>		55 465		63 118
Income Tax Paid (Net of refunds)		(20 133)		(20 561)
<b>Net Cash generated from operating activities</b>		35 332		42 557
<b>B. Cash Flow from Investing Activities</b>				
Capital expenditure on Fixed Assets	(5 265)		(7 843)	
Proceeds from sale of Fixed Assets	34		102	
Interest received	6 398		7 482	
Loans Given	(41 300)		1 00 350	
Loans Realised	62 600		(97 169)	
Net movement in Bank Balances not considered as cash and cash equivalents	(21)		(85)	
<b>Net Cash generated from / (used in) investing activities</b>		22 446		2 837



## Cash Flow Statement for the year ended June 30, 2016

	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>C. Cash Flow from Financing Activities</b>				
Dividend paid	(9 819)		(8 927)	
Corporate Tax on Dividend paid	(1 999)		(1 517)	
Interest Paid	(352)		(85)	
<b>Net Cash used in financing activities</b>		<b>(12 170)</b>		<b>(10 529)</b>
<b>Net increase in Cash and Cash Equivalents</b>		<b>45 608</b>		<b>34 865</b>
Opening Cash and Cash Equivalents		<b>61 505</b>		<b>26 640</b>
<b>Closing Cash and Cash Equivalents</b>		<b>1 07 113</b>		<b>61 505</b>
 <b>Reconciliation of cash and cash equivalents with the Balance Sheet:</b>				
	<b>As at June 30, 2016</b>		<b>As at June 30, 2015</b>	
	<b>₹ in Lakhs</b>		<b>₹ in Lakhs</b>	
<b>Cash and Cash Equivalents as above</b>		<b>1 07 113</b>		<b>61 505</b>
Add: Bank Balances not considered as cash and cash equivalents as defined in AS 3 – Cash Flow Statements		<b>374</b>		<b>353</b>
<b>Cash and Bank Balances (Refer Note 15)</b>		<b>1 07 487</b>		<b>61 858</b>

### Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS 3) - "Cash Flow Statement".
- Cash comprises of cash on hand and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

The accompanying notes 1 to 40 are an integral part of the Financial Statements.

In terms of our report attached  
**For DELOITTE HASKINS & SELLS LLP**  
**Chartered Accountants**

**Shyamak R Tata**  
**Partner**

**Mumbai**  
**August 26, 2016**

**For and on behalf of Board of Directors**

**R. A. Shah**  
**Chairman**

**P. Bishnoi**  
**Company Secretary**

**Al Rajwani**  
**Managing Director**

**P. Bhatnagar**  
**Chief Financial Officer**

## Notes forming part of the financial statements

### 1. CORPORATE INFORMATION

Procter & Gamble Hygiene and Health Care Limited (the Company) is a public company incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the manufacturing and selling of branded packaged fast moving consumer goods in the femcare and healthcare businesses. The Company's products are sold through retail operations including mass merchandisers, grocery stores, membership club stores, drug stores, department stores and high frequency stores. The Company has its manufacturing locations at Goa and Baddi - Himachal Pradesh, apart from third party manufacturing locations spread across India.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.01 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2.02 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### 2.03 Revenue Recognition

Sale of products is recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on the dispatch of goods. Sales exclude trade discounts and rebate. Sales include excise duty but exclude sales tax and value added tax.

Interest income is accounted on accrual basis.

#### 2.04 Tangible fixed assets and depreciation & amortization

Fixed assets are stated at cost of acquisition less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such assets beyond its previously assessed standard of performance.

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses.

Depreciation is calculated on straight-line method over the estimated useful life of the fixed assets. These lives are in accordance with Schedule II of the Companies Act, 2013.

Leasehold land is amortised over the period of lease.

## Notes forming part of the financial statements

### 2.05 Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

### 2.06 Inventories

Inventories consist of raw and packing materials, stores and spares, work in progress and finished goods. Inventories are valued at lower of cost and net realisable value after providing for obsolescence and other losses where considered necessary. Cost of Inventories is determined on weighted average basis. Cost of manufactured finished goods and work-in-progress includes material cost determined on weighted average basis and also includes an appropriate portion of allocable overheads.

### 2.07 Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction or at rates that closely approximate the rate at the date of the transaction. Monetary items in foreign currencies are stated at the closing exchange rates. In the case of monetary items covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract and the difference between the year end rate and rate on the date of the contract is recognised as exchange difference in the Statement of Profit and Loss. Gains / Losses on conversion / translation have been recognised in the Statement of Profit and Loss.

### 2.08 Employee benefits

(i) Post-employment Benefits

(a) Defined Contribution Plans:

The Company has Defined Contribution Plans for post employment benefits, charged to Statement of Profit and Loss, in the form of

- Provident Fund administered by the Regional Provident Fund Commissioner;
- Superannuation Fund as per Company policy administered by Company managed trust and
- State Defined Contribution Plans : Employer's Contribution to Employees' State Insurance.

(b) Defined Benefit Plans:

Funded Plan: The Company has Defined Benefit Plan for post employment benefits in the form of

- Gratuity for all employees administered through trust.

Unfunded Plan: The Company has unfunded Defined Benefit Plans in the form of

- Post Retirement Medical Benefits (PRMB) as per its policy
- Compensated Absences (Plant Technicians) as per its policy

Liability for the above defined benefit plans is provided on the basis of valuation, as at the Balance Sheet date, carried out by independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

## Notes forming part of the financial statements

- (ii) Liability for Compensated Absences and Leave Travel Allowance which are in the nature of short term benefits is provided for as per company rules on an accrual basis.
- (iii) Termination benefits and long service awards in terms of Company policy are recognized as an expense as and when incurred.
- (iv) The Actuarial gains and losses arising during the year are recognized in Statement of Profit and Loss for the year.
- (v) The Procter and Gamble Company, USA has an "International Stock Ownership Plan (ISOP)" (employee share purchase plan) whereby specified employees of its subsidiaries have been given a right to purchase shares of the Ultimate Holding Company i.e. The Procter and Gamble Company, USA. Every employee who opts for the scheme contributes by way of payroll deduction up to a specified percentage (upto 15%) of base salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 2.5% of his base salary) and charged to Employee Benefits Expense.
- (vi) The Procter & Gamble Company, USA has an "Employee Stock Option Plan (ESOP)" whereby specified employees covered by the plan are granted an option to purchase shares of the Ultimate Holding Company i.e. The Procter & Gamble Company, USA at a fixed price (grant price) for a fixed period of time. The difference between the market price and grant price on the exercise of the stock options issued by the Ultimate Holding Company to the employees of the Company is charged in the year of exercise by the employees. Such costs are charged under Employee Benefits Expense.

### 2.09 Research and Development

Capital expenditure on Research and Development is capitalized as Fixed Assets. All revenue expenditure on Research and Development is charged off to the respective heads in Statement of Profit and Loss in the year in which it is incurred.

### 2.10 Taxes on Income

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income-tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year). Provision for taxation for the Company's financial year ended on June 30 is based on the results of the period July 1 to March 31 (later part of the fiscal year ended March 31) and for the balance and for the period April 1 to June 30 (beginning of the next fiscal year) as per the provisions of Income Tax Act, 1961 and other applicable tax laws. The deferred tax charge or credit and the corresponding deferred tax liabilities and / or assets are recognised using the applicable tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation, carry forward of losses and items relating to capital losses are recognised only if there is virtual certainty supporting to convincing evidence that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that

## Notes forming part of the financial statements

reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

### 2.11 Borrowing cost

Borrowing costs directly attributable to acquisition or construction of qualifying assets (i.e. those fixed assets which necessarily take a substantial period of time to get ready for their intended use) are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### 2.12 Leases

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term.

### 2.13 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent liabilities are disclosed for (1) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (2) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements as this may result in the recognition of income that may never be there.

### 2.14 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### 2.15 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

### 2.16 Claims

The claims against the Company not acknowledged as debt are disclosed after careful evaluation of the facts and legal aspects of the matter involved.

## Notes forming part of the financial statements

### 3. Share Capital

	As at June 30, 2016		As at June 30, 2015	
	Number of Shares	Amount (₹ in Lakhs)	Number of Shares	Amount (₹ in Lakhs)
<b>Authorised</b>				
Equity shares of ₹ 10 each	3 50 00 000	3 500	3 50 00 000	3 500
<b>Issued, Subscribed and Paid-up</b>				
Equity shares of ₹ 10 each fully paid	3 24 60 736	3 246	3 24 60 736	3 246
<b>Reconciliation of fully paid equity shares</b>				
Equity shares at the beginning of the year	3 24 60 736	3 246	3 24 60 736	3 246
Equity shares of ₹ 10 each issued during the year	—	—	—	—
Equity shares at the end of the year	3 24 60 736	3 246	3 24 60 736	3 246

#### Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### Details of Equity shares held by Ultimate holding company, Holding company and its Subsidiaries

	As at June 30, 2016		As at June 30, 2015	
	Number of Shares	Amount (₹ in Lakhs)	Number of Shares	Amount (₹ in Lakhs)
<b>Ultimate Holding Company</b>				
The Procter and Gamble Company, USA	—	—	—	—
<b>Holding Company</b>				
Procter & Gamble Asia Holding BV	2 12 21 953	2 122	2 12 21 953	2 122
<b>Subsidiaries of the ultimate holding company</b>				
Rosemount LLC	10 88 137	109	10 88 137	109
Temple Trees Impex & Investment Pvt. Ltd.	6 19 683	62	6 19 683	62

#### Details of shares held by each shareholder holding more than 5% equity shares:

	As at June 30, 2016		As at June 30, 2015	
	Number of Shares	% holding	Number of Shares	% holding
Procter & Gamble Asia Holding BV	2 12 21 953	65.38%	2 12 21 953	65.38%



## Notes forming part of the financial statements

### 4. Reserves and Surplus

	As at June 30, 2016		As at June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Securities Premium Account</b>				
Balance as per last balance sheet		7 519		7 519
<b>General Reserve</b>				
Balance as per last balance sheet	26 727		23 266	
Add: Transferred from Surplus in Statement of Profit and Loss	4 232		3 461	
		30 959		26 727
<b>Surplus in statement of Profit and Loss</b>				
Balance as per last balance sheet	85 376		66 259	
Add: Profit after tax for the year	42 318		34 614	
Less: Depreciations as per transitional provision specified in Schedule II of the Companies Act, 2013 – Net of tax ₹ Nil Lakhs (Previous year : ₹ 112 Lakhs) (Refer note 4 of Note 10)	—		(218)	
Proposed Dividend to Equity Shareholder at ₹ 36 per share (Previous year : ₹ 30.25 per share)	(11 686)		(9 819)	
Corporate tax on proposed dividend	(2 379)		(1 999)	
Transfer to General Reserve	(4 232)		(3 461)	
Balance as at the year end		1 09 397		85 376
<b>Total Reserves and Surplus</b>		1 47 875		1 19 622

### 5. Deferred Tax Liabilities / (Assets) (Net)

	As at June 30, 2016		As at June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Tax effect of items constituting deferred tax assets				
On Payments made under Voluntary Retirement Scheme	398		246	
On Disallowance of payments made u/s 43 B of the Income Tax Act, 1961	790		658	
On Other timing differences	980		940	
		2 168		1 844
Tax effect of items constituting deferred tax liabilities				
On fiscal allowances of fixed assets	1 380		1 448	
		1 380		1 448
<b>Net Deferred Tax Liabilities / (Assets)</b>		(788)		(396)

## Notes forming part of the financial statements

### 6. Long-Term Provisions

	As at June 30, 2016 ₹ in Lakhs	As at June 30, 2015 ₹ in Lakhs
<b>Provision for employee benefits (Refer Note 25)</b>		
Compensated Absences	96	84
Post Retirement Medical Benefits	261	249
	<u>357</u>	<u>333</u>

### 7. Trade Payables

	As at June 30, 2016 ₹ in Lakhs	As at June 30, 2015 ₹ in Lakhs
Total Outstanding dues to Micro & Small Enterprises (Refer Note 32)	474	157
Total Outstanding dues to trade payables other than Micro & Small Enterprises	31 939	37 073
	<u>32 413</u>	<u>37 230</u>

### 8. Other Current Liabilities

	As at June 30, 2016 ₹ in Lakhs	As at June 30, 2015 ₹ in Lakhs
Trade / Security Deposits	7	7
Gratuity (Refer Note 25)	3 058	2 415
Superannuation	27	17
Unclaimed / unpaid dividends*	146	145
Other payables		
Payables on Purchase of Fixed Assets	1 370	800
Others Payables (Including Statutory remittances, Excise and Sales Tax Payable)	5 366	5 081
	<u>9 974</u>	<u>8 465</u>

\* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

### 9. Short-Term Provisions

	As at June 30, 2016 ₹ in Lakhs	As at June 30, 2015 ₹ in Lakhs
<b>Provision for Employee benefits (Refer Note 25)</b>		
Compensated Absences	298	352
Post Retirement Medical Benefits	12	12
<b>Provision (Others)</b>		
Provision for tax	8 220	13 690
Proposed Equity Dividend	11 686	9 819
Corporate Tax on Proposed Dividend	2 379	1 999
	<u>22 595</u>	<u>25 872</u>

## Notes forming part of the financial statements

### 10. Tangible Assets

Particulars – Own use assets	Gross Block at Cost			Depreciation & Amortisation				Net Block	
	As at July 1, 2015 ₹ in Lakhs	Additions/ Transfers during the year ₹ in Lakhs	Deletions/ Transfers during the year ₹ in Lakhs	As at July 1, 2015 (Refer Note 2 below) ₹ in Lakhs	Depreciations as per transitional provision specified in Schedule II of the Companies Act, 2013 (Refer Note 4) ₹ in Lakhs	For the Year ₹ in Lakhs	On Deletions/ Transfers ₹ in Lakhs	As at June 30, 2016 ₹ in Lakhs	As at June 30, 2016 ₹ in Lakhs
Land – Freehold (Refer Note 3 below)	677 (677)	—	—	677 (677)	—	—	—	—	677 (677)
Land – Leasehold	172 (172)	—	—	172 (172)	—	2 (2)	—	154 (152)	18 (20)
Buildings	10 904 (10 581)	390 (433)	44 (110)	11 250 (10 904)	3 660 (3 268)	447 (421)	8 (29)	4 099 (3 660)	7 151 (7 244)
Plant, Machinery and Equipment	33 957 (25 515)	4 816 (12 253)	465 (3 811)	38 308 (33 957)	13 443 (12 752)	3 531 (3 383)	286 (2 695)	16 688 (13 443)	21 620 (20 514)
Furniture and Fixtures	2 529 (2 083)	415 (483)	18 (37)	2 926 (2 529)	1 210 (361)	618 (707)	16 (25)	1 812 (1 210)	1 114 (1 379)
Office Equipment	2 529 (2 431)	380 (301)	263 (203)	2 646 (2 529)	1 834 (1 383)	355 (494)	261 (203)	1 928 (1 834)	718 (695)
Moulds and Dies	1 547 (1 299)	195 (248)	180 —#	1 562 (1 547)	1 137 (900)	216 (237)	179 —	1 174 (1 137)	388 (410)
Vehicles – Forklifts	51 (49)	— (2)	— —#	51 (51)	51 (42)	— (9)	— —	51 (51)	— —
Total	52 366 (42 807)	6 196 (13 720)	970 (4 161)	57 592 (52 366)	21 487 (18 856)	5 169 (5 253)	750 (2 952)	25 906 (21 487)	31 686 (30 879)
# denotes amount less than ₹ 50 000	Capital work-in-progress								3 472 (3 898)
	Grand Total								35 158 (34 777)

#### Notes:

- Figures in brackets pertain to previous year.
- Opening accumulated depreciation includes impairment on Land-Leasehold ₹ 91 Lakhs; on Buildings ₹ 750 Lakhs; on Plant and Machinery ₹ 205 Lakhs and on Office Equipment ₹ 0.30 Lakhs in 2002-03.
- Land – Freehold includes ₹ 677 Lakhs (Previous year : ₹ 677 Lakhs) being the company's share (90%) of assets jointly owned with other parties.
- In accordance with the requirements of Companies Act, 2013 (the Act), the company has, effective July 1, 2014, reviewed and revised the estimated useful lives of its fixed assets in accordance with the provisions of Schedule II of the Act (Refer Note 2.04). Consequently in respect of assets, whose useful life is exhausted as at July 1, 2014, the related carrying amount aggregating to ₹ Nil Lakhs (Previous year : ₹ 218 Lakhs (net of tax of ₹ Nil Lakhs (Previous year : ₹ 112 Lakhs)) was adjusted against the opening surplus balance in the Statement of Profit and Loss in the previous year.

## Notes forming part of the financial statements

### 11. Long-Term Loans and Advances

#### Unsecured, considered good unless otherwise stated

	As at June 30, 2016		As at June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Security Deposits		545		238
Loans and advances to employees (Refer Note (a) below)		5 132		5 417
Advance income tax		10 697		17 389
Other loans and advances (Refer Note (b) below)		773		835
Doubtful loans and advances	1 062		1 062	
Less: Provisions for doubtful loans and advances	1 062	—	1 062	—
		<u>17 147</u>		<u>23 879</u>

Notes: a) Loans and Advances given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.

b) Includes amounts deposited with Excise, Sales Tax and other authorities as demanded, pending resolution of disputes.

### 12. Other Non-Current Assets

	As at June 30, 2016		As at June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Interest accrued on time deposits with bank		12		5
		<u>12</u>		<u>5</u>

### 13. Inventories (At lower of cost and net realisable value)

	As at June 30, 2016		As at June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Raw materials		1 519		1 540
Packing materials		522		704
Work-in-progress				
Female Hygiene Products	473		54	
Formulation	40		181	
		<u>513</u>		<u>235</u>
Stock-in-trade (goods purchased for resale)		3 460		2 955
Finished goods (manufactured)		5 090		4 802
Consumable Stores and Spares		1 644		1 671
		<u>12 748</u>		<u>11 907</u>

### 14. Trade Receivables – Unsecured

	As at June 30, 2016		As at June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Trade receivable outstanding for a period exceeding six months from the date they were due for payment				
Considered good	24		54	
Considered doubtful	132		56	
		<u>156</u>		<u>110</u>
Other trade receivables – considered good		14 938		11 340
		<u>15 094</u>		<u>11 450</u>
Less: Provision for doubtful trade receivables		132		56
		<u>14 962</u>		<u>11 394</u>

## Notes forming part of the financial statements

### 15. Cash and Bank Balances

	As at June 30, 2016		As at June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Cash and Cash Equivalents				
Balances with Bank				
Current accounts	2 416		2 017	
Deposit accounts (with original maturity less than 3 months)	1 04 697		59 488	
		1 07 113		61 505
Other Bank Balances				
Earmarked accounts				
Unpaid dividend accounts	146		145	
Other earmarked accounts (deposits with sales tax authorities)	— #		— #	
Bank deposits with original maturity more than 3 months (Refer Note (a) below)	228		208	
		374		353
		1 07 487		61 858

# denotes amount less than ₹ 50 000

Note (a) : Balances with bank includes ₹ 169 Lakhs (Previous year : ₹ 83 Lakhs) deposits with remaining maturity of more than 12 months from the balance sheet date.

### 16. Short-Term Loans and Advances

#### Unsecured, considered good unless otherwise stated

	As at June 30, 2016		As at June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Loans to related parties (Refer Note 37)	20 000		41 300	
Security Deposits	4		21	
Loans and advances to employees (Refer Note below)	794		799	
Prepaid Expenses	35		173	
Balance with government authorities	722		211	
Other loans and advances (Advances to vendors)	224		2 612	
	21 779		45 116	

Note: Loans and advances given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013.

### 17. Other Current Assets

	As at June 30, 2016		As at June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Interest accrued on loan to related parties (Refer Note 37)	1 628		92	
Interest accrued on time deposits with bank	525		264	
Others				
Due from related parties (Refer Note 37)	4 144		5 019	
Receivable for Scrap Sales	17		51	
Receivable – Others	65		10	
		4 226		5 080
		6 379		5 436

## Notes forming part of the financial statements

### 18. Revenue from operations

	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Sale of products (Refer Note (i) below)</b>				
Manufactured products	1 76 017		1 77 178	
Traded products	79 255		58 660	
		<b>2 55 272</b>		<b>2 35 838</b>
<b>Other operating revenues</b>				
Sale of scrap	265		152	
		<b>265</b>		<b>152</b>
Revenue from operations (Gross)		<b>2 55 537</b>		<b>2 35 990</b>
Less: Excise Duty attributable to products sold		<b>7 104</b>		<b>2 611</b>
<b>Total</b>		<b>2 48 433</b>		<b>2 33 379</b>

#### Note

(i) Sale of products comprises

	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
<b>Details of product sold</b>	<b>Manufactured</b>	<b>Traded</b>	<b>Manufactured</b>	<b>Traded</b>
Ointments and Creams	20 295	20 205	38 753	567
Cough Drops	14 090	12 718	25 058	1 575
Tablets	7 368	—	8 318	—
Personal Products, Toilet Preparations, etc.	1 34 264	46 332	1 05 049	56 518
	<b>1 76 017</b>	<b>79 255</b>	<b>1 77 178</b>	<b>58 660</b>

### 19. Other Income

	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in Lakhs		₹ in Lakhs	
Interest on fixed deposits with bank	5 529		2 640	
Interest on loan to related parties (Refer Note 37)	2 673		4 516	
Interest on loans given to Employees	190		203	
Interest on Income Tax refund	273		—	
Research and Development and other charges	—		5	
Miscellaneous Income	96		100	
	<b>8 761</b>		<b>7 464</b>	

### 20. (a) Cost of Raw and Packing Material Consumed<sup>#</sup> (Refer Note 27 (a))

	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in Lakhs		₹ in Lakhs	
Opening Stock	2 244		2 725	
Add: Purchases	58 960		57 405	
	<b>61 204</b>		<b>60 130</b>	
Less: Closing Stock	2 041		2 244	
	<b>59 163</b>		<b>57 886</b>	

<sup>#</sup> Includes consumption of Raw Material and Packing Material supplied by the Company to a third party manufacturer for manufacture and supply of goods purchased for resale.



## Notes forming part of the financial statements

### Material Consumed comprises of

	For the year ended June 30, 2016 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs
<b>Class of Goods</b>		
Pulp, Chemicals, waxes and oils	45 483	42 261
Sugar and liquid glucose	1 448	3 182
Foils	2 226	2 161
Containers, cartons, boxes etc.	10 006	10 282
	<u>59 163</u>	<u>57 886</u>

### (b) Purchase of Stock-in-Trade (goods purchased for resale)

Ointments and Creams	7 134	155
Cough Drops	8 274	921
Personal Products, Toilet Preparations, etc.##	17 942	33 254
	<u>33 350</u>	<u>34 330</u>

## Cost for Purchase of Stock-in-Trade excludes the cost of Raw Material and Packing Material supplied by the Company to a third party manufacturer for manufacture and supply of goods.

### (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade

	For the year ended June 30, 2016 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs
<i>Inventories at the beginning of the year:</i>			
Finished goods (manufactured)	4 802		6 016
Work-in-progress	235		238
Stock-in-trade (goods purchased for resale)	2 955		1 614
	<u>7 992</u>		<u>7 868</u>
<i>Inventories at the end of the year:</i>			
Finished goods (manufactured)	5 090		4 802
Work-in-progress	513		235
Stock-in-trade (goods purchased for resale)	3 460		2 955
	<u>9 063</u>		<u>7 992</u>
<b>Net Decrease / (Increase)</b>	<u>(1 071)</u>		<u>(124)</u>

## 21. Employee Benefits Expense

	For the year ended June 30, 2016 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs
Salaries and Wages#	8 489	8 909
Contribution to provident and other funds (Refer Note 25)	1 479	2 073
Expense on Employee Stock Option (ISOP & ESOP) scheme (Refer Note 26)	1 927	1 173
Staff welfare expenses (Refer Note 33)	1 456	1 429
Reimbursement / (Recovery) of employee benefits expense cross charged to related parties (Refer Note 34 and 35)	(1 495)	(2 255)
	<u>11 856</u>	<u>11 329</u>

# Salaries and Wages includes ₹ 484 Lakhs (Previous year : ₹ 383 Lakhs) towards expenditure on Voluntary Retirement Scheme.

## Notes forming part of the financial statements

### 22. Finance Costs

	For the year ended June 30, 2016 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs
Interest expense on Income Tax	252	352
Interest expense on Entry Tax	125	162
Interest expense on Trade Payables (Refer Note 32)	25	50
Interest expense on short term bank borrowings	—	8
	<u>402</u>	<u>572</u>

### 23. Other Expenses

	For the year ended June 30, 2016 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs
Consumption of stores and spare parts (Refer Note 27 (b))	786	790
Rent (Refer Note 33)	619	608
Excise Duty on increase / (decrease) of Finished goods inventory	272	101
Processing charges	5 780	4 901
Power and fuel	1 137	1 218
Repairs and maintenance:		
Plant and machinery	866	926
Buildings	29	124
Others	128	118
Insurance	44	38
Rates and Taxes	46	88
Communications	406	557
Travelling, Conveyance and Vehicle expenses	1 026	996
Computer expenses	673	298
Freight, transport, warehousing and distribution charges	8 473	10 703
Trade incentives	14 287	14 481
Advertising expenses	18 255	18 792
Distributor Coverage Expenses	8 137	7 386
Royalty	12 338	11 144
Business process outsourcing expenses	3 008	2 743
Legal and Professional services	3 562	2 685
Payments to auditors (Refer Note (a) below)	164	121
Commission to directors	33	38
Trade Receivables written off	2	92
Less: Adjusted against provision for earlier years	(2)	(92)
Provision for doubtful trade receivable	78	108
Inventory written off (Net of Insurance claims recovered)	740	425
Loss on foreign currency transactions - (Net)	270	189
Loss on sale / discard of Fixed Assets (Net)	251	1 107
Miscellaneous expenses	6 293	3 074
	<u>87 701</u>	<u>83 759</u>
Reimbursement / (Recovery) of expenses cross charged to related parties (Refer Note 34)	(3 030)	(2 243)
	<u>84 671</u>	<u>81 516</u>

## Notes forming part of the financial statements

Notes:

Particulars	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
(a) Payments to auditors comprise :				
(i) To Statutory Auditors				
For Audit	93		56	
For Taxation Matters	16		18	
For Limited Review	17		17	
For Other services	3		3	
Reimbursement of expenses	7		6	
Service Tax	20		14	
		156		114
(ii) To Cost auditors for cost Audit		8		7
Total		164		121

(b) Miscellaneous expenses includes expenditure incurred and paid on Corporate Social Responsibility (CSR) under sections 135 of the Companies Act, 2013 of ₹ 845 Lakhs (Previous year : ₹ 652 Lakhs).

### 24. (a) Contingent Liabilities :

- In respect of Income Tax demands for which the company has preferred appeals with appropriate authorities - ₹ 7 529 Lakhs (Previous year : ₹ 6 820 Lakhs). The liability is mainly on account of various disallowances by the Income Tax authorities on which assessee has preferred an appeal. These are on account of various grounds - primarily on account of advertisement expenses, tax holiday, etc.
- In respect of Sales Tax matters for which the company has preferred appeals with appropriate authorities - ₹ 3 971 Lakhs (Previous year : ₹ 3 206 Lakhs). The liability is in respect to matters related to non-submission of "C" Forms / "F" Forms ₹ 2 641 Lakhs (Previous year : ₹ 2 074 Lakhs), Incomplete accounts books ₹ 227 Lakhs (Previous year : ₹ 227 Lakhs), Classification issues ₹ 38 Lakhs (Previous year : ₹ 58 Lakhs), Product valuation issues ₹ 66 Lakhs (Previous year : ₹ 66 Lakhs), and other miscellaneous issues ₹ 999 Lakhs (Previous year : ₹ 781 Lakhs).
- In respect of Excise and Service Tax matters and Customs Duty for which the company has preferred appeals with appropriate authorities ₹ 1 351 Lakhs (Previous year : ₹ 1 332 Lakhs). The liability is in respect to: classification matters ₹ 9 Lakhs (Previous year : ₹ 9 Lakhs), valuation matters ₹ 95 Lakhs (Previous year : ₹ 95 Lakhs), applicability of service tax matters ₹ 1 226 Lakhs (Previous year : ₹ 1 226 Lakhs) others ₹ 2 Lakhs (Previous year : ₹ 2 Lakhs) and customs duty ₹ 19 Lakhs (Previous year : ₹ Nil Lakhs) .
- In respect of counter guarantees given to banks against guarantees given by banks : ₹ 9 417 Lakhs (Previous year : ₹ 9 108 Lakhs) At the request of the Company, its bankers have issued guarantees to third parties for performance obligation under various commercial agreements. The Company has issued counter guarantees to the banks in respect of these guarantees.
- In respect of other claims - ₹ 46 Lakhs (Previous year : ₹ 46 Lakhs). The Company is a party to various legal proceedings in the normal course of business.

Future cash flow in respect of the above, if any, is determinable only on receipt of judgments / decisions pending with the relevant authorities. The Company does not expect the outcome of matters stated above to have a material adverse effect on the Company's financial condition, results of operations or cash flows.

### (b) Commitments :

Estimated amount of contracts remaining to be executed on capital account (net of advances) - ₹ 357 Lakhs (Previous year : ₹ 65 Lakhs).

## 25. Employee Benefits

The Company has classified the various benefits provided to employees as under :

### I. Defined Contribution Plans

- Provident Fund
- Superannuation Fund
- State Defined Contribution Plans: Employer's Contribution to Employees' State Insurance

## Notes forming part of the financial statements

The Company has recognized the following amounts in Statement of Profit and Loss:

	For the year ended June 30, 2016 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs
– Employer's Contribution to Provident Fund	665	827
– Employer's Contribution to Superannuation Fund	171	224
– Employer's Contribution to Employees' State Insurance	—	1

The above amounts are included in Contribution to Provident and other Funds under Employee Benefits Expense (Refer Note 21)

### II. Defined Benefit Plans

- Gratuity Fund (Funded Scheme): Gratuity is payable to all eligible employees of the Company on superannuation, death, permanent disablement and resignation in terms of the provisions of the Payment of Gratuity Act, 1972 or Company's scheme whichever is more beneficial. Benefits would be paid at the time of separation based on the last drawn base salary.
- Post Retirement Medical Benefits (PRMB) (Unfunded Scheme): Under this scheme, employees get medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade at the time of retirement. Employees separated from the Company as part of early separation scheme are also covered under the scheme.
- Compensated Absences (Unfunded Scheme): The Company provides for leave encashment on termination / retirement of service or leave with pay subject to rules. The employees are entitled to accumulate leave subject to limits for future encashment / availment. The Company makes provision for Compensated Absences based on an actuarial valuation carried out at the end of the year.

The disclosures as required under AS-15 are as under.

#### (A) Changes in the Present Value of Obligation

	Present Value of Obligation as at opening date	Current Service Cost	Interest Cost	Actuarial (gain) / loss on Obligations	Benefits Paid	Present Value of Obligation as at closing date
<b>Funded Scheme (₹ in Lakhs)</b>						
<b>Gratuity</b>						
For the year ended June 30, 2016	4 395	267	321	156	(957)	4 182
For the year ended June 30, 2015	3 696	194	303	699	(497)	4 395
<b>Unfunded Scheme (₹ in Lakhs)</b>						
<b>Post Retirement Medical Benefits (PRMB)</b>						
For the year ended June 30, 2016	261	8	20	24	(40)	273
For the year ended June 30, 2015	228	7	20	12	(6)	261
<b>Compensated Absences</b>						
For the year ended June 30, 2016	89	12	7	(7)	—#	101
For the year ended June 30, 2015	53	8	5	24	(1)	89

# denotes amount less than ₹ 50 000.

#### (B) Changes in the Fair Value of Plan Assets

	Fair Value of Plan Assets as at opening date	Expected Return on Plan Assets	Actuarial Gains and (Losses)	Contributions	Benefits Paid	Fair Value of Plan Assets as at closing date
<b>Funded Scheme (₹ in Lakhs)</b>						
<b>Gratuity</b>						
For the year ended June 30, 2016	1 980	120	(19)	—	(957)	1 124
For the year ended June 30, 2015	2 302	164	11	—	(497)	1 980

## Notes forming part of the financial statements

### (C) Amount recognized in the Balance Sheet

	Present Value of Obligation as at closing date	Fair Value of Plan Assets as at closing date	Liability / (Asset) recognized in the Balance Sheet	Current Liability / (Asset) recognized in the Balance Sheet	Non-current Liability / (Asset) recognized in the Balance Sheet
<b>Funded Scheme (₹ in Lakhs)</b>					
<b>Gratuity</b>					
<b>For the year ended June 30, 2016</b>	<b>4 182</b>	<b>1 124</b>	<b>3 058</b>	<b>3 058</b>	<b>—</b>
For the year ended June 30, 2015	4 395	1 980	2 415	2 415	—
<b>Unfunded Scheme (₹ in Lakhs)</b>					
<b>Post Retirement Medical Benefits (PRMB)</b>					
<b>For the year ended June 30, 2016</b>	<b>273</b>	<b>—</b>	<b>273</b>	<b>12</b>	<b>261</b>
For the year ended June 30, 2015	261	—	261	12	249
<b>Compensated Absences</b>					
<b>For the year ended June 30, 2016</b>	<b>101</b>	<b>—</b>	<b>101</b>	<b>5</b>	<b>96</b>
For the year ended June 30, 2015	89	—	89	5	84

### (D) Expenses recognized in Statement of Profit and Loss

	Current Service Cost	Interest Cost	Expected Return on Plan Assets	Net actuarial (gain) / loss recognized in the year	Total Expenses recognized in Statement of Profit and Loss
<b>Funded Scheme (₹ in Lakhs)</b>					
<b>Gratuity</b>					
<b>For the year ended June 30, 2016</b>	<b>267</b>	<b>321</b>	<b>(120)</b>	<b>175</b>	<b>643</b>
For the year ended June 30, 2015	194	303	(164)	688	1 021
<b>Unfunded Scheme (₹ in Lakhs)</b>					
<b>Post Retirement Medical Benefits (PRMB)</b>					
<b>For the year ended June 30, 2016</b>	<b>8</b>	<b>20</b>	<b>—</b>	<b>24</b>	<b>52</b>
For the year ended June 30, 2015	7	20	—	12	39
<b>Compensated Absences</b>					
<b>For the year ended June 30, 2016</b>	<b>12</b>	<b>7</b>	<b>—</b>	<b>(7)</b>	<b>12</b>
For the year ended June 30, 2015	8	5	—	24	37

Gratuity are included in Contribution to Provident and Other Funds under employee benefits expense (Refer Note 21)

### (E) Category of Plan Assets

Plan assets as a percentage of Total plan assets in respect of Gratuity are as follows:

Category	As at June 30, 2016	As at June 30, 2015
Public Sector Unit	40%	13%
Government of India Securities	17%	2%
State Government Securities	0%	29%
Special Deposit scheme	43%	32%
Private Sector Unit	0%	24%

## Notes forming part of the financial statements

### (F) Sensitivity of Results to Medical Inflation Rate

Medical Inflation Rate	Current Service + Interest Cost		Present Value of Defined Benefit Obligation	
	For the year ended June 30, 2016 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs	For the year ended June 30, 2016 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs
Effect of 1% increase (6.5%)	33	31	313	299
Effect of 1% decrease (4.5%)	23	23	242	231

### (G) Actuarial Assumptions

In respect of the aforesaid defined benefit plans, the management has estimated the liability based on actuarial valuation and is based on following assumptions:

	Funded Scheme Gratuity		Unfunded Scheme			
	For the year ended June 30, 2016	For the year ended June 30, 2015	Post Retirement Benefit For the year ended June 30, 2016	Medical Benefit For the year ended June 30, 2015	Compensated Absences For the year ended June 30, 2016	For the year ended June 30, 2015
Discount rate (per annum)	7.8%	8.2%	7.8%	8.2%	7.8%	8.2%
Average Salary increase rate	8.0%	8.0%	N/A	N/A	8.0%	8.0%
Rate of Return on Plan Assets (For funded scheme)	8.0%	8.0%	N/A	N/A	N/A	N/A
Medical Inflation Rate	N/A	N/A	5.5%	5.5%	N/A	N/A
Expected Retirement age of employees (years)	60	60	60	60	60	60
Withdrawal : Plan Members are assumed to withdraw in accordance with the following table:						
<b>Age</b>						
Upto 45 years	5%	5%	5%	5%	5%	5%
Above 45 years	3%	3%	3%	3%	3%	3%

Mortality rates considered are as per the published rates in Indian Assured Lives Mortality (2006-08).

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.

### (H) Experience History

Funded Scheme — Gratuity (₹ in Lakhs)	For the year ended June 30, 2016	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2012
Defined Benefit Obligation as at closing date	(4 182)	(4 395)	(3 696)	(3 486)	(3 061)
Plan Assets as at closing date	1 124	1 980	2 302	2 372	2 672
Funded Status - (Short) / Excess	(3 058)	(2 415)	(1 394)	(1 114)	(389)
Experience Gain / (Loss) adjustments on plan liabilities	28	(21)	(347)	(195)	(284)
Experience Gain / (Loss) adjustments on plan assets	(19)	11	(19)	86	76
Actuarial Gain / (Loss) due to change on assumptions	(184)	(678)	438	(292)	(30)



## Notes forming part of the financial statements

### Unfunded Scheme - Post Retirement Medical Benefit (₹ in Lakhs)

	For the year ended June 30, 2016	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2012
Defined Benefit Obligation as at closing date	(273)	(261)	(228)	(254)	(231)
Plan Assets as at closing date	—	—	—	—	—
Funded Status	(273)	(261)	(228)	(254)	(231)
Experience Gain / (Loss) adjustments on plan liabilities	—#	18	11	34	(12)
Experience Gain / (Loss) adjustments on plan assets	—	—	—	—	—
Actuarial Gain / (Loss) due to change on assumptions	(25)	(30)	32	(38)	(3)
# denotes amount less than ₹ 50,000					

### Unfunded Scheme - Compensated Absences (₹ in Lakhs)

	For the year ended June 30, 2016	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2012
Defined Benefit Obligation as at closing date	(101)	(89)	(53)	—	—
Funded Status	(101)	(89)	(53)	—	—
Experience Gain / (Loss) adjustments on plan liabilities	12	(8)	(24)	—	—
Experience Gain / (Loss) adjustments on plan assets	—	—	—	—	—
Actuarial Gain / (Loss) due to change on assumptions	(5)	(16)	—	—	—

#### 26. (a) International Stock Ownership Plan (Stocks of the Ultimate Holding Company)

The Procter and Gamble Company, USA has an "International Stock Ownership Plan" (employee share purchase plan) whereby specified employees of its subsidiaries have been given a right to purchase shares of the Ultimate Holding Company i.e. The Procter and Gamble Company, USA. Every employee who opts for the scheme contributes by way of payroll deduction up to a specified percentage (upto 15%) of base salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee's contribution (restricted to 2.5% of his base salary). Such contribution is charged to staff cost.

The shares of The Procter & Gamble Company, USA are listed with New York Stock Exchange and are purchased on behalf of the employees at market price on the date of purchase. During the year ended June 30, 2016, 4390.24 (Previous year : 3 267.28) shares were purchased by employees at weighted average fair value of ₹ 5226.93 (Previous year : ₹ 5 239.36) per share.

The Company's contribution during the year on such purchase of shares amounting to ₹ 63 Lakhs (Previous year : ₹ 51 Lakhs) has been charged under Employee Benefits Expense (Refer Note 21).

#### (b) Employees Stock Options Plan (Stocks of the Ultimate Holding Company)

The Procter and Gamble Company, USA has an "Employee Stock Option Plan" whereby specified employees of its subsidiaries covered by the plan are granted an option to purchase shares of the Ultimate Holding Company i.e. The Procter and Gamble Company, USA at a fixed price (grant price) for a fixed period of time. The shares of The Procter & Gamble Company, USA are listed with New York Stock Exchange. The Options Exercise price equal to the market price of the underlying shares on the date of the grant. The Grants issued are vested after 3 years and have a 5/10 years life cycle.

Stock compensation expense of ₹ 1 864 Lakhs (Previous year : ₹ 1 122 Lakhs) has been charged under Employee Benefits Expense (Refer Note 21).

Fair Value of shares at Grant date	15-Sep-15	\$ 69.45
	29-Feb-16	\$ 80.29
	15-Sep-14	\$ 83.87
	27-Feb-15	\$ 85.13

## Notes forming part of the financial statements

The other disclosures in respect of the plans for the year ended June 30, 2016 are:

	Shares arising out of option		Amount in US\$ per share		Remaining Contractual life (years)	
	For the year ended June 30, 2016	For the year ended June 30, 2015	For the year ended June 30, 2016	For the year ended June 30, 2015	For the year ended June 30, 2016	For the year ended June 30, 2015
Outstanding at the beginning of the year	2 71 847	2 93 016	78.24	78.59	4.03	4.26
Granted during the year						
<b>15-Sep-15</b>	<b>1 160</b>	—	<b>69.45</b>	—	<b>10.00</b>	—
<b>29-Feb-16</b>	<b>4 457</b>	—	<b>80.29</b>	—	<b>10.00</b>	—
<b>29-Feb-16</b>	<b>1 554</b>	—	<b>80.29</b>	—	<b>5.00</b>	—
15-Sep-14	—	2 396	—	83.87	—	10.00
27-Feb-15	—	13 134	—	85.13	—	10.00
27-Feb-15	—	1 864	—	85.13	—	5.00
Forfeited during the year	—	—	—	—	—	—
Transferred / Adjustments during the year	—	—	—	—	—	—
Exercised during the year	(40 403)	(32 235)	80.84	84.53	—	—
Expired during the year	(9 696)	(6 328)	—	—	—	—
Outstanding at the end of the year	2 28 919	2 71 847	84.67	78.24	3.87	4.03
Exercisable at the end of the year	1 74 171	2 07 655	84.67	78.24	2.97	3.05

### 27. Consumption of raw & packing materials, stores & spares:

	For the year ended June 30, 2016		For the year ended June 30, 2015	
	₹ in Lakhs	Percentage	₹ in Lakhs	Percentage
(a) Raw and packing materials:				
Indigenously obtained	37 927	64	38 493	66
Imported at landed cost	21 236	36	19 393	34
	<u>59 163</u>	<u>100</u>	<u>57 886</u>	<u>100</u>
(b) Stores and spare parts:				
Indigenously obtained	436	55	420	53
Imported at landed cost	350	45	370	47
	<u>786</u>	<u>100</u>	<u>790</u>	<u>100</u>

## Notes forming part of the financial statements

### 28. Value of Direct Imports on C.I.F. basis

	For the year ended June 30, 2016 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs
Raw and Packing Materials	20 968	19 337
Spare parts	385	553
Capital goods	2 591	2 453
	<u>23 944</u>	<u>22 343</u>

### 29. Expenditure in foreign currency

	For the year ended June 30, 2016 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs
Royalty	10 773	10 031
Business Process outsourcing expenses	2 830	2 276
Advertising expenses	1 175	813
Relocation expenses	377	456
Travelling expenses	420	408
Expenses cross charged by related parties	2 142	2 312
Computer expenses	670	291
Legal and Professional Services	29	18
Others	—	3
	<u>18 416</u>	<u>16 608</u>

### 30. Earnings in foreign exchange

	For the year ended June 30, 2016 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs
Research & Development and other cross recovery	—	5
Exports of goods calculated on F.O.B. basis [excludes Rupee exports to Nepal and Bhutan ₹ 2 002 Lakhs (Previous year : ₹ 829 Lakhs)]	883	865
Others (freight, insurance etc.)	10	54
	<u>893</u>	<u>924</u>

### 31. Remittance made on account of dividend in foreign currency during the year

	For the year ended June 30, 2016	For the year ended June 30, 2015
Number of non-resident shareholders	2	2
Number of equity shares on which dividend were paid	2 23 10 090	2 23 10 090
Dividend remitted-net of tax-in respect of year ended:		
June 30, 2015 Final (₹ in Lakhs)	6 749	—
June 30, 2014 Final (₹ in Lakhs)	<u>—</u>	<u>6 135</u>

## Notes forming part of the financial statements

### 32. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:

	For the year ended June 30, 2016 ₹ in Lakhs	For the year ended June 30, 2015 ₹ in Lakhs
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	474	157
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	31	6
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	541	940
Principal paid beyond the appointed date	541	863
Interest paid in terms of Section 16 of the Act	—	77
(d) The amount of interest due and payable for the year	25	50
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	31	6

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

33. The Company has taken on lease guesthouses for accommodation of employees with an option of renewal at the end of the lease term and escalation clause in some of the cases. Leases can be terminated with a prior notice as per terms and conditions of the respective lease agreements with the lessor. Lease payments amounting to ₹ 782 Lakhs (Previous year : ₹ 805 Lakhs) have been charged to the Statement of Profit and Loss for the year.

Future minimum rentals payable under non-cancellable operating lease are as follows:

	As at June 30, 2016 ₹ in Lakhs	As at June 30, 2015 ₹ in Lakhs
Within one year	291	280
After one year but not more than five years	241	532
More than five years	—	—
	<u>532</u>	<u>812</u>

34. (a) Reimbursement / (Recovery) of expenses cross charged to related parties include payments / recoveries on account of finance, personnel, secretarial, administration and planning services rendered under common cost sharing agreements with Procter and Gamble Home Products Private Limited and Gillette India Limited (Refer Note 35).

(b) Certain expenses in the nature of employee costs, relocation costs and other expenses are cross charged by the Company to its fellow subsidiaries at actual. Similar expenses incurred by fellow subsidiaries are cross charged to the Company at actual.

## Notes forming part of the financial statements

- 35.** Employee Benefits Expense includes expenses in respect of Managerial personnel of ₹ 177 Lakhs (Previous year : ₹ 955 Lakhs) cross charged to Gillette India Limited and Procter and Gamble Home Products Private Limited in terms of the common cost sharing agreement (Refer Note 34).

Employee Benefits Expense includes expenses in respect of Managerial personnel of ₹ 170 Lakhs (Previous year : ₹ 159 Lakhs) cross charged from Gillette India Limited and Procter and Gamble Home Products Private Limited in terms of the common cost sharing agreement (Refer Note 34).

- 36.** There are no outstanding derivative instruments as at year end.

Foreign currency exposures that have not been hedged by the company by a derivative instrument or otherwise are given below:

**a. Amounts receivable in foreign currency**

	As at June 30, 2016			As at June 30, 2015		
	₹ in Lakhs	Currency	In Foreign currency	₹ in Lakhs	Currency	In Foreign currency
Export of goods	126	USD	1 87 439	122	USD	1 91 287
Other Receivable	700	USD	10 35 839	456	USD	7 14 739
	8	EUR	11 019	—	EUR	—

**b. Amounts payable in foreign currency**

	As at June 30, 2016			As at June 30, 2015		
	₹ in Lakhs	Currency	In Foreign currency	₹ in Lakhs	Currency	In Foreign currency
Import of goods and services	3 325	USD	49 18 097	1 681	USD	26 33 976
	68	EUR	90 034	330	EUR	4 62 086
Other payables	3 701	USD	54 74 195	1 727	USD	27 06 918
	630	EUR	8 39 445	280	EUR	3 93 764
	—	JPY	—	4	JPY	8 44 160
	—	CNY	—	839	CNY	81 61 151
	—	GBP	—	13	GBP	13 440
	—	SGD	—	1	SGD	2 908

**37. Related Party Disclosures:**

The Group Companies of The Procter & Gamble Company USA include, among others,

Procter & Gamble India Holdings BV	Procter & Gamble Luxembourg Global SARL	Procter & Gamble Canada Holding BV
Procter & Gamble Iron Horse Holding BV	Procter & Gamble International SARL	Procter & Gamble Overseas Canada, BV
Procter & Gamble Eastern Europe LLC	Procter & Gamble India Holdings Inc.	Procter & Gamble Overseas India BV
Procter & Gamble Nordic LLC	Procter & Gamble International Operations, SA	Procter & Gamble Asia Holding BV
Procter & Gamble Global Holdings Limited	Gillette Group (Europe) Holdings, BV	Rosemount BV

## Notes forming part of the financial statements

### (a) Enterprises where control exists:

The Procter and Gamble Company, USA – Ultimate Holding Company

Procter & Gamble Asia Holding BV, The Netherlands – Holding Company

### (b) Other related parties with whom the Company had transactions during the year

#### (i) Fellow Subsidiaries:

Fameccanica Data S.P.A.	Procter & Gamble Gulf FZE	Procter & Gamble Mataro S.L.U.
Fameccanica Machinery (Shanghai) Co. Ltd.	Procter & Gamble Home Products Private Limited (Erstwhile Procter & Gamble Home Products Limited)	Procter & Gamble Product Supply (U.K.) Limited
Gillette Diversified Operations Pvt. Ltd.	Procter & Gamble Hong Kong Limited	Procter & Gamble Technical Centers Ltd.
Gillette India Limited	Procter & Gamble International Operations Pte. Ltd.	Procter & Gamble Technology (Beijing) Co. Ltd.
P&G K.K.	Procter & Gamble International Operations Sa	Procter & Gamble Trading (Thailand) Ltd.
Procter & Gamble (Guangzhou) Ltd.	Procter & Gamble International Operations Sa Singapore Branch	Procter & Gamble UK
Procter & Gamble (Singapore) Pte. Ltd.	Procter & Gamble International Operations Sa-ROHQ	Pt. Procter & Gamble Home Products Indonesia
Procter & Gamble Australia Pty. Ltd.	Procter & Gamble Japan K.K.	Pt. Procter & Gamble Operations Indonesia
Procter & Gamble Bangladesh Private Limited	Procter & Gamble Korea S&D, Co.	The Procter & Gamble Company
Procter & Gamble Distributing (Philippines), Inc.	Procter & Gamble Korea, Inc.	The Procter & Gamble Distributing LLC
Procter & Gamble Europe Sa	Procter & Gamble Malaysia Sdn Bhd	The Procter & Gamble Manufacturing Company
Procter & Gamble Europe Sa Singapore Branch	Procter & Gamble Manufacturing (Thailand) Ltd.	The Procter & Gamble US Business Services Co.
	Procter & Gamble Manufacturing GmbH	Wella India Hair Cosmetics Pvt. Ltd.

#### (ii) Key Management Personnel of the Company

Mr Al Rajwani (Managing Director with effect from August 29, 2015)

Note : Related parties have been identified by the management.



## Notes forming part of the financial statements

### (c) Transactions during the year

(₹ in Lakhs)

Nature of transactions		Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
<b>Sale of Products</b>					
Procter & Gamble International Operations SA Singapore Br.	2015-2016	—	218	—	218
Procter & Gamble Bangladesh Private Limited	2015-2016	—	675	—	675
Others	2015-2016	—	59	—	59
Procter & Gamble International Operations SA Singapore Br.	2014-2015	—	561	—	561
Procter & Gamble Bangladesh Private Limited	2014-2015	—	358	—	358
Others	2014-2015	—	56	—	56
<b>Sale of Assets / Spares</b>					
Procter & Gamble Home Products Private Limited	2015-2016	—	—	—	—
Procter & Gamble Home Products Private Limited	2014-2015	—	14	—	14
<b>Recovery of expenses cross charged</b>					
The Procter & Gamble Company	2015-2016	4 466	—	—	4 466
Procter & Gamble Home Products Private Limited	2015-2016	—	3 424	—	3 424
Gillette India Limited	2015-2016	—	1 062	—	1 062
Others	2015-2016	—	421	—	421
Procter & Gamble Home Products Private Limited	2014-2015	—	4 847	—	4 847
Gillette India Limited	2014-2015	—	2 729	—	2 729
The Procter & Gamble Company	2014-2015	2 232	—	—	2 232
Others	2014-2015	—	653	—	653
<b>Reimbursement from related parties for expenses shared</b>					
Procter & Gamble Home Products Private Limited	2015-2016	—	3 667	—	3 667
Gillette India Limited	2015-2016	—	2 703	—	2 703
Procter & Gamble Home Products Private Limited	2014-2015	—	2 453	—	2 453
Gillette India Limited	2014-2015	—	2 045	—	2 045
<b>Interest Income</b>					
Procter & Gamble Home Products Private Limited	2015-2016	—	1 809	—	1 809
Wella India Hair Cosmetics Pvt. Ltd.	2015-2016	—	811	—	811
Others	2015-2016	—	53	—	53
Procter & Gamble Home Products Private Limited	2014-2015	—	2 687	—	2 687
Wella India Hair Cosmetics Pvt. Ltd.	2014-2015	—	1 738	—	1 738
Others	2014-2015	—	91	6	97

## Notes forming part of the financial statements

(₹ in Lakhs)

Nature of transactions		Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
<b>Purchases of Goods</b>					
Procter & Gamble Home Products Private Limited	2015-2016	—	18 311	—	18 311
Others	2015-2016	—	415	—	415
Procter & Gamble Home Products Private Limited	2014-2015	—	29 406	—	29 406
Others	2014-2015	—	484	—	484
<b>Royalty</b>					
The Procter & Gamble Company	2015-2016	10 773	—	—	10 773
The Procter & Gamble Company	2014-2015	10 031	—	—	10 031
<b>Rent</b>					
Procter & Gamble Home Products Private Limited	2015-2016	—	320	—	320
Procter & Gamble Home Products Private Limited	2014-2015	—	394	—	394
<b>Purchase of Assets / Spares</b>					
The Procter & Gamble Distributing LLC	2015-2016	—	1 318	—	1 318
Others	2015-2016	—	254	—	254
The Procter & Gamble Distributing LLC	2014-2015	—	1 420	—	1 420
Others	2014-2015	—	225	—	225
<b>Business Process Outsourcing expenses</b>					
Procter & Gamble International Operations SA	2015-2016	—	2 470	—	2 470
Procter & Gamble International Operations SA-ROHQ	2015-2016	—	360	—	360
Procter & Gamble Europe SA Singapore Br.	2014-2015	—	1 855	—	1 855
Procter & Gamble International Operations SA-ROHQ	2014-2015	—	421	—	421
<b>Expenses cross charged</b>					
Procter & Gamble Home Products Private Limited	2015-2016	—	13 698	—	13 698
The Procter & Gamble Company	2015-2016	2 051	—	—	2 051
Others	2015-2016	—	755	—	755
The Procter & Gamble Company	2014-2015	1 219	—	—	1 219
Procter & Gamble Home Products Private Limited	2014-2015	—	1 215	—	1 215
Procter & Gamble (Guangzhou) Ltd.	2014-2015	—	996	—	996
Others	2014-2015	—	277	—	277

## Notes forming part of the financial statements

(₹ in Lakhs)

Nature of transactions		Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
<b>Reimbursement of expenses shared by group cos (Expense)</b>					
Procter & Gamble Home Products Private Limited	2015-2016	—	1 580	—	1 580
Gillette India Limited	2015-2016	—	265	—	265
<b>Computer expenses</b>					
Procter & Gamble US Business Services Co.	2015-2016	—	670	—	670
Procter & Gamble US Business Services Co.	2014-2015	—	289	—	289
<b>Remuneration</b>					
Mr. Al Rajwani	2015-2016	—	—	930	930
Mr. S. Khosla	2014-2015	—	—	1 402	1 402
<b>Loans</b>					
<b>Loans Given</b>					
Procter & Gamble Home Products Private Limited	2015-2016	—	20 000	—	20 000
Wella India Hair Cosmetics Pvt. Ltd.	2015-2016	—	20 000	—	20 000
Others	2015-2016	—	1 300	—	1 300
Procter & Gamble Home Products Private Limited	2014-2015	—	63 820	—	63 820
Wella India Hair Cosmetics Pvt. Ltd.	2014-2015	—	32 049	—	32 049
Others	2014-2015	—	1 300	—	1 300
<b>Loans Repaid</b>					
Procter & Gamble Home Products Private Limited	2015-2016	—	20 000	—	20 000
Wella India Hair Cosmetics Pvt. Ltd.	2015-2016	—	40 000	—	40 000
Others	2015-2016	—	2 600	—	2 600
Procter & Gamble Home Products Private Limited	2014-2015	—	78 701	—	78 701
Wella India Hair Cosmetics Pvt. Ltd.	2014-2015	—	21 649	—	21 649
Others	2014-2015	—	—	52	52
<b>Dividend Remitted / Paid</b>					
Procter & Gamble Asia Holding BV	2015-2016	6 420	—	—	6 420
Others	2015-2016	—	516	—	516
Procter & Gamble Asia Holding BV	2014-2015	5 836	—	—	5 836
Others	2014-2015	—	470	—	470
<b>₹ ₹ 1 843</b>					

## Notes forming part of the financial statements

### (d) Outstanding

(₹ in Lakhs)

Nature of balance	As at	Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Management Personnel	Total
<b>Payables</b>					
The Procter & Gamble Company	30-Jun-16	2 748	—	—	2 748
Procter & Gamble Home Products Private Limited	30-Jun-16	—	3 386	—	3 386
Others	30-Jun-16	—	2 384	—	2 384
Procter & Gamble Home Products Private Limited	30-Jun-15	—	5 028	—	5 028
The Procter & Gamble Company	30-Jun-15	4 300	—	—	4 300
Procter & Gamble (Guangzhou) Ltd.	30-Jun-15	—	1 215	—	1 215
Others	30-Jun-15	—	1 263	—	1 263
<b>Trade Receivables</b>					
Procter & Gamble Bangladesh Private Limited	30-Jun-16	—	105	—	105
Procter & Gamble International Operations SA Singapore Br.	30-Jun-16	—	21	—	21
Procter & Gamble Home Products Private Limited	30-Jun-16	—	70	—	70
Procter & Gamble Bangladesh Private Limited	30-Jun-15	—	59	—	59
Procter & Gamble International Operations SA Singapore Br.	30-Jun-15	—	63	—	63
Others	30-Jun-15	—	8	—	8
<b>Other Current Assets</b>					
Procter & Gamble Home Products Private Limited	30-Jun-16	—	2 470	—	2 470
The Procter & Gamble Company	30-Jun-16	628	—	—	628
Gillette India Limited	30-Jun-16	—	983	—	983
Others	30-Jun-16	—	63	—	63
Procter & Gamble Home Products Private Limited	30-Jun-15	—	3 102	—	3 102
Gillette India Limited	30-Jun-15	—	1 440	—	1 440
Others	30-Jun-15	213	264	—	477
<b>Interest income accrued</b>					
Procter & Gamble Home Products Private Limited	30-Jun-16	—	1 628	—	1 628
Others	30-Jun-16	—	—	—	—
Procter & Gamble Home Products Private Limited	30-Jun-15	—	83	—	83
Others	30-Jun-15	—	9	—	9
<b>Loans</b>					
Procter & Gamble Home Products Private Limited	30-Jun-16	—	20 000	—	20 000
Procter & Gamble Home Products Private Limited	30-Jun-15	—	20 000	—	20 000
Wella India Hair Cosmetics Pvt. Ltd.	30-Jun-15	—	20 000	—	20 000
Others	30-Jun-15	—	1 300	—	1 300

## Notes forming part of the financial statements

### Note:

1 Disclosure required under section 186(4) of the Companies Act, 2013 for Loans given:

Sr. No.	Name	Relations	Amount given during for the year ended June 30, 2016 (₹ in Lakhs)	Amount given during for the year ended June 30, 2015 (₹ in Lakhs)
	<b>Intercompany Loans</b>			
1	Procter & Gamble Home Products Private Limited	Fellow Subsidiary	20 000	63 820
2	Wella India Hair Cosmetics Pvt. Ltd.	Fellow Subsidiary	20 000	32 049
3	Gillette Diversified Operations Pvt. Ltd.	Fellow Subsidiary	1 300	1 300

Above inter corporate loans have been given for general business purposes for meeting their working capital requirements.

38. The Company operates in a single segment i.e. Manufacturing, Trading and Marketing of Health and Hygiene Products.

39. Earnings per share (EPS)

	For the year ended June 30, 2016	For the year ended June 30, 2015
Calculation of Basic and Diluted earnings per share (₹)		
Profit after Tax for the year (₹ in Lakhs)	42 318	34 614
Weighted average number of equity shares outstanding for Basic / Diluted EPS (Nos)	3 24 60 736	3 24 60 736
Nominal value of equity per share (₹)	10	10
Basic / Diluted Earnings per share (₹)	130.37	106.63

40. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

### For and on behalf of Board of Directors

R. A. Shah  
Chairman

P. Bishnoi  
Company Secretary

Mumbai  
August 26, 2016

Al Rajwani  
Managing Director

P. Bhatnagar  
Chief Financial Officer

## TEN YEAR FINANCIAL HIGHLIGHTS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>YEAR END FINANCIAL POSITION (₹ Crores)</b>										
Gross Fixed Assets	163.6	203.1	221.8	243.0	312.9	345.9	377.5	428.1	523.7	<b>575.9</b>
Net Fixed Assets	94.0	123.1	132.3	130.3	190.4	198.4	214.9	239.5	308.8	<b>316.9</b>
Net Worth	291.2	346.6	440.0	534.6	600.6	786.6	805.3	1002.9	1228.7	<b>1511.2</b>
<b>SUMMARY OF OPERATIONS (₹ Crores)</b>										
Gross Sales	553.0	652.6	773.0	913.5	1037.0	1310.1	1696.7	2063.6	2358.4	<b>2552.7</b>
Profit before Tax	145.5	180.6	231.7	233.6	178.7	223.0	286.2	460.3	500.8	<b>636.5</b>
Profit after Tax	89.8	131.4	178.8	179.8	150.9	182.9	203.2	302.0	346.1	<b>423.2</b>
Dividend	64.9	64.9	73.0	73.0	73.0	73.0	81.2	89.3	98.2	<b>116.9</b>
<b>PER SHARE DATA</b>										
EPS (₹)	27.67	40.48	55.10	55.38	46.48	57.30	62.61	93.04	106.63	<b>130.37</b>
Dividend (%)	200	200	225	225	225	225	250	275	302	<b>360</b>
<b>NUMBER OF SHARES</b>										
Shares (Lakhs)	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61	<b>324.61</b>







**Procter & Gamble**  
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