Procter & Gamble Hygiene
and Health Care Limited
CIN: L24239MH1964PLC012971
Registered Office:
P&G Plaza
Cardinal Gracias Road, Chakala
Andheri (E), Mumbai 400 099
Tel: (91-22) 2826 6000
Fax: (91-22) 2826 7337
www.pg.com/en_IN

November 1, 2019

To,
The Corporate Relations Department
The BSE Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001.
Ref:- Scrip ID:- PGHH

To,
The Listing Department
The National Stock Exchange of India Limit
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400051
Ref:- Scrip Code:- 500459

Dear Sir / Madam,

Sub: Annual Report and Notice calling the 55th Annual General Meeting of the Company for the Financial Year ended June 30, 2019

We refer to our letter dated October 15, 2019, informing the date of 55th Annual General Meeting. In this respect, please find enclosed Annual Report and Notice calling the 55th Annual General Meeting of the Company for the Financial Year ended June 30, 2019.

Kindly take the same on record and oblige.

Thanking you,

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

Flavia Machado
Company Secretary

PROCTER & GAMBLE HYGIENE AND HEALTH CARE LTD. ★ MUMBAI

PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED

(**CIN:** L24239MH1964PLC012971)
Registered Office: P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (E), Mumbai - 400 099
Website: www.pg.com/en_IN • Tel: (91-22) 2826 6000; Fax: (91-22) 2826 7337

NOTICE

NOTICE is hereby given that the Fifty-Fifth Annual General Meeting of the Members of the Company will be held on **Wednesday, November 27, 2019 at 11.00 a.m.** at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai - 400 021, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at June 30, 2019 and the Statement of Profit and Loss for the Financial Year ended on that date, together with the Reports of the Auditors and Directors thereon.
2. To confirm payment of Interim Dividend and to declare Final Dividend for the Financial Year ended June 30, 2019.
3. To appoint a Director in place of Mr. Karthik Natarajan (DIN 06685891), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pramod Agarwal (DIN 00066989), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as an **Ordinary Resolution**:

   Appointment of Mr. Ghanashyam Hegde (DIN 08054712) as a Non-Executive Director of the Company

   "RESOLVED THAT Mr. Ghanashyam Hegde (DIN 08054712) who was appointed as an Additional Director of the Company on May 9, 2019 by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and pursuant to the Articles of Association of the Company, and who holds such office until this Annual General Meeting be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation."

6. To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as an **Ordinary Resolution**:

   Appointment of Ms. Meena Ganesh as an Independent Director of the Company

   "RESOLVED THAT Ms. Meena Ganesh (DIN 00528252) who was appointed as an Additional Director of the Company on March 19, 2019, by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and pursuant to the Articles of Association of the Company, and who holds such office until this Annual General Meeting, be and is hereby appointed as a Director of the Company.

   RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder, read with Schedule IV to the Act (as amended from time to time) and SEBI (Listing Obligations and Disclosure Requirements), 2015 (as amended from time to time), Ms. Meena Ganesh (DIN 00528252), who has submitted a declaration that she meets the criteria for independence and who is eligible for appointment as Independent Director, be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from March 19, 2019, not being liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification/s, if any, the following Resolution as a **Special Resolution**:

   Re-appointment of Mr. Rajendra Ambalal Shah as an Independent Director of the Company

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder, read with Schedule IV to the Act (as amended from time to time) and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (as amended from time to time), Mr. Rajendra Ambalal Shah (DIN 00009851), aged

88 years, who has submitted a declaration that he meets the criteria for independence and who is eligible for re-appointment as Independent Director, be and is hereby re-appointed as an Independent Director of the Company for a term of one year with effect from September 24, 2019, not being liable to retire by rotation."

8. To consider and, if thought fit, to pass with or without modification/s, if any, the following Resolution as a **Special Resolution**:

   Re-appointment of Mr. Bansidhar Sunderlal Mehta as an Independent Director of the Company

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder, read with Schedule IV to the Act (as amended from time to time) and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (as amended from time to time), Mr. Bansidhar Sunderlal Mehta (DIN 00035019), aged 83 years, who has submitted a declaration that he meets the criteria for independence and who is eligible for re-appointment as Independent Director, be and is hereby re-appointed as an Independent Director of the Company for a term of one year with effect from September 24, 2019, not being liable to retire by rotation"

9. To consider and, if thought fit, to pass with or without modification/s, if any, the following Resolution as a **Special Resolution**:

   Re-appointment of Mr. Anil Kumar Gupta as an Independent Director of the Company

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder, read with Schedule IV to the Act (as amended from time to time) and SEBI (Listing Obligations and Disclosure Requirements), 2015 (as amended from time to time), Mr. Anil Kumar Gupta (DIN 02588131), who has submitted a declaration that he meets the criteria for independence and who is eligible for re-appointment as Independent Director, be and is hereby re-appointed as an Independent Director of the Company for a term of five years with effect from September 24, 2019, not being liable to retire by rotation.

10. To consider and, if thought fit, to pass with or without modification(s), if any, the following Resolution as an **Ordinary Resolution**:

    Ratification of Payment of Remuneration to the Cost Auditor for the Financial Year 2019-20

    "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act"), Rules framed thereunder (as amended from time to time) and other applicable laws, such other permissions as may be necessary, the Members hereby ratify the remuneration of ₹ 8,50,000/- plus service tax and out-of-pocket expenses payable to Ashwin Solanki & Associates, Cost Accountants, who are appointed by the Board of Directors of the Company to conduct audit of the Cost records maintained by the Company for the Financial Year 2019-20."

By Order of the Board of Directors

Flavia Machado
Company Secretary

Mumbai
August 21, 2019

Registered Office:

P&G Plaza,
Cardinal Gracias Road,
Chakala, Andheri (E),
Mumbai - 400 099

NOTES

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of business under Item Nos. 5 to 10 is annexed hereto and forms a part of this Notice.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY(IES) TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY, IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.** Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. A Proxy Form is annexed to this Report. Proxies submitted on behalf of Corporate Members must be supported by relevant Board Resolution/ authority etc.

3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

5. The Register of Members and the Share Transfer books of the Company will remain closed from **Thursday, November 21, 2019, to Wednesday, November 27, 2019** (both days inclusive), for the purpose of determining the names of Members eligible for final dividend on Equity Shares, if declared at the Annual General Meeting.

6. The final dividend on Equity Shares for the Financial Year ended June 30, 2019, as recommended by the Directors, if approved at the Annual General Meeting, will be paid on or before December 20, 2019:

   (a) To all beneficial owners, in respect of shares held in dematerialized form, as per details furnished by the Depositories for this purpose as at the close of business hours on November 20, 2019;

   (b) To all Members, in respect of shares held in physical form, whose names shall appear on the Company's Register of Members as on November 27, 2019.

7. In line with the Securities and Exchange Board of India ("SEBI") directives, the Company is required to update bank details of the Members of the Company to enable usage of the electronic mode of remittance such as ECS [LECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS)], NEFT for distributing dividends and other cash benefits to its Members.

   In this regard, Members holding shares in electronic form are requested to furnish their bank details to their Depository Participants ("DPs"). Members holding shares in physical form are requested to furnish their bank details, alongwith a photocopy of a blank cancelled cheque pertaining to your bank account to the Registrar and Share Transfer Agent, ("RTA"), M/s. Link Intime India Pvt. Ltd.

8. Members holding shares in the physical form are requested to intimate the following directly to the Company's RTA, M/s. Link Intime India Private Limited, C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400 083.

   Tel: (022) 4918 6270
   Fax: (022) 4918 6060
   E-mail: rnt.helpdesk@linkintime.co.in.

   (a) Bank Mandate with full particulars for remittance of dividend directly into their Bank Accounts, if declared at the Meeting;

   (b) Intimate changes, if any, in their address / name, bank details, NECS / ECS, mandates, nominations, power of attorney etc. at an early date;

(c) Apply for consolidation of folios, if shareholdings are under multiple folios in identical names or joint holding in the same order of names;

(d) Send their share certificates for consolidation; and

(e) Request for nomination forms for making nominations, as per the format prescribed under the Companies Act, 2013.

Members holding shares in the dematerialized (electronic) form are requested to intimate the aforesaid changes directly to their DPs, as applicable.

9. SEBI has mandated submission of Permanent Account Number ("PAN") for all transactions in the securities market. Members who are holding shares in dematerialized form are requested to submit their PAN details to their respective DP. Members holding shares in physical form can submit their PAN details to the Company's RTA, M/s. Link Intime India Private Limited.

10. As per SEBI directions, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form effective April 01, 2019. The transfer deed(s) lodged prior to deadline, i.e., April 1, 2019, and returned due to deficiency in the document may be re-lodged for transfer with Mas Services Limited (Registrar & Transfer Agents), even after the deadline of April 01, 2019.

    Transfer of shares is effected by the Registrar & Transfer Agents and share certificates are dispatched within a period of 15 days from the date of receipt of relevant documents, provided they are complete in all respects.

11. In the case of Dematerialized Shares, the Company is obliged to print Bank details on the dividend warrants, as are furnished by the National Securities Depository Limited ("NSDL") and the Central Depositories Services (India) Limited ("CDSL") ("the Depositories") to the Company and the Company cannot entertain any request for deletion/change of Bank details without confirmation from the Depositories. In this regard, Members are advised to contact their DPs and furnish them the particulars of any change(s) desired.

12. Non-resident Indian Members are requested to immediately inform the Company or its RTA or the concerned DP, as the case may be, about the following:

    (a) The change in the residential status on return to India for permanent settlement;

    (b) The particulars of the NRE account with a Bank in India, if not furnished earlier.

13. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the Meeting.

14. The Ministry of Corporate Affairs has notified provisions relating to unpaid / unclaimed dividend under Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016. As per these Rules, dividends which are not encashed / claimed by the shareholder for a period of seven consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. The new IEPF Rules mandate the companies to transfer the shares of shareholders whose dividends remain unpaid / unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. Hence, the Company urges all the shareholders to encash / claim their respective dividend during the prescribed period. The details of the unpaid / unclaimed amounts lying with the Company as on November 29, 2018 (date of last Annual General Meeting) are available on the website of the Company www.pg.com/en_IN. The shareholders whose dividend/ shares as transferred to the IEPF Authority can now claim their shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority http://iepf.gov.in/IEPFA/refund.html.

15. Members are requested to contact the Company's RTA, M/s. Link Intime India Private Limited, for claiming the unclaimed dividends. The detailed dividend history and due dates for transfer to IEPF are provided in the "Corporate Governance" section of the Annual Report.

16. Members are requested to address all correspondences, including dividend matters to the Company's RTA, M/s. Link Intime India Private Limited, C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400 083 Tel: (022) 4918 6270, Fax – (022) 4918 6060, e-mail: rnt.helpdesk@linkintime.co.in.

    Members are requested to quote their ledger folio numbers in all their correspondence to enable the Company to provide better services to the Members.

17. At the beginning of the Financial Year, there were 38,657 shares in the name of 298 shareholders lying in the demat suspense account. During the Financial Year, the Company received claims from 3 shareholders, which was duly transferred to the claimant shareholders. As on June 30, 2019, 38,070 shares in name of 295 shareholders are lying in the demat suspense account.

18. This Annual Report comprising of Notice, Audited Financial Statements, Directors' Report, Auditors' Report etc. is being sent in the electronic form to all the Members who have furnished their e-mail ids to the Company or updated / provided their e-mail ids to their respective DPs. Members may kindly note that as Members of the Company they are entitled to be furnished, free of cost a printed copy of the Annual Report of the Company, upon receipt of requisition at any time. The communications / documents issued by the Company would also be made available on the Company's website: www.pg.com/en_IN. Members holding shares in physical form, who have not registered / updated their respective e-mail addresses, are requested to intimate their respective e-mail ids to rnt.helpdesk@linkintime.co.in. Members holding shares in dematerialized form, who have not registered/ updated their respective e-mail ids, are requested to do so with their respective DPs.

19. The Shareholders are informed that the Company will be providing a webcast facility to view the live streaming of the 55th Annual General Meeting on the NSDL website. You may access the same at https://www.evoting.nsdl.com by using your e-voting credentials. The link will be available in shareholder login where the EVEN of Company will be displayed. The Webcast facility will be available from 11.00 a.m. (IST) onwards on Wednesday, November 27, 2019.

20. In compliance with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of Section 108 of the Companies Act, 2013 and the Rules framed there under, Members may cast their votes electronically, through the e-voting services, on all the resolutions set forth in this Notice. The e-voting period commences on Friday, November 22, 2019 at 9:00 a.m. and ends on Tuesday, November 26, 2019 at 5:00 p.m. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on November 20, 2019, may cast their vote electronically. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by a Member, he shall not be allowed to change it subsequently. The Company has appointed Mr. B. V. Dholakia, Practising Company Secretary and in his absence, Mr. Nrupang Dholakia, Practising Company Secretary to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

    Procedure For E-Voting

    The process and manner for remote e-voting are as under:

    The way to vote electronically on NSDL e-voting system consists of 'Two Steps' which are mentioned below:

    How do I vote electronically using NSDL e-Voting system?

    The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

    Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 112561 then user ID is 112561001***

5. Your password details are given below:
   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
   a) Click on "**Forgot User Details/ Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to pghhagm2019@dholakia-associates.com with a copy marked to evoting@nsdl.co.in.
2. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Wednesday, November 20, 2019.
3. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e November 20, 2019 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA or follow instructions provided on page 5-7 of this notice. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
4. Facility for voting through polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by e-voting shall be able to exercise their right at the meeting.
5. The Members who have cast their vote by e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

6. The results along with the Scrutinizer's Report, shall be placed on the website of the Company.
7. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
8. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

Members may kindly note that no gifts in any form shall be given to any Member and the Company will not entertain any requests in this regard.

By Order of the Board of Directors

Flavia Machado
Company Secretary

Mumbai
August 21, 2019

Registered Office:

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

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 5

Appointment of Mr. Ghanashyam Hegde (DIN 08054712) as Non-Executive Director of the Company.

Pursuant to the recommendation of the Nomination and Remuneration Committee, Mr. Ghanashyam Hegde was appointed as an Additional Director of the Company by the Board of Directors on May 8, 2019 effective May 9, 2019, pursuant to Section 161 of the Companies Act, 2013. Mr. Hegde holds such office till the date of ensuing 55th Annual General Meeting of the Company. Hence, it is proposed to appoint Mr. Hegde as a Non-Executive Director, liable to retire by rotation.

Mr. Hegde is a legal professional with over 18 years of experience across pharma, media & entertainment, financial services and chemical industries. He is an alumnus of Bangalore University and National Law School of India University and holds a degree in law and Post Graduate Diploma in Intellectual Property Rights. He is also a qualified Company Secretary. He joined P&G in September 2018 as General Counsel for Indian Subcontinent. He is also Company Secretary of Gillette India Limited.

The Board recommends passing of the resolution at item no. 5 as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Hegde, are concerned or interested, financially or otherwise, in this item.

Item No. 6

Appointment of Ms. Meena Ganesh as an Independent Director of the Company.

Pursuant to the recommendation of the Nomination and Remuneration Committee, Ms. Meena Ganesh was appointed as an Additional Director (Independent Director) of the Company by the Board of Directors for a term of five years, effective March 19, 2019, subject to approval of the Shareholders of the Company. Ms. Ganesh holds office as additional Director till the date of ensuing 55th Annual General Meeting of the Company.

Ms. Meena Ganesh is one of India's foremost business leaders and most successful entrepreneurs with nearly three decades of experience in industries including healthcare, consulting, technology, outsourcing, education and e-commerce. Ms. Meena Ganesh is the Managing Director & CEO of Portea Medical, which she co-founded in July 2013. Ms. Meena Ganesh is a PGDM holder from Indian Institute of Management – Calcutta and has a graduate degree in Physics from the Madras University. In 2011, she was conferred the 'Distinguished Alumnus' award by Indian Institute of Management – Calcutta. She has been named by Fortune India as one of the 50 'Most Powerful Women in Business' for five consecutive years (2015 - 2019). She won the ET Startup Award in the 'Women Ahead' category in 2016.

Further, Ms. Meena Ganesh meets the criteria of independence laid down in Section 149 of the Companies Act, 2013, ("Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. She has furnished a declaration to the Company in this respect.

The terms and conditions of appointment of Independent Directors are available on the website of the Company at www.pg.com/en_IN and the same shall be made available for inspection at the registered office of the Company on all working days from 10:00 am to 5:00 pm upto the date of this Annual General Meeting.

The Board recommends passing of the resolution at item no. 6 as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Ms. Meena Ganesh, are concerned or interested, financially or otherwise, in this item.

Item No. 7

Re-appointment of Mr. Rajendra Ambalal Shah as an Independent Director of the Company.

At the 50th Annual General Meeting held on September 24, 2014, Shareholders of the Company appointed Mr. Rajendra Ambalal Shah as an Independent Director for a period of five years effective September 24, 2014. Mr. Shah will complete his present term on September 23, 2019.

Mr. Shah (aged 88 years) is a leading solicitor and a senior partner of Crawford Bayley & Co., a firm of solicitors and advocates. He specializes in broad spectrum of corporate laws. He has been a Director on the Boards of several prominent companies in India. Over the decades of his association with the Company, Mr. Shah has made valuable contributions by lending his expertise and experience to the Company.

Mr. Shah meets the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and has furnished a declaration to that effect to the Company.

Owing to personal reasons, Mr. Shah has offered himself for re-appointment for a period of one year only. Accordingly, pursuant to the recommendation of Nomination & Remuneration Committee and subject to the approval of the Shareholders of the Company, the Board of Directors of the Company at its meeting held on August 21, 2019, approved the reappointment of Mr. Shah as an Independent Director for a term of one year effective September 24, 2019.

Reappointment of independent directors for second term as well as appointment of non-executive directors who have attained the age of 75 years requires approval of Shareholders by way of Special Resolution.

The terms and conditions of appointment of Independent Directors are available on the website of the Company at www.pg.com/en_IN and the same shall be made available for inspection at the registered office of the Company on all working days from 10:00 am to 5:00 pm upto the date of this Annual General Meeting.

The Board recommends passing of the Special Resolution at item no. 7.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Rajendra Ambalal Shah, are concerned or interested, financially or otherwise, in this item.

Item No. 8

Re-appointment of Mr. Bansidhar Sunderlal Mehta as an Independent Director of the Company.

At the 50th Annual General Meeting held on September 24, 2014, Shareholders of the Company appointed Mr. Bansidhar Sunderlal Mehta as an Independent Director for a period of five years effective September 24, 2014. Mr. Mehta will complete his present term on September 23, 2019.

Mr. Mehta (aged 83 years) is a graduate in commerce and a fellow member of the Institute of Chartered Accountants of India. Mr. Mehta is an accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He is a director on the boards of several prominent companies in India. Over the decades of his association with the Company, Mr. Mehta has made valuable contributions by lending his expertise and experience to the Company.

Mr. Mehta meets the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and has furnished a declaration to that effect to the Company.

Owing to personal reasons, Mr. Mehta has offered himself for re-appointment for a period of one year only. Accordingly, pursuant to the recommendation of Nomination & Remuneration Committee and subject to the approval of the Shareholders of the Company, the Board of Directors of the Company at its meeting held on August 21, 2019, approved the reappointment of Mr. Mehta as an Independent Director for a term of one year effective September 24, 2019.

Re-appointment of independent directors for second term as well as appointment of non-executive directors who have attained the age of 75 years requires approval of Shareholders by way of Special Resolution.

The terms and conditions of appointment of Independent Directors are available on the website of the Company at www.pg.com/en_IN and the same shall be made available for inspection at the registered office of the Company on all working days from 10:00 am to 5:00 pm upto the date of this Annual General Meeting.

The Board recommends passing of the Special Resolution at item no. 8.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Bansidhar S. Mehta, are concerned or interested, financially or otherwise, in this item.

Item No. 9

Re-appointment of Mr. Anil Kumar Gupta as an Independent Director of the Company.

At the 50th Annual General Meeting held on September 24, 2014, Shareholders of the Company appointed Mr. Anil Kumar Gupta as an Independent Director for a period of five years effective September 24, 2014. Mr. Gupta will complete his present term on September 23, 2019.

Mr. Gupta (aged 73 years) is an engineer from IIT New Delhi. He also holds a PGDiploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has a vast experience of over 40 years in India and abroad in the field of Manufacturing, Projects and Supply Chain Management. Mr. Gupta has made valuable contributions by lending his expertise and experience to the Company.

Mr. Gupta meets the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and has furnished a declaration to that effect to the Company.

Pursuant to the recommendation of Nomination & Remuneration Committee and subject to the approval of the Shareholders of the Company, the Board of Directors of the Company at its meeting held on August 21, 2019, approved the re-appointment of Mr. Gupta as an Independent Director for a term of five years effective September 24, 2019.

Re-appointment of independent directors for second term as well as appointment of non-executive directors who have attained the age of 75 years requires approval of Shareholders by way of Special Resolution.

The terms and conditions of appointment of Independent Directors are available on the website of the Company at www.pg.com/en_IN and the same shall be made available for inspection at the registered office of the Company on all working days from 10:00 am to 5:00 pm upto the date of this Annual General Meeting.

The Board recommends passing of the Special Resolution at item no. 9.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Gupta, are concerned or interested, financially or otherwise, in this item.

Item No. 10

Ratification of Payment of Remuneration to the Cost Auditor for the Financial Year 2019-20

The Board of Directors at their meeting held on August 21, 2019, on the recommendation of the Audit Committee, approved the appointment and remuneration of Ashwin Solanki & Associates, Cost Accountants as the Cost Auditors to conduct the audit of the Cost records of the Company for the Financial Year 2019-20 and remuneration of ₹ 8,50,000/- plus service tax and out-of-pocket expenses.

In terms with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company.

The Board recommends passing of the resolution at item no. 10 as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives, are concerned or interested, financially or otherwise, in this item.

By Order of the Board of Directors

Flavia Machado
Company Secretary

Mumbai
August 21, 2019

Registered Office:

P&G Plaza,
Cardinal Gracias Road,
Chakala, Andheri (E),
Mumbai - 400 099.

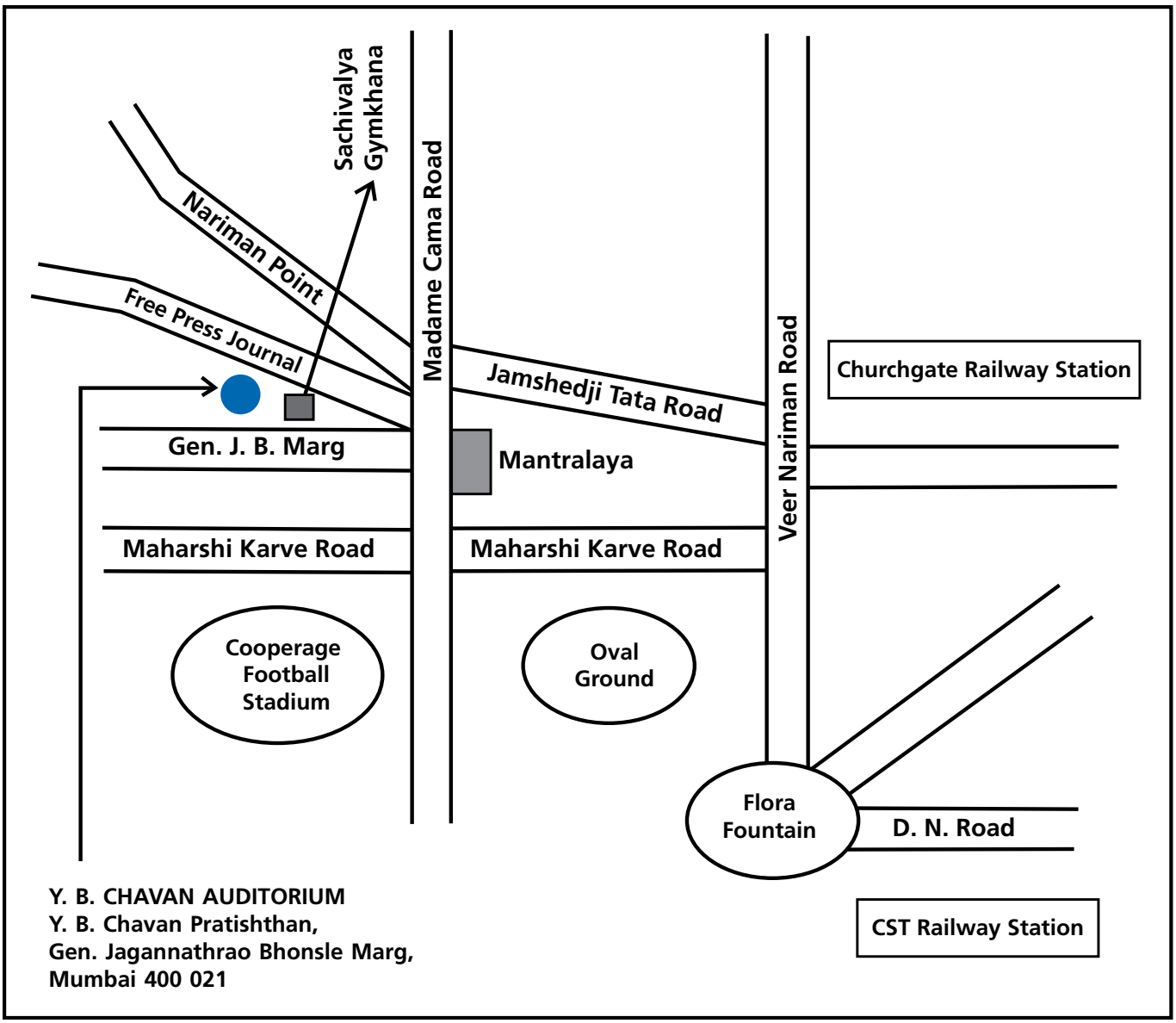
Details of Directors proposed to be re-appointed at the forthcoming 55th Annual General Meeting

Resolution at Item No.	3	4
Name of Director	**Mr. Karthik Natarajan**	**Mr. Pramod Agarwal**
Age	43 years	57 years
Date of appointment on the Board	01/10/2014	08/05/2015
Qualification / Expertise in specific field	Chartered Accountant	M & A (Finance)
Names of other Companies in which he holds Directorships	1. Gillette India Limited	1. Gillette India Limited 2. Zircon Technologies (India) Limited
Chairman / Member of the Committee(s) of the Board of Directors of the Company	Member of Committees: 1. Corporate Social Responsibility Committee 2. Risk Management Committee 3. Cash & Investment Committee	Members of Committees: 1. Risk Management Committee Chairman of Committees: 1. Cash & Investment Committee
Chairman / Member of the Committee(s) of Board of Directors of other Companies in which he is a Director	Gillette India Limited: Member of Committees: 1. Risk Management Committee 2. Cash & Investment Committee	Gillette India Limited: Member of Committees: 1. Audit Committee 2. Risk Management Committee 3. Nomination & Remuneration Committee Chairman of Committees: 1. Cash & Investment Committee
Companies in which he is a Managing Director, Chief Executive Officer, Whole Time Director, Secretary, Chief Financial Officer, Manager	Gillette India Limited- Whole Time Director	
Shareholding in the Company	Nil	25 shares
Relationship with other Directors, Manager or Key Managerial Personnel, if any.	Nil	Nil

Resolution at Item No.	5	6
Name of Director	**Mr. Ghanashyam Hegde**	**Ms. Meena Ganesh**
Age	41 years	56 years
Date of appointment on the Board	09/05/2019	19/03/2019
Qualification / Expertise in specific field	Bachelor of Law and Company Secretary	Business Management
Names of other Companies in which he / she holds Directorships	1. Indian Beauty & Hygiene Association	1. Pfizer Limited 2. Foodvista India Private Limited 3. Hygiene Bigbite Private Limited 4. CRM Holdings Private Limited 5. Manipalcigna Health Insurance Company Limited 6. Vriksha Realtors Private Limited 7. Curated Marketplaces Private Limited 8. Acsys Investments Private Limited 9. Takecare Technology Private Limited 10. Rocket Logistics Private Limited 11. Qtrove Services Private Limited 12. Starvista Celebrities Private Limited 13. Ezeesmart Education Private Limited 14. Portea Medical Private Limited 15. Health Vista India Private Limited
Chairman / Member of the Committee(s) of the Board of Directors of the Company	Chairman of Committees: 1. Stakeholder Relationship Committee Member of Committees: 1. Nomination & Remuneration Committee 2. Risk Management Committee 3. Cash & Investment Committee	Member of Committees: 1. Risk Management Committee 2. Technology & Innovation Committee
Chairman / Member of the Committee(s) of Board of Directors of other Companies in which he /she is a Director	Nil	Nil
Companies in which he is a Managing Director, Chief Executive Officer, Whole Time Director, Secretary, Chief Financial Officer, Manager	Gillette India Limited – Company Secretary	Healthvista India Private Limited – Managing Director
Shareholding in the Company	Nil	Nil
Relationship with other Directors, Manager or Key Managerial Personnel, if any.	Nil	Nil

Resolution at Item No.	7	8	9
Name of Director	**Mr. Rajendra Ambalal Shah**	**Mr. Bansidhar Sunderlal Mehta**	**Mr. Anil Kumar Gupta**
Age	88 years	83 years	73 years
Date of appointment on the Board	20/07/1964	11/10/1979	18/01/2013
Expertise in specific field	Solicitor	Chartered Accountant	Management
Names of other Companies in which he holds Directorships	1. Godfrey Phillips India Limited 2. Lupin Limited 3. Colgate-Palmolive (India) Limited 4. Pfizer Limited 5. BASF India Limited 6. Atul Limited 7. Thyssenkrupp Industrial Solutions (India) Private Limited	1. Gillette India Limited 2. Pidilite Industries Limited 3. Century Enka Limited 4. Atul Limited	1. Gillette India Limited
Chairman / Member of the Committee(s) of the Board of Directors of the Company	Chairman of Committee : *Audit Committee* Member of Committee : Nomination & Remuneration Committee	Member of Committee : Audit Committee	Chairman of Committees : Nomination & Remuneration Committee, Corporate Social Responsibility Committee Member of Committee : Audit Committee, Cash & Investment Committee, Stakeholder Relationship Committee, and Risk Management Committee
Chairman / Member of the Committee(s) of Board of Directors of other Companies in which he is a Director	Chairman of Committees: 1. Pfizer Limited – *Audit Committee,* 2. Colgate-Palmolive (India) Limited – *Audit Committee, Nomination & Remuneration Committee* 3. Godfrey Phillips India Limited – *Corporate Social Responsibility Committee* 4. Atul Limited – *Investement Committee* Member of Committees: 1. Godfrey Phillips India Limited – *Audit Committee, Nomination & Remuneration Committee* 2. BASF India Limited – *Audit Committee, Nomination & Remuneration Committee* 3. Pfizer Limited – *Nomination & Remuneration Committee* 4. Atul Limited – *Nomination & Remuneration Committee* 5. Lupin Limited – *Nomination & Remuneration Committee*	Chairman of Committees: 1. Pidilite Industries Ltd – *Audit Committee, Nomination & remuneration Committee and Risk Management Committee* Member of Committees: 1. Atul Limited – *Audit Committee and Investment Committee* 2. Century Enka Ltd – *Audit Committee, Corporate Social Responsibility Committee & Nomination and Remuneration Committee* 3. Gillette India Limited – *Audit Committee*	Chairman of Committees: 1. Gillette India Limited – Stakeholders Relationship Committee and Corporate Social Responsibility Committee Member of Committees: 1. Gillette India Limited – *Audit Committee, Nomination & remuneration Committee and Cash & Investment Committee*
Companies in which he is a Managing Director, Chief Executive Officer, Whole Time Director, Secretary, Chief Financial Officer, Manager	Nil	Nil	Nil
Shareholding in the Company	12,906 shares	3,799 shares	NIL
Relationship with other Directors, Manager or Key Managerial Personnel, if any	NIL	NIL	NIL

Route Map for venue of the 55th Annual General Meeting of Procter & Gamble Hygiene and Health Care Limited



Y. B. CHAVAN AUDITORIUM
Y. B. Chavan Pratishthan,
Gen. Jagannathrao Bhonsle Marg,
Mumbai 400 021

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P&G

Procter & Gamble Hygiene and Health Care Limited

ANNUAL REPORT - 2018-2019

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Corporate Information

Board of Directors & Key Managerial Personnel

Mr. Rajendra A. Shah	Chairman & Independent Director
Mr. Madhusudan Gopalan	Managing Director
Mr. Bansidhar S. Mehta	Independent Director
Mr. Anil Kumar Gupta	Independent Director
Ms. Meena Ganesh	Independent Director
Mr. Pramod Agarwal	Non-Executive Director
Mr. Karthik Natarajan	Non-Executive Director
Ms. Sonali Dhawan	Non-Executive Director
Mr. Ghanashyam Hegde	Non-Executive Director
Mr. Gagan Sawhney	Non-Executive Director
Mr. Prashant Bhatnagar	Chief Financial Officer
Ms. Flavia Machado	Company Secretary

Registered Office:

Procter & Gamble Hygiene and Health Care Limited
(CIN: L24239MH1964PLC012971)
P&G Plaza, Cardinal Gracias Road, Chakala,
Andheri (East), Mumbai – 400 099
Tel. No.: (022) 2826 6000
Investor helpline Nos.: 86575 12368 / 86575 00524
Email Id: investorpghh.im@pg.com

Auditors:

Statutory Auditor:
Kalyaniwalla & Mistry LLP
Chartered Accountants

Cost Auditor:
Ashwin Solanki & Associates
Cost Accountants

Secretarial Auditor:
Dholakia & Associates LLP
Company Secretaries

Registrar & Share Transfer Agents:

Link Intime India Private Limited
C-101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai – 400 083
Tel. No.: (022) 4918 6279
Fax: (022) 4918 6060
E-mail ID: rnt.helpdesk@linkintime.co.in

Listed on Stock Exchanges:

National Stock Exchange of India Limited
BSE Limited

Mr. R. A. Shah
Chairman & Independent Director

Mr. Shah is a leading solicitor and a senior partner of Crawford Bayley & Co., a firm of solicitors and advocates. He specializes in broad spectrum of corporate laws. He has been a director on the boards of several prominent companies in India.

Mr. B. S. Mehta
Independent Director

Mr. Mehta is a graduate in commerce and a Fellow Member of The Institute of Chartered Accountants of India. He is a Chartered Accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He has been a Director on the Boards of several prominent companies in India.

Ms. Meena Ganesh
Independent Director

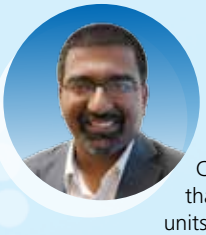
Ms. Meena Ganesh is one of India's most successful entrepreneurs with nearly 3 decades of experience in industries including healthcare, consulting, technology, outsourcing, education and e-commerce. Ms. Meena Ganesh is the Managing Director & CEO of Portea Medical, which she co-founded in July 2013. Ms. Meena Ganesh is a PGDM holder from IIM Calcutta and has a graduate degree in Physics from the Madras University. She has been named by Fortune India as one of the 50 'Most Powerful Women in Business' for five consecutive years (2015 - 2019).

Mr. Karthik Natarajan
Non-Executive Director

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

Ms. Sonali Dhawan
Non-executive Director

Ms. Dhawan is a graduate from Lady Shriram College, with a B.Com (Hons) in Business Studies. She completed her MBA in marketing from the Indian Institute of Management, Ahmedabad. Ms. Dhawan has been with P&G for over 20 years and is currently Vice President, Marketing, Feminine Hygiene, Asia, Middle East & Africa. She has worked across multiple regions including ASEAN, India, Australia & Middle East.



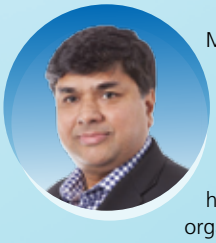
Mr. Madhusudan Gopalan
Managing Director

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

Mr. A. K. Gupta
Independent Director

Mr. Gupta is an engineer from IIT New Delhi. He also holds a PG Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has a vast experience of over 40 years in India and abroad in the field of Manufacturing, Projects and Supply Chain Management.

Mr. Pramod Agarwal
Non-executive Director



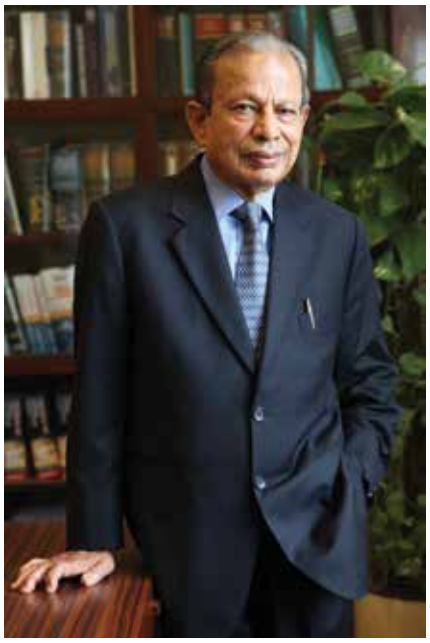
Mr. Agarwal, an MBA from Indian Institute of Management, Ahmedabad. After over 28 years of experience with P&G, he retired in 2016. He worked in seven geographies - India, Thailand, Japan, Philippines, USA, Singapore and Switzerland. Mr. Agarwal has led several major changes which have had a lasting impact on the business and organization.

Mr. Ghanashyam Hegde
Non-executive Director

Mr. Hegde is a legal professional with over 18 years of experience across pharma, media & entertainment, financial services and chemical industries. He is an alumnus of Bangalore University and National Law School of India University and holds a degree in law and Post Graduate Diploma in Intellectual Property Rights. He is also a qualified Company Secretary. He joined P&G in September 2018 as General Counsel for Indian Sub-continent.

Mr. Gagan Sawhney
Non-executive Director

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



Mr. R. A. Shah, Chairman

Dear Shareholders,

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

Your Company has built citizenship into its way of doing business and is committed to be a force for good and a force for growth. Our aspiration is to have a positive impact across each area of our Citizenship work – Community Impact, Gender Equality and Environment Sustainability.

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

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

R. A. Shah
Chairman

Dear Shareholders,

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

Your Company delivered Sales of ₹ 2,947 crores, up 20% vs. year ago and recorded a Profit After Tax (PAT) of ₹ 419 crores up 12% vs. a year ago. This is a result of our strong brand fundamentals, strength of our product portfolio and continued focus to raise the bar on superiority across products, packaging, value, communication and retail execution.

In the Feminine Care business, *Whisper* continues to be the market leader behind continued focus on meeting the consumers' needs across both top and mid-tiers of the segment. During the Financial Year, we launched *Whisper Choice Aloe Vera* to meet the Indian consumers' preference for naturals at an affordable price point. We also launched our new campaign 'Meri Life Mere Rules' that encouraged girls to live life as per their own rules and achieve their dreams.

Mr. Madhusudan Gopalan
Managing Director

Whisper continues to bring transformational positive change in the community. Through our *Whisper* School program, we actively supported 40,000 schools educating about 50 lakhs adolescent girls on the importance of menstrual hygiene. I am proud to share that since 1995, we have educated more than 2.5 crore girls across the country on menstrual hygiene. We also worked with the Goa Government to set up an educational module on Menstrual Hygiene Management as part of the value-added Education in Government Schools.

During the Financial Year, *Vicks* launched the 'One in a million #TouchOfCare' campaign building on its belief that care can transform lives. I am happy to share that the campaign bagged four awards at the most prestigious Cannes Lions International Festival of Creativity; Silver Lion in the Film for Single-market Campaign category and a total of three Bronze Lions, one in Creative Strategy, Film Craft, and Film Healthcare category each.

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

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

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

Madhusudan Gopalan
Managing Director

REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 55th Annual Report and the Audited Financial Statements of your Company for the Financial Year ended June 30, 2019.

FINANCIAL RESULTS

(Figures in ₹ crores)

	2018-19	2017-18
Revenue from operations	2,947	2,455
Profit before tax (PBT)	607	582
Profit after tax (PAT)	419	375

FINANCIAL YEAR

Your Company follows its Financial Year as July 1st to June 30th.

DIVIDEND

The Directors are pleased to recommend a final dividend of ₹ 48 for each Equity Share for the Financial Year ended June 30, 2019. During the Financial Year, the Board of Directors declared an interim dividend of ₹ 40 per Equity Share. The payment of the interim dividend to the Shareholders was completed on March 7, 2019.

BUSINESS PERFORMANCE

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

Your Company delivered Sales of ₹ 2,947 crores, up 20% versus year ago (comparable* sales up 14%). The PAT was ₹ 419 crores, up 12% versus year ago. We continue to focus on growth behind brand fundamentals, strength of product portfolio and improved in-store execution.

Hygiene Business

In the Feminine Care business, *Whisper* continues to hold its position as the market leader. During the Financial Year, the brand continued to make strong progress in growing more users on sanitary napkins, particularly on top-tier. Our best in class menstrual hygiene school program expanded to reach a critical milestone of 50% urban girls across the country. We also continued to drive depth and breadth of our portfolio via sharply defined *go-to-market* plans taking category to more stores.

We strengthened our play in the emerging *"Comfort & Soft"* segment with the launch of *Whisper Choice Aloe Vera* (first of its kind entry into mid-tier natural segment) at the lowest entry point giving the right proposition and the right product at the right price to convert the cloth user.

** Comparable Sales is reported sales adjusted for impact of GST exemption on sanitary napkins versus previous year.*

Note: Certain Statements in this Annual Report may be seen as forward looking statements. The actual results may differ materially for those expressed or implied in the statement depending on circumstances.

We also re-staged our entire top-tier lineup with a packaging upgrade and a new campaign *"Meri Life Mere Rules"* that drove significant social media conversation on breaking societal limitations on girls, so they live life unconstrained and achieve their dreams.

Health Care Business

Your Company's Health Care business continued to grow strong double digit behind the strength of our equities and our portfolio, which includes *Vicks VapoRub, Vicks Cough Drops, Vicks Action 500 Advanced, Vicks Inhaler and Vicks BabyRub*. The growth was driven by a combination of plans to win with consumers, winning versus competition and winning in whitespaces with the launch of *BabyRub*.

Vicks Rubs grew penetration behind our Category Development Index program for the third year in a row continuing to grow volume share in the Financial Year 2018-19. *Vicks Cough Drops* offtake grew strong with share gain in the cough lozenges category, in a year of multiple competitive launches and increased investments on media and trade from existing competition. We have also strengthened & premiumized our throat lozenges portfolio with the launch of *'Vicks 3 in 1'* in June 2019.

Apart from the strong business results, the brand received external recognition with the Equity building campaign – *Vicks #TouchOfCare One in a Million* – becoming the most awarded Indian campaign at the prestigious Cannes Lion 2019. The campaign won 4 metals

(1 Silver Lion – Film for Single-market Campaign category & 3 Bronze Lions – Creative Strategy, Film Craft, and Film Healthcare category).

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

Old Spice continued to have a challenging Financial Year 2018-19. There is a conscious business choice to hold back investments on *Old Spice* until there is a winning proposition in a category that is highly dynamic and competitive.

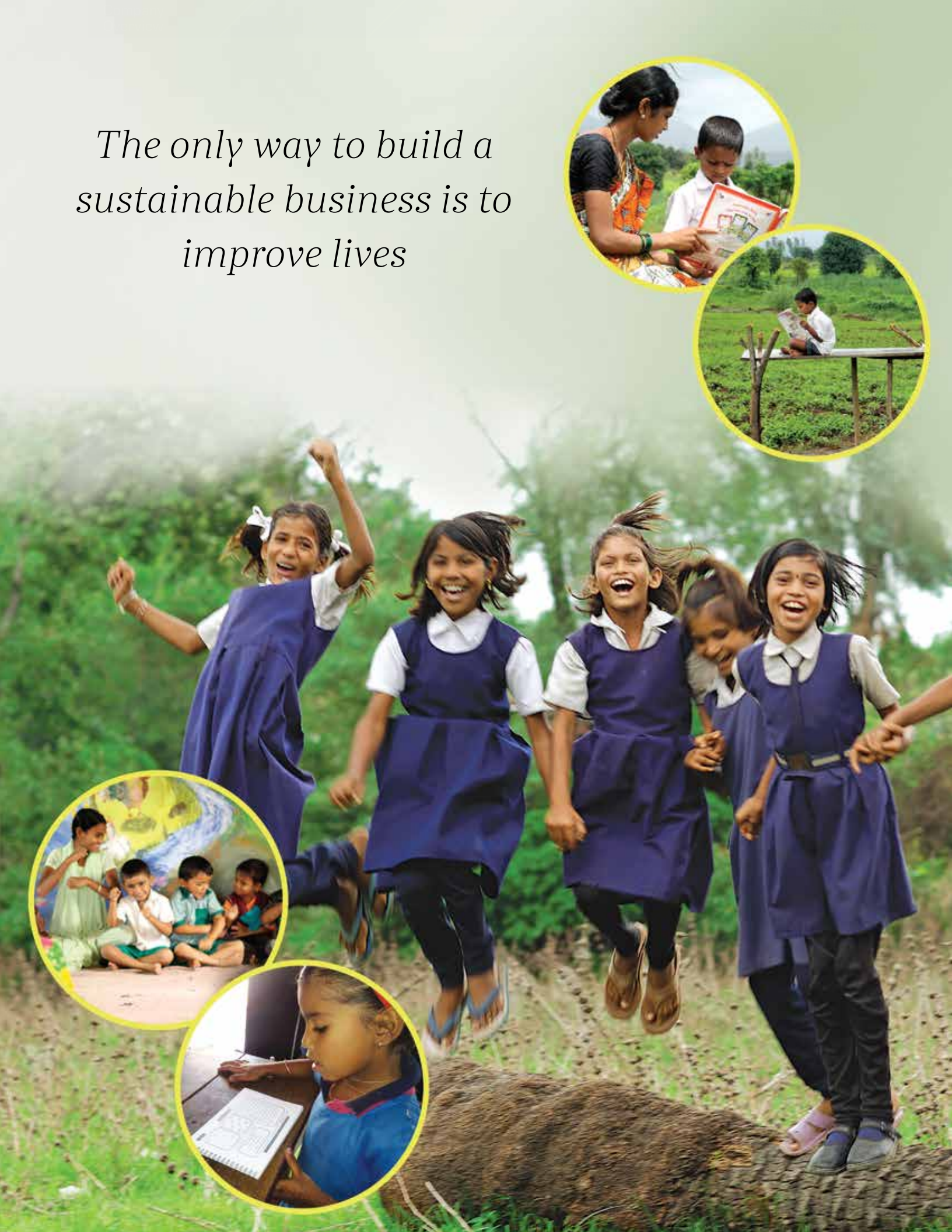
FINANCIAL RATIOS

	FY 2018-19	FY 2017-18	% Change
Debtors turnover	**17.9**	17.5	3%
Inventory turnover	**18.0**	16.3	10%
Interest coverage ratio	**111.8**	110.4	1%
Current ratio	**1.7**	1.5	13%
Debt equity ratio	**0**	0	N.A.
Operating profit margin	**21%**	24%	-13%
Net profit margin	**14%**	15%	-8%
Return on Networth	**49%**	56%	-7%

BUSINESS RESPONSIBILITY REPORT

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

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



CORPORATE SOCIAL RESPONSIBILITY ('CSR')

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

Your Company's signature corporate sustainability program P&G *Shiksha* has focused on three main areas – improving education infrastructure, empowering marginalized girls through education and improving learning outcomes. Till date, the P&G group in India has supported over 2100 schools (+300 since last year) schools across the country that will impact the lives of over 17 lakh (+300,000 since last year) children, in partnership with several NGOs/ organizations like — Round Table India (RTI), Pratham, Education Initiatives, among others.

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

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

Along with our NGO partner Pratham Education Foundation we are bridging the expected and existing learning gaps in children through on-ground remedial learning interventions. During the Financial Year, we reached out to more than 26,000 children across 5 states in India and observed remarkable improvement in their learning levels. At the end of the intervention, more than 70% students were able to read as per their expected learning level compared to less than 25% at the beginning of the intervention. There was a two-fold increase in the number of students who could perform mathematical operations at the end of the intervention.

Through our early childhood education program in partnership with Pratham Education Foundation, we aim to develop motor and cognitive skills in children thereby setting them up for a fast-paced growth as they start school. At the end of the year, to assess their level of development, children were asked to perform several tasks like matching shapes, trace shapes, recognize numbers, say their name and family background. The results were overwhelming, atleast 85% children in the intervention groups had competent motor skills (ability to draw, hold a pencil, colour within a shape, join dots etc.) versus newly 40% in the comparison groups. Similarly, cognitive competence of the children in intervention groups was more than two-fold than that of comparison groups. We have also partnered with the state government in Delhi, Himachal Pradesh, Uttar Pradesh and Rajasthan to build capability of Anganwadi workers and mobilize volunteers from the community to assist with pre-school

activities. Through this program, we reached out to more than 4,600 units impacting more than 33,000 children.

P&G *Shiksha* also partnered with Educational Initiatives (EI) to implement *Mindspark*, a computer-based adaptive learning tool to remediate learning gaps in students across schools in Rajasthan, Himachal Pradesh, Madhya Pradesh, Andhra Pradesh, Uttarakhand and Chhattisgarh. The tool integrates pedagogy, teacher instruction and a learning management system to assess a student's learning level and develop a customized learning path for each one of them. The tool analyses the learning levels in language and mathematics by presenting students with questions in increasing level of difficulty. On answering incorrectly, the student is provided a step-by-step explanation that helps strengthen their understanding. The program has been implemented in 100+ government schools where more than 17,000 students spend over 10,000 hours annually learning using *Mindspark*. Post the intervention, the learning levels among students using *Mindspark* improved two-fold compared to the control group. The tool also provides teachers with information on the progress and learning levels of students which is used for effective classroom management and instruction.

Your Company 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, your Company is providing educational and infrastructural support to a school for the orphaned, destitute and abandoned children. In Mandideep, along with local NGO Arushi, we are supporting the overall development of the local Satlapur Government School.

The government recently launched *Samagra Shiksha Abhiyan* for the holistic development of school education and introduced the Draft National Educational Policy to reform the current education system. Your Company's efforts are in line with the government initiatives and it is well poised to play an active role in India's Success Story.

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 section 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 II to this Report.

ENVIRONMENTAL SUSTAINABILITY AND CONSERVATION OF ENERGY

Environmental sustainability is embedded in our Purpose, Values, Principles, and our business. We are committed to improving lives, now and for generations to come by ensuring that our products, packaging and operations are safe for employees, consumers and the environment. We ensure by focusing on technologies, processes and improvements that matter for the environment.

Within our operations, we strive to grow responsibly, continuously improve our efficiency while reducing our carbon footprint. The Goa manufacturing plant is a 'zero waste to landfill' site which means that there is no manufacturing discharge into the environment. In the last 5 years, the Goa plant has reduced its carbon emission by 18%. During this period, the plant has also improved on both energy and water by 75%. The plant is also leveraging technology, experts, employees and renewable sources of energy to reduce our overall footprint and make our operations more sustainable.

We are committed to help reduce the flow of plastic by making changes now and bringing long-term solutions. In India, we have put in place a system to recover and recycle multi-layered plastic packaging waste. We are working with various waste management companies and the industry to collect, segregate and recycle multi-layered plastic packaging waste.

TECHNOLOGY ABSORPTION

i. Efforts made towards technology absorption:

- Usage of low pressure compressors at the Plants.
- 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, cost savings and technology transfer from overseas.

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

- Usage of low pressure compressors resulted in cost reduction and saved electricity consumption.
- The above efforts resulted in improving process efficiencies, consistent quality of our products, introduction of new products, import substitution and successful absorption of technology.

iii. Imported technology:

Your 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.

iv. Expenditure on Research & Development:

Your Company has not incurred any expenditure on research and development during the Financial Year.

FOREIGN EXCHANGE EARNINGS & OUTGO

The details of foreign exchange earnings and outgo as required under Section 134 of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules, 2014 are mentioned below:

₹ in Lakhs

	For the Financial Year ended June 30, 2019	For the Financial Year ended June 30, 2018
Foreign Exchange earnings	**2,422**	2,635
Foreign Exchange outgo	**75,321**	55,999

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. 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 chartered accountant firm to confirm compliance with the requirements under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

No material related party transactions were entered during the Financial Year by your Company. All related party transactions entered during the Financial Year were in ordinary course of the business and on arm's length basis. 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 AND GUARANTEES GIVEN AND INVESTMENTS MADE DURING THE FINANCIAL YEAR 2018-19

Details of loans given by your Company under Section 186 of the Companies Act, 2013 during the Financial Year 2018-19 are as follows:

Name of the Company	Relation	Amount (₹ In Crores)	Purpose for which the loans are proposed to be utilized
Procter & Gamble Home Products Private Limited	Fellow Subsidiary	90.00	General business purpose

Your Company has not given any guarantees or made any investments during the Financial Year 2018-19.

PUBLIC DEPOSITS

Your Company has not accepted any Public Deposits under Chapter V of the 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 an Internal Complaints Committees (ICC). During the Financial Year, one complaint with allegation of sexual harassment was filed with the Company. The said complaint was closed during the Financial Year. No complaints were pending as on June 30, 2019.

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, 2019, 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, 2019, 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.

EXTRACT OF ANNUAL RETURN

The extract of annual return in Form MGT 9 as required under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as Annexure III to this Report.

CORPORATE GOVERNANCE

A separate report on Corporate Governance along with the Auditors' Certificate on its compliance is provided under the Corporate Governance section of this Report.

MANAGEMENT & PERSONNEL

The strength of business over the past few years and resilience in this particular year due to multiple economic headwinds in the country demonstrates the core strengths of our employees to stay reality based and influence the course of business. Financial Year 2018-19 was a year of overall strong growth. Our productivity continues to be the best-in-class with major progress in Leadership and Talent Development.

The statement of Disclosure of Remuneration under Section 197 of the Companies Act, 2013 and Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as Annexure IV to this 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 Companies Act, 2013, 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 Company Secretary at the Registered Office of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Madhusudan Gopalan was appointed as a Director and Managing Director of the Company by the Shareholders of the Company effective July 1, 2018, subject to the approval of the Central Government. The Central Government accorded its approval for the said appointment on May 20, 2019.

Mr. Gagan Sawhney was appointed as Non-Executive Director of the Company by the Shareholders of the Company effective January 24, 2019.

Ms. Meena Ganesh was appointed as an Independent Director by the Board of Directors of the Company for a period of five years effective March 19, 2019, subject to the approval of the Shareholders of the Company at the ensuing 55th Annual General Meeting of the Company. The Nomination & Remuneration Committee of the Company has recommended the said appointment.

Mr. Shailyamanyu Singh Rathore resigned as Director of the Company effective May 8, 2019.

Mr. Ghanashyam Hegde was appointed as Additional Director (Non-Executive) of the Company by the Board of Directors of the Company effective May 9, 2019 to hold office upto the ensuing 55th Annual General Meeting of the Company. It is proposed to appoint Mr. Hegde as Non-Executive Director at the ensuing 55th Annual General Meeting of the Company. The Nomination & Remuneration Committee of the Company has recommended the said appointment.

Mr. Karthik Natarajan and Mr. Pramod Agarwal, Directors retire by rotation and being eligible, offer themselves for re-appointment at the ensuing 55th Annual General Meeting of the Company.

Mr. Rajendra A. Shah completes his first tenure as Independent Director on September 23, 2019. Owing to personal reasons, Mr. Shah has offered himself for re-appointment for a period of one year only. Accordingly, the Board of Directors have approved re-appointment of Mr. Shah as an Independent Director for second tenure of one year effective September 24, 2019, subject to the approval of the Shareholders of the Company at the ensuing 55th Annual General Meeting of the Company. The Nomination & Remuneration Committee of the Company has recommended the said re-appointment.

Mr. Bansidhar S. Mehta completes his first tenure as Independent Director on September 23, 2019. Owing to personal reasons, Mr. Mehta has offered himself for re-appointment for a period of one year only. Accordingly, the Board of Directors have approved re-appointment of Mr. Mehta as an Independent Director for second tenure

of one year effective September 24, 2019, subject to the approval of the Shareholders of the Company at the ensuing 55th Annual General Meeting of the Company. The Nomination & Remuneration Committee of the Company has recommended the said re-appointment.

Mr. Anil Kumar Gupta completes his first tenure as Independent Director on September 23, 2019. The Board of Directors have approved re-appointment of Mr. Gupta as an Independent Director for second tenure of five years effective September 24, 2019, subject to the approval of the Shareholders of the Company at the ensuing 55th Annual General Meeting of the Company. The Nomination & Remuneration Committee of the Company has recommended the said re-appointment.

Ms. Flavia Machado was appointed as the Company Secretary and Compliance Officer of the Company effective September 18, 2018.

Brief profile of Directors proposed to be appointed/ re-appointed at the ensuing 55th Annual General Meeting and the details of the Directorships held by them in other companies are provided under the Corporate Governance section of the Report.

Appropriate resolutions for the appointment/re-appointment of the aforesaid Directors are being moved at the ensuing 55th Annual General Meeting, which the Board recommends for approval of the Shareholders of the Company.

The Independent Directors of your Company have given declaration 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

AUDITORS

Kalyaniwalla & Mistry LLP, Chartered Accountants were appointed as Statutory Auditors of your Company at the 53rd Annual General Meeting held on November 16, 2017 for a term of five consecutive years.

The Report given by the Statutory Auditors on the financial statements of the Company for the Financial Year ended June 30, 2019 is part of the 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 2018-19. The Board of Directors has re-appointed Ashwin Solanki & Associates, Cost Accountants for the Financial Year 2019-20.

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/.

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and remuneration for Key Managerial Personnel has been appended as Annexure V to this Report. The dividend distribution policy has been appended as Annexure VI to this Report.

SECRETARIAL AUDIT

Secretarial Audit was carried out by Dholakia & Associates LLP, Company Secretaries for the Financial Year 2018-19. There were no qualifications, reservation or adverse remarks given by the Secretarial Auditors of the Company. The Secretarial Audit report has been appended as Annexure VII to this Report.

SECRETARIAL STANDARDS

During the Financial Year, your Company has complied with the mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

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 your 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.

The Directors also wish to thank the Company's consumers, employees and Shareholders for their support and contributions in the growth of the Company.

On behalf of the Board of Directors

Mumbai **R. A. Shah**

August 21, 2019 **Chairman**

ANNEXURE I

Business Responsibility Report for Financial Year 2018-19

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Details
1.	Corporate Identity Number (CIN) of the Company	L24239MH1964PLC012971
2.	Name of the Company	Procter & Gamble Hygiene and Health Care Limited
3.	Registered address	P & G Plaza, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai - 400099
4.	Website	www.pg.com/en_IN
5.	E-mail id	investorpghh.im@pg.com
6.	Financial Year reported	July 1, 2018 to June 30, 2019
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Ayurvedic products (NIC 21003) Sanitary napkins (NIC 13996) Deodorants (NIC 20237)
8.	List three key products / services that the Company manufactures / provides	1. Health care Products 2. Hygiene Products
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (b) Number of National Locations	None The Company's business and operations are spread across the country. Details of location of plants are given below: **Plant locations** **Goa:** (1) 173, 314, 315, Kundaim Industrial Estate, Kundaim, Goa - 403 115 **Baddi:** (1) Khasara No. 1808-09, Village-Doria, Export Park, Thana, Near Indo Farm, PO. Baddi, Tehsil Nalagarh, Dist. Solan Himachal Pradesh - 173205 (2) Village Katha, Near Charak Pharma, PO. Baddi, Tehsil Nalagarh, Dist. Solan Himachal Pradesh -173205
10.	Markets served by the Company	The Company's products have a national presence and some of the products are also exported to other countries.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars	Details
1.	Paid up Capital	₹ 32.46 Crores
2.	Total Turnover	₹ 2,947 Crores
3.	Total profit after taxes	₹ 419 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 12.74 Crores (3.04% of profit after tax)
5.	List of activities in which expenditure in point 4 above has been incurred	Refer Corporate Social Responsibility Report which is appended as Annexure II to the Directors' Report

Ethics & Corporate Responsibility

Committed to doing what's right and being a good corporate citizen

Employees and individuals within our extended supply chain and operations are encouraged to speak up and report concerns

P&G touches the lives of hundreds of millions of consumers in India. It motivates us to do more and be a force for good and a force for growth.

Community Impact

Making every day better for people in the communities we operate in

FLAGSHIP CSR PROGRAM

P&G group in India built and supported more than 2100 schools that will impact more than 17 lakh underprivileged children

TIMELY DISASTER RELIEF

Supported those impacted by Kerala floods and cyclone FANI in Orissa through our disaster relief program

SUPPORTING SURROUNDING COMMUNITIES

Our offices, manufacturing sites & employees support local charities through donation and volunteering

OUR BRANDS MAKE A DIFFERENCE

Our Brands, Vicks and Whisper, made a difference to communities through various initiatives

Gender Equality

Aspiring to build a world where everyone sees equal

LEVERAGING OUR VOICE IN ADVERTISING AND MEDIA

Our campaigns like Time to #SitImproper and #WhispersBreakSilence spark conversations to bring change

EMPOWERING MARGINALISED GIRLS THROUGH EDUCATION

Supporting KGBV schools across Rajasthan and Jharkhand to provide holistic education to girl children

WOMEN BUSINESSES EMPOWERMENT PROGRAM

Committed to empower women entrepreneurs

CREATING AN INCLUSIVE WORK ENVIRONMENT

Embracing equality at the workplace and creating change like in our Mandideep distribution center

Diversity & Inclusion

Everyone Valued, Everyone Included and Everyone Performing at their PEAK™

FLEX@WORK

Our Flex@Work program enables our people to effectively manage personal needs and their careers

MARC™

Launched the MARC™ program to build inclusive leadership skills throughout our Company

GABLE NETWORK

Set up the GABLE network to foster workplace equality for LGBT+ employees

VICKS TOUCH OF CARE

Vicks took a bold stand, sending a powerful message to help pave the way towards a more inclusive society

Environmental Sustainability

Constantly improving our efficiency while reducing our carbon footprint

REDUCING OUR FOOTPRINT

Within our operations, we continuously strive to reduce our carbon footprint and improve efficiency

ZERO MANUFACTURING WASTE TO LANDFILL

All our manufacturing facilities in India are zero manufacturing waste to landfill

RECYCLE PACKAGING WASTE

Working with waste management companies and industry to collect, segregate and recycle multi-layered plastic packaging waste

SECTION C: OTHER DETAILS

Sr. No.	Particulars	Details
1.	Does the Company have any Subsidiary Company / Companies?	The Company does not have any Subsidiary Company
2.	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not applicable, as the Company does not have any Subsidiary Company
3.	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?	Your Company's Sustainability Guidelines for External Business Partners set our expectations with our external partners with regard to Social and Environmental Responsibility. We actively seek business relationships with partners that share these values, and that promote high standards within their own supply chains. Our risk-based audit program supports this effort by assessing partners through third-party audits, and identifying and remediating issues. We strive to effect change in our supplier base when we identify improvement opportunities, and this is an important way we fulfill our purpose. We want to build a robust system of External Business Partners that is fully integrated and synchronized with your Company's business and values.

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1. *Details of Director / Directors responsible for Business Responsibility*

The Corporate Social Responsibility Committee of the Company is responsible for the Business Responsibility policies of the Company.

Details of the Directors responsible for implementation of the Business Responsibility policies:

1.	**DIN**	02588131	08158357	06685891	06808527
2.	**Name**	Mr. A. K. Gupta	Mr. M. Gopalan	Mr. K. Natarajan	Ms. S. Dhawan
3.	**Designation**	Independent Director	Managing Director	Non-Executive Director	Non-Executive Director

2. *Principle-wise (as per NVGs) Business Responsibility Policy(ies)*

All successful and sustainable companies have one thing in common – good governance practices. Your Company believes in *"Doing the Right Thing, Everytime"*. 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 (PVPs). Your Company reinforces responsibilities on all its 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. 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.

Business Responsibility Principles:

Principle 1: Ethics, Transparency and Accountability (P1)	Principle 6: Environment Protection (P6)
Principle 2: Safe Products & Products Lifecycle Sustainability (P2)	Principle 7: Policy Advocacy (P7)
Principle 3: Employees' Well-being (P3)	Principle 8: Inclusive Growth (P8)
Principle 4: Stakeholder Engagement (P4)	Principle 9: Customer Value (P9)
Principle 5: Human Rights (P5)	

Details of compliance:

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for the relevant Principle?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards?	The World-wide business conduct manual and the Human Rights policy statement follows UN guiding principles on Business & Human Rights								
4.	Has the policy being approved by the Board?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified Committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online	https://us.pg.com/policies-and-practices/worldwide-business-conduct-manual/								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy(ies) to address stakeholders' grievances related to the policy(ies)?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Note: Y = Yes

3. Governance related to Business Responsibility

Your Company operates within the spirit and letter of the law, maintaining high ethical standards wherever we conduct business. We believe that good governance practices contribute to better results for stakeholders. We maintain governance principles, policies and practices that support management accountability. These are in the best interest of the Company, our shareholders and all stakeholders, and they are consistent with the Company's Purpose, Values and Principles.

The Corporate Social Responsibility Committee and the Board of Directors assess the Business responsibility performance annually. The Business Responsibility Report shall be issued annually along with the Annual Report of the Company. The Business Responsibility Report can be viewed at www.pg.com/en_IN.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

Your Company is committed to being a good corporate citizen and doing the right thing. *Our Purpose, Values and Principles* (PVPs) are the foundation of the Company. Our objective is to create industry-leading value by maintaining and enhancing our strong corporate reputation through a strong ethics and compliance culture. We operate within the spirit and letter of the law, maintaining high ethical standards wherever we conduct business. We believe that good governance practices contribute to better results for Shareholders. We maintain governance principles, policies and practices that support management accountability.

These are in the best interest of the Company and our Shareholders, and they are consistent with the Company's PVPs. Your Company reinforces responsibilities on all its 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. The Sustainability Guidelines for External Business Partners explain the global standards to be followed by the External Business Partners in their daily business activities on behalf of the Company. External business partners and their suppliers are expected to share your Company's commitment to these standards.

Your 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*, 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 vigilance 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. During the Financial Year, 7 complaints were received. These cases are dealt with in accordance with the *Worldwide Business Conduct Manual*.

Principle 2: Safety and Sustainability throughout the life cycle

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. Product quality and safety are of the utmost importance to your Company. Our purpose is to make superior products that not only delight consumers but are also produced responsibly. Customers choose your Company because we provide products of superior quality and value that improve the lives of the consumers. Just as we provide safe, quality products, we expect our suppliers to assure the quality and safety of the products and services they provide to us.

Your Company continuously strives to deliver products with an improved environmental profile. To reduce the environmental impact of our products your Company uses life cycle analysis to understand where the biggest impact exists, so we know where to focus our innovation. Our deep understanding of the consumer enables us to develop sustainable products that will delight the consumer, without tradeoffs in price or performance.

Your Company is focused on the environmental performance of our entire supply chain, including our own manufacturing facilities, our suppliers, and the logistics of our finished products. Your Company is focused on creating efficiencies in energy, water, waste, and emissions.

Our sustainability work goes beyond the core of our manufacturing operations, extending to a holistic end-to-end view of opportunities. We deliver strong results across the supply chain, ranging from manufacturing to finished product logistics—engaging our suppliers throughout the process:

- ***Manufacturing:*** Between the procurement of raw materials and the creation of a product, we strive to reduce waste, water, energy, and CO_2 through systemic conservation efforts. We apply smart eco-design through innovative construction process improvements. And, we re-use where feasible, giving new life to what was once waste.
- ***Finished Product Logistics:*** In the logistics stage, we reduce waste in customization by applying more sustainable designs. We have also optimized our transportation efficiency by making changes to the rate, route, mode and method of transportation. We have focused on eliminating inefficiencies such as loading and unloading delays, rush transport up-charges, dead legs (empty trucks) and P&G production line stops.
- ***Supplier Engagement:*** We collaborate closely with suppliers across the entire supply chain. We have implemented a supplier sustainability scorecard, which assesses the environmental footprint of our suppliers, enabling your Company to partner and help reduce the environmental impact along the supply chain.

Your Company ensures that it meets all applicable legislative and regulatory requirements related to product quality, safety and labeling.

Principle 3: Employee Well-Being

For your Company, people are its most valuable asset. Accordingly, we are committed to the highest standards of safety to protect the employees as well as external parties who work at or visit the Company sites.

Your Company ensures fair employment practices and also encourages employee Engagement and Participation by:

- Ensuring Health and Safety of all the employees

- Providing Safe work environment
- Encouraging diverse workforce, non-discriminated opportunities
- Freedom of forming Association
- Continuous Learning, etc.

Your Company has various Employee Centric policies in place and thereby resulting in motivated work force and better organization to work with.

Your Company's annual objectives were renewed in 2018, as part of which, creation of a highly engaged, business focused organization was identified as a key priority. An engagement strategy was developed to emphasize employee engagement and continue to position the Company as an exciting and inspiring place to work, in line with our business strategy. The engagement strategy was co-created with employees, with an aim to ensure key interventions throughout the year, headed by business leaders and enrolling the entire organization. These interventions were focused around Diversity & Inclusion, Skill & Capability Development, and Community Impact.

In an era of single parenting, caring for ageing parents or supporting a special needs child, your Company sought to modernize our signature flex@work program to provide location and time flexibility for modern families. Flex@ work is designed to intentionally drive a culture change around flexibility to enable all employees to be fully engaged by supporting work-life integration, empowering employees to personalize their schedules directly with their managers.

The strategy targeted engagement through a number of interventions including best in class recruitment practices, meaningful learning & development opportunities, digital capability building and opportunities for individuals to innovate. A career co-creation program was developed to provide inspirational & meaningful experiences and opportunities for competency development through a balanced career co-creation process to deliver Company results and individual career aspirations. The career co-creation process involves senior leadership actively engaging in the development of career plans, supporting an individual in obtaining key experiences that are required for future roles. Through this process, the principle of 'Staff to Win' is achieved, ensuring that the right people are in the right roles and are able to effectively deliver business objectives.

Your Company forbids the use of child or forced labor in any of its operations or facilities. Your Company fully respects and follows all applicable labour laws.

Your Company respects every employee's right to choose to join or not to join a trade union, or to have recognized employee representation in accordance with applicable law.

As on June 30, 2019, your Company had a total of 380 permanent employees, including 81 permanent women employees. 390 persons were engaged on temporary / contractual basis. During the Financial Year, the Company did not receive any complaints relating to child labour, forced labour, involuntary labour, or discriminatory employment. Your Company had received one complaint on sexual harassment, which was solved during the year and no complaints were pending as on June 30, 2019. All the employees and persons engaged on temporary / contractual basis were given safety & skill up-gradation training.

Principle 4: Stakeholder Engagement & Relation

Your Company actively engages with various internal & external stakeholders, which include, employees, consumers, customers, shareholders, external business partners and the government.

Your Company believes that only way to build a sustainable business is to improve lives. It engages with disadvantaged, vulnerable and marginalized stakeholders through its Corporate Social Responsibility initiatives, which include *P&G Shiksha* and *Timely Disaster Relief*.

The Company's CSR initiatives are elaborated in the CSR Report which is appended as Annexure II to the Directors' Report.

Principle 5: Human Rights

Our core values as a Company include treating everyone with respect. We have a strong non-discrimination policy and have zero tolerance for unlawful discrimination. Your Company advocates for all employees, regardless of race, religion, gender, sexuality, age or disability. We respect everyone's right to be who they are, and want all employees to feel safe, included and able to bring their whole selves to work.

Your Company had undertaken following initiatives for employees to work in an inclusive environment that values and respects who they are:

- <u>GABLE network</u>

  Your Company has taken a stand for inclusion and addition of sexual orientation to its non-discrimination policies. We have set up the *'GABLE network'* for fostering workplace equality for Lesbian, Gay, Bisexual and Transgender (LGBT+) employees.

- Vicks- #TouchofCare

  In India, homosexuality is mostly kept closeted and being transgender is considered an unspoken curse. *Vicks* took a bold stand, sending a powerful message to help pave the way towards a more inclusive society and challenging conventional thinking of the society for a better change.

- Whisper-#TimetositImproper and #WhispersBreakSilence

  Whisper's 'Sit Improper' campaign focused on breaking the age-old stereotypes about gender expectations. It was based on the insight that Indian girls are expected to live by a set of standards imposed upon them by the society - from the way they should sit, to even the aspirations they must pursue or not pursue. The movement created a revolution and gave women the license to sit the way they want without the fear of being judged.

  Whisper's digital campaign *#WhispersBreakSilence* showcased that every whisper of encouragement plays an essential role in breaking the silence around periods, it was also a salute to millions of teachers, fathers, mothers, elder sisters or best friends who've broken silence with words of encouragement. In a country where superstition was passed silently, we broke it with a whisper.

The Human Rights Policy statement extends to all the employees and all stakeholders associated with the Company. No complaints with respect to Human Rights violation were received by the Company during the Financial Year.

Principle 6: Environment Protection

Protecting the earth is both a responsibility and a business opportunity. Our goal is to create brands that enable consumers to make more sustainable choices. We have integrated sustainability into our business practices, operations, innovation, brand building and culture. The environment sustainability guidelines of the Company cover both the Company and other people associated with the Company.

Environmental sustainability is embedded in your Company's *Purpose, Values, Principles, and business*. We are committed to improving lives, now and for generations to come by ensuring that our products, packaging and operations are safe for employees, consumers and the environment. We ensure by focusing on technologies, processes and improvements that matter for the environment.

As a responsible corporate citizen, Environmental sustainability is one of our focus areas and we continue to positively impact the communities we operate in. For your Company, acting responsibly is core to the way we do business. Our purpose is to make superior products that not only delight consumers but are also produced responsibly.

Your Company's broad-reaching environmental sustainability goals designed to enable responsible consumption and sustainable manufacturing are as follows:

a. All our brands will enable responsible consumption through packaging that is 100% recyclable or reusable by 2030; and

b. By 2030, 100% of manufacturing sites across the globe will cut greenhouse gas emissions in half as compared to our 2010 baseline.

Within our operations, we strive to grow responsibly, continuously improve our efficiency while reducing our carbon footprint. The Goa manufacturing plant is a 'zero waste to landfill' site which means that there is no manufacturing discharge into the environment. In the last 5 years, the Goa plant has reduced its carbon emission by 18%. During this period, the plant has also improved on both energy and water by 75%. The plant is also leveraging technology, experts, employees and renewable sources of energy to reduce our overall footprint and make our operations more sustainable.

We are committed to help reduce the flow of plastic by making changes now and bringing long-term solutions. In India, we have put in place a system to recover and recycle multi-layered plastic packaging waste. We are working with various waste management companies and the industry to collect, segregate and recycle multi-layered plastic packaging waste.

Principle 7: Business Policy & Advocacy

As a corporate citizen, your Company often engages in efforts to affect legislation or government policy on issues that could impact our business and society at large. Your Company ensures that all its advocacy activities are consistent with its *Purpose, Values & Principles* and applicable laws.

Your Company is a member of the following trade and chambers of association, through which advocacy was conducted in listed areas:

– Federation of Indian Chambers of Commerce & Industry

- Confederation of Indian Industry
- Feminine and Infant Hygiene Association of India
- American Chamber of Commerce in India
- US India Business Council
- India Home & Personal Care Industry Association

Some of the key issues on which your Company engaged with the Government in 2018-19 through the above associations include:

- Solid Waste Management Rules
- Plastic Waste Management Rules
- GST implementation
- Legal Metrology and Standard packaging Rules
- Data Protection Bill

Principle 8: Inclusive growth and Equitable development

Your Company believes that the only way to build a sustainable business is to improve lives. For your Company, 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 natural disasters by providing them with daily essential commodities and safe drinking water.

Your Company has undertaken CSR initiatives during the Financial Year amounting to ₹ 12.74 Crores which are detailed in the CSR Report which is appended as Annexure II to the Directors' Report.

Principle 9: Customer Value and Responsibility

We are committed to providing products and services that can help improve the lives of our consumers. In developing and marketing our products, we adopt a "*Consumer Is Boss*" approach to ensure that we delight consumers by launching new products and product improvements that genuinely meet their needs. We actively encourage consumers to contact us because we want to hear about our consumers' experiences with our products.

Our aspiration is to serve the world's consumers better than our best competitors, in every category and every country where we choose to compete — creating superior shareholder value in the process. Innovation is at the heart of your Company's business. It differentiates our brands versus competition and prevents commoditization of our categories and brands. It's how we delight consumers, create value with retail partners, and create new businesses. Your Company combines "what's needed" with "what's possible," conducting hundreds of consumer research studies each year to understand what people need and want, in order to create superior value and product experience every day.

ANNEXURE II

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 your Company'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 ("Act") 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 Corporate Social Responsibility 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 Corporate Social Responsibility 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;
   - 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 the Act and/ or relevant Rules and Schedules.

The Corporate Social Responsibility Policy is available on the website of the Company at http://www.pg.com/en_IN/invest/pghh/corporate_governance/policies.shtml.

The composition of the CSR Committee as on date:

Mr. Anil Kumar Gupta	Chairman
Mr. Madhusudan Gopalan	Member
Mr. Karthik Natarajan	Member
Ms. Sonali Dhawan	Member

2. Average net profit of the company for last three Financial Years – ₹ **637.18 Crores**

3. Prescribed CSR expenditure (2% of amount as in item 2) – ₹ **12.74 Crores**

4. Details of CSR spend during Financial Year:

a) Total amount to be spent for the Financial Year – ₹ **12.74 Crores**

b) Amount unspent, if any – **Not applicable**

c) Manner in which the amount spent during the Financial Year 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 & Early Childhood Education	Uttar Pradesh, Rajasthan, Madhya Pradesh, Himachal Pradesh, Telangana, Uttarakhand, Bihar, Delhi	3.30	3.35	93%	7%	3.35	Implementing agency: Pratham Education Foundation
2	P&G Shiksha: Build & Support Schools	Education: Infrastructure Interventions	Pan-India	3.31	3.30	100%	Nil	3.30	Implementing agency: Round Table India Trust
3	P&G Shiksha: Supporting communities around our plants	Education: Interventions in a Govt. School in Mandideep	Mandideep (Madhya Pradesh)	0.15	0.15	94%	6%	0.15	Implementing agency: Arushi Society
4	P&G Shiksha: Supporting communities around our plants	Education: Interventions in a Public Charitable Trust for orphan, destitute and abandoned children	Goa	0.08	0.08	100%	Nil	0.08	Implementing agency: Matruchhaya
5	P&G Shiksha: Read India Program	Education: Remedial Learning	Mysore	0.15	0.12	93%	7%	0.12	Implementing agency: Pratham Mysore
6	P&G Shiksha: Supporting Defence NGOs to educate underprivileged children	Education: Support Sankalp School Mumbai - a special school for differently abled children	Mumbai (Maharashtra)	0.35	0.33	90%	10%	0.33	Implementing agency: Navy Wives Welfare Association
7	P&G Shiksha: Supporting Defence NGOs to educate underprivileged children	Education: Support Umeed Schools through AFWWA – school for the underprivileged	Delhi	0.35	0.33	90%	10%	0.33	Implementing agency: Air Force Wives Welfare Association
8	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	0.75	0.78	90%	10%	0.78	Implementing agency: Army Wives Welfare Association
9	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 and Jharkhand	2.1	2.1	89%	11%	2.1	Implementing agency: Save The Children
10	P&G Shiksha: Supporting remedial learning via digital learning	Education: Support remedial learning leveraging digital platforms	Rajasthan & Madhya Pradesh	2	2	95%	5%	2	Direct with the help of Educational Initiatives (EI)
11	P&G Shiksha: Supporting education & infrastructure in Himalayan Belt	Education & Infrastructure: Electrification of a village near Leh and setting up educational hubs	J&K	0.2	0.2	90%	10%	0.2	Direct with the help of Global Himalayan Expedition (GHE)

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 policy of the Company.

Madhusudan Gopalan
Managing Director

A. K. Gupta
Chairman of the CSR Committee

ANNEXURE III

EXTRACT OF ANNUAL RETURN

Form No. MGT-9
(As on the Financial Year ended on June 30, 2019)

[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 7337 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 India Private Limited C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400 083 Tel – (022) 4918 6270, Fax – (022) 4918 6060 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	30
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 Overseas India B.V., Netherlands *(Holding Company)*	Not applicable *(Foreign Company)*	Holds 68.73% directly

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

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP 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	
A.	**Promoters**									
1.	**Indian**									
	Bodies corporate	619683	—	619683	1.91	619683	—	619683	1.91	0.00

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	
2.	**Foreign**									
	Bodies corporate	22310090	—	22310090	68.73	22310090	—	22310090	68.73	0.00
	Total Promoter Shareholding (A)	**22929773**	**—**	**22929773**	**70.64**	**22929773**	**—**	**22929773**	**70.64**	**0.00**
B.	**Public Shareholding**									
1.	**Institutions**									
	Mutual funds	1652268	—	1652268	5.09	1566126	—	1566126	4.82	-0.27
	Alternate Investment Funds	10160	—	10160	0.03	16751	—	16751	0.05	0.02
	Financial Institutions / Banks	778765	4956	783721	2.41	1202035	4736	1206771	3.72	1.31
	Insurance Companies	823104	—	823104	2.54	823083	—	823083	2.53	-0.01
	Foreign Institutional Investors	1179569	393	1179962	3.63	1097894	—	1097894	3.38	-0.25
	Sub Total (B)(1)	**4443866**	**5349**	**4449215**	**13.70**	**4705889**	**4736**	**4710625**	**14.50**	**0.80**
2.	**Non-Institutions**									
	Bodies Corporate									
	- Indian	994534	6965	1001499	3.09	827401	6730	834131	2.57	-0.52
	Individuals									
	- Individual shareholders holding nominal share capital up to ₹ 1 lakh	3051446	344369	3395815	10.46	3181740	252345	3434085	10.58	0.12
	- Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	359578	—	359578	1.11	257464	0	257464	0.79	-0.32
	Others									
	- NBFCs registered with RBI	44456	—	44456	0.14	1786	—	1786	0.01	-0.13
	- Clearing Members	3595	—	3595	0.01	3239	—	3239	0.01	0.00
	- HUF	85656	210	85866	0.26	82873	210	83083	0.26	0.00
	- Foreign National	430	—	430	0.00	430	—	430	0.00	0.00
	- NRI	25982	30	26012	0.08	26247	30	26277	0.08	0.00
	- NRN	134537	3616	138153	0.43	134441	3616	138057	0.43	0.00
	- Director / Relatives	17326	—	17326	0.05	17351	—	17351	0.05	0.00
	- Trust	610	—	610	0.00	432	—	432	0.00	0.00
	- Central Government / State Government(s)	8408	—	8408	0.03	8408	—	8408	0.03	0.00
	- IEPF	—	—	—	—	15595	—	15595	0.05	0.05
	Sub Total (B)(2)	**4726558**	**355190**	**5081748**	**15.66**	**4557407**	**262931**	**4820338**	**14.86**	**-0.80**
	Total Public Shareholding (B)	**9170424**	**360539**	**9530963**	**29.36**	**9263296**	**267667**	**9530963**	**29.36**	**0.00**
	Shares held by Custodian for GDRs & ADRs (C)	—	—	—	—	—	—	—	—	—
	Grand Total (A+B+C)	**32100197**	**360539**	**32460736**	**100.00**	**32193069**	**267667**	**32460736**	**100.00**	**0.00**

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 share holding 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 Overseas India B.V.	22310090	68.73	—	22310090	68.73	—	0.00
2.	Temple Trees Impex & Investment Pvt Ltd	619683	1.91	—	619683	1.91	—	0.00
		22929773	**70.64**	**—**	**22929773**	**70.64**	**—**	**0.00**

iii. Change in Promoters' Shareholding

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
There was no change in Promoter shareholding during the Financial Year 2018-2019.								

iv. Shareholding Pattern of top ten Shareholders (*other than Directors, Promoters and Holders of GDRs and ADRs*) as on June 30, 2019

The detailed changes in top ten shareholders during the Financial Year 2018-19 shall be displayed on the website of the Company.

v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Director	Shareholding at the beginning and at the end of the year		Date of change of Shareholding	Increase / Decrease in shareholding	Reason for change	Cumulative Shareholding during the year (No. of Shares)
		No. of Shares	% of total shares of the Company				
1.	Mr. R. A. Shah	12906	0.04	01 July, 2018			
		12906	0.04	30 June, 2019	—	No change during the year	12906
2.	Mr. B. S. Mehta	3799	0.01	01 July, 2018			
		3799	0.01	30 June, 2019	—	No change during the year	3799
3.	Mr. Pramod Agarwal	0	0.00	01 July, 2018			
		25	0.00	17 May, 2019	0.00%	Purchase	25

Note: No other Directors apart from the above mentioned Directors, held any shares of the Company during the Financial Year 2018-19.

V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the Financial Year 2018-19.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director:

Sr. No.	Particulars of Remuneration	*Mr. Madhusudan Gopalan ** (Amount in ₹ Lakhs)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	438.28
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.62
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission	—
5.	Others, please specify	119.31*
	Total (A)	**558.21**
	Ceiling as per the Act	**2975.37**

* *Mr. Madhusudan Gopalan has exercised Stock Options of the Ultimate Holding Company amounting to ₹ 1,19,30,799 under its Employee Stock Option Plan*

B. Remuneration to other Directors:

Particulars of Remuneration	Mr. R. A. Shah	Mr. B. S. Mehta	Mr. A. K. Gupta	Mr. P. Agarwal	Ms. M. Ganesh	Total
Fee for attending board / committee meetings	3.80	3.20	5.00	2.30	0.50	7.78
Commission	12.00	12.00	12.00	12.00	3.43	51.42
Total	**15.80**	**15.20**	**17.00**	**14.30**	**3.93**	**59.20**

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole Time Director:

Sr. No.	Particulars of Remuneration	*Mr. Prashant Bhatnagar* CFO* (₹ In lakhs)	*Ms. Flavia Machado# Company Secretary* (₹ In lakhs)
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45.57	11.49
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.18	—
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—
2.	Stock Option	—	—
3.	Sweat Equity	—	—

Sr. No.	Particulars of Remuneration	*Mr. Prashant Bhatnagar* CFO* (₹ In lakhs)	*Ms. Flavia Machado# Company Secretary* (₹ In lakhs)
4.	Commission	—	—
5.	Others, please specify	—^	—
	Total	**47.75**	**11.49**

* *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*

^ *Mr. Prashant Bhatnagar has exercised Stock Options of the Ultimate Holding Company amounting to ₹ 2,14,96,488 under its Employee Stock Option Plan, which was charged to group Company, Gillette India Limited*

\# *Ms. Flavia Machado was appointed as Company Secretary of the Company w.e.f. September 18, 2018*

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, if any, during the Financial Year.

ANNEXURE IV

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	Remuneration (₹ in lakhs)	Commission (₹ in lakhs)	Sitting Fees (₹ in lakhs)	Total (₹ in lakhs)	Ratio
Mr. Madhusudan Gopalan	Managing Director	558.21	—	—	**558.21**	37.45
Mr. R. A. Shah	Independent Director	—	12.00	3.80	**15.80**	1.06
Mr. B. S. Mehta	Independent Director	—	12.00	3.20	**15.20**	1.02
Mr. A. K. Gupta	Independent Director	—	12.00	5.00	**17.00**	1.14
Ms. Meena Ganesh	Independent Director	—	3.43	0.50	**3.93**	0.26
Mr. Pramod Agarwal	Non-Executive Director	—	12.00	2.30	**14.30**	0.96
Mr. Shailyamanyu Singh	Non-Executive Director	—	—	—	**—**	—
Ms. Sonali Dhawan	Non-Executive Director	—	—	—	**—**	—
Mr. Karthik Natarajan	Non-Executive Director	—	—	—	**—**	—
Mr. Gagan Sawhney	Non-Executive Director	—	—	—	**—**	—
Mr. Ghanashyam Hegde	Non-Executive Director	—	—	—	**—**	—

ii. % increase in remuneration of 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. Madhusudan Gopalan	Not applicable as 2018-19 is his first year as Managing Director of the Company
Company Secretary	Ms. Flavia Machado	Not applicable as 2018-19 is her first year as Company Secretary of the Company
Chief Financial Officer	Mr. Prashant Bhatnagar	Nil

iii. The % increase in the median remuneration of employees in the Financial Year is 6.73%.

iv. The number of permanent employees on the rolls of Company is 380.

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 6.24% whereas the increase in managerial remuneration was 16.56%. The average increase every year is an outcome of company's market competitiveness as against peer group companies.

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

ANNEXURE V

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;

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

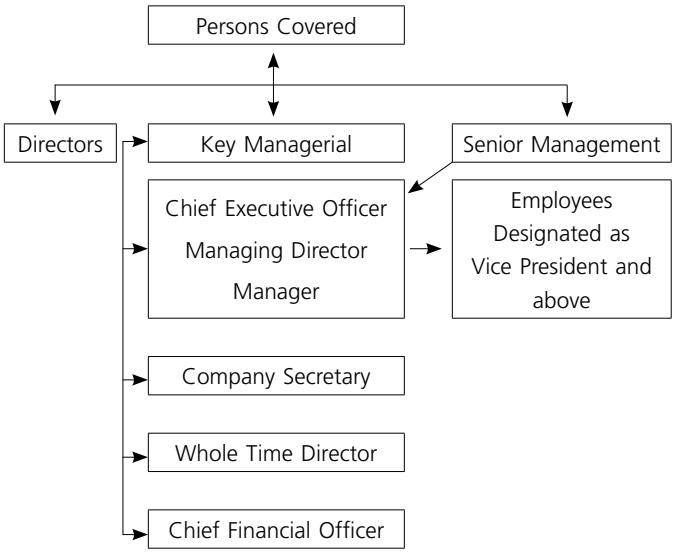
The Committee shall review and reassess the framework and the Policy, on an annual basis and obtain the approval of the Board of Directors, for any changes / amendment in the framework / policy.

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 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.

ANNEXURE VI

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.

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** that allows the Company to exploring business opportunities.

The Board of Directors will forward the dividend recommendation for the approval of 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.

ANNEXURE VII

Secretarial Audit Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2019

[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)** (Company) for the financial year ended 30th June, 2019. 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 records and books of accounts of the Company.

iv. Wherever required, we have discussed with the management of the company, relied on the legal opinion 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 30th June, 2019, 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 and as applicable to the Company 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 30th June, 2019 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. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment only as the Company has neither made any Overseas Direct Investment nor obtained External Commercial Borrowings during the audit period.

V. A. 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.

(c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

V. B. The Company has not undertaken any of the activities during the audit period a envisaged in the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and hence are not relevant for the purpose of audit:–

(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.

VI. 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.

D. We have also examined compliance with the applicable clauses which, are generally adhered to, of the following:

i. Secretarial Standards in respect of Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

E. 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 Act.

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. Majority decision is carried through and there was no instance of any director expressing any dissenting views.

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

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 : 21st August, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Economy and markets

The Indian economy is expected to grow by 6.1% in 2019, 30 bps lower than expected at the beginning of the year. While India continues to be among the fastest-growing trillion-dollar economies in the world, it is witnessing a slowdown. A weak monsoon, low growth in farm income and subdued rural consumption have contributed to this slowdown. Other factors like liquidity crisis and inflationary pressure have also impacted the business environment. While the economy is growing at a slower pace than expected, projections of recovery behind newly launched government initiatives are a positive sign for the industry.

Opportunities, risk and outlook

The overall outlook for the FMCG sector remains positive. As per reports, the FMCG sector is expected to grow at mid-single digits in 2019. The rising young population, increasing affluence, rapid urbanisation and increasing digital connectivity and penetration are factors that will drive the growth of the FMCG industry. The prediction of a normal monsoon and government initiatives focused on accelerating the growth of the rural economy is expected to revive demand and boost consumption. However, amidst this, it will also be imperative for companies to navigate through uncertainties like inflation and potential global headwinds like forex volatility and crude oil prices. Your company is well-positioned to sustain and improve its performance and leverage the available opportunities, address challenges and overcome the risks.

Performance Overview

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. 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.

Business, Finance & Operational risks

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 P&G's Worldwide Business Conduct Manual and the same demands 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; and
- 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 implemented comprehensive security programs supported by latest technology and trained manpower to protect employees and assets, at all its offices and plants. 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 changing 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 Ms. Nandini Tulsyan, Chartered Accountant as the Internal Auditor of the Company for the Financial Year 2018-19.

Internal Controls & their adequacy

Your Company continues to prioritize sustainable control processes that are integral part of organization Culture. It has built strong Internal Controls Environment and Risk Assessment / Management systems. These systems enable 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:

- **Controls Self-Assessments (CSAs)** are performed during October to December period of every fiscal year across business processes. The purpose of this thorough exercise is to review and evaluate process compliances against standard Control objective, activities and attributes. This enables organization to proactively identify control weaknesses and initiate actions to sustainably mitigate them.
- **Stewardship and Global Internal Audit (GIA) Reviews** led by a team of three independent fulltime Internal Controls experts, their role is to ensure that all key processes i.e. selling, revenue, distribution, trade & marketing spends, vendor payments, and plant operations are reviewed and assessed at appropriate intervals. The observations and findings are shared with senior management for implementing quality action plans to strengthen overall controls environment in these processes. The assessments of High risks and SOX Compliance areas are assessed by an independent internal audit department lead by the Company's Global Internal Audit team. This team comprises of certified internal controls process experts and have experiences across different markets that the company operates in. The action taken by the management to correct the processes is then reviewed and reported appropriately.
- **Governance board** comprises of the Managing Director, Group Chief Financial Officer, Chief Human Resource Officer and General Counsel. The Board assess and reviews enterprise level risks and work with process owners and functional managers to ensure that corrective action is taken, and risk is mitigated as appropriate.

HR Initiatives

Your 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. Your 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 source for Global talent and an Employer of Choice in India. Given our build from within strategy and our focus on our core campus programs coupled with our innovative programs ensures we continue to be an Employer of Choice in our Core Campuses and beyond. We are ranked in the Top 10 Employers in the Annual Nielsen Campus Survey.

Developing Talent: Our policies on leadership pipeline, talent planning, mentoring and diversity & inclusion policies continue to ensure that we attract and retain the best talent. Our New hires into the company are given a thorough on-boarding through our '*GetIn Program*' and '*SPARK- Sales New Hire Program*' to ensure that they are early contributors in their roles and feel valued. Building organization capability continues to be a key focus area for us.

Your Company's performance management system is robust and drives the employees to perform at their *PEAK*. It clearly assesses and differentiates employees on the basis of performance. We have established a *CARE* program to build the capability of our people managers. With our focus on inclusive development, we were recognized by *Working Mothers Magazine* as one of the Best Companies for Women in India. We have a robust talent management process to ensure we build world class leaders. This is supported by a strong Learning & Development program, leveraging internal and external experts to ensure our people are exposed and learn from the very best. The number of employees as on June 30, 2019 was 380.

CORPORATE GOVERNANCE

Your Directors are pleased to present the Corporate Governance Report:

Corporate governance is a set of systems, principles and processes by which a company is governed. Governance process has to ensure that the Company operates 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 wellbeing 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 (PVPs)*. Our commitment to operate responsibly is reflected in the steps we have in place to ensure rigorous financial discipline and Corporate Governance.

Your Company has 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" ("WBCM")* which sets forth management's commitment to conduct its business affairs with high ethical standards. This Manual flows from our PVPs 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 *WBCM* 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 of 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 eight other Non-Executive Directors. All other Directors, except the Managing Director and the Non-Executive Independent Director, are Directors liable to retire by rotation.

The Non-Executive Independent Directors bring external perspective and independence to decision making. The terms & conditions of appointment of Independent Directors are available on the website of the Company. All Independent Directors have provided declaration 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015").

On an annual basis, the Company obtains from each Director, details of the Board and Board Committee positions he/she occupies in other Companies, and changes, if any, regarding their Directorships.

All Directors have confirmed that they are not debarred from holding the office of Director pursuant to any SEBI order or any other such authority. The Company has obtained a certificate from Mr. B. V. Dholakia, Practicing Company Secretary, dated August 20, 2019 (annexed to this Report), confirming that none of the Directors on the Board of the Company have been debarred or disqualified from holding the office of Director by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority.

The composition of the Board of Directors and other Directorships held 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. Rajendra A. Shah	ID	Chairman	7	4	2
Mr. Madhusudan Gopalan#	ED	Managing Director	2	2	Nil
Mr. Bansidhar S. Mehta	ID	Director	4	4	1
Mr. Anil Kumar Gupta	ID	Director	1	2	1
Ms. Meena Ganesh@	ID	Director	15	Nil	Nil
Mr. Pramod Agarwal	NED	Director	2	0	Nil
Ms. Sonali Dhawan	NED	Director	1	1	Nil
Mr. Karthik Natarajan	NED	Director	1	Nil	Nil
Mr. Gagan Sawhney^	NED	Director	1	Nil	Nil
Mr. Ghanashyam Hegde$	NED	Director	1	Nil	Nil

NED – Non-Executive Director

ED – Executive Director

ID – Independent Director

* *Includes directorships in private companies and companies registered under Section 8 of the Companies Act, 2013 and excludes directorships in foreign companies.*

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

\# *Mr. Madhusudan Gopalan was appointed as Director and Managing Director effective July 1, 2018.*

@ *Ms. Meena Ganesh was appointed as Non-Executive Independent Director effective March 19, 2019.*

^ *Mr. Gagan Sawhney was appointed as Non-Executive Director effective January 24, 2019.*

$ *Mr. Ghanashyam Hegde was appointed as Non-Executive Director effective May 9, 2019.*

The other listed companies in which Directors on the Board of your Company are also Directors are listed below:

Name of Director	Directorships in other listed companies
Mr. Rajendra A. Shah	Non-Executive Independent Director of: 1. Godfrey Phillips India Limited 2. Lupin Limited 3. Colgate-Palmolive (India) Limited 4. Pfizer Limited 5. BASF India Limited 6. Atul Limited
Mr. Bansidhar S. Mehta	Non-Executive Independent Director: 1. Gillette India Limited 2. Pidilite Industries Limited 3. Century Enka Limited 4. Atul Limited

Name of Director	Directorships in other listed companies
Mr. Anil Kumar Gupta	Non-Executive Independent Director: 1. Gillette India Limited
Ms. Meena Ganesh	Non-Executive Independent Director: 1. Pfizer Limited
Mr. Pramod Agarwal	Non-Executive Director: 1. Gillette India Limited
Mr. Madhusudan Gopalan	Managing Director: 1. Gillette India Limited
Mr. Karthik Natarajan	Executive Director: 1. Gillette India Limited
Ms. Sonali Dhawan	Non-Executive Director: 1. Gillette India Limited
Mr. Gagan Sawhney	Executive Director: 1. Gillette India Limited
Mr. Ghanashyam Hegde	NIL

(b) Number of meetings of the Board

Four (4) meetings of the Board were held during the Financial Year July 1, 2018 to June 30, 2019. These meetings were held on August 22, 2018, November 2, 2018, February 7, 2019 and May 8, 2019.

(c) Directors' attendance record

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. Rajendra A. Shah	4	4	Yes
Mr. Madhusudan Gopalan#	4	4	Yes
Mr. Bansidhar S. Mehta	4	4	Yes
Mr. Anil Kumar Gupta	4	4	Yes
Mr. Pramod Agarwal	4	4	Yes
Mr. Shailyamanyu Singh Rathore*	4	1	No
Ms. Sonali Dhawan	4	4	Yes
Mr. Karthik Natarajan	4	2	No
Ms. Meena Ganesh@	1	1	N.A.
Mr. Gagan Sawhney$	2	2	N.A.
Mr. Ghanashyam Hegde^	NIL	N.A.	N.A.

\# *Mr. Madhusudan Gopalan was appointed as Director and Managing Director effective July 1, 2018.*

* *Mr. Shailyamanyu Singh Rathore resigned as Director effective May 8, 2019.*

@ *Ms. Meena Ganesh was appointed as Non-Executive Independent Director effective March 19, 2019.*

$ *Mr. Gagan Sawhney was appointed as Non-Executive Director effective January 24, 2019.*

^ *Mr. Ghanashyam Hegde was appointed as Non-Executive Director effective May 9, 2019.*

(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 8, 2019 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 www.pg.com/en_IN/invest/pghh/corporate_governance/policies.shtml.

Prior omnibus approval of the Audit Committee is obtained for related party transactions which are of repetitive nature. All related party transactions are reviewed by chartered accountant firms 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 32 forming part of the Financial Statements.

(f) Remuneration of Directors

Members of the Company at their 54th Annual General Meeting held on November 29, 2018 had approved payment of commission to the Non-Executive 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, 2018 and had also empowered the Board of Directors to fix the quantum of commission payable to the Non-Executive Directors and to also determine the period for which said commission is payable. The Board of Directors at their meeting held on August 21, 2019 approved payment of annual commission of ₹ 12 lakhs, on a pro-rata basis, to Non-P&G Non-Executive Directors. The Non-Executive Directors are paid commission to compensate for 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 for the Financial Year ended June 30, 2019 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. Rajendra A. Shah	None	—	12,00,000	3,80,000	12,906
Mr. Madhusudan Gopalan	None	5,58,21,211$	—	—	—
Mr. Bansidhar S. Mehta	None	—	12,00,000	3,20,000	3,799
Mr. Anil Kumar Gupta	None	—	12,00,000	5,00,000	—
Mr. Pramod Agarwal	None	—	12,00,000	2,30,000	25
Ms. Meena Ganesh	None	—	3,42,740	50,000	—
Mr. Shailyamanyu Singh Rathore	None	—	—	—	—
Ms. Sonali Dhawan	None	—#	—	—	—
Mr. Karthik Natarajan	None	—@	—	—	—
Mr. Ghanashyam Hegde	None	—^	—	—	—
Mr. Gagan Sawhney	None	—!	—	—	—

* *Excludes shares held by relatives.*

$ *Mr. Madhusudan Gopalan is paid by the Company and portion of the remuneration is cross charged to Gillette India Limited and Procter & Gamble Home Products Private Limited in proportion to their respective Net Outside Sales. Mr. Madhusudan Gopalan has exercised Stock Options of the ultimate Holding Company amounting to ₹ 1,19,30,799 under its Employee Stock Option Plan, which is included in the above mentioned remuneration.*

\# *₹ 141.73 Lakhs being Company's contribution to remuneration of Ms. Dhawan has been cross charged from Procter & Gamble Home Products Private Limited in terms of the common service agreement.*

@ *₹ 5.52 Lakhs being Company's contribution to remuneration of Mr. Natarajan has been cross charged from Gillette India Limited in terms of the common service agreement.*

^ *₹ 7.65 Lakhs being Company's contribution to remuneration of Mr. Hegde has been cross charged from Gillette India Limited in terms of the common service agreement.*

! *₹ 30.12 Lakhs being Company's contribution to remuneration of Mr. Sawhney has been cross charged from Procter & Gamble Home Products Private 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 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 31 forming part of the Financial Statements.

(g) Committees of the Board

Audit Committee

The Audit Committee presently comprises of Mr. Rajendra A. Shah (Chairman), Mr. Bansidhar S. Mehta (Member), Mr. Anil Kumar Gupta (Member) and Mr. Madhusudan Gopalan (Member). During the Financial Year, the Audit Committee met on August 22, 2018, November 2, 2018, February 7, 2019 and May 8, 2019.

Attendance of the Members of the Audit Committee during the Financial Year:

Members of the Committee	Designation	Category	No. of Meetings held during tenure	No. of Meetings attended
Mr. Rajendra A. Shah	Chairman	ID	4	4
Mr. Bansidhar S. Mehta	Member	ID	4	4
Mr. Anil Kumar Gupta	Member	ID	4	4
Mr. Madhusudan Gopalan	Member	ED	4	4

ID – Independent Director
ED – Executive Director

The Audit Committee plays the role as is contemplated under Section 177 of the Companies Act, 2013 read with the SEBI Listing Regulations, 2015.

The Audit Committee powers include the following:

(a) to investigate any activity within its terms of reference;

(b) to seek information from any employee;

(c) to obtain outside legal or other professional advice; and

(d) to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee role includes the following:

i. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

ii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

iii. Approval or any subsequent modification of transactions of the Company with related parties;

iv. Scrutiny of inter-corporate loans and investments;

v. Valuation of undertakings or assets of the Company, wherever it is necessary;

vi. Evaluation of internal financial controls and risk management systems;

vii. 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;

viii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

ix. 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; and
- Modified opinion(s) 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 qualifications, experience and background, etc. of the candidate; and

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 CFO (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 and other statutes, as amended from time to time.

The minutes of the Audit Committee are placed before the Board.

Stakeholder Relationship Committee

The Committee presently comprises of Mr. Ghanashyam Hegde (Chairman), Mr. Madhusudan Gopalan (Member) and Mr. Anil Kumar Gupta (Member). Ms. Flavia Machado is the Company Secretary & Compliance Officer to the Committee. During the Financial Year, four meetings were held on August 22, 2018, November 2, 2018, February 7, 2019 and May 8, 2019.

Attendance of the Members of the Committee during the Financial Year:

Members of the Committee	No. of meetings held during tenure	No. of meetings attended
Mr. Shailyamanyu Singh Rathore*	4	1
Mr. Anil Kumar Gupta	4	4
Mr. Madhusudan Gopalan	4	4
Mr. Ghanashyam Hegde**	Not Applicable	Not Applicable

* *Mr. Shailyamanyu Singh Rathore resigned as Director of the Company effective May 8, 2019 and consequently ceased to be Member and Chairman of the Stakeholder Relationship Committee effective May 8, 2019.*

** *Mr. Ghanashyam Hegde was inducted as a Member and Chairman of the Stakeholder Relationship Committee effective May 9, 2019.*

The role of the Committee is as follows:

- Resolving the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent; and
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

During the Financial Year, the Company received 8 complaints from Shareholders. These complaints have been resolved during the Financial Year.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee presently comprises of Mr. Anil Kumar Gupta (Chairman), Mr. Rajendra A. Shah (Member) Mr. Ghanashyam Hegde (Member), and Mr. Gagan Sawhney (Member). During the Financial Year, four meetings were held on August 22, 2018, November 2, 2018, February 7, 2019 and May 8, 2019.

Attendance of the Members of the Committee during the Financial Year:

Members of the Committee	No. of meetings held during tenure	No. of meetings attended
Mr. Anil Kumar Gupta	4	4
Mr. Rajendra A. Shah	4	4
Mr. Karthik Natarajan*	4	2
Mr. Ghanashyam Hegde**	Not Applicable	Not Applicable
Mr. Gagan Sawhney**	Not Applicable	Not Applicable

* *Mr. Karthik Natarajan ceased to be Member of the Nomination & Remuneration Committee effective August 21,2019.*

** *Mr. Ghanashyam Hegde and Mr. Gagan Sawhney were inducted as Members of the Nomination & Remuneration Committee effective August 21, 2019.*

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;
- 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 Regulation 19 of 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. This Policy is also annexed to the Directors' Report as **Annexure V**.

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.

The Committee carries out an evaluation of the performance of individual Directors. Feedback was sought by way of structured questionnaires covering various aspects in line with the Guidance Note on Board evaluation issued by the Securities and Exchange Board of India vide its circular dated January 5, 2017 and performance evaluation was carried out based on the responses received from the Directors.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee presently comprises of Mr. Anil Kumar Gupta (Chairman), Mr. Madhusudan Gopalan (Member), Ms. Sonali Dhawan (Member) and Mr. Karthik Natarajan (Member). During the Financial Year, two meetings were held on August 22, 2018 and February 7, 2019.

Attendance of the Members of the Committee during the Financial Year:

Members of the Committee	No. of meetings held during tenure	No. of meetings attended
Mr. Anil Kumar Gupta	2	2
Ms. Sonali Dhawan	2	2
Mr. Madhusudan Gopalan	2	2
Mr. Karthik Natarajan	2	2

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;
- Formulation and monitoring of implementation of business responsibility policies; and
- Annual assessment of the business responsibility performance and reporting.

The Company has adopted a Corporate Social Responsibility Policy ('CSR Policy'). In line with the global principles followed by the Procter & Gamble group and terms of the 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:
  - 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.

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 Committee presently comprises of Mr. Madhusudan Gopalan (Chairman), Mr. Karthik Natarajan (Member), Mr. Anil Kumar Gupta (Member), Mr. Pramod Agarwal (Member), Mr. Ghanashyam Hegde (Member), Mr. Prashant Bhatnagar (Member) Mr. Gagan Sawhney (Member), and Ms. Meena Ganesh (Member). During the Financial Year, two meetings were held on August 22, 2018 and May 8, 2019.

The role of the Committee is as follows:

- To monitor and review the Risk Management policy and plans of the Company
- To monitor and review cyber security risk.

Attendance of the Members of the Committee during the Financial Year:

Members of the Committee	No. of meetings held during tenure	No. of meetings attended
Mr. Madhusudan Gopalan	2	2
Mr. Karthik Natarajan	2	1
Mr. Anil Kumar Gupta	2	2
Mr. Pramod Agarwal	2	2
Mr. Shailyamanyu Singh Rathore*	2	1
Mr. Prashant Bhatnagar	2	2
Mr. Gagan Sawhney	2	2
Mr. Ghanashyam Hegde**	Not Applicable	Not Applicable
Ms. Meena Ganesh**	Not Applicable	Not Applicable

* *Mr. Shailyamanyu Singh Rathore resigned as Director of the Company effective May 8, 2019 and consequently ceased to be Member of the Risk Management Committee.*

** *Mr. Ghanashyam Hegde and Ms. Meena Ganesh were inducted as Members of the Risk Management Committee effective May 9, 2019 and August 21, 2019 respectively.*

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.

Cash & Investment Committee

The Company has constituted a Cash & Investment Committee, presently comprising of Mr. Pramod Agarwal (Chairman), Mr. Anil Kumar Gupta (Member), Mr. Karthik Natarajan (Member), Mr. Gagan Sawhney (Member) and Mr. Ghanashyam Hegde (Member). During the Financial Year, two meetings were held on November 2, 2018 and February 7, 2019.

Attendance of the Members of the Committee during the Financial Year:

Members of the Committee	No. of meetings held during tenure	No. of meetings attended
Mr. Pramod Agarwal	2	2
Mr. Anil Kumar Gupta	2	2
Mr. Shailyamanyu Singh Rathore*	2	0
Mr. Karthik Natarajan	2	1
Mr. Gagan Sawhney**	Not Applicable	Not Applicable
Mr. Ghanashyam Hegde**	Not Applicable	Not Applicable

* *Mr. Shailyamanyu Singh Rathore resigned as Director of the Company effective May 8, 2019 and consequently ceased to be Member of the Cash & Investment Committee.*

** *Mr. Gagan Sawhney and Mr. Ghanashyam Hegde were inducted as Members of the Cash & Investment Committee effective August 21, 2019.*

The role of the Committee is as follows:

Assessment and recommendation to the Board the best possible utilization of cash generated by the Company, on basis of following primary considerations–

i) protecting long term growth of the Company;

ii) maximizing return to the Shareholders; and

iii) ensuring risk free investments choices.

(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.

Your 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 at the time of appointment; and
- 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.

During the Financial Year, a familiarization programme was conducted at the registered office of the Company for induction of newly appointed Independent Director, Ms. Meena Ganesh on May 9, 2019 from 8.30 am to 1.00 pm covering various topics including introduction to P&G group and the Company, historical background, organization structure & review, Company growth strategy, feminine care and healthcare business on boarding, and digital road map review. Ms. Meena Ganesh, Mr. Anil Kumar Gupta, Mr. Madhusudan Gopalan, Ms. Sonali Dhawan, Mr. Gagan Sawhney and Mr. Ghanashyam Hegde attended the said programme.

The familiarization programme is available on the Company's website at http://www.pg.com/en_IN/invest/pghh/corporate_governance/index.shtml.

(i) Key Board qualifications, expertise and attributes

The Company's core business includes manufacturing and selling of branded packaged fast moving consumer goods in the feminine care and healthcare businesses.

The list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's aforesaid business for efficient functioning of the Board are as follows:

Finance & Accounting Expertise	Experience of financial management with appropriate professional qualifications (e.g. MBA in Finance, Chartered Accountants, Cost Accountants, Chartered Financial Analyst etc.)
Legal Expertise	Experience in the field of law, litigations or advisory with appropriate professional qualifications (e.g. Lawyers, Solicitors, Company Secretaries)
Strategy / Business Operation Expertise	Experience of leading the companies as CEO or part of Senior management or as Functional leader with strategic or business operations expertise Experience in digital, technology driven businesses
FMCG Domain Expertise	Experience of FMCG industry
Regulatory / Policy	Experience of regulatory advisory, policy formulation & implementation, public administrative experience

(j) Annual Evaluation of the Directors

The Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. Feedback was sought by way of structured questionnaires covering various aspects in line with the Guidance Note on Board evaluation issued by the Securities and Exchange Board of India vide its circular dated January 5, 2017 and performance evaluation was carried out based on the responses received from the Directors.

(k) Disclosures regarding appointment and re-appointment of Directors

1. Mr. Karthik Natarajan

Mr. Natarajan is a Chartered Accountant and has completed his Bachelor of Commerce from R. A. Podar College, Mumbai. Mr. Natarajan has been with P&G for over 19 years and is currently the Vice President, Finance & Accounting, Asia Pacific, Middle East & Africa. He has, over his experience at P&G, worked across multiple locations including India, US, China, Philippines, Singapore and Dubai.

Mr. Natarajan, Director retires by rotation and being eligible, offers himself for re-appointment at the ensuing 55th Annual General Meeting.

2. Mr. Pramod Agarwal

Mr. Agarwal is an MBA from Indian Institute of Management, Ahmedabad. After over 28 years of experience with P&G, he retired in 2016. He has worked in seven geographies – India, Thailand, Japan, Philippines, USA, Singapore and Switzerland. Mr. Agarwal has led several major changes which have had a lasting impact on the business and organization.

Mr. Agarwal, Director retires by rotation and being eligible, offers himself for re-appointment at the ensuing 55th Annual General Meeting.

3. Mr. Rajendra A. Shah

Mr. Shah is a leading solicitor and a senior partner of Crawford Bayley & Co., a firm of solicitors and advocates. He specializes in broad spectrum of corporate laws. He has been a Director on the Boards of several prominent companies in India.

Owing to personal reasons, Mr. Shah has offered himself for re-appointment for a period of one year only. Accordingly, it is proposed to re-appoint Mr. Shah as Independent Director of the Company for a period of one year effective September 24, 2019, at the ensuing 55th Annual General Meeting.

4. Mr. Bansidhar S. Mehta

Mr. Mehta is a graduate in commerce and a Fellow Member of The Institute of Chartered Accountants of India. He is a Chartered Accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He has been a Director on the Boards of several prominent companies in India.

Owing to personal reasons, Mr. Mehta has offered himself for re-appointment for a period of one year only. Accordingly, it is proposed to re-appoint Mr. Mehta as Independent Director of the Company for a period of one year effective September 24, 2019, at the ensuing 55th Annual General Meeting.

5. Mr. Anil Kumar Gupta

Mr. Gupta is an engineer from IIT New Delhi. He also holds a PG Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has a vast experience of over 40 years in India and abroad in the field of Manufacturing, Projects and Supply Chain Management.

It is proposed to re-appoint Mr. Gupta, as Independent Director of the Company for a period of five years effective September 24, 2019, at the ensuing 55th Annual General Meeting.

6. Mr. Ghanashyam Hegde

Mr. Hegde is a legal professional with over 18 years of experience across pharma, media & entertainment, financial services and chemical industries. He is an alumnus of Bangalore University and National Law School of India University and holds a degree in law and Post Graduate Diploma in Intellectual Property Rights. He is also a qualified Company Secretary. He joined P&G in September 2018 as General Counsel for Indian Sub-continent. He is Company Secretary of P&G Group Company, Gillette India Limited.

It is proposed to appoint Mr. Hegde, as Non-Executive Director of the Company at the ensuing 55th Annual General Meeting.

7. Ms. Meena Ganesh

Ms. Meena Ganesh is one of India's foremost business leaders with nearly three decades of experience in industries including healthcare, consulting, technology, outsourcing, education and e-commerce. Ms. Meena Ganesh is the Managing Director & CEO of Portea Medical, which she co-founded in July 2013. Ms. Meena Ganesh is a PGDM holder from Indian Institute of Management – Calcutta and has a graduate degree in Physics from the Madras University. She has been named by Fortune India as one of the 50 'Most Powerful Women in Business' for five consecutive years (2015 - 2019). She won the ET Startup Award in the 'Women Ahead' category in 2016.

It is proposed to appoint Ms. Meena Ganesh, as an Independent Director of the Company for a period of five years effective March 19, 2019, at the ensuing 55th Annual General Meeting.

COMMUNICATION TO SHAREHOLDERS

(i) The quarterly results of the Company are announced within 45 days of completion of the quarter or within the time as prescribed by the Securities & Exchange Board of India. Audited Annual Results are announced within 60 days of the end of Financial Year or within the time as prescribed by the Securities & Exchange Board of India which are published in the 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.

(iii) During the course of the Financial Year, two Investor meetings were held on March 13, 2019. Details of the meetings and presentation are uploaded on the website of the Company- https://www.pg.com/en_IN/invest/pghh/invester_information /investor_analyst/index.shtml.

(iv) This Annual Report along with Notice calling the Annual General Meeting for the Financial Year 2018-19, in electronic form, is being sent to the Members at the email address provided / updated by the Members with the Depository Participants / Registrar & Transfer Agent, as applicable. Physical copy of the Annual Report is being sent to the members whose e-mail address is not registered with the Company and members who have lodged their request with the Company for a physical copy of Annual Report.

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
54th	November 29, 2018	11:00 a.m.	All the three Annual General Meetings were held at Y. B. Chavan Pratisthan, Gen. Jagannathrao Bhonsle Marg, Mumbai-400 021	—
53rd	November 16, 2017	11:00 a.m.		—
52nd	December 2, 2016	11:00 a.m.		—

POSTAL BALLOT

During the Financial Year, following resolutions were approved by Postal Ballot mechanism:

1. Resolution for approval of appointment of Mr. Madhusudan Gopalan as Director and Managing Director of the Company was passed by the Shareholders of the Company through Postal Ballot on August 8, 2018. The Board had appointed Mr. B. V. Dholakia, Practicing Company Secretary, as the scrutinizer to conduct the Postal Ballot process in a fair and transparent manner. The results of the postal ballot were declared on August 9, 2018. Details of the voting pattern were as under:

   Description of Resolution: Approval of appointment of Mr. Madhusudan Gopalan as Director and Managing Director of the Company for a period of five years with effect from July 1, 2018 (*Ordinary Resolution*).

Particulars	No. of Votes (Physical ballots and e-voting)	Votes Cast (No. of Shares)	% of Votes
No. of total valid Postal Ballot Forms / e-votes received	550	2,62,57,987	100.00
Assented to the resolution	527	2,62,34,680	99.91
Dissented to the resolution	23	23,307	0.09

   Accordingly, the said Resolution was approved by the Shareholders of the Company, with requisite majority.

2. Resolution for continuation of present tenure of directorship of Mr. R. A. Shah and B. S. Mehta who are above 75 years of age, as Non-Executive Independent Directors and Appointment of Mr. Gagan Sawhney, as Non-Executive Director, were passed by the Shareholders of the Company through Postal Ballot on January 24, 2019. The Board had appointed Mr. B. V. Dholakia, Practicing Company Secretary, as the scrutinizer to conduct the Postal Ballot process in a fair and transparent manner. The results of the postal ballot were declared on January 25, 2019. Details of the voting pattern were as under:

   a. **Description of Resolution:** Continuation of present tenure of directorship of Mr. Rajendra A. Shah, who is above 75 years of age, as a Non-Executive Independent Director (*Special Resolution*).

Particulars	No. of Votes (Physical ballots and e-voting)	Votes Cast (No. of Shares)	% of Votes
No. of total valid Postal Ballot Forms/ e-votes received	322	2,55,23,707	100.00
Assented to the resolution	197	2,40,77,998	94.34
Dissented to the resolution	125	14,45,709	5.66

   Accordingly, the said Resolution was approved by the Shareholders of the Company, with requisite majority.

   b. **Description of Resolution:** Continuation of present tenure of directorship of Mr. Bansidhar S. Mehta, who is above 75 years of age, as a Non-Executive Independent Director (*Special Resolution*).

Particulars	No. of Votes (Physical ballots and e-voting)	Votes Cast (No. of Shares)	% of Votes
No. of total valid Postal Ballot Forms/ e-votes received	325	2,65,28,280	100.00
Assented to the resolution	228	2,54,16,600	95.81
Dissented to the resolution	97	11,11,680	4.19

   Accordingly, the said Resolution was approved by the Shareholders of the Company, with requisite majority.

c. **Description of Resolution:** Appointment of Mr. Gagan Sawhney as Non-Executive Director of the Company (*Ordinary Resolution*).

Particulars	No. of Votes (Physical ballots and e-voting)	Votes Cast (No. of Shares)	% of Valid Votes
No. of total valid Postal Ballot Forms/ e-votes received	323	2,65,28,203	100.00
Assented to the resolution	301	2,64,29,361	99.63
Dissented to the resolution	22	98,842	0.37

Accordingly, the said Resolution was approved by the Shareholders of the Company, with requisite majority.

Procedure for Postal Ballot:

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Company provided electronic voting (e-voting) facility to all its Shareholders. The Company engaged the services of National Securities Depository Limited ("NSDL") for the purpose of providing e-voting facility to all its members. The Shareholders had an option to vote either by postal ballot or through e-voting. The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelopes to its Shareholders whose names appeared on the Register of Members/list of beneficiaries as on cut-off date. The postal ballot notice was sent to Shareholders in electronic form to the email addresses registered with the depository participants/Company's Registrar & Share Transfer Agents. The Company also published a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Secretarial Standards issued by the Institute of Company Secretaries of India, the Companies Act, 2013 and the Rules issued thereunder. Voting rights were reckoned on the paid up value of shares of the Company registered in the names of the Shareholders as on the cut-off date. Shareholders desiring to vote through postal ballot were requested to return the forms, duly completed and signed so as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode were requested to vote before the close of business hours on the last date of e-voting. The Scrutinizer submitted his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot were then announced by the Company. The results are displayed on the website of the Company at https://www.pg.com/en_IN/invest/pghh/invester_information/postal_ballot.shtml, besides being communicated to the Stock Exchanges.

No special resolution is proposed to be conducted through Postal Ballot as on the date of this Report.

MD / CFO Certification

A compliance certificate in accordance with Regulation 17(8) of the SEBI Listing Regulations, 2015 was provided to the Board of Directors in the prescribed format for the Financial Year 2018-19, which was reviewed by the Audit Committee and taken on record by the Board.

ADOPTION OF DISCRETIONARY REQUIREMENTS

The Company has adopted following discretionary requirements of Regulation 27(1) of the SEBI Listing Regulations, 2015:

a. There are no audit qualifications in the Company's financial statements for the Financial Year 2018-19.

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 vigilance 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.

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 Managing Director certificate to that effect is annexed to this Corporate Governance Report. The Code of Conduct has been posted on the Company's website at 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. The code has been posted on the Company's website at http://www.pg.com/en_IN/invest/pghh/corporate_governance/code_of_conduct.shtml.

GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting

The 55th Annual General Meeting will be held on Wednesday, November 27, 2019 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 Financial Results are declared within timelines as prescribed by the Securities & Exchange Board of India.

iii. Book Closure Dates: Thursday, November 21, 2019, to Wednesday, November 27, 2019 (both days inclusive).

The said book closure is for payment of dividend.

iv. Dividend Payment Date: On or before December 20, 2019.

v. Total fees paid to Statutory Auditors of the Company: Total fees of ₹ 111.90 lakhs for Financial Year 2018-19, was paid by the Company to Kalyaniwalla & Mistry LLP, Statutory Auditors of the Company.

vi. Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the Financial Year 2018-19 are as under:

a. Number of complaints filed during the Financial Year: 1

b. Number of complaints disposed of during the Financial Year: 1

c. Number of complaints pending as on end of the Financial year: NIL

vii. Recommendations of Committees of the Board

There were no instances during the Financial Year 2018-19, wherein the Board had not accepted recommendations made by any Committee of the Board.

viii. Listing of Equity Shares on Stock Exchanges

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

ix. Stock Code

BSE Limited : **500459**

National Stock Exchange of India Ltd. : **PGHH**

Dematerialization ISIN Code : **INE179A01014**

x. Stock Price Data

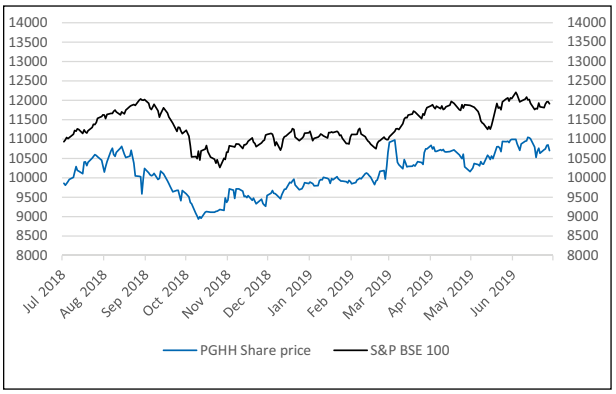
Month	BSE		NSE	
	High	Low	High	Low
July – 2018	11,000.00	9,795.25	11,337.00	9,800.00
August – 2018	10,959.85	9,450.00	10,979.60	9,576.15
September – 2018	10,400.00	9,216.80	10,395.00	9,300.00
October – 2018	9,856.00	8,714.00	9,792.95	8,801.75
November – 2018	9,935.70	9,231.95	9,974.55	9,221.00
December – 2018	9,975.00	9,409.40	10,000.00	9,390.00
January – 2019	10,170.95	9,746.45	10,250.00	9,711.35
February – 2019	10,850.00	9,600.00	10,998.70	9,750.00
March – 2019	11,190.00	10,136.50	11,245.00	10,150.00
April – 2019	10,952.90	10,000.00	10,980.00	9,950.00
May – 2019	11,065.45	10,150.00	11,190.00	10,136.00
June – 2019	11,150.00	10,350.05	11,198.00	10,421.00

(Source: www.bseindia.com & www.nseindia.com)

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

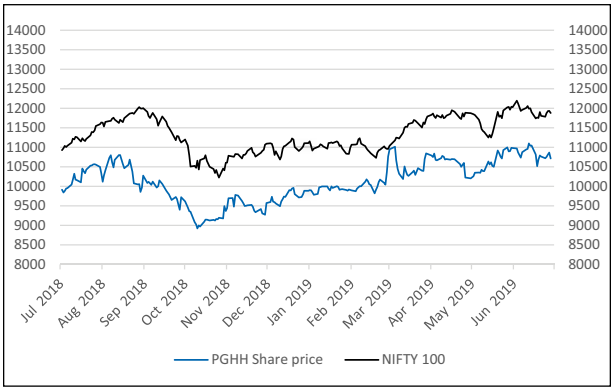
xi. Stock Performance in comparison to the BSE Sensex and NSE Nifty

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the Financial Year 2018-19:



(Source: www.bseindia.com)

The following chart shows the performance of the Company's shares as compared to the NSE Nifty during the Financial Year 2018-19:



(Source: www.nseindia.com)

xii. Distribution of shareholding by ownership as on June 30, 2019

Category	Number of shares held	% of shares held
Foreign & Indian promoters	2,29,29,773	70.64
Resident Individuals and others	38,04,348	11.72
Mutual Funds	15,66,126	4.82
Financial Institutions / Banks	12,06,771	3.72
Insurance Companies	8,23,083	2.54
Alternate Investment Fund	16,751	0.05
Foreign Portfolio Investors	10,97,894	3.38
Private Corporate Bodies	8,34,131	2.57
NRIs & Foreign Nationals	1,64,764	0.51
Directors and their relatives	17,095	0.05
TOTAL	**3,24,60,736**	**100.00**

xiii. Registrar & Transfer Agents

Link Intime India Private Limited
C-101, 247 Park, LBS Marg,
Vikhroli (West), Mumbai - 400 083
Tel: (022) 4918 6279, Fax: (022) 4918 6060
E-mail: rnt.helpdesk@linkintime.co.in

xiv. Share Transfer and Demat system

As per SEBI directions, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form effective April 01, 2019. The transfer deed(s) lodged prior to deadline, i.e., April 1, 2019, and returned due to deficiency in the document may be re-lodged for transfer with Link Intime India Private Limited (Registrar & Transfer Agents), even after the deadline of April 01, 2019.

Transfer of shares is effected by the Registrar & Transfer Agents and share certificates are dispatched within a period of 15 days from the date of receipt of relevant documents, provided they are complete in all respects.

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.

xv. Distribution of shareholding by size class as on June 30, 2019

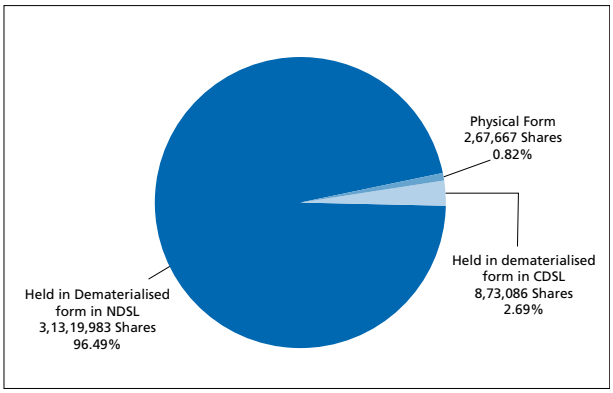
	Shareholders		Shares	
Share holding	**Number**	**% to Total**	**Number**	**% to Total**
Upto 500	31,761	95.07	17,08,623	5.26
501 – 1000	889	2.66	6,23,967	1.92
1001 – 2000	422	1.26	5,89,508	1.81
2001 – 3000	104	0.31	2,53,226	0.78
3001 – 4000	60	0.18	2,11,906	0.65
4001 – 5000	26	0.08	1,17,026	0.38
5001 – 10000	57	0.17	3,83,529	1.18
10001 and above	88	0.27	2,85,72,951	88.02
TOTAL	**33,407**	**100.00**	**3,24,60,736**	**100.00**

xvi. Dematerialization of shares and liquidity

The Company's shares are required to be compulsorily traded in the stock exchanges in dematerialized form. As on June 30, 2019, the number of shares in dematerialized and physical mode are as under:

Particulars	**No. of shares**	**% to total capital issued**
Held in dematerialized form in NSDL	3,13,19,983	96.49
Held in dematerialized form in CDSL	8,73,086	2.69
Held in Physical form	2,67,667	0.82
Total	**3,24,60,736**	**100.00**

Shares held in demat / physical form as on June 30, 2019



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

xviii. Unclaimed / Unpaid Dividends

In accordance with the provisions of Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) dividends not encashed / claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority. The IEPF Rules mandate companies to transfer shares of Members whose dividends remain unpaid / unclaimed for a continuous period of seven years to the demat account of IEPF Authority. The Members whose dividend / shares are transferred to the IEPF Authority can claim their shares / dividend from the Authority.

Final dividend for the Financial Year ended June 30, 2012 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 M/s. Link Intime India Private Limited.

Date of Declaration	**For the Financial Year ended**	**Due for transfer to IEPF**
06.12.2012	30.06.2012	11.01.2020
09.12.2013	30.06.2013	14.01.2021
24.09.2014	30.06.2014	30.10.2021
28.10.2015	30.06.2015	03.12.2022
03.12.2016	30.06.2016	08.01.2024
05.05.2017	Interim 2016-17	10.06.2024
16.11.2017	30.06.2017	22.12.2024
29.11.2018	30.06.2018	04.01.2026
07.02.2019	Interim 2018-19	15.03.2026

During the Financial Year 2018-19, unclaimed dividend amount for the Financial Year ended June 30, 2011 amounting to ₹ 36,05,310 and 15,602 shares were transferred to the IEPF.

The details of unpaid / unclaimed dividend as on date of previous Annual General Meeting, i.e., November 29, 2018 have been posted on the website of the Company, viz., www.pg.com/en_IN.

xix. Disclosure in respect of equity shares transferred to the 'Procter & Gamble Hygiene and Health Care Limited – Unclaimed Suspense Account' is as under:

In accordance with the requirements of Regulation 34, 39 read with Schedule V(F) of the SEBI Listing Regulations, 2015 details of equity shares lying in Unclaimed Suspense Account are as follows:

	Particulars	No. of shareholders	No. of Equity Shares
Opening Balance	Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on July 1, 2018	298	38,657
Less	Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year	3	587
Closing Balance	Aggregate number of shareholders and outstanding shares lying in the suspense account as on June 30, 2019	295	38,070

The voting rights on shares lying in unclaimed suspense account shall remain frozen till the rightful owner claims the shares.

xx. Plant location

Goa:

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

Baddi:

(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

xxi. Address for Correspondence:

Company Secretary & Compliance Officer
Procter & Gamble Hygiene and Health Care Limited,
P&G Plaza, Cardinal Gracias Road,
Chakala, Andheri (East), Mumbai - 400 099.
Investor helpline nos.: 91 86575 12368 / 86575 00524
Tel: (91-22) 2826 6000
Fax: (91-22) 2826 7337
Email id: investorpghh.im@pg.com

Declaration

As provided under the SEBI (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, 2019 and the Senior Management has complied with the Business Conduct Manual for the Financial Year ended June 30, 2019.

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

MUMBAI
August 21, 2019

Madhusudan Gopalan
Managing Director

20th August, 2019

To
The Board of Directors
Procter & Gamble Hygiene and Health Care Limited

Sub: Certificate under Para 10(i) of Part C under the Heading of Corporate Governance Report of Schedule V – Annual Report read with Regulations 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

1. This certificate has been issued at the request of the Company regarding the compliance status under the above captioned provision of Listing Regulations for the purpose of making a disclosure in the Annual report for the Financial Year ended 30th June, 2019.
2. ***The scope of the certificate is stated under para 10(i) of the Listing Regulations".....a Company shall obtain a certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority"***
3. **Pursuant to the aforementioned Listing Regulations,** we have examined the following records:
   a. The declaration given by the individual Directors of the Company with respect to their interest(s) in other entity(ies) as Director or otherwise along with their relatives in Form MBP-1 and same would be taken on record by the Company.
   b. The particulars of Directors of the Company as displayed on the web portal of the Ministry of Corporate Affairs.
   c. General search on Google and on the website of the Securities and Exchange Board of India and Reserve Bank of India.

   Based on the aforementioned, we state that to the best of our knowledge and according to the information and explanations given to us by the Company, and verifications as deemed necessary and adequate made by us, we are of the opinion that on the date of this Certificate none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as a Director of the Company by the Board/Ministry of Corporate Affairs or any such statutory authority as on June 30, 2019.
4. It is to be noted that our responsibility is limited to providing a reasonable assurance by way of an opinion as to the qualification/eligibility of each individual Director of the Company with regard to their holding the office as Director of the Company in accordance with the generally accepted procedure(s) and the process of due-diligence followed by us based on the information available, on best efforts basis as on 30th June, 2019 and it is to be noted that this report is neither based on any audit nor an expression of opinion on the personal credentials of the Directors of the Company.
5. It may be noted that this certificate is issued to the Company solely for the purpose of complying with the aforementioned provision under the Listing Regulations and shall not be used by the Company for purposes other than it is issued for.

For Dholakia & Associates LLP
(Company Secretaries)

(CS Bhumitra V. Dholakia)
Designated Partner
FCS-977; CP No. 507

Independent Auditors' Certificate on Corporate Governance

TO THE MEMBERS OF
PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED

This Certificate is issued in accordance with the terms of our Engagement Letter dated August 13, 2019.

This certificate is issued with regard to compliance of conditions of Corporate Governance by ***Procter & Gamble Hygiene and Health Care Limited*** ('the Company') for the year ended on June 30, 2019 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management, including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We conducted our verification in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI which includes the concept of test check and materiality.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations as applicable during the year ended June 30, 2019.

We further 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.

Restriction on use

This certificate has been issued at the request of the Company solely for confirming the compliance of conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock Exchanges and is not to be used for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **KALYANIWALLA & MISTRY LLP**
CHARTERED ACCOUNTANTS
Firm Regn. No.: 104607W / W100166

Roshni R. Marfatia
Partner
M. No.: 106548
UDIN: 19106548AAAACC8290

Mumbai: August 21, 2019

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS Financial Statements of ***PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED*** ("the Company"), which comprise the Balance Sheet as at June 30, 2019, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Financial Statements').

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 Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (India Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at June 30, 2019, the profit and total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *'Auditor's Responsibilities for the Audit of the Financial Statements'* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr.	Key Audit Matter	Auditor's Response
1.	**Revenue Recognition (note no. 2.3(a) and 19 to the Financial Statements)** Revenue is measured net of trade discounts, rebates and various types of Marketing and Distribution Activities such as incentives and promotions. The estimation of the various types of discounts, incentives and rebate schemes to be recognised based on sales made during the year is material and considered to be judgmental owing to the varying terms of the agreements with customers which are based on annual contracts or shorter term arrangements. In addition, the value and timing of promotions for products varies from period to period, and the activity can span over a year end. Accumulated experience is used to estimate the provision for discounts and rebates considering the terms of the underlying schemes and arrangements with customers.	Our audit procedures included: (a) Assessing the appropriateness of the revenue recognition accounting policies, including those relating to discounts and incentives by comparing with applicable accounting standards. (b) Testing the design, implementation and operating effectiveness of the Company's general IT controls and key IT/manual application controls over the Company's systems which govern recording of revenue and rebates/ schemes in the general ledger accounting system. (c) We tested the design, implementation and operating effectiveness of controls over the calculation of discounts and rebates including review of the independent service auditor's SOC 1 (Type 2) report with regards to the third party service organization's system and the suitability of the design and operating effectiveness of IT / manual controls relating to processing of claims.

Sr.	Key Audit Matter	Auditor's Response
	There is also a risk that revenue may be overstated due to fraud including through manipulation of the discounts and incentives recognised resulting from the pressure local management may feel to achieve performance targets.	(d) Performing substantive testing (including year-end cut-off testing) by selecting samples of revenue transactions recorded during the year (and before and after the financial year end) by verifying the underlying documents, which included sales invoices/contracts and shipping documents. (e) We compared the historical discounts, rebates/schemes and allowances to current payment trends. We also considered the historical accuracy of the Company's estimates in previous years. (f) Performing substantive testing by checking samples of rebate/schemes transactions to supporting documentation. (g) We assessed manual journals posted to revenue to identify unusual items. (h) Considering the adequacy of the Company's disclosures in respect of revenue.
2.	**Uncertain Tax Positions (note no. 26 and 35 to the Financial Statements)** The Company is subject to a range of tax risks. There is inherent judgement involved in determining provisions for uncertain tax positions. The Company is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business, including direct taxes, transfer pricing and indirect taxes. Applicable tax laws and regulations are subject to differing interpretations and the resolution of a final tax position can take several years to complete. Where the amount of tax payable is uncertain, the Company establishes provisions based on Management's judgement of the likelihood of settlement being required. Given the number of judgements involved in estimating the provisions relating to uncertain tax positions and the complexities of dealing with tax rules, this was considered as a key audit matter.	Our audit procedures included: (a) We evaluated the design and tested the operating effectiveness of controls over the assessment of uncertain tax positions and completeness of disclosures. (b) We discussed the status and potential exposures in respect of significant tax litigations with the Company's tax team including their views on the likely outcome of each assessment / litigation and magnitude of potential exposure. (c) We focused on the judgements made by Management in assessing the likelihood of potentially material exposures and the estimates used to determine such provisions where required. In particular, we focused on the impact of changes in local tax regulations and ongoing inspections by local tax authorities, which could materially impact the amounts recorded in the Financial Statements. (d) We involved our in-house tax experts to evaluate and challenge the appropriateness of Management's assessment and judgements to estimate the provisions held in respect of uncertain tax positions. To do this, we assessed the provisions recognized in the Financial Statements using the outcome of prior and ongoing tax assessments conducted on the Company, correspondences between the Company and relevant tax authorities, judgemental positions taken in tax returns and current year estimates, our own experience in these areas and assessing whether the approach applied by the Company is supported by the practice in the industry. (e) We have also assessed the adequacy of the Company's disclosures in respect of tax and uncertain tax positions.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information in the Management Discussion and Analysis, Report of the Directors, Report on Corporate Governance and Shareholder's Information, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provision 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 judgments 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.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid Financial Statements comply with the Ind AS prescribed under section 133 of the Act, read with relevant rules issued thereunder.
   e) On the basis of the written representations received from the directors as on June 30, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure B**.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   h) 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 – Refer Note. 35 to the Financial Statements.
      ii. The Company did not have any material foreseeable losses on long term contracts including derivative contracts requiring provision under the applicable law or accounting standards.
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **KALYANIWALLA & MISTRY LLP**
CHARTERED ACCOUNTANTS
Firm Regn. No.: 104607W / W100166

Roshni Marfatia
PARTNER
M. No. 106548
UDIN: 19106548AAAACB2516

MUMBAI, August 21, 2019

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the Members of the Company on the Financial Statements for the year ended June 30, 2019).

(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies reported on such verification are not material and have been properly dealt with in the books of account.

c) According to the information and explanations given to us, the title deeds, comprising all the immovable properties of buildings, other than self-constructed buildings, are held in the name of the Company. In respect of immovable properties of land that have been taken on lease and disclosed as non-current / current assets in the Financial Statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) The inventory has been physically verified by the Management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) In our opinion and according to the information and explanations given to us, 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 Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to investments made, guarantees given and securities provided.

(v) According to the information and explanations given to us, the Company has not accepted deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules framed thereunder apply. Accordingly, paragraph (v) of the Order is not applicable to 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 records of the Company examined by us, in our opinion:

a) the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Goods and Services Tax, Cess, Professional Tax and other statutory dues, as applicable, with the appropriate authorities and there are no undisputed amounts which have remained outstanding as at the last day of the financial year, for a period of more than six months from the date they became payable.

b) there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Goods and Services Tax which have not been deposited with the appropriate authorities on account of any dispute, other than the following:

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	Appellate Authority - up to Commissioners/ Revisional authorities Level	2000-01 to 2002-03	2
		Customs, Excise and Service Tax Appellate Tribunal	2007-08	73
Sales Tax and Laws as per statutes applicable in various states	Sales Tax and VAT	Appellate Authority - up to Commissioners/ Revisional authorities level	1997-98 to 2001-02, 2003-04 to 2015-16	1,339
		Appellate Authority - Tribunal	1996-97, 2001-02 to 2002-03, 2008-09 to 2012-13	1,659
		High Court	1995-96, 2002-03, 2006-07, 2008-09 to 2009-10	123

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates*	Amount Involved (₹ in lakhs) **
Finance Act, 1994	Service tax	Appellate Authority - up to Commissioners/ Revisional authorities level	2006-07 to 2012-13	1,225
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2009-10, 2010-11, 2012-13 to 2014-15	9,573
		Commissioner of Income Tax (Appeals)	2015-16	43

* Period denotes the financial year April to March
** includes penalty and interest on taxes, wherever applicable

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of paragraph 3(ix) of the Order are not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **KALYANIWALLA & MISTRY LLP**
CHARTERED ACCOUNTANTS
Firm Regn. No.: 104607W / W100166

Roshni Marfatia
PARTNER
M. No.: 106548
UDIN: 19106548AAAACB2516

MUMBAI, August 21, 2019

Annexure B to the Independent Auditor's Report

(Referred to in Para 2 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the Financial Statements for the year ended June 30, 2019)

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

We have audited the internal financial controls with reference to Financial Statements of **PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED** ("the Company") as of June 30, 2019 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 with reference to financial statements 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 (the "Guidance Note"). 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 judgment, 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorizations of Management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at June 30, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **KALYANIWALLA & MISTRY LLP**
CHARTERED ACCOUNTANTS
Firm Regn. No.: 104607W / W100166

Roshni Marfatia
PARTNER
M. No.: 106548
UDIN: 19106548AAAACB2516

MUMBAI, August 21, 2019

Balance Sheet as at June 30, 2019

	Notes	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
ASSETS			
Non-current assets			
Property, plant and equipment	4	23 422	25 011
Capital work-in-progress	4	1 455	2 148
Financial assets			
(i) Loans	6	3 913	4 201
(ii) Other financial assets	7	40	88
Deferred tax assets (Net)	15	3 676	2 298
Non-current tax assets (Net)		15 439	19 580
Other non-current assets	10	6 186	5 603
Total non-current assets		**54 131**	**58 929**
Current assets			
Inventories	8	20 342	12 361
Financial assets			
(i) Trade receivables	5	18 066	14 847
(ii) Cash and cash equivalents	9 (a)	52 590	39 235
(iii) Bank balances other than (ii) above	9 (b)	1 455	724
(iv) Loans	6	10 127	9 940
(v) Other financial assets	7	2 431	2 493
Other current assets	10	1 897	1 854
		1 06 908	**81 454**
Non-current assets held for sale	10 (a)	2 152	2 152
Total current assets		**1 09 060**	**83 606**
Total assets		**1 63 191**	**1 42 535**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	3 246	3 246
Other equity	12	87 660	77 304
Total equity		**90 906**	**80 550**
Liabilities			
Non-current liabilities			
Provisions	14	6 550	4 873
Total non-current liabilities		**6 550**	**4 873**
Current liabilities			
Financial liabilities			
(i) Trade payables			
Dues to micro and small enterprises	16	218	231
Dues to others	16	54 549	40 391
(ii) Other financial liabilities	13	4 645	1 927
Provisions	14	536	427
Current tax liabilities (Net)	17	2 614	10 419
Other current liabilities	18	3 173	3 717
Total current liabilities		**65 735**	**57 112**
Total liabilities		**72 285**	**61 985**
Total equity and liabilities		**1 63 191**	**1 42 535**

See accompanying notes to the financial statements

In terms of our report attached

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No.: 104607W / W100166

Roshni Marfatia
Partner
M. No.: 106548

Place : Mumbai
Date : August 21, 2019

For and on behalf of Board of Directors

R. A. Shah
Chairman
DIN: 00009851

Madhusudan Gopalan
Managing Director
DIN: 08158357

Prashant Bhatnagar
Chief Financial Officer

Flavia Machado
Company Secretary

Statement of Profit and Loss for the year ended June 30, 2019

	Notes	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Income			
Revenue from operations	19	2 94 650	2 45 529
Other income	20	5 334	2 407
Total income		**2 99 984**	**2 47 936**
Expenses			
Cost of raw and packing materials consumed	21	95 064	54 483
Purchases of stock-in-trade (Traded Goods)		32 195	34 222
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(3 773)	6 164
Employee benefits expense	23	13 238	11 523
Finance costs	24	548	532
Depreciation expense	4	4 978	5 237
Impairment losses	4.1	—	1 259
Other expenses	25	97 001	76 339
Total expense		**2 39 251**	**1 89 759**
Profit before tax from operations		**60 733**	**58 177**
Tax expense			
Current tax	26.1	22 185	20 646
Deferred tax	26.1	(1 019)	685
Prior year tax adjustments	26.1	(2 346)	(613)
Income tax expense		**18 820**	**20 718**
Profit for the year		**41 913**	**37 459**
Other comprehensive income			
Items that will not be reclassified to Statement of Profit and Loss			
Re-measurement of the defined benefit plans	29.2.B	(1 026)	744
Income tax effect	26.2	359	(257)
Total other comprehensive income for the year		**(667)**	**487**
Total comprehensive income for the year		**41 246**	**37 946**
Earnings per equity share	28		
– Basic (in ₹)		129.12	115.40
– Diluted (in ₹)		129.12	115.40
Face Value of Equity Share (in ₹)		10.00	10.00

See accompanying notes to the financial statements

In terms of our report attached

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No.: 104607W / W100166

Roshni Marfatia
Partner
M. No.: 106548

Place : Mumbai
Date : August 21, 2019

For and on behalf of Board of Directors

R. A. Shah
Chairman
DIN: 00009851

Madhusudan Gopalan
Managing Director
DIN: 08158357

Prashant Bhatnagar
Chief Financial Officer

Flavia Machado
Company Secretary

Statement of Cash Flows for the year ended June 30, 2019

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
A. Cash Flows from Operating Activities		
Profit before tax	**60 733**	**58 177**
Adjustments for:		
Depreciation expense	4 978	5 237
(Gain) / Loss on disposal of property, plant and equipment	(545)	613
Finance costs	548	532
Allowance for doubtful receivables (Net of recovery)	95	1
Interest income	(3 722)	(2 005)
Impairment of property, plant and equipment	—	1 259
Net foreign exchange loss / (gain)	458	(163)
Expense recognised in respect of equity settled share based payments	418	540
Operating profit before working capital changes	**62 963**	**64 191**
Working capital adjustments		
(Increase) in trade and other receivables	(3 315)	(1 653)
(Increase) / decrease in financial assets	(508)	5 342
(Increase) / decrease in inventories	(7 981)	5 374
(Increase) in other assets	(626)	(4 997)
Increase in trade and other payables	13 774	489
Increase in provisions	379	106
Cash generated from operations	**64 686**	**68 852**
Income taxes paid	(23 503)	(27 305)
Net cash generated from operating activities	**41 183**	**41 547**
B. Cash Flows from Investing Activities		
Interest received	4 441	1 146
Loans realised	9 000	9 004
Loans given	(9 000)	(9 000)
Payment to acquire property, plant and equipment	(1 610)	(3 494)
Proceeds from sale of property, plant and equipment	1 446	(317)
Net bank deposits (placed)	(72)	(48)
Changes in earmarked balances	(659)	763
Net cash generated from / (used in) investing activities	**3 546**	**(1 946)**

Statement of Cash Flows for the year ended June 30, 2019

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
C. Cash Flows from Financing Activities		
Dividend and dividend tax paid	(31 308)	(10 548)
Interest paid	(66)	(62)
Net cash (used in) financing activities	**(31 374)**	**(10 610)**
Net increase in cash and cash equivalents	**13 355**	**28 991**
Cash and cash equivalents at the beginning of the year	**39 235**	**10 244**
Cash and cash equivalents at the end of the year (refer note 9(a))	**52 590**	**39 235**

Note:

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

See accompanying notes to the financial statements

In terms of our report attached

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Regn. No.: 104607W / W100166

Roshni Marfatia
Partner
M. No.: 106548

Place : Mumbai
Date : August 21, 2019

For and on behalf of Board of Directors

R. A. Shah
Chairman
DIN: 00009851

Madhusudan Gopalan
Managing Director
DIN: 08158357

Prashant Bhatnagar
Chief Financial Officer

Flavia Machado
Company Secretary

Statement of Changes in Equity for the year ended June 30, 2019

	Amount ₹ in lakhs
a. Equity share capital	
Balance as at July 1, 2017	**3 246**
Changes in equity share capital during the year	—
Balance as at June 30, 2018	**3 246**
Changes in equity share capital during the year	—
Balance as at June 30, 2019	**3 246**

b. Other equity

	Attributable to the equity share holders of the Company				
	Reserves & surplus				
	General reserve	Securities premium	Share options outstanding account	Retained earnings	Total
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Balance as at July 1, 2017	**30 959**	**7 519**	**791**	**10 097**	**49 366**
Profit for the year	—	—	—	37 459	37 459
Items of OCI for the year, net of tax					
Remeasurement benefit of defined benefit plans	—	—	—	487	487
Total comprehensive income for the year	**—**	**—**	**—**	**37 946**	**37 946**
Payment of dividends (refer note 39)	—	—	—	(8 764)	(8 764)
Payment of dividend distribution tax	—	—	—	(1 784)	(1 784)
Recognition of share-based payments	—	—	540	—	540
Balance as at June 30, 2018	**30 959**	**7 519**	**1 331**	**37 495**	**77 304**
Profit for the year	—	—	—	41 913	41 913
Items of OCI for the year, net of tax					
Remeasurement benefit of defined benefit plans	—	—	—	(667)	(667)
Total comprehensive income for the year	**—**	**—**	**—**	**41 246**	**41 246**
Payment of dividends (refer note 39)	—	—	—	(25 968)	(25 968)
Payment of dividend distribution tax	—	—	—	(5 340)	(5 340)
Recognition of share-based payments	—	—	418	—	418
Balance as at June 30, 2019	**30 959**	**7 519**	**1 749**	**47 433**	**87 660**

See accompanying notes to the financial statements

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Notes to Financial Statements for the year ended June 30, 2019

1. Corporate information

Procter & Gamble Hygiene and Health Care Limited ('the Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. Its ordinary shares (Equity) are listed on two recognised stock exchanges in India. The registered office of the Company is located at P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (E), Mumbai - 400099.

The Company is engaged in 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 in Himachal Pradesh, apart from third party manufacturing locations spread across India.

2. Significant accounting policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standard (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

2.2 Basis of preparation and presentation

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The financial statements have been prepared on the historical cost basis except for certain items that are measured at fair values at the end of the reporting period, as explained in accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurement that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2.

In addition, for the financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Summary of Significant accounting policies

a. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. Revenue is reduced for rebates and other similar allowances. Accumulated experience is used to estimate and accrue for the discounts and rebates considering the terms of the underlying schemes and arrangements with customers.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a. the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

b. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c. the amount of revenue can be measured reliably;

d. it is probable that the economic benefits associated with the transaction will flow to the Company; and

e. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is recorded using the Effective Interest Rate (EIR). Interest income is included in other income in the Statement of Profit and Loss.

b. Leasing

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company as a lessee

Assets held under finance leases are initially recognised at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a financial lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs (refer note 2.3(d)).

Rental expenses from operating leases is generally recognised on a straight-line basis over the lease term of the relevant lease. Where the rentals are structured solely to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rental arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

c. Foreign currencies

The financial statements are presented in Indian Rupees (₹ in lakhs), which is also the Company's functional currency.

Transaction and balances

Transactions in currencies other than the Company's functional currency i.e. (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that

Notes to Financial Statements for the year ended June 30, 2019

date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period which they arise.

d. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

e. Employee benefits

i) Post-employment Benefits

a) Defined Contribution Plans:

The Company has Defined Contribution Plans for post employment benefits charged to the 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) and 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.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the company recognises related restructuring costs

Net interest is calculated by applying the discount rate at the beginning of the year to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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 based on the undiscounted amount of benefits expected to be paid in exchange of services rendered.

iii) Termination benefits and long service awards in terms of Company policy are recognised as an expense as and when incurred.

f. Share-based payment arrangements

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The Procter & Gamble Company, USA has an "Employee Stock Option Plan (ESOP)" whereby the 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. Parent Company will recharge an amount equal to spread as on date of exercise of options.

The cost of equity-settled transactions is recognised in employee benefits expense (refer note 2.3(e)), together with a corresponding increase in equity (other reserves) over the period in which the service and performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. Recharge to parent company to the extent of fair value of options will be debited in equity reserves and any excess recharge above the fair value of options will be recognised as equity distribution from the company.

Employee share purchase plan

The Procter & 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. The expenses related ISOP are recognised immediately in the Statement of Profit and Loss since there are no vesting conditions attached to the scheme.

The expense in the Statement of Profit and Loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

g. Taxation

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

Provision for current tax 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 the Income Tax Act, 1961 and other applicable tax laws. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to Financial Statements for the year ended June 30, 2019

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

h. Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Cost of Property, plant and equipment which are not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. All other repairs and maintenance cost are charged to the Statement of Profit and Loss during the period in which they are incurred.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful life, using straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013 other than certain assets which are based on Company's expected usage pattern supported by technical assessment.

The estimated useful life of certain property, plant and equipment of the Company are as follows:

Asset Class	Useful lives
Buildings	20-30 years
Plant & machinery	10-15 years
Furniture and fixtures	3-15 years
Office equipment	3-15 years
Moulds & Dies	3-15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item if property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

i. Impairment of property, plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its own carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal is recognised immediately in the Statement of Profit and Loss.

j. Inventories

Inventories consist of raw and packing materials, stores and spares, work in progress, stock-in-trade 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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

Notes to Financial Statements for the year ended June 30, 2019

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

l. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liabilities (other than financial asset and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial asset and financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

m. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

a) The asset is held within a business model whose objective is to hold assets in order or collect contractual cash flows; and

b) The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that does not meet the above conditions are subsequently measured at fair value.

Effective interest method

The effective interest is a method calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount in initial recognition.

Income is recognised on an effective interest basis for debt instruments. Interest income is recognised in Statement of Profit and Loss and is included in the "Other income" line item.

Impairment of financial assets

The Company applies expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

For trade receivables or any contractual right to receive cash, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience with adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all of the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the Statement of Profit and Loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost, the exchange differences are recognised in Statement of Profit and Loss.

n. Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liability or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of direct issue costs.

Notes to Financial Statements for the year ended June 30, 2019

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

Financial liabilities that are not held-for-trading and are not designated as at fair value through profit or loss are measured at amortised cost at the end of the subsequent accounting period. The carrying amount of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "Finance costs" line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, (where appropriate), a shorter period, to the net carrying amount at initial recognition.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instrument and are recognised in Statement of Profit and Loss.

Derecognition

The Company derecognises a financial liability when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

o. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

p. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

q. Earnings Per Share

Basic earnings per share is computed by dividing the profit for the year after tax attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

r. Claims

Claims against the Company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

s. Assets held for sale

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' if it is highly probable that they will be recovered primarily through sales rather than through continuing use. Subsequently, such non-current assets and disposal groups classified as held for sale are measured at lower of its carrying value and fair value less costs to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit and loss. Non-current assets held for sale are not depreciated or amortised.

t. Recent accounting pronouncements

Standards issued but not yet effective

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain IND AS. The Standard / amendments are applicable to the Company with effect from July 1, 2019.

(i) Ind AS 116: Leases

The standard changes the recognition, measurement, presentation and disclosure of leases. It requires:

- Lessees to record all leases on the balance sheet with exemptions available for low value and short-term leases.
- At the commencement of a lease, a lessee will recognise lease liability and an asset representing the right to use the asset during the lease term (right-of-use asset).
- Lessees will subsequently reduce the lease liability when paid and recognise depreciation on the right-of-use asset.
- A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the right-of-use asset.
- The standard has no impact on the actual cash flows of a Company. However, operating lease payments currently expensed as operating cash outflows will instead be capitalised and presented as financing cash outflows in the statement of cash flows.

The Company has reviewed all relevant contracts to identify leases and preparations for this standard are substantially complete.

This review included:

- an assessment about whether the contract depends on a specific asset,
- whether the company obtains substantially all the economic benefits from the use of that asset; and
- whether the Company has the right to direct the use of that asset.

From July 1, 2019 the Company will focus on ensuring that the revised process for identifying and accounting for leases is followed.

(ii) Other Amendments

The MCA has notified below amendments which are effective July 1, 2019:

- Appendix C to Ind AS 12, Income taxes
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 19, Employee Benefits

Based on Preliminary work, the Company does not expect these amendments to have any significant impact on its Financial Statements.

Notes to Financial Statements for the year ended June 30, 2019

3. Critical accounting judgments and key sources of estimation uncertainty

3.1 Critical judgments in applying accounting policies

In the application of the Company's accounting policies, which are described in note 2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Useful lives of property, plant and equipment

As described at 2.3 (h) above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

b. Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The management of the Company determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in note 30.

c. Defined benefit obligation

The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 23, 'Employee benefits expense'.

d. Income taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions (refer note 26).

Notes to Financial Statements for the year ended June 30, 2019

4. Property, plant and equipment and capital work-in-progress

	Freehold land	Buildings	Plant & machinery	Furniture and fixtures	Office equipment	Moulds & Dies	Total
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Gross Block							
At July 1, 2017	752	7 788	25 202	732	2 269	863	**37 606**
Additions	—	217	4 471	306	212	178	**5 384**
Disposals	—	(3)	(394)	(10)	—	—	**(407)**
Adjustment / Reclassification #	—	8	1 513	37	313	178	**2 049**
Reclassified as assets held for sale	(309)	(2 117)	(1 955)	(75)	—	(180)	**(4 636)**
At June 30, 2018	**443**	**5 893**	**28 837**	**990**	**2 794**	**1 039**	**39 996**
Additions	—	505	2 306	58	862	559	**4 290**
Disposals	—	(8)	(911)	(15)	(7)	(123)	**(1 064)**
At June 30, 2019	**443**	**6 390**	**30 232**	**1 033**	**3 649**	**1 475**	**43 222**
Accumulated depreciation							
At July 1, 2017	—	914	6 450	316	1 083	272	**9 035**
Depreciation charge for the year	—	479	3 967	181	382	228	**5 237**
Disposals	—	—	(109)	(2)	—	—	**(111)**
Adjustment / Reclassification #	—	8	1 513	37	313	178	**2 049**
Eliminated on reclassification as held for sale	—	(293)	(784)	(28)	—	(120)	**(1 225)**
At June 30, 2018	**—**	**1 108**	**11 037**	**504**	**1 778**	**558**	**14 985**
Depreciation charge for the year	—	420	3 796	111	458	193	**4 978**
Disposals	—	—	(107)	(1)	(1)	(54)	**(163)**
At June 30, 2019	**—**	**1 528**	**14 726**	**614**	**2 235**	**697**	**19 800**
Impairment losses recognised in profit or loss							
At July 1, 2017	—	—	—	—	—	—	**—**
Impairment for the year	—	984	225	15	—	35	**1 259**
Eliminated on reclassification as held for sale	—	(984)	(225)	(15)	—	(35)	**(1 259)**
At June 30, 2018	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Impairment losses recognised in profit or loss	—	—	—	—	—	—	**—**
At June 30, 2019	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Net carrying amount							
At June 30, 2019	**443**	**4 862**	**15 506**	**419**	**1 414**	**778**	**23 422**
At June 30, 2018	**443**	**4 785**	**17 800**	**486**	**1 016**	**481**	**25 011**
At July 1, 2017	**752**	**6 874**	**18 752**	**416**	**1 186**	**591**	**28 571**

	At June 30, 2019	At June 30, 2018
	₹ in lakhs	₹ in lakhs
Capital work-in-progress	1 455	2 148
	1 455	**2 148**

Notes:

None of the above assets are mortgaged / hypothecated as security by the Company.

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed in note 34.

Adjustments comprise of reclassification between the gross block and accumulated depreciation.

Notes to Financial Statements for the year ended June 30, 2019

4.1 Impairment losses recognised

In the previous year certain Property, Plant & Equipment had been tested for impairment and a loss amounting to ₹ 1 259 lakhs had been recognized in the Statement of Profit and Loss. These were rendered redundant due to Company moving its manufacturing facility from one location to another. The said assets have been classified as 'Held for sale' in note 10(a).

The impairment losses on non-financial assets have been included in the Statement of Profit and Loss as "Impairment losses" for the year ended June 30, 2018.

5. Trade receivables

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Unsecured, considered good	18 066	14 847
Credit Impaired	245	146
	18 311	**14 993**
Less: Allowance for expected credit loss	(245)	(146)
	18 066	**14 847**

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Movement in the allowance for doubtful receivables

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Balance at the beginning of the year	146	145
Amounts written off during the year (net)	4	—
Change in allowance for credit impairment during the year	95	1
Balance at the end of the year	**245**	**146**

6. Loans

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Unsecured considered good		
Non-current		
Security deposits	548	503
Loans to related parties (refer note (a), (c) and note 32)	7	—
Loan to employees (refer note (c))	3 358	3 698
	3 913	**4 201**
Current		
Security deposits	223	258
Loans to related parties (refer note (b), (c) and note 32)	9 001	9 000
Loan to employees (refer note (c))	903	682
	10 127	**9 940**

Notes:

(a) Non-current loans to related parties includes loan to key managerial personnel ₹ 7 lakhs (June 30, 2018: ₹ Nil lakhs).

(b) Current loans to related parties includes:

(i) Loan to fellow subsidiaries of the Ultimate Holding Company ₹ 9 000 lakhs (June 30, 2018: ₹ 9 000 lakhs).

(ii) Loan to key managerial personnel ₹ 1 lakh (June 30, 2018: ₹ Nil lakhs).

(c) Loans given to employees / key managerial personnel as per the Company's policy are not considered for the purposes of disclosure under Section 186 (4) of the Companies Act, 2013.

Notes to Financial Statements for the year ended June 30, 2019

7. Other financial assets

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Non-current		
Bank deposits with remaining maturity more than 12 months	40	69
Interest accrued on deposits with banks	—	19
	40	**88**
Current		
Receivable on account of sale of scrap	370	10
Due from related parties (refer note 32)	1 365	1 087
Interest accrued on loans to related parties (refer note 32)	609	1 347
Interest accrued on deposits with banks	87	49
	2 431	**2 493**

8. Inventories

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Inventories (lower of cost and net realisable value)		
Raw materials (Including packing materials)	7 374	3 055
Work-in-progress	867	130
Finished goods	7 721	4 238
Stock-in-trade {Includes in transit ₹ 208 lakhs (June 30, 2018 : ₹ 489 lakhs)}	3 195	3 642
Consumable stores and spares	1 185	1 296
	20 342	**12 361**

The cost of inventories recognised as an expense during the year is disclosed in note 21, 22 and 25.

9(a). Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting year as shown in the Statement of Cash Flows can be reconciled to the related items in the Balance Sheet as follows:

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Balances with banks:		
— In current accounts	5 549	4 002
— Deposits with original maturity of less than three months	47 041	35 233
Cash and cash equivalents as per Balance Sheet	**52 590**	**39 235**
Cash and cash equivalents as per Statement of Cash Flows	**52 590**	**39 235**

9(b). Other bank balances

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Earmarked accounts		
— Unpaid / Unclaimed dividend account	1 077	346
— ISOP Account	157	229
— Other earmarked accounts (deposits with sales tax authorities)#	—	—
Bank deposits with maturity more than 3 months but less than 12 months	221	149
	1 455	**724**

# denotes amount less than ₹ 50 000

Notes to Financial Statements for the year ended June 30, 2019

10. Other assets

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Non-current		
Prepaid expenses	14	14
Advance to vendors	40	40
Balances with government authorities (refer note (a) below)		
Unsecured, considered good	6 132	5 549
Unsecured, doubtful	1 292	1 276
Less: Allowance for doubtful advances	(1 292)	(1 276)
	6 186	**5 603**
Current		
Prepaid expenses	—	2
Other advances (includes advances to vendors)	398	509
Advance to employees (refer note (b) below)	2	56
Balances with government authorities (includes Service Tax and Cenvat credit receivable)	1 497	1 287
	1 897	**1 854**

Movement in the allowance for doubtful advances

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Balance at the beginning of year	1 276	1 062
Amounts written off during the year (net)	—	—
Change in allowance for bad and doubtful advances during the year	16	214
Balances at the end of year	**1 292**	**1 276**

(a) Includes amounts deposited with Excise, Sales Tax and other authorities pending resolution of disputes.

(b) 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.

10(a). Non current assets held for sale

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Freehold land	309	309
Buildings	840	840
Plant & machinery	946	946
Furniture and fixtures	32	32
Moulds & Dies	25	25
	2 152	**2 152**

(a) In the previous year, certain Property, Plant and Equipment (PPE) had been rendered redundant due to the Company moving its manufacturing facility from one location to another. The company intends to dispose off the said PPE and is actively engaged in identifying a prospective buyer. The sale is expected to be completed in the next 12 months. These assets continue to be classified as held for sale as at June 30, 2019.

(b) Further, the carrying value of the said assets amounting to ₹ 3 411 lakhs was brought down to its fair value and an impairment loss of ₹ 1 259 lakhs has been recognised in the previous year.

Notes to Financial Statements for the year ended June 30, 2019

11. Equity share capital

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Authorised share capital:		
3 50 00 000 fully paid equity shares of ₹ 10 each	3 500	3 500
Issued and subscribed share capital:		
3 24 60 736 fully paid equity shares of ₹ 10 each	3 246	3 246
	3 246	**3 246**

11.1 Fully paid equity shares

	Number of shares	Share Capital ₹ in lakhs
Balance at July 1, 2017	**3 24 60 736**	**3 246**
Movements	—	—
Balance at June 30, 2018	**3 24 60 736**	**3 246**
Movements	—	—
Balance at June 30, 2019	**3 24 60 736**	**3 246**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares 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 the 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.

No shares are bought back by the Company during the period of 5 years immediately preceding the Balance Sheet date.

No shares are alloted as fully paid up by way of bonus shares during the period of 5 years immediately preceding the Balance Sheet date.

No shares are reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

No shares are alloted as fully paid up pursuant to contracts without being payment received in cash during the period of 5 years immediately preceding the Balance Sheet date.

11.2 Details of shares held by ultimate holding company / holding company and / or their subsidiaries / associates

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Ultimate Holding Company		
The Procter & Gamble Company, USA	—	—
Holding Company		
Procter & Gamble Overseas India BV, The Netherlands	2 231	2 231
Subsidiaries of the Ultimate Holding Company		
Temple Trees Impex & Investment Pvt. Ltd.	62	62

11.3 Details of shareholders holding more than 5% equity shares in the Company

	As at June 30, 2019		As at June 30, 2018	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Equity shares of ₹ 10 each fully paid				
Procter & Gamble Overseas India BV, The Netherlands	2 23 10 090	68.73	2 23 10 090	68.73

Notes to Financial Statements for the year ended June 30, 2019

12. Other equity

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Reserves & surplus		
General reserve	30 959	30 959
Securities premium	7 519	7 519
Share options outstanding account	1 749	1 331
Retained earnings	47 433	37 495
	87 660	**77 304**

12.1 General reserve

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Balance at the beginning of year	30 959	30 959
Transferred from surplus in Statement of Profit and Loss	—	—
Balance at the end of year	**30 959**	**30 959**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the Statement of Profit and Loss.

12.2 Securities premium

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Balance at the beginning of year	7 519	7 519
Movements	—	—
Balance at the end of year	**7 519**	**7 519**

The amount received in excess of face value of the equity shares is recognised in securities premium which is utilised in accordance with the provisions of the Companies Act, 2013.

12.3 Share options outstanding account

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Balance at the beginning of year	1 331	791
Arising on share-based compensation	418	540
Balance at the end of year	**1 749**	**1 331**

The above reserve relates to share options granted by the Ultimate Holding Company to specific employees of its subsidiaries under its employee stock option plan. Further information about share-based payments to employees is set out in note 31.

12.4 Retained earnings

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Balance at the beginning of year	37 495	10 097
Profit attributable to the owners of the Company	41 913	37 459
Other comprehensive income arising from remeasurement of defined benefit obligation (net of income tax)	(667)	487
Payment of final / interim dividend on equity shares (refer note 39)	(25 968)	(8 764)
Dividend distribution tax	(5 340)	(1 784)
Balance at the end of year	**47 433**	**37 495**

This Reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

In December 2018, final dividend for FY 2017-18 of ₹ 40 per share (total dividend including tax thereon ₹ 15 654 lakhs) was paid to holders of fully paid equity shares. In November 2017, the final dividend for FY 2016-17 paid was ₹ 27 per share (total dividend including tax thereon ₹ 10 548 lakhs).

In March 2019, an interim dividend for FY 2018-19 of ₹ 40 per share (total dividend including tax thereon ₹ 15 654 lakhs) was paid to holders of fully paid equity shares.

13. Other financial liabilities

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Current		
Finance lease obligation payable	209	209
Payables for property, plant and equipment	3 352	1 365
Deposits from customers and others	7	7
Unpaid / Unclaimed dividend#	1 077	346
	4 645	**1 927**

There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Act as at June 30, 2019 (Previous year: Nil).

14. Provisions

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Employee benefits (refer note (i) below)	6 986	5 300
Other provisions (refer note (ii) below)	100	—
	7 086	**5 300**
Current	536	427
Non-current	6 550	4 873
	7 086	**5 300**

(i) The provision for employee benefits includes post retirement medical benefits (PRMB), compensated absences and gratuity. For other disclosures refer note 29.

(ii) Other provisions are in respect of the amount management estimates to incur to meet potential liabilities.

Other provisions

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Balance at the beginning of year	—	—
Additional provision recognised	100	—
Reduction arising from payments	—	—
Balance at the end of year	**100**	**—**

Notes to Financial Statements for the year ended June 30, 2019

15. Deferred tax assets (Net)

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Deferred tax assets	4 722	3 624
Deferred tax liabilities	(1 046)	(1 326)
	3 676	**2 298**

Deferred tax assets / (liabilities) in relation to:

2018-2019	Opening Balance ₹ in lakhs	Recognised in profit or loss ₹ in lakhs	Recognised in other comprehensive income ₹ in lakhs	Closing Balance ₹ in lakhs
Property, plant and equipment	(1 326)	280	—	(1 046)
Voluntary retirement scheme	543	(53)	—	490
Disallowance u/s 43 B of the Income Tax Act, 1961	1 710	736	359	2 805
Other temporary differences	1 371	56	—	1 427
	2 298	**1 019**	**359**	**3 676**

2017-2018	Opening Balance ₹ in lakhs	Recognised in profit or loss ₹ in lakhs	Recognised in other comprehensive income ₹ in lakhs	Closing Balance ₹ in lakhs
Property, plant and equipment	(797)	(529)	—	(1 326)
Voluntary retirement scheme	471	72	—	543
Disallowance u/s 43 B of the Income Tax Act, 1961	1 637	330	(257)	1 710
Other temporary differences	1 316	55	—	1 371
	2 627	**(72)**	**(257)**	**2 298**

16. Trade payables

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Dues to micro and small enterprises (refer note 36)	218	231
Dues to others	54 549	40 391
	54 767	**40 622**

17. Current tax liabilities (Net)

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Income tax payable	2 614	10 419
	2 614	**10 419**

18. Other current liabilities

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Superannuation	10	12
Advance received for transfer of leasehold land	—	1 137
Taxes and other liabilities (including statutory remittances, excise and sales tax payable)	3 163	2 568
	3 173	**3 717**

Notes to Financial Statements for the year ended June 30, 2019

19. Revenue from operations

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Sale of products	2 94 248	2 45 522
Other operating revenues		
Scrap sales	402	7
	2 94 650	**2 45 529**

20. Other Income

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Interest income earned on:		
Bank deposits	2 928	1 235
Loan to related parties (refer note 32)	794	770
Other financial assets carried at amortised cost	156	168
	3 878	**2 173**
Other non-operating income (net of expenses directly attributable to such income)		
Miscellaneous income	144	234
Income from transfer of leasehold land	1 312	—
	1 456	**234**
Total	**5 334**	**2 407**

21. Cost of raw and packing materials consumed

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Inventories at the beginning of year	3 055	2 090
Add: Purchases	99 383	55 448
	1 02 438	**57 538**
Less: Inventories at the end of year	7 374	3 055
Cost of raw and packing materials consumed	**95 064**	**54 483**

Notes to Financial Statements for the year ended June 30, 2019

22. Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Inventories at the beginning of year:		
Finished Goods	4 238	9 868
Stock-in-Trade	3 642	4 169
Work-in-Progress	130	137
	8 010	**14 174**
Inventories at the end of year:		
Finished Goods	7 721	4 238
Stock-in-Trade	3 195	3 642
Work-in-Progress	867	130
	11 783	**8 010**
Net (increase) / decrease	**(3 773)**	**6 164**

23. Employee benefits expense

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Salaries and wages*	11 137	9 584
Contribution to provident and other funds (refer note 29)	1 612	1 417
Share-based payment to employees (refer note 31)	840	831
Staff welfare expense	889	1 017
Recovery of employee cost cross charged by related parties (refer note 37)	(1 240)	(1 326)
	13 238	**11 523**

* Salaries and Wages includes ₹ Nil lakhs (Previous year: ₹ 58 lakhs) for expenditure on Voluntary Retirement Scheme.

24. Finance costs

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Interest costs:		
Interest expense on trade payables (refer note 36)	39	52
Interest on entry tax	101	116
Net interest on the net defined benefit liability (refer note 29)	381	354
Other interest expense	27	10
	548	**532**

25. Other expenses

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Consumption of store and spares	774	668
Processing charges	13 557	8 017
Power and fuel	1 248	1 182
Freight, transport, warehousing and distribution charges	6 891	6 346
Rent	6 238	4 329
Rates and taxes	436	(123)
Insurance	27	37
Repairs and maintenance		
Plant and machinery	479	423
Others	168	130
Trade incentives	1 832	1 814
Advertising expenses	29 499	24 238
Royalty	15 723	11 972
Business process outsourcing expenses	6 314	4 294
Travelling and conveyance	1 524	1 640
Communication costs	421	362
Computer expenses	392	316
Legal and professional fees	3 415	3 119
Directors commission	66	51
Payment to auditors (refer note 25.1)	120	108
Exchange differences (net)	(182)	743
Inventory written off (net of insurance claims recovered)	824	509
Allowance for doubtful receivables	95	1
Loss on sale of property, plant and equipment (net)	767	613
Miscellaneous expenses	6 718	5 900
Recovery of Expenses shared by related parties (refer note 37)	(345)	(350)
	97 001	**76 339**

25.1 Payments to auditors:

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
(i) To statutory auditors		
For audit	89	81
For other services	18	16
Reimbursement of expenses	5	3
(ii) To cost auditors for cost audit	8	8
	120	**108**

Notes to Financial Statements for the year ended June 30, 2019

25.2 Corporate Social Responsibility

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
The Company has spent towards various schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013. This amount corresponds with the gross amount required to be spent by the company during the year.	1 274	1 220
(i) Amount spent for purposes of Construction/ acquisition of asset	—	—
(ii) Amount spent for purposes other than (i) above	1 274	1 220

None of the above amount spent is through any related party / affiliate. The Company does not carry any provisions for Corporate Social Responsibility expenses for current year and previous year.

26. Income tax expense

26.1 Income tax recognised in Statement of Profit and Loss

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Current tax		
In respect of the current year	22 185	20 646
In respect of prior years	(2 346)	—
	19 839	**20 646**
Deferred tax		
In respect of the current year	(1 019)	685
In respect of prior years	—	(613)
	(1 019)	**72**
Total income tax expense recognised in the current year	**18 820**	**20 718**

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Profit before tax	**60 733**	**58 177**
Income tax expense calculated at 34.944% (2017-2018: 34.692%)	21 223	20 183
Effect of expenses that are not deductible in determining taxable profits	(57)	1 148
	21 166	**21 331**
Adjustments recognised in the current year in relation to the current tax of prior years	(2 346)	(613)
Income tax expense recognised in Statement of Profit and Loss	**18 820**	**20 718**

The tax rate used for 2018-19 is the corporate tax rate of 34.944%. The tax rate used for 2017-18 is a weighted average of the corporate tax rate of 34.608% applicable till March 31, 2018 and 34.944% applicable from April 1, 2018 under the Indian laws.

26.2 Income tax recognised in other comprehensive income

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Deferred tax		
Arising on expense recognised in other comprehensive income		
Remeasurement of defined benefit obligations	(359)	257
	(359)	**257**
Total income tax recognised in other comprehensive income not to be reclassified to Statement of Profit and Loss	**(359)**	**257**

27. Segment information

27.1 Products from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered or provided. The directors of the Company have chosen to organise the Company around differences in products and services.

Specifically, the Company's operating segments under Ind AS 108 are as follows:

- Health care products - Comprising of Ointment and Creams, Cough Drops and Tablets.
- Hygiene products - Comprising of Feminine Hygiene products and other skin care hygiene products.

For financial statements presentation purposes, these individual operating segments have been aggregated into a single primary reportable segment i.e. manufacturing, trading and marketing of Health and Hygiene Products under Ind AS 108 taking into the account the following factors:

- these operating segments have similar economic characteristics;
- these operating segments have similar long-term gross profit margins;
- the nature of the products and production processes are similar; and
- the methods used to distribute the products to the customers are the same.

27.2 Segment revenues and results

	Segment revenue		Segment profit	
	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Health and hygiene	2 94 650	2 45 529	55 947	56 302
Total operations	**2 94 650**	**2 45 529**	**55 947**	**56 302**
Other income			5 334	2 407
Finance costs			(548)	(532)
Profit before tax			**60 733**	**58 177**

Segment revenue reported above represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 2.3(o). Segment profit represents the profit before tax earned by each operating segment, other income as well as finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Notes to Financial Statements for the year ended June 30, 2019

27.3 Segment assets and liabilities

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Segment assets		
Health and hygiene	1 63 191	1 42 535
Total segment assets	**1 63 191**	**1 42 535**
Segment liabilities		
Health and hygiene	72 285	61 985
Total segment liabilities	**72 285**	**61 985**

27.4 Other segment information

	Depreciation expense		Capital Expenditure	
	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Health and hygiene	4 978	5 237	1 610	3 494
	4 978	**5 237**	**1 610**	**3 494**

27.5 Revenue from major products

The following is an analysis of the Company's revenue from continuing operations from its major products.

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Ointments and Creams	52 145	45 604
Cough Drops	29 516	27 833
Tablets	5 785	5 186
Other hygiene products	2 07 204	1 66 906
	2 94 650	**2 45 529**

27.6 Geographical information

The Company operates in two principal geographical areas - India (country of domicile) and outside India.

The Company's revenue from external customers by location of operations and information about its segment assets by location of assets are detailed below.

	Revenue from external customers		Segment assets	
	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
India	2 90 661	2 42 094	1 63 191	1 42 535
Outside India	3 989	3 435	—	—
	2 94 650	**2 45 529**	**1 63 191**	**1 42 535**

There is no transactions with single external customer which amounts to 10% or more of the Company's revenue.

28. Earnings per share

	Year ended June 30, 2019 ₹ per share	Year ended June 30, 2018 ₹ per share
Basic and diluted earnings per share		
Total basic earnings per share (face value ₹ 10)	129.12	115.40
Total diluted earnings per share (face value ₹ 10)	129.12	115.40

28.1 Basic and Diluted earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic and diluted earnings per share are as follows:

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Earnings used in calculation of basic and diluted earnings per share from operations	41 913	37 459

	Year ended June 30, 2019	Year ended June 30, 2018
Weighted average number of equity shares for the purposes of basic and diluted earnings per share	3 24 60 736	3 24 60 736

29. Employee benefit plans

29.1 Defined contribution plans

The Company operates defined contribution provident fund, superannuation fund and employees' state insurance plan for all qualifying employees of the Company. Where employees leave the plan, the contributions payable by the Company is reduced by the amount of forfeited contributions.

The employees of the Company are members of a state-managed employer's contribution to employees' state insurance plan, provident fund operated by the government and superannuation fund which is administered through a trust that is legally separated from the Company. The assets of the plan is held separately from those of the Company in funds under the control of trustees. The Company is required to contribute a specific percentage of payroll costs to the contribution schemes to fund the benefit. The only obligation of the Company with respect to the contribution plan is to make the specified contributions.

The total expense recognised in the statement of profit and loss of ₹ 1 003 lakhs (for the year ended June 30, 2018: ₹ 843 lakhs) for provident fund, ₹ 120 lakhs (for the year ended June 30, 2018: ₹ 136 lakhs) for superannuation fund represent contributions payable to these plans by the Company at rates specified in the rules of the plans. As at June 30, 2019, contributions of ₹ 10 lakhs (as at June 30, 2018: ₹ 12 lakhs) due in respect of 2018-2019 (2017-2018) reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting periods.

29.2 Defined benefit plans

a) Gratuity Plan (Funded)

The Company sponsors funded defined benefit gratuity plan for all eligible employees of the Company. The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered trust. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is administered by a separate trust that is legally separated from the Company. The board of the trust is composed of representatives from both employer and employees. The board of the trust is required by law and by its articles of association to act in the interest of the trust and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employer. The board of the trust is responsible for the investment policy with regard to the assets of the trust.

Notes to Financial Statements for the year ended June 30, 2019

b) *Post Retirement Medical Benefit (PRMB) (Unfunded)*

The Company provides certain post-employment medical benefits to employees. Under the 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. The liability for post retirement medical scheme is based on an independent actuarial valuation.

c) *Compensated absences for Plant technicians (Unfunded)*

The Company also provides for compensated absences for plant technicians which allows for encashment of leave on termination/retirement of service or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain 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.

These plans typically expose the Company to actuarial risks such as: Investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality rate of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plans liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase on the salary of plan participants will increase the plans liability.

In respect of the plans, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at June 30, 2019. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

A. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuations as at	
	June 30, 2019	June 30, 2018
Discount rate		
Gratuity plan (funded)	7.00%	8.00%
Compensated absence plan (unfunded)	7.00%	8.00%
Post retirement medical benefit (PRMB) (unfunded)	7.00%	8.00%
Expected rate of salary increase		
Gratuity plan (funded)	9.00%	9.00%
Compensated absence plan (unfunded)	9.00%	9.00%
Post retirement medical benefit (PRMB) (unfunded)	NA	NA
Medical Inflation Rate		
Post retirement medical benefit (PRMB) (unfunded)	5.50%	5.50%
Average longevity at retirement age for current beneficiaries of the plan (years)		
Post retirement medical benefit (PRMB) (unfunded)	11.85	13.17
Demographic Assumptions		
Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table		
Mortality in Retirement: LIC Annuity Rates (1996-98) Ultimate table		

B. Amounts recognised in the Statement of Profit and Loss in respect of these defined benefit plans are as follows:

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Gratuity Plan (Funded)		
Service costs:		
Current service cost	489	438
Net interest expense	347	323
Components of defined benefit costs recognised in statement of profit and loss (A)	**836**	**761**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	18	(84)
Actuarial (gains) / losses arising from changes in assumptions	971	(704)
Actuarial (gains) / losses arising from changes in experience adjustments	(9)	(11)
Components of defined benefit costs recognised in other comprehensive income (B)	**980**	**(799)**
Total (C = (A+B))	**1 816**	**(38)**
Compensated absence plan (Unfunded)		
Service costs:		
Current service cost	15	19
Net interest expense	12	10
Immediate recognition of (gains) / losses – other long term employee benefit plans	28	(29)
Components of defined benefit costs recognised in statement of profit and loss (D)	**55**	**—**
Post retirement medical benefit (PRMB) (Unfunded)		
Service costs:		
Current service cost	3	12
Net interest expense	22	21
Components of defined benefit costs recognised in statement of profit and loss (E)	**25**	**33**
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in assumptions	34	(29)
Actuarial (gains) / losses arising from changes in experience adjustments	12	84
Components of defined benefit costs recognised in other comprehensive income (F)	**46**	**55**
Total (G = (E+F))	**71**	**88**
Total defined benefit costs recognised in Statement of Profit and Loss	**916**	**794**
Total defined benefit costs recognised in Other Comprehensive Income	**1 026**	**(744)**

The current service cost for the year are included in the 'Employee benefits expense' line item in the Statement of Profit and Loss.

The net interest expenses for the year are included in the 'Finance costs' line item in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in Other Comprehensive Income.

Notes to Financial Statements for the year ended June 30, 2019

C. The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Gratuity Plan (Funded)		
Present value of funded defined benefit obligation	7 029	5 512
Fair value of plan assets	(999)	(1 048)
Net liability arising from defined benefit obligation	**6 030**	**4 464**
Compensated absence plan (Unfunded)		
Present value of funded defined benefit obligation	201	147
Net liability arising from defined benefit obligation	**201**	**147**
Post retirement medical benefit (PRMB) (Unfunded)		
Present value of funded defined benefit obligation	344	284
Net liability arising from defined benefit obligation	**344**	**284**

D. Movement in the present value of the defined benefit obligation are as follows:

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Gratuity Plan (Funded)		
Opening defined benefit obligation	5 512	5 753
Current service cost	489	438
Interest cost	426	389
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in assumptions	971	(704)
Actuarial (gains) / losses arising from changes in experience adjustments	(9)	(11)
Benefits paid	(360)	(353)
Closing defined benefit obligation	**7 029**	**5 512**
Compensated absence plan (Unfunded)		
Opening defined benefit obligation	147	147
Current service cost	15	19
Interest cost	12	10
Immediate recognition of (gains) / losses – other long term employee benefit plans	28	(29)
Benefits paid	(1)	—#
Closing defined benefit obligation	**201**	**147**

# denotes amount less than ₹ 50 000

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Post retirement medical benefit (PRMB) (Unfunded)		
Opening defined benefit obligation	284	307
Current service cost	3	12
Interest cost	22	21
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in assumptions	34	(29)
Actuarial (gains) / losses arising from changes in experience adjustments	12	84
Past service cost - plan amendments	—	(94)
Benefits paid	(11)	(17)
Closing defined benefit obligation	**344**	**284**

E. Movement in the fair value of the plan assets are as follows:

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Gratuity Plan		
Opening fair value of plan assets	1 048	1 001
Interest Income	79	66
Remeasurement gain / (loss):		
Return on plan assets (excluding amounts included in net interest expense)	(18)	84
Employer contributions	250	250
Benefits paid	(360)	(353)
Closing fair value of plan assets	**999**	**1 048**

F. The fair value of the plan assets for plan at the end of the reporting year for each category, are as follows:

	Gratuity Plan	
	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
High quality Corporate Bonds (including Public Sector Unit)	346	379
Government of India Securities (Central and State)	136	133
Cash (including Special Deposit Scheme)	502	408
Private Sector Unit	15	128
Total	**999**	**1 048**

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets.

Expected employer contributions for the period ending June 30, 2020 is ₹ Nil lakhs (for the year ended June 30, 2019: ₹ Nil lakhs).

The actual return on plan assets was ₹ 61 lakhs (for the year ended June 30, 2018: ₹ 150 lakhs).

Maturity profile of defined benefit obligation:

	Gratuity Plan ₹ in lakhs
Within 1 year	212
1 - 2 year	271
2 - 3 year	341
3 - 4 year	314
4 - 5 year	369
5 - 10 years	2 367

Notes to Financial Statements for the year ended June 30, 2019

Significant actuarial assumptions of the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Gratuity Plan (Funded)

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 459 lakhs (increase by ₹ 505 lakhs) (as at June 30, 2018: decrease by ₹ 309 lakhs (increase by ₹ 336 lakhs)).

If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 489 lakhs (decrease by ₹ 451 lakhs) (as at June 30, 2018: increase by ₹ 331 lakhs (decrease by ₹ 307 lakhs)).

Compensated absence plan (Unfunded)

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 16 lakhs (increase by ₹ 18 lakhs) (as at June 30, 2018: decrease by ₹ 10 lakhs (increase by ₹ 12 lakhs)).

If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 17 lakhs (decrease by ₹ 16 lakhs) (as at June 30, 2018: increase by ₹ 11 lakhs (decrease by ₹ 10 lakhs)).

Post retirement medical benefit (PRMB)

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 17 lakhs (increase by ₹ 18 lakhs) (as at June 30, 2018: decrease by ₹ 13 lakhs (increase by ₹ 14 lakhs)).

If the expected medical inflation rate increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 16 lakhs (decrease by ₹ 15 lakhs) (as at June 30, 2018: increase by ₹ 12 lakhs (decrease by ₹11 lakhs)).

The sensitivity analysis presented above may not be representative of the actual change of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method as the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

30. Financial instruments

30.1 Capital management

The Company manages its capital to ensure that it will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the equity balance. Equity share capital and other equity are considered for the purpose of group's capital management.

The Company is not subject to any externally imposed capital requirements.

The Company's risk management committee manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares.

30.2 Categories of financial instruments

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Financial assets		
Measured at amortised cost		
(a) Trade receivables	18 066	14 847
(b) Cash and cash equivalents	52 590	39 235
(c) Bank balances other than (b) above	1 455	724
(d) Loans	14 040	14 141
(e) Other financial assets	2 471	2 581
Financial liabilities		
Measured at amortised cost		
(a) Trade payables	54 767	40 622
(b) Other financial liabilities	4 645	1 927

30.3 Financial risk management objectives

The Company's overall policy with respect to managing risks associated with financial instruments is to minimise potential adverse effects of financial performance of the Company. The policies for managing specific risks are summarised below.

30.4 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities as at		Assets as at	
	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
USD	15 948	10 749	456	1 478
EUR	3 159	1 104	8	4
CNY	5	2	7	—
EGP	—	—	—	4
SGD	16	7	—	—
GBP	—¥	—	—	—

30.4.1 Foreign currency sensitivity analysis

The Company is mainly exposed to the currencies stated above.

The following table details impact to profit or loss of the Company by sensitivity analysis of a 10% increase and decrease in the respective currencies against the functional currency of the Company. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change on foreign currency rates.

If the relevant foreign currency strengthens / weakens by 10% against the functional currency of the Company, profit or loss will increase / (decrease) by:

	Increase / (decrease) at +10%		Increase / (decrease) at -10%	
	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
USD	(1 549)	(927)	1 549	927
EUR	(315)	(110)	315	110
CNY	—¥	—¥	—¥	—¥
EGP	—	—¥	—	—¥
SGD	(2)	(1)	2	1
GBP	—¥	—	—¥	—

¥ denotes amount less than ₹ 50 000

30.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company performs ongoing credit evaluation of the counterparty's financial position as a means of mitigating the risk of financial loss arising from defaults. The Company only grants credit to creditworthy counterparties.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics as disclosed in Note 5 to the financial statements.

30.6 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company does not have interest bearing borrowings, it is not exposed to risk of changes in market interest rates. The Company has not used any interest rate derivatives.

Notes to Financial Statements for the year ended June 30, 2019

30.7 Other price risk management

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. The Company is not exposed to pricing risk as the Company does not have any investments in equity instruments and bonds.

30.8 Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company maintains adequate highly liquid assets in the form of cash to ensure necessary liquidity.

The table below analyse financial liabilities of the Company into relevant maturity groupings based on the reporting period from the reporting date to the contractual maturity date:

	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying Value
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
At June 30, 2019					
Trade Payables	54 767	—	—	54 767	54 767
Other financial liabilities	4 645	—	—	4 645	4 645
Provisions	536	6 550	—	7 086	7 086
Other Current Liabilities	3 173	—	—	3 173	3 173
At June 30, 2018					
Trade Payables	40 622	—	—	40 622	40 622
Other financial liabilities	1 927	—	—	1 927	1 927
Provisions	427	4 873	—	5 300	5 300
Other Current Liabilities	3 717	—	—	3 717	3 717

30.9 Fair value measurements

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

31. Share-based payments

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 under employee benefits expense.

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, 2019, 6 384.23 (June 30, 2018: 4 651.17) shares were purchased by employees at weighted average fair value of ₹ 6 490.09 (June 30, 2018: ₹ 5 482.49) per share. The Company's contribution during the year on such purchase of shares amounting to ₹ 109 lakhs (June 30, 2018: ₹ 97 lakhs) has been charged under employee benefits expense under Note 23.

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 year 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.

The expense recognised for employee services received during the year is shown in the following table:

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Expense arising from equity-settled share-based payment transactions	731	734
Total expense arising from share-based payment transactions	**731**	**734**

There were no cancellations or modifications to the awards in June 30, 2019 or June 30, 2018.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year (excluding SARs):

	As at June 30, 2019 Number	As at June 30, 2019 WAEP (in $)	Estimated fair value of Option Granted In ₹	As at June 30, 2018 Number	As at June 30, 2018 WAEP (in $)	Estimated fair value of Option Granted In ₹
Outstanding at July 1	2 64 990	78.06	—	2 32 984	87.05	—
Granted during the year						
04-Sep-18	1 210	82.70	5 828	—	—	—
14-Sep-18	1 242	83.61	804	—	—	—
02-Jan-19	1 096	91.28	6 432	—	—	—
28-Feb-19	20 222	98.55	994	—	—	—
28-Feb-19	4 876	98.55	1 056	—	—	—
28-Feb-19	6 334	98.55	6 944	—	—	—
28-Feb-19	988	98.55	8 063	—	—	—
03-Aug-17	—	—	—	551	88.40	5 740
15-Sep-17	—	—	—	5 639	93.27	672
28-Feb-18	—	—	—	2 098	78.52	5 004
28-Feb-18	—	—	—	4 394	78.52	4 786
28-Feb-18	—	—	—	53 685	78.52	775
Forfeited during the year	(33 590)	—	—	(3 446)	—	—
Exercised during the year	(57 016)	95.27	—	(30 915)	87.70	—
Expired during the year	—	—	—	—	—	—
Outstanding at June 30	**2 10 352**	109.65		**2 64 990**	78.06	
Exercisable at June 30	41 745	109.65		1 18 842	78.06	

The weighted average share price at the date of exercise of these options was $ 95.27 (June 30, 2018: $ 87.70).

The weighted average remaining contractual life for the share options outstanding as at June 30, 2019 was 6.85 years (June 30, 2018: 5.99 years).

The weighted average fair value of options granted during the year was ₹ 2 566 (June 30, 2018: ₹ 1 206).

These fair values for share options granted during the year were calculated using binomial lattice-based model. The following tables list the inputs to the models used for the plans for the years ended June 30, 2019 and June 30, 2018, respectively:

	As at June 30, 2019	As at June 30, 2018
Dividend yield (%)	3.03%	3.12%
Expected volatility (%)	16.56%	17.92%
Risk–free interest rate (%)	2.60%	2.82%

Notes to Financial Statements for the year ended June 30, 2019

32. Related party disclosures:

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

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

(a) Related party where control exists:

Relationship	Name of the Company
Ultimate Holding Company	The Procter & Gamble Company, USA
Holding Company	Procter & Gamble Overseas India BV, The Netherlands

(b) Other parties with whom transactions have taken place during the year.

(i) Fellow Subsidiaries

S. No.	Name of the Company	S. No.	Name of the Company
1.	Gillette India Limited	18.	Procter & Gamble Services Company Nv
2.	Procter & Gamble Home Products Private Limited	19.	Procter & Gamble Technical Centers Ltd.
3.	Procter & Gamble (Guangzhou) Ltd.	20.	Procter & Gamble Trading (Thailand) Ltd.
4.	Procter & Gamble Australia Pty Ltd.	21.	Procter & Gamble Middle East Fze
5.	Procter & Gamble Egypt	22.	Pt. Procter & Gamble Home Products Indonesia
6.	Procter & Gamble Europe Sa	23.	The Procter & Gamble US Business Services Company
7.	Procter & Gamble Europe Sa Singapore Branch	24.	Procter & Gamble Manufacturing Gmbh
8.	Procter & Gamble Hong Kong Limited	25.	Procter & Gamble Bangladesh Private Limited
9.	Procter & Gamble International Operations S.A. Dubai Branch	26.	The Procter & Gamble Distributing LLC
10.	Procter & Gamble International Operations Sa	27.	Fameccanica Data S.P.A.
11.	Procter & Gamble International Operations Sa Singapore Branch	28.	Fameccanica Machinery (Shanghai) Co Ltd
12.	Procter & Gamble International Operations Sa-Rohq	29.	Wella India Hair Cosmetics Pvt. Ltd.
13.	Procter & Gamble Japan K.K.	30.	Procter & Gamble Gulf Fze
14.	Procter & Gamble Korea S&D, Co.	31.	Procter & Gamble Services Ltd.
15.	Procter & Gamble Korea, Inc.	32.	Pt. Procter & Gamble Operations Indonesia
16.	Procter & Gamble Philippines, Inc.	33.	Gillette Diversified Operations Pvt Ltd
17.	Procter & Gamble Service Gmbh		

(ii) Key Management Personnel of the Company:

S. No.	Name	Designation
1.	Mr. Madhusudan Gopalan	Managing Director w.e.f. July 1, 2018
2.	Mr. Al Rajwani	Managing Director upto June 30, 2018
3.	Mr. Karthik Natarajan	Non-executive Director
4.	Ms. Sonali Dhawan	Non-executive Director
5.	Mr. Pramod Agarwal	Non-executive Director
6.	Mr. Shailyamanyu Singh Rathore	Non-executive Director upto May 8, 2019
7.	Mr. Gagan Sawhney	Non-executive Director w.e.f. January 24, 2019
8.	Mr. Ghanashyam Hegde	Non-executive Director w.e.f. May 9, 2019
9.	Mr. Prashant Bhatnagar	Chief Financial Officer

Note: Related parties have been identified by the management.

(c) Details of related party transactions between the Company and its related parties are as under:

₹ in lakhs

S. No.	Nature of Transactions	For the year ended June 30	Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Managerial Personnel
1.	Purchase of Goods	2019	514	16 130	—
		2018	339	2 161	—
2.	Purchase of Equipment / Assets / Spares	2019	—	695	—
		2018	—	1 145	—
3.	Sale of Products	2019	—	756	—
		2018	—	602	—
4.	Sale of Capital goods	2019	—	54	—
		2018	—	82	—
5.	Loans Given	2019	—	9 000	—
		2018	—	9 000	—
6.	Loans Realised	2019	—	9 000	—
		2018	—	9 000	23
7.	Interest Income	2019	—	794	—
		2018	—	770	—
8.	Recovery of Expenses Cross charged	2019	530	4 070	—
		2018	675	2 798	—
9.	Expenses cross-charged	2019	407	1 805	—
		2018	365	2 290	—
10.	Reimbursement of expenses shared by group cos. (Income)	2019	—	1 943	—
		2018	—	2 210	—
11.	Reimbursement of expenses shared by group cos. (Expense)	2019	—	73	—
		2018	—	268	—
12.	Business Process Outsourcing expenses	2019	5 183	842	—
		2018	3 831	643	—
13.	Royalty	2019	14 307	—	—
		2018	12 190	—	—

Notes to Financial Statements for the year ended June 30, 2019

₹ in lakhs

S. No.	Nature of Transactions	For the year ended June 30	Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Managerial Personnel
14.	**Computer Expenses**	**2019**	—	324	—
		2018	—	310	—
15.	**Rent Expenses**	**2019**	—	4 708	—
		2018	—	3 347	—
16.	**Dividend Remitted / Paid**	**2019**	17 848	496	—
		2018	6 024	167	—
17.	**Managerial Remuneration**	**2019**	—	—	937
		2018	—	—	783
18.	**Processing Charges**	**2019**	—	11 166	—
		2018	—	9 484	—
19.	**Outstanding as at June 30th**				
	Loans given	**2019**	—	9 000	8
		2018	—	9 000	—
	Interest Income Accrued	**2019**	—	609	—
		2018	—	1 347	—
	Trade and other receivables	**2019**	26	1 501	—
		2018	56	1 214	—
	Trade payables	**2019**	6 480	5 065	—
		2018	3 856	2 076	—

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment of receivables relating to amounts owed by related parties in the current year or prior years. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(d) Disclosure in respect of material transactions of the same type with related parties during the year:

₹ in lakhs

S. No.	Nature of Transactions	Year ended June 30, 2019	Year ended June 30, 2018
1.	**Purchase of Goods**		
	Procter & Gamble International Operations SA Singapore Br	—	1 115
	The Procter & Gamble Company	514	339
	Procter & Gamble Home Products Private Limited	1 158	971
	Gillette Diversified Operations Pvt Ltd	14 735	—
	Others	237	75

₹ in lakhs

S. No.	Nature of Transactions	Year ended June 30, 2019	Year ended June 30, 2018
2.	**Purchase of Equipment / Assets / Spares**		
	The Procter & Gamble Distributing LLC	313	806
	Fameccanica Data S.P.A.	153	149
	Procter & Gamble Manufacturing GMBH	107	131
	Procter & Gamble Home Products Private Limited	115	—
	Others	7	59
3.	**Sale of Products**		
	Procter & Gamble Bangladesh Private Limited	654	602
	Others	102	—
4.	**Sale of Capital goods**		
	Procter & Gamble Home Products Private Limited	47	77
	Others	7	5
5.	**Loans Given**		
	Procter & Gamble Home Products Private Limited	9 000	9 000
6.	**Loans Realised**		
	Procter & Gamble Home Products Private Limited	9 000	9 000
7.	**Interest Income**		
	Procter & Gamble Home Products Private Limited	794	770
8.	**Recovery of Expenses Cross charged**		
	The Procter & Gamble Company	530	675
	Procter & Gamble Home Products Private Limited	3 174	2 162
	Gillette India Limited	123	147
	Procter & Gamble International Operations SA Singapore Br	497	—
	Others	276	489
9.	**Expenses cross-charged**		
	The Procter & Gamble Company	407	365
	Procter & Gamble Home Products Private Limited	1 079	1 795
	Gillette India Limited	613	352
	Others	113	143
10.	**Reimbursement of expenses shared by group cos. (Income)**		
	Procter & Gamble Home Products Private Limited	823	616
	Gillette India Limited	1 120	1 594
11.	**Reimbursement of expenses shared by group cos. (Expense)**		
	Procter & Gamble Home Products Private Limited	54	—
	Gillette India Limited	19	268
12.	**Business Process Outsourcing expenses**		
	Procter & Gamble International Operations SA-ROHQ	842	643
	The Procter & Gamble Company	5 183	3 831

Notes to Financial Statements for the year ended June 30, 2019

₹ in lakhs

S. No.	Nature of Transactions	Year ended June 30, 2019	Year ended June 30, 2018
13.	**Royalty**		
	The Procter & Gamble Company	14 307	12 190
14.	**Computer Expenses**		
	The Procter & Gamble US Business Services Company	324	310
15.	**Rent expenses**		
	Procter & Gamble Home Products Private Limited	4 669	3 347
	Others	39	—
16.	**Dividend Remitted / Paid**		
	Procter & Gamble Overseas India BV	17 848	6 024
	Others	496	167
17.	**Processing Charges**		
	Procter & Gamble Home Products Private Limited	11 166	9 484
	Gillette Diversified Operations Pvt Ltd	2 282	—

(e) Compensation of key management personnel

The remuneration of directors and other key management personnel during the year was as follows:

₹ in lakhs

	Year ended June 30, 2019	Year ended June 30, 2018
Short-term benefits	436	427
Post-employment benefits	369	—
Share-based payments	132	356
	937	**783**

(f) Other transactions with key management personnel

₹ in lakhs

	Year ended June 30, 2019	Year ended June 30, 2018
Loan given	—	—
Loan realised	—	23

Note:

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

₹ in lakhs

Sr. No.	Name	Relations	Amount given during the year ended June 30, 2019	Amount given during the year ended June 30, 2018
	Inter corporate loans			
1.	Procter & Gamble Home Products Private Limited	Fellow Subsidiary	9 000	9 000

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

33. Operating lease arrangements

Company as a lessee

33.1 Leasing arrangements

The Company has taken on lease guesthouses for accommodation of employees and office premises and warehouses with an option of renewal at the end of the lease term and escalation clause in some of the cases. These leases can be terminated with a prior notice as per terms and conditions of the respective lease agreements. The Company has also entered into an arrangement which in substance falls under the Appendix C to IND AS 17 "Determining whether an arrangement contains a lease" and the payments for the lease have been bifurcated from payments for other elements in the arrangement. The lease payments under the above mentioned leasing arrangement have been disclosed in note 33.2.

33.2 Payments recognised as an expense

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Minimum lease payments	6 238	4 498
	6 238	**4 498**

33.3 Non-cancellable operating lease commitments

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Not later than one year	339	44
Later than one year but not later than five years	984	—
Later than five years	—	—
Total	**1 323**	**44**

34. Commitments

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for	65	175
	65	**175**

35. Contingent liabilities

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Claims against company not acknowledged as debts		
Income Tax matters	17 037	11 005
Sales Tax matters		
(i) Non submission of "C" Forms / "F" Forms	2 194	2 664
(ii) Incomplete accounts books under sales tax	227	227
(iii) Classification issues under sales tax	24	38
(iv) Product valuation issues under sales tax	59	59
(v) Other sales tax matters	925	1 018

Notes to Financial Statements for the year ended June 30, 2019

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
Excise duty, service tax and custom duty matters		
(i) Classification issues under excise tax	—	9
(ii) Product valuation issues under excise tax	—	95
(iii) Applicability of service tax matters	1 225	1 226
(iv) Other excise, service tax and customs matters	2	2
(v) Custom duty	—	19
Other matters		
Other claims – The Company is a party to various legal proceedings in the normal course of business	75	75
	21 768	**16 437**

36. Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006

	As at June 30, 2019 ₹ in lakhs	As at June 30, 2018 ₹ in lakhs
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	218	231
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	166	127
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	1 039	1 132
Principal paid beyond the appointed date	1 039	1 132
Interest paid in terms of Section 16 of the Act	—	—
(d) The amount of interest due and payable for the year	39	52
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	166	127
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	2	1

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

37. (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 services agreements with Procter & Gamble Home Products Private Limited and Gillette India Limited. (Refer Note 38).

(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.

38. (a) Employee Benefits Expense excludes expenses in respect of Managerial personnel of ₹ 67 lakhs (Previous Year: ₹ 588 lakhs) cross charged to Gillette India Limited and Procter & Gamble Home Products Private Limited in terms of the common services agreement (Refer Note 37).

(b) Employee Benefits Expense includes expenses in respect of Managerial personnel of ₹ 185 lakhs (Previous Year: ₹ 150 lakhs) cross charged from Gillette India Limited and Procter & Gamble Home Products Private Limited in terms of the common services agreement (Refer Note 37).

39. Dividend

	Year ended June 30, 2019 ₹ in lakhs	Year ended June 30, 2018 ₹ in lakhs
Dividend on equity shares paid during the year		
Final dividend for the FY 2017-18: ₹ 40 (PY: FY 2016-17: ₹ 27) per equity share of ₹ 10 each	12 984	8 764
Dividend distribution tax on final dividend	2 670	1 784
Interim dividend for the FY 2018-19: ₹ 40 (PY: FY 2017-18: ₹ Nil) per equity share of ₹ 10 each	12 984	—
Dividend distribution tax on interim dividend	2 670	—
Total	**31 308**	**10 548**

Proposed Dividend:

The Board of Directors at its meeting held on August 21, 2019 have recommended a payment of final dividend of ₹ 48 per equity share of face value of ₹ 10 each for the financial year ended June 30, 2019. The same amounts to ₹ 18 784 lakhs including dividend distribution tax of ₹ 3 203 lakhs.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

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

41. Approval of financial statements

The financial statements were approved for issue by the Board of Directors on August 21, 2019.

Signatures to Note 1 to 41

For and on behalf of Board of Directors

R. A. Shah
Chairman
DIN: 00009851
Prashant Bhatnagar
Chief Financial Officer

Madhusudan Gopalan
Managing Director
DIN 08158357
Flavia Machado
Company Secretary

Place: Mumbai
Date: August 21, 2019

TEN YEAR FINANCIAL HIGHLIGHTS

	IGAAP							IND AS			
	2010	2011	2012	2013	2014	2015	2016	2016^	2017^	2018^	**2019^**
YEAR END FINANCIAL POSITION (₹ Crores)											
Net Fixed Assets	130.3	190.4	198.4	214.9	239.5	308.8	316.9	352.2	326.6	271.6	**248.8**
Net Worth	534.6	600.6	786.6	805.3	1002.9	1228.7	1511.2	1651.8	526.1	805.5	**909.1**
SUMMARY OF OPERATIONS (₹ Crores)											
Gross Sales	913.5	1037.0	1310.1	1696.7	2063.6	2358.4	2552.7	2349.2	2419.2	2455.3	**2946.5**
Profit before Tax	233.6	178.7	223.0	286.2	460.3	500.8	636.5	635.5	671.8	581.8	**607.3**
Profit after Tax	179.8	150.9	182.9	203.2	302.0	346.1	423.2	422.5	432.7	374.6	**419.1**
Dividend	73.0	73.0	73.0	81.2	89.3	98.2	116.9	98.2	1291.9*	87.6	**259.7***
PER SHARE DATA											
EPS (₹)	55.38	46.48	57.30	62.61	93.04	106.63	130.37	130.16	133.31	115.40	**129.12**
Dividend (%)	225	225	225	250	275	302	360	302	3980	270	**800**
NUMBER OF SHARES											
Shares (Lakhs)	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61	**324.61**

^ Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. Hence these numbers are not comparable with previous years

* Includes Interim Dividend

NOTES

Our Purpose, Values and Principles

OUR PURPOSE

We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come.

OUR PRINCIPLES

We show respect for all individuals.

The interests of the Company and the individual are inseparable.

We are strategically focused on our work.

Innovation is the cornerstone of our success.

We are externally focused.

We value personal mastery.

We seek to be the best.

Mutual interdependency is a way of life.

vakils

Old Spice®

SMELL LIKE A MAN

Procter & Gamble Hygiene and Health Care Limited

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