



**Procter & Gamble Hygiene
and Health Care Limited**
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September 22, 2023

To,
The Corporate Relations Department
The BSE Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001
Scrip Code: PGHH/500459

To,
The Listing Department
The National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051

Dear Sir / Madam,

Sub: Analysts/Institutional Investors – Outcome – Transcript of the meeting

This has reference to the intimation dated September 05, 2023 and outcome uploaded earlier today, September 22, 2023, with respect to the virtual connect with analysts/ institutional investors.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed herewith is the transcript of the above meeting with analysts/ institutional investors, copy of the same is also made available on the website of the Company.

This is for your record and appropriate dissemination.

Thanking you.

Yours faithfully,

For Procter & Gamble Hygiene and Health Care Limited

Flavia Machado
Authorized Signatory

Procter & Gamble Hygiene and Health Care Limited

Investors & Analysts' Call

September 22, 2023

Start Time : 9:00 AM

Speakers:

Mr. L. V. Vaidyanathan, Managing Director

Mr. Gautam Kamath, Vice President- Finance

Ms. Flavia Machado, Moderator – Senior Manager (Legal and Secretarial)

❖ **Flavia Machado:**

Good morning, everyone, and welcome to the Company's Investors & Analysts call. Thank you for joining us today. Today, we will begin with presentation by the management of the company, on the company's performance, results, strategies and business outlook.

We have received questions submitted by the participants at the time of registration for the call. The management will address the questions received, after the presentation concludes.

Let me introduce our presenters for today.

We have on the call, Mr. L. V. Vaidyanathan, Managing Director of the Company, and Mr. Gautam Kamath, Vice-President-Finance.

All participants are placed on mute and can participate in the listen-only mode.

Please note that during the course of the call, the presentations and information shared by the management may include forward-looking statements. These statements are made on the basis of the company's current views and assumptions and are not guarantees of future performance and actual events or results may differ materially from those statements.

I will now hand over the proceedings to Mr. L. V. Vaidyanathan. Thank you, and over to you LV.

Below Disclaimer was presented on screen:

This communication, except for the historical data, may contain forward-looking statements, including words, phrases, numbers that set forth anticipated results based on management's current plans and assumptions. Forward-looking statements are based on current expectations and assumptions, which are subject to risks and uncertainties that may cause results to differ materially from those expressed or implied in those statements. The Company cautions investors that any such forward-looking statements are not guarantees of future performance and that actual events or results may differ materially from those statements. Actual events or results may differ materially because of factors that affect international businesses and global economic conditions, as well as matters specific to the Company and the markets it serves. The Company undertakes no obligation to update these statements whether as a result of new information, future events or otherwise, except to the extent required by law.

❖ **Mr. L. V. Vaidyanathan, Managing Director**

Good morning, everyone. Thank you for joining us on the call today. It is our pleasure to interact with all of you.

Today, I shall take you through the work that we have been leading at P&G Hygiene and Health Care in line with our strategic priorities, and the strides we have made during the fiscal year in achieving our objectives.

Over our 185 years globally, we have shown that our ability to grow is directly connected to our commitment to responsible business and doing good. Our ability to do good is in turn strengthened by our growth. Therefore, we aim to be a force for growth and a force for good in the communities that we serve, keeping our consumers at the core of it all.

We have been growing and creating value prior to, during, and following the pandemic through a strategy that drives growth and value creation through five integrated choices:

- 1) A portfolio of daily-use products where performance drives brand choice
- 2) Superiority across product, package, brand communication, retail execution, and value
- 3) Productivity to fund this superiority.
- 4) Constructive disruption of the entire value chain to future proof our business; and

5) A highly efficient and effective organization structure.

The model is dynamic and sustainable. It adapts to the changing needs of consumers, customers and society and is focused on growing markets—creating versus taking business—the most sustainable and typically most profitable way to grow.

We believe the best path forward is to double down on this integrated set of strategies that are driving our results.

Let me take this opportunity to talk more on the focused portfolio of daily-use products for PGHH, in the Feminine Hygiene and Personal Health Care categories, where performance plays a significant role in brand choice.

We concentrate our efforts and focus on delivering superior products with the best performance, in every price tier in which we compete in these categories.

For our Feminine Care business, we serve our consumers with products that not only meet their needs in a way they expect, but also offer them superior benefits which improve their lives. In turn, the consumers reinforce their trust in the brand, which truly makes Whisper – a market leader.

Similarly, our personal healthcare portfolio serves consumers with an assortment of products that cater to diverse needs be it – single symptom, multiple symptoms and even evolved needs that require customized solutions.

This consumer centered approach has resulted in Vicks' continuing its market leadership through the years.

Coming to Superiority, that is the formula to delight consumers and earn their chosen loyalty.

We know how to create value in these categories – by delivering irresistibly superior propositions to our consumers and retail partners across product performance, packaging, brand communication, retail execution and value.

We continue to raise the bar on all aspects of superiority in all price tiers where we compete.

We are leveraging this superiority to grow markets and, as a result, P&G's share in these markets to sustainably build the business.

Noticeable superiority is increasingly important in an inflationary environment, as consumers reassess value across all elements of their budget.

We have been very intentional in building a strong presence across all relevant price tiers and retail channels, so consumers have a choice of different price points and value propositions within our portfolio.

Let me translate our strategy of superior products for you, through an example of Whisper. Did you know that during periods, the flow menstruating women experience at night is different from flow at daytime? Yes.

Our Whisper Nights pads are up to 75% longer and wider* to give the consumer maximum protection and ensure no staining during period nights. This proposition is growing strong double digit as it solves a key consumer unmet need.

Our brand Vicks leveraged the power of superior communication to better resonate, engage and serve consumers. We intended to create stronger awareness about the bouquet of benefits Vicks Vaporub can provide to consumers, vs the select situations where Vicks Vaporub was most used.

* vs. Choice Regular 230mm

The outcome was a simple, yet effective message that Vicks Vapo Rub relieves 6 cough and cold symptoms, as effectively as the mother's touch of care.. And we delivered this messaging in the language the consumer prefers on their preferred channel of communication. Let's play the ad now.

<Video was played>

Another example is our Whisper Choice Communication, that takes to the consumer our technology of Magic Gel, which coupled with a longer pad, provides up to 100% stain protection.

<Video was played>

We also continue to emphasize superior performance of our offerings through strong value-based messaging – in communication, on packaging, and at shelf – physical or virtual in terms of retail execution. Point of sale is an equally important touchpoint to engage and educate consumers, and by driving superior retail execution we intend to better serve our consumers AND customers.

Success in our highly competitive industry also requires agility that comes with a mindset of constructive disruption – a willingness to change, adapt and create new trends and technologies that will shape our industry for the future. It is a healthy dissatisfaction with the status-quo – and this mindset of constructive disruption is even more important in this challenging, ever-evolving macro-economic environment.

We're innovating how we innovate, moving faster by combining over 180 years of expertise with the entrepreneurial spirit of a startup.

100% of our brands are impacted by technology in some way or the other.

Be it mining for consumer insights and customizing our media outreach to reach the consumers where they are, enhancing our Go To Market operations to create value for our partners, driving digital transformation within the organization for better productivity, and expanding availability and service at stores using the power of AI and ML, tech is truly powering our engines!

We have moved away from media planning in silos (TV, digital, ecommerce separately) to an Integrated Media Approach, where an algorithm powered with latest trends and historical data, can bring up the best cross-screen media model that helps us achieve the maximum reach at the lowest cost.

Historically, our Supply Chain has been a competitive advantage for us, and we are investing significantly to strengthen this advantage and be better positioned to handle larger capacity and higher ranges of demand volatility, while reducing over-dependance on singular nodes. We're calling this Supply 3.0—the next generation of Supply Chain: An end-to-end synchronized, sustainable and resilient supply chain, amplified by data analytics.

For instance, In India, we are leveraging analytics to optimize total distance travelled and reduce number of touches by the product, while improving our speed and reliability to market. This has led to 35% faster speed to market, and reduction of around 6 million Kms and reduction of carbon emissions.

The strategic need to keep investing in superiority, the short-term need to manage through a very challenging cost environment and the ongoing need to drive balanced top- and bottom-line growth, including margin expansion, underscore the importance of ongoing productivity.

We have developed a strong productivity muscle over the years. Productivity is now fully embedded in our operating model and is embraced in every part of our operation.

Specifically last year, through our productivity interventions, this company achieved savings of over Rs. 105 crores.

P&G's organization structure is designed to focus our human, technical and financial resources on our biggest opportunities for growth.

This structure yields an empowered, agile and accountable organization with little overlap or redundancy - flowing to new demands, seamlessly supporting each other to deliver against our priorities in the communities.

One aspect of our empowered organization is the organizational focus on Citizenship – our intent of also being a #ForceforGood.

We have embedded Citizenship in the way we do business every day, and our efforts are based on Community Impact, Equality & Inclusion and Environmental Sustainability, with a strong foundation of Ethics & Corporate Responsibility guiding everything we do.

Through this, we aspire to positively impact our people, communities, partners and leverage the voice of our brands, to maximize impact.

The journey of enabling starts with our people at P&G, who live our spirit of being a #ForceForGood every day. We continue to upgrade our bouquet of policies and programs to cater to our diverse workforce, so that every single person can bring their whole authentic selves to work every day.

For example: we recently introduced our Infertility Treatment policy to support all employees and their partners with more inclusive opportunities for family planning. This program supports employees of diverse gender identities, sexual orientations, and family structures.

Similarly, we continue to be committed to accelerating the pace of change outside of P&G - be it removing barriers to education and economic opportunities, or advancing inclusion for the LGBTQ+ community, and many other initiatives. You can learn more about them in our Citizenship Report now live on our website.

We are also leveraging our significant voice in advertising to tackle bias through our long-standing brands movement like Whisper #KeepGirlsInSchool.

Our recent film – Whisper's Missing Chapter, takes forward this movement, and aims to educate mothers on the biology of periods... so that they, in turn, can educate their daughters on menstrual hygiene and health. From being the first brand to advertise sanitary pads, to now being the first to depict female anatomy in advertising – Whisper continues to break taboos and educated on menstrual health & hygiene. Let's look at the film now.

<Video was played>

Our longstanding commitment to education is also our way of contributing to the social development of the country, brought to life via our flagship CSR program, P&G Shiksha.

P&G Shiksha is a holistic educational program that addresses critical barriers to achieving universal education. Over 18 years, Shiksha has helped reach thousands of schools and communities, impacting over 35 lakh children.

Environmental Sustainability has been embedded into P&G's business practices, and we consistently strive to minimize our environmental impact, encouraging consumers and suppliers to do the same.

- We have committed to accelerated efforts to combat climate change as part of Ambition 2030.
- We have committed to be Net-Zero by 2040.
- Our Global Water Strategy aims to restore water in water-stressed areas around the world.
- Today, we are collecting back more plastic packaging waste in India than we put out and leverage renewable energy in our operations.

Our brands are incorporating sustainability in serving consumers with superior products, for instance by leading the use of recycled plastic.

Many of these efforts, have been recognized widely by prestigious institutions, which only reaffirms our belief of being a #ForceForGrowth and a #ForceForGood.

With that, I handover to Gautam Kamath

❖ **Mr. Gautam Kamath, Vice-President, Finance**

Thank You LV.

Good Morning everyone. My name is Gautam Kamath and I'm Vice President-Finance for P&G India.

LV spoke about our Integrated Growth Strategies and how they are making a difference to our business results. I will now share with you what exactly these business results have been in the past one year as well as over a longer period. I will also share with you our view on the long term outlook for the industry as a whole. Of course, many of you sent over questions, which I will address in the course of my session.

We have bounced back in a year in which the industry faced several headwinds. In the Healthcare category specifically, we faced a strong category growth challenge, as the impact of a high COVID-driven base got corrected. Despite that, our sales for the Q4 quarter grew 3% excluding the impact of any one time items. The headline though was not our Sales – rather it was the bounce back of our profits, which grew 255%, driven by premiumization and pricing, and a reduction in expenses in response to our productivity programs.

For the fiscal year, our sales grew 12% excluding the impact of one-time items. We saw strong growth across both our portfolios, despite the challenging situation on category demand growth in the cough and cold sector, as well as the massive commodity headwinds in the industry. The profit grew a strong 10% excluding the impact of one-time items. We were able to offset the headwinds through a combination of prudent pricing combined with our productivity program, which as LV earlier mentioned, delivered Rs 105 Cr in savings for the year.

Before I address some of your questions, I want to talk about the external landscape and how we see it evolving.

FMCG consumption in the Apr/May/Jun Quarter was the fastest we have seen in the past 6 quarters. Inflation is softening and volume growth is finally returning. The 7.5% volume growth in the quarter is great news for the industry and the economy in general because we know volume growth eventually unlocks capital investments and triggers a positive investment cycle. In another piece of good news, the rural growth is inflecting as well, with the quarter showing 1.4% volume growth in the non-food sector after four quarters of significant volume decline.

Many of you had questions on how rural economy is growing and I'll address them later on how that impacts our business as well. While the term "cautiously optimistic" may be a bit of a cliché in the field of investments, I believe it's the term that best describes our outlook for market growth at the moment. While we are seeing the consumption trends to be broadly up, driving our optimism, retail inflation for the months of July and August have averaged 7% and August rainfall has shown a 11% negative deviation from norm, driving the caution. On anecdotal evidence, September rainfall appears to have bounced back – and might have a big say in how the rest of the year goes.

Many of you also asked about commodity prices. Commodity prices however remain high, and we have not seen the cost pressures receding as expected. The bars you see on this chart represent the three commodities that we use the most in terms of value. You can see the price upcharge in the fiscal year 22/23 was even higher than the increase in fiscal year 21/22, and they are not showing signs of receding. This

means bottom-line pressures will remain. Of course this could differ based on the particular commodities that impact each industry.

I return now to more PGHH statistics, and some long-term data.

Our Integrated Growth Strategies are working for us. We have delivered consistent high single-digit sales growth over the past 10 years, while at the same time delivering a cumulative annual profit growth of 13%, while becoming more and more asset efficient. Our return on equity has improved 54% during this period. Our operating profit margin during this period has increased by 550 basis points.

Another way to look at these numbers is in absolute. Our absolute sales have grown 2.3 times over the past 10 years, while profits have more than trebled, demonstrating our ability to consistently deliver superior execution of our strategies. We have also created significant shareholder value over this period. Our dividend per share over the past 10 years has increased by 6 times, and our share prices have reflected the consistency of business result delivery.

Once again, our integrated growth strategies enable us to bring consumer centricity to life, and have been the guiding forces enabling these results. We are confident that these are the right strategies to navigate the near-term.

I'm now going to move to the Q&A session and would like to thank you for sending your questions in advance.

1. **Many of you had questions on category growth expectation for the next few years. I quote One question here from Mr. Mudit Minocha from M3 Investment, which is- What is the category growth expected for the next 5 to 7 years?**
 - We expect volume consumption growth within the FMCG category to be in the mid-single digits over the next 5-7 years. There are however several categories where consumption is underdeveloped, whether we look at the potential to further improve and impact consumer lives, or if we compare to other countries with similar per capita income. We see an opportunity to grow these categories double-digit. To make this a reality, the role we see companies like P&G play is to continue to drive awareness and education, make our products available to consumers at varied price points and retail channels, and continue to delight them with superior propositions at the right value.

2. **There were quite a few questions on our current market share or strategies to defend that market share and long term, you know plans and strategies going forward. Again, Mr. Mudit Minocha from M3 Investment asked this Mr. Vishal Gutka from Phillip Capital, asked a similar question. Mr. Akshay Jogani from Xponent Tribe, Mr. Aman Batra from Goldman Sachs Asset Management, and Mr. Ranjeet Hingorani all asked similar questions.**
 - We are market leaders in both Feminine care category (nearly half the market) and in the Cough and Cold category (over half the market). This has been possible because our focus has actually been to grow and build the category, and that's what we will continue to focus on. Our Integrated Growth Strategy will continue to form the primary foundation for us. This means focusing on delighting and serving consumers, customers, society and shareowners through the five strategic and integrated choices: a portfolio of daily-use products in categories where performance drives brand choice; superiority across product, package, brand communication, retail execution and value; productivity in everything we do; constructive disruption across the value chain; and an agile, accountable and empowered organization. This strategy has helped us navigate multiple challenges in the recent past, and we are confident these are the right ones to hold us in good stead in the times to come.

3. Mr. Vishal Gutka, Phillip Capital, asked if recent distribution expansion will help us to do or to gain meaningful market share and volume growth.

- There was never any question of whether distribution expansion directly leads to market and category growth, as we are making our products available and better serving our consumers and customers. The question was - can we go deeper in a sufficiently cost-effective manner and grow profitably? That is the question we have answered positively with our recent distribution expansion

Talking more about how we did it – we developed an in-house Artificial intelligence & machine learnings algorithm that analyses consumer behavior patterns to customize a range of P&G products at a store level. With this, we have transitioned from a cluster-based planning to store/neighborhood-based planning. This win-win model is helpful for the consumer in making their desired products available, and helpful for the storeowners helping them optimize inventory and significantly reducing non-moving stock.

4. How's raw material scenario currently? – a question from Mr. Nikunj Gala – Sundaram AMC

- I believe I covered this in my presentation where I talked about, you know, how the commodities are moving and and that covers you know the the question on raw material as well.

5. Plans to merge with other unlisted entities in India - a question from Mr. Rohit Kadam from Entrust

- This was a recurring theme and many of you asked questions on integration merger opportunities. While we can't comment on this price sensitive information, our current corporate structure in India is delivering strong results. We will continue to focus on creating value for all our stakeholders.

6. Any new categories you plan to enter - a question from Mr. Rohit Kadam from Entrust. Similarly, Mr. Sandeep Shanbagh from Excelsior also asked if the company intends to enter into new product categories other than feminine hygiene and cough and cold.

- While we can't talk about what is in the future, this year has been great in terms of our brands upgrading and introducing innovations across the portfolio. This includes Vicks ZzzQuil- World's #1 Sleep Supplement, Vicks 2-in-1 Roll-On Inhaler and Vicks Xtra Strong on the healthcare portfolio, and the consumer favourites Whisper Hygiene Comfort, Whisper Choice Nights and Whisper softs in new avatars!

7. How's the competitive intensity currently? – a question from Mr. Nikunj Gala – Sundaram AMC

- After a couple of years of flat volume growth, the industry as a whole is looking to come back strongly, and competitive activity is fairly intense. Healthy competition enables category growth, and we are all for it.

8. There were a couple of questions on our ad spends. What percentage of ad spend is management comfortable with in the long term? – a question from Mr. Nikunj Gala – Sundaram AMC, while Ms. Manasvi Shah from ICICI asked about how will our ad spends pan out for rest of the year and next year?

- The ad spend is not determined by comfort, it is a function of the business need at hand and the right scale of consumer awareness needed to address it. Therefore, this could vary from year to year. The focus has always been, and remains, growing the category by delighting our consumers with superior propositions, and locating the relevant touchpoints to create awareness with the right consumer audience.

9. Do you propose to expand manufacturing for exporting as well? – a question from Mr. Kailash M Rustagi, VNS Risk Management Services.

- Today, our footprint in India also serves consumers across many other markets, including Nepal, Bangladesh, Sri Lanka, Philippines, South Africa to name a few.

10. How much does e-commerce channel contribute to your total sales? – a question from Ms. Meenakshi Verma Ambwani, from The Hindu Business Line

- E-commerce is already contributing in double digits to our overall revenue, but of course differs by category and the choice a business makes on the channels for each segment. But this strong growth and momentum can be attributed to evolving consumer habits, where consumers are shopping online to meet their needs instantly. Along with this, E-commerce is opening up a new set of avenues to reach, target and engage consumers. In fact, we are also learning and seeing early wins on specific formats like quick commerce.

Taking an example...

Whisper has a single-minded focus on developing evolving segments like Nights, and bringing in new users via driving education, leveraging right topicalities, and creating buzz regarding bundles. Whisper Nights is growing at 150lx vs year ago, bringing a lot of the segment growth.

Vicks ZZZQuil, one of our newest launches, seeks to help Indian consumers with the rest they deserve and drive a significant mindset shift across consumers, pharmacists, and customers. Zzzquil is the #1 product in P3M on e-commerce portals in the sleep aids category.

11. Mr. Gokul Maheshwari from Awrig asked us, can you comment on the penetration and per capita usage, what has been the capital growth and your market share movement in the last five years.

Again, a lot of you ask very similar questions, Mr. Ronak Soni from Equirus Securities asked us, again about low penetration levels. Mr. Ankit Gupta from SBI Funds Management, asked how do we expand the market size for women hygiene segment- In terms of educating the market, removing the taboo etc.? Similarly, Mr. Vicky Punjabi, Mr. Chockalingam Narayanan, Ms. Disha Sheth asked very similar questions.

- Fem Care category is of course characterized by generations of taboos and stereotypes, preventing girls from availing timely and appropriate awareness about periods and hygiene. Therefore, our focus over last 3 decades has been to drive menstrual health education and hygiene. Till date, we have educated over 10 crore girls and mothers. We have also spearheaded many consumer movements that challenge these stereotypes – from #TouchThePickle to the recent #KeepGirlsInSchool. You saw our recent communication as well during LV's presentation. From being the first brand to advertise sanitary pads, to now being the first to depict female anatomy in advertising – Whisper has consistently challenged these taboos.

This has also borne fruit – Fem care category has grown 23 times in 20 years. 20 yrs ago, ~24 crore pads vs ~480 crore now. While our shares have hovered around the similar mark, we have continued to be market leaders. This has also led to the penetration of the category, and whisper, increasing consistently. This reinforces our belief in category growth as the driver for not just growing our business, but also serving more consumers and doing good in the society... bringing to life our mission of being a #ForceForGrowth and #ForceForGood.

12. How big is the unorganised segment in feminine hygiene and how does imports from China affect the sector growth rates (Mr. Ronak Soni, Equirus Securities)

- Unorganized segment is around 5% of the overall market share and it has stayed the same for past few years. There has been no significant impact through imports, as most of the unorganised players operate from India.

13. Mr. Shyam Mehta, Craegis asked- I would like to know about the penetration levels of the sanitary pad category in India divided by urban and rural. Is there a case to have two different brands to address both markets? Similar question asked by Mr. Siddharth Bhattacharya from Anvil Wealth

Management asked- What is the addressable market size for Feminine Hygiene segment in India? Similarly, Mr. Pratik Prajapati, Motilal Oswal asked what might be the differing contributions from rural and urban. Similar questions were received from Mr. Mitesh Kamdar and from Mr. Krishnan Sambamoorthy from Nirmal Bang Institutional Equities, on what's the penetration level?

- As you all would have guessed, penetration levels in rural India lag those in urban India. Roughly the numbers are in the ballpark range of 62% in urban India and 35% in Rural India. Having said that, there is significant opportunity to increase penetration even in urban areas. In terms of value spent per consumer, we are at about one fourth of the average BRICS consumption. The penetration and consumption gap only widened with the pandemic induced challenges.

Our aim has been to address the common and diverse challenges faced by menstruators across markets and make superior propositions from our diverse portfolio available to them. We are doing this by identifying needs, designing propositions and making the products available to consumers. I already spoke of our extensive efforts on busting taboos and myths regarding periods.

Our Whisper Nights portfolio is an excellent example of catering to unique consumer needs. As the flow menstruators experience at night is different from flow at daytime due to gravity, we have a product designed for it. Our Whisper Nights pads are up to 75% longer and wider to give the consumer maximum protection and ensure no staining during period nights.

14. How has competitive landscape changed over the last 5 years? In a growing category like feminine hygiene, increased competition shouldn't really impact incumbent's growth but in the last 5 years, our topline growth performance has been choppy. – a question from Ms. Manasvi Shah, ICICI Prudential AMC

- Yes, the competitive landscape has evolved, and more competition has entered the category. But like I said, healthy competition can also help grow the category. There have also been tough years given the pandemic induced challenges and commodity inflation that impacted the category and industry at large.

However, our overall growth during this period has remained strong as we've remained focused on driving our integrated growth strategy and remained focused on the consumer.

15. Is there any thought on developing naturals portfolio in healthcare? – a question from Mr. Vicky Punjabi, UTI Mutual Fund

- Actually, 90% of our healthcare portfolio is naturals, and Ayurvedic.

16. What do you prefer over long term - Market share or Profitability? - a question from Mr. Ankit Gupta SBI Funds Management

- It doesn't have to be an "or". We believe, and have demonstrated, that market share can be delivered while growing the category, top line and bottom line. We have proven that over the years with our Integrated Growth Strategy.

17. Mr. Aman Batra from Goldman Sachs Asset Management's question- Please share the current direct and indirect distribution reach and plans to expand the same. Similar question was received from Mr. Pratik Prajapati, Motilal Oswal Financial Services- Could you please provide information about P&G's existing distribution network, including the quantity and locations of their distribution centres? Additionally, how does P&G utilize technology to enhance the efficiency of its distribution operations?

- While we can't share details to that extent of our distribution network, we did cover earlier about how we are leveraging the power of Artificial Intelligence and Machine learning to make our products reach more stores, and better serve consumers from those.

18. We have close to Rs. 1000 cr cash on the books, Are we looking for inorganic growth opportunity. If yes what kind acquisition strategy we have? – a question received from Mr. Pritesh Vora, Mission Street India
- This is price sensitive information and I'm unable to talk about it.
19. Can you please detail on product extension, if any? – a question received from Mr. Pritesh Vora, Mission Street India. Similar question from Mr. Abhnees Roy, Nuvama- What is Percent of new Products contribution? And from Mr. Aiswrya Dave, iThought- Any new products to be launched in near future?
- Our two newest product launches have been Zzzquil sleep aid gummies and Whisper Overnight pants. Both are products that are unique and develop nascent category segments, and we are hoping to serve a specific consumer need with these products.
20. Explain the nature of flowing expenses. Business process outsourcing, legal and professional expenses. – a question from Mr. Tejas Trivedi, Barter Capital.
- Business process outsourcing expenses are the charges paid towards the services we receive from our shared service centre. These are in the nature of accounting, IT and back-end processes. Legal and Professional fees are fees that we are currently paying to legal firms that represent us as well as external firms and agencies that are currently helping us on tax and regulatory matters.
21. What are the products from Vicks global portfolio that can be launched in India? – a question from Krishnan Sambamoorthy, Nirmal Bang Institutional Equities.
- Indian consumers are unique, with their own habits and usage practices. Taking products from the global Vicks portfolio and launching in India without assessing the specific consumer need in India can result in lukewarm business outcomes. The starting point is always unearthing the consumer need. Post which, we assess the best way to serve this consumer need, including assessing the products from our rich global portfolio. The launch of Zzzquil, Vicks SteamPods, and Whisper Period Panties are prime examples of the global portfolio products serving the needs of our Indian consumers.
22. Any thoughts on reviving Old Spice brand to the fullest? – a question from Mr. Amit Kadam, Canara Robeco
- Clearly, like myself a lover of the brand. We continue to make best efforts to grow the brand. As the Aerosol/Deodorant and After Shave Lotion categories expand, we strive to grow Old Spice with it.
23. The recently announced capex of Rs. 2000 Cr in digestives for exports will be done under P&GHH, if Yes, then by why it would get completed. The expected asset turns are same as current business structure? Mr. Priyank Chheda, Vallum Capital and Mr. Kailash M Rustagi, VNS Risk Management had similar questions.
- The announcement pertains to a different legal entity.
24. Have you begun witnessing green shoots in rural regions? Ms. Meenakshi Verma Ambwani, The Hindu Business Line
- Yes, indeed there are visible signs of green shoots in the rural economy. As I said earlier, we remain optimistic about the growth, with some concerns about the monsoon and retail inflation, but the broader trend is encouraging. Of course, it will also require companies like us to continue to invest in rural growth through awareness, trial and distribution, which we are already working towards.
25. There were a couple of questions on margins, Mr. Mitesh Kamdar, Aditya Equity Investments asked about what's the long term band for EBIT margins? Mr. Abhneesh Roy, Nuvama asked-

How will margins evolve this year? and Mr. Amit Kadam, Canara Robeco asked- How do see Gross margin and A&P behaving in current financial year i.e. FY 23-24?

- We will continue to drive both topline and bottom-line, as well as EBITDA margins. The exact band is difficult to predict but we aim to grow bottom-line ahead of topline in the foreseeable future. This will enable us to fund innovation, raise the bar on superiority, and absorb macro headwinds.

26. The next question was on what's the internal benchmark for growth and is it the market share multiplier to GDP? Mr. Ajay Garg, AM3 Ventures

- We have a bouquet of benchmarks that we define for ourselves, including Top line and Bottom Line growth, Category Growth, Cost and Cash, Organization growth, with Ethics and Corporate Social Responsibility guiding everything we do.

27. The next question was on force from Ms. Disha Sheth from Anvil Shares & Stock Broking, on What's the company's thought on process of decomposition of feminine hygiene products? Are we coming out with products which are environmental friendly/recycle?

We are on a journey of sustainability and continue to work with the government and all the other stakeholders. We continue to work with different state authorities and organizations to enable collection as part of our Extended Producers Responsibility. We are also working on partnerships with the municipalities and NGOs, who collect the waste that consumers will segregate, and are testing technologies to upcycle.

In fact, Environmental Sustainability has been deeply embedded in P&G's business practices for many years. We consistently strive to minimize our environmental impact and encourage consumers and suppliers to do the same across 4 scientific focus areas – Water, Waste, Climate, Nature. We take pride in being collecting back more plastic packaging waste in India than we put out, being zero-waste-to-landfill across sites and leveraging renewable energy in our operations. We have made strong commitments, including an ambitious Climate Transition Action Plan Ambition 2030, which accelerates our efforts to combat climate change. We have committed to being Net Zero by 2040.

In conclusion, we hope today's session was both informative and exciting for you. We have endeavoured to respond to most of the questions that we received from you – either in the presentations or in the Q&A section at the end. Some questions, while not called out, would have also been addressed as part of what you heard from us today.

Once again, we thank you for joining us on the call today. You may disconnect now. Have a great day!

Thank You.

Disclaimer: This transcript has been edited to remove any grammatical inaccuracies or inconsistencies of English language that might have occurred inadvertently while speaking.