



**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  
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[www.pg.com/en\\_IN](http://www.pg.com/en_IN)

November 21, 2017

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

**Ref:- Scrip Code:- 500459**

Dear Sir/Madam,

**Sub:- Annual Report of Procter & Gamble Hygiene and Health Care Limited for the Financial Year ended June 30, 2017**

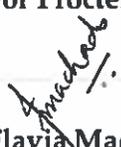
We would like to inform you that the 53<sup>rd</sup> Annual General Meeting of the Company was held on November 16, 2017 at 11.00 a.m. at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai 400 021.

In this respect, please find enclosed Annual Report of Procter & Gamble Hygiene and Health Care Limited for the Financial Year ended June 30, 2017 as required under Regulation 34(1) of the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015.

Kindly take the above on record and oblige.

Thanking you,

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

  
**Flavia Machado**  
Authorized Signatory



Procter & Gamble  
Hygiene and Health Care Limited  
ANNUAL REPORT  
2016-2017



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## Corporate Information

### Board of Directors & Key Managerial Personnel

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

#### Registered Office:

#### Procter & Gamble Hygiene and Health Care Limited

(CIN: L24239MH1964PLC012971)

P&G Plaza, Cardinal Gracias Road, Chakala,  
Andheri (East), Mumbai – 400 099  
Tel. No.: (022) 2826 6000 (Extn: 7468/7283)  
Email Id: investorpghh.im@pg.com

#### Auditors:

##### Statutory Auditor:

Deloitte Haskins & Sells 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 6270  
Fax: (022) 4918 6060  
e-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

#### Listed on Stock Exchanges:

National Stock Exchange of India Limited  
BSE Limited





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

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



**Mr. Al Rajwani**  
Managing Director

*Mr. Rajwani received his degree in Chemical Engineering from the University of Calgary (Canada) in 1981. He has more than 35 years' experience working for Procter & Gamble in a variety of leadership roles across Product Supply, Marketing and General Management positions in the US, Canada, China, Korea and Arabian Peninsula.*



**Mr. B. S. Mehta**  
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 is a Director on the Boards of several prominent companies in India.*



**Mr. A. K. Gupta**  
Director

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



**Mr. Pramod Agarwal**  
Director

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



**Mr. Karthik Natarajan**  
Director

*Mr. Natarajan is a Chartered Accountant and has completed his Bachelor of Commerce from RA Podar College, Mumbai. Mr. Natarajan has been with P&G for over 16 years and is currently the Director, Finance & Accounting, India, Middle East & Africa. He has, over his experience at P&G, worked across multiple locations including India, US, China, Philippines and Singapore.*



**Mr. Shaillyamanyu Singh Rathore**  
Director

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



**Ms. Sonali Dhawan**  
Director

*Ms. Dhawan is a graduate from Lady Shriram College, with a B.Com. (Hons.) in Business Studies. She completed her MBA in marketing from the Indian Institute of Management, Ahmedabad. She has been awarded as 'Marketer of the Year FMCG' by IAA awards in 2014 and has been rated as Number 7 in the IMPACT 50 most influential women in Marketing and Advertising for last two years.*



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

Dear Shareholders,

It gives me great pleasure to share with you the overall performance of our Company in 2016-17.

**Sales were up 3% versus year ago, while Profit After Tax (PAT) grew by 2%.** Despite the market volatility and macro-economic challenges of this Financial Year, your Company delivered growth and created value. This was driven by continual sharp focus on winning with consumers, customers and

shareholders. The markets are starting to recover. It is this dedicated approach towards value creation that will drive the business for years to come.

This Financial Year, the Board of Directors declared a special interim dividend of ₹ 362/- per Equity Share from accumulated surplus from profits of earlier years and the current year to celebrate 30th anniversary of Make in India of its flagship brand *Whisper*. This takes Total Dividend for the Financial Year to be ₹ 389/- per Equity Share.

With the growth in disposable income and increased urbanization, the outlook for Consumer goods industry remains positive. We will continue to innovate so that we grow sales, profit and cash more consistently and more sustainably.

As a responsible Company, we also do right thing for the communities we operate in. *P&G Shiksha* the Company's flagship CSR provides children from underprivileged backgrounds with an access to a holistic education. By the end of Financial Year 2016-17, *P&G Shiksha* built and supported over 1,500 (+500 since last year) schools across the country that will impact the lives of over 1.2 million (+200,000 since last year) children.

As a Company, we are keenly focused to create value for our shareholders. We are continuing to make progress to strengthen business fundamentals, improve productivity and empower our organization and culture to deliver sustained strong performance.

Lastly, I would also like to express my gratitude to all our consumers, customers, employees, business partners and YOU, our valued shareholders. I look forward to your sustained support and participation in the growth of our Company.

A handwritten signature in blue ink, appearing to read "R. A. Shah".

**R. A. Shah**  
Chairman

Dear Shareholders,

It gives me great pleasure to share with you the overall performance of our Company in 2016-17, which was a very challenging year due to volatile market conditions. This Financial Year, we continued our journey towards sustainable balanced growth with a brutal obsession with fundamentals. We're raising the bar across everything we do to continue to accelerate sales growth, improve productivity, and empower our organization and culture to deliver sustained, strong performance.



**Our Company delivered sales of ₹ 2,419 crores, up 3% versus year ago** despite challenges of liquidity crunch in the second quarter and trade destocking ahead of GST in the fourth quarter. The Company responded to these challenges with agility and continued to strengthen brand fundamentals. **The Profit after Tax (PAT) for the Financial Year stood at ₹ 433 crores, up 2% versus year ago.**

We are establishing a higher standard of excellence for all our brands, with greater superiority in all elements of our consumer proposition. These include superior products, superior packaging, superior brand communications, excellent in-store & online execution and winning consumer & retail value equations.

In the Feminine Care business, *Whisper* continues to be the market leader with several strategic initiatives launched in the Financial Year to meet the consumers' needs across both top and mid-end of the segment. On top end of the portfolio, we made a strategic foray in emerging comfort segment with our new *Whisper Ultra Soft* product launch which offers a no-trade off experience between comfort and protection. Our digital *#LikeAGirl* campaign struck a chord with millions of girls strengthening *Whisper's* brand connect with consumers and won several external recognitions: *Best Local Execution of a Global Brand (Bronze)* by Festival of Media, and *Most Engaging Campaign* on Instagram across Asia Pacific by Campaign Asia and Unmetric.

On *Whisper Choice*, we continued to drive increased usage of sanitary napkins, particularly among non-users in their early teen years via new '*Check Check*' campaign and continued to focus on the 'Point of Market' entry consumers. We also continued to extend the availability of breadth and depth of our portfolio via sharply designed Go-to-market plans.

In the Health Care business, your Company posted strong sales growth this Financial Year. We continued to grow share in the Cough & Cold category with offtake growing strong double-digit behind the strength of our equities and our portfolio, which includes *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500 Advanced* and *Vicks Inhaler*. We're setting a higher standard of excellence on advertising quality with a focus on brand performance claims that communicate the brand's benefit superiority to create awareness and trial. The *Vicks #Touchofcare* campaign was a great example of that. *Vicks VapoRub* grew penetration and has gained share in the Financial Year 2016-17. *Vicks Cough Drops* offtake grew strong with share gain in the Cough Lozenges category.

As the business grows, we continue to drive positive change with our brands. A great example of this is P&G's '*Whisper School Program*' in schools. Today, the program on an average reaches 4.4 million girls annually, providing them with timely menstrual education and product samples. P&G's *Whisper School Program*, over the past 2 decades, has protected millions of adolescent girls in India from unhealthy practices of using unhygienic cloth for sanitary protection.

We are also strengthening our Go-to-market execution. In stores, this means having the right store coverage, product forms, sizes, price points, shelving and merchandising execution. Online, it means having the right content, assortment, ratings, reviews, search and subscription offerings.

As a responsible corporate citizen, ours is a Company that cares and strives every day to improve lives. Not just for the consumers that trust our brands, or the many partners that we work with, but also for the communities in which we operate. By the end of Financial Year 2016-17, our flagship CSR program *P&G Shiksha* built and supported over 1,500 (+500 since last year) schools across the country that will impact the lives of over 1.2 million (+200,000 since last year) children. Over the recent years, we are especially excited about the impact *P&G Shiksha* has been making to improve the 'quality of education' which we believe can result in far-reaching impact on the learning outcomes and overall development of the children we reach. Through our *Early Childhood Education and Remedial Learning* programs, our goal is to set up *P&G Shiksha* students up for success from the day they enter school to the day they graduate.

India's FMCG sector continues to be an important contributor to the country's GDP. After a challenging year, the market has started showing signs of recovery. We will continue to focus on balanced growth behind brand fundamentals, strength of product portfolio and improved in-store execution.



**Al Rajwani**  
Managing Director

## REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 53<sup>rd</sup> Annual Report and the Audited Accounts of the Company for the Financial Year ended June 30, 2017.

### FINANCIAL RESULTS

(Figures in ₹ crores)

	2016-17	2015-16
Revenue from operations	2419	2349
Profit before tax	672	636
Profit after tax	433	423

### FINANCIAL YEAR

The Company continues to follow its Financial Year as July 1<sup>st</sup> to June 30<sup>th</sup>, pursuant to the approval received from the Company Law Board in terms of Section 2 (41) of the Companies Act, 2013.

### DIVIDEND

The Directors are pleased to recommend a final dividend of ₹ 27/- per Equity Share for the Financial Year ended June 30, 2017. During the Financial Year, the Board of Directors declared a special interim dividend of ₹ 362/- per Equity Share, out of the profits for the current year and accumulated surplus from profits of earlier years. This was to celebrate 30<sup>th</sup> anniversary of Make in India of its flagship brand *Whisper*. The said interim dividend was paid to the Shareholders on June 1, 2017.

### BUSINESS PERFORMANCE

Your Company delivered another year of balanced performance in a volatile external environment growing both top and bottom line. This was possible due to its strength of product portfolio and superior

value propositions. Sales for the Financial Year 2016-17 increased by 3% to ₹ 2419 crores as against ₹ 2349 crores during the previous Financial Year.

Profit after tax increased by 2% to ₹ 433 crores while Profit before tax increased by 6% to ₹ 672 crores. This was behind continued focus on productivity and cost efficiency.

### Hygiene Business

In the Feminine Care business, *Whisper* continues to be the market leader.

During the Financial Year, several strategic initiatives were launched to meet the consumers' needs across both top and mid end of the segment. We made a strategic foray in emerging comfort segment with our *NEW Whisper Ultra Soft* product launch which offers a no trade off experience between comfort and protection. Our digital *#LikeAGirl* campaign struck a chord with millions of girls strengthening *Whisper's* brand connect with consumers and won several external recognitions: *Best Local Execution of a Global Brand (Bronze) – Festival of Media*, and *Most Engaging Campaign* on Instagram across Asia Pacific by Campaign Asia and Unmetric.





On *Whisper Choice*, we continued to drive increased usage of sanitary napkins, particularly among non-users in their early teen years via new 'Check Check' campaign and continued focus on the 'Point of Market' entry consumer. We also continued to extend availability of breadth and depth of our portfolio via sharply designed Go-to-market plan.

*Old Spice* de-grew on value sales in the Financial Year 2016-17. It was a conscious choice to hold back investments on the brand until we have a winning proposition in a category that is highly dynamic and competitive.



## Health Care Business

The Company's Health Care sales posted strong growth this Financial Year. The Company continued to grow share in the Cough & Cold category with offtake growing strong double-digit behind the strength of our equities and our portfolio, which includes *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500 Advanced* and *Vicks Inhaler*. The growth was driven by combination of strong focus on driving brand fundamentals, key business drivers and equity building campaigns like #Touchofcare.



*Vicks VapoRub* grew penetration and has gained share in the Financial Year 2016-17. *Vicks Cough Drops* offtake grew strong with share gain in the cough lozenges category behind our new campaign with the iconic 'Khich Khich Monster'.



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



*"I have often been asked what the essence of P&G's purpose is.  
What the recipe is to becoming a reputed Company  
which millions of people trust, everyday.  
I have for them, but four words  
'Touching lives. Improving life.'*

*Everyday, each one of us at P&G wakes up to try and see how we can get  
just one step closer to improving lives, more completely.  
Not just for the consumers that trust our brands, or the partners that we work with along the way,  
but also for the communities in which we operate."*

**Al Rajwani,**  
Managing Director

## CORPORATE SOCIAL RESPONSIBILITY ('CSR')

### 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. 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, your Company'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's signature corporate sustainability program *P&G Shiksha* has till date built and supported over 1500 (+500 since last year) schools across the country that will impact the lives of over 1.2 million (+200,000 since last year) children, in partnership with a number of NGOs like — *Round Table India (RTI)*, *Save the Children*, *Pratham*, *Army Wives Welfare Association (AWWA)*, *Navy Wives Welfare Association (NWWA)*, *Air Force Wives Welfare Association (AFWWA)* amongst others. These partners serve as specialists, lending their expertise to particular aspects of the education system. RTI for example is dedicated towards constructing educational infrastructure and supporting schools across India. *Save the Children* focuses on girl child's education by aiding government funded programs like the *Kasturba Gandhi Balika Vidhyalayas*. *Pratham* has special expertise in remedial learning to help bring children up to speed with the learning levels in their curriculum. Similarly, the NGOs *AWWA* and *NWWA* are experts in serving the educational needs of disabled children.

Since its commencement in 2005, *P&G Shiksha* has also empowered consumers to contribute towards the education of underprivileged children by making conscious brand choices. This has enabled your Company to share a part of the sales towards this movement. *P&G Shiksha* has till date made a cumulative donation of over ₹ 65 crores towards building new schools, providing critical infrastructural amenities at existing schools or reviving non-operational government schools.

During the Financial Year, *Save the Children* in partnership with *P&G Shiksha* has continued to empower marginalized girls through improving learning effectiveness and has also expanded its impact. Thirteen *Kasturba Gandhi Balika Vidyalayas (KGBVs)* were supported through the provision of sports kits and laboratory equipment. Additionally, *Baal Sansads* and School Management Committees (SMCs) have also been strengthened through capacity building of its members. These initiatives have thus resulted in a positive change in the overall environment of *KGBVs*. For example, teachers have started taking initiatives in practicing innovative pedagogical methods (such as promoting an effective use of the library facility, project work, story building as well as an overall better planning and execution of multi-level teaching).

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 Goa, with the NGO *RTI*, the company built and supported 7 schools directly impacting more than 2,000 children.

Two years ago, we entered into partnership with *Pratham Education Foundation*, a leading NGO in India in the educational space to foray into *Remedial Learning* and *Early Childhood Education* thereby focusing on learning outcomes as well. *P&G Shiksha* partnered with *Pratham's Read India* initiative that aims to bridge the existing gap between current and existing learning levels. The results were phenomenal; we reached out to more than 500 schools and 65,000 children and saw the learning levels in the schools rise at the end of the year following our interventions. Before the intervention, only 20% children in these schools who were able to read and write as per their curriculum level, which increased to 70% after our intervention. Similarly, there was more than a two fold increase in the percentage of children who were able to do basic arithmetic after our intervention.

Your Company also identified '*Early Childhood Education*' as a key opportunity area in the educational landscape of the country. The program builds capability of *Anganwadi* workers in order to develop motor and cognitive skills in children so that they are set for a fast paced growth once they start going to school. We launched the program in Bihar, Uttar Pradesh and Delhi through *Pratham's* partnership with the Government (ICDS), to impact early childhood learning in *Anganwadi* centers to strengthen school readiness in children. At the end of the year, to assess their level of development, children were asked to do several tasks like matching shapes, ability to trace shapes to recognize number, ability to tell their name and family background. The results were overwhelming, 80% children in the intervention groups had competent motor skills (ability to draw, hold a pencil, colour within a shape etc.) versus 42% in the comparison groups. Similarly, cognitive competence of the children in intervention groups was more than two-fold than that of comparison groups.

We are encouraged by the results on our new areas of focus in 2016-17 and *P&G Shiksha* is all set to strengthen the *Shiksha* Upgrade by expanding these programs across more states as per their respective needs in 2017-18. Since the government has highlighted 'quality of education' as one of the key focus areas for country's growth in the next decade, your Company is well poised to play an active role in the India 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 Report annexed to this report.

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

## **ENVIRONMENTAL SUSTAINABILITY AND CONSERVATION OF ENERGY**

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

Your Company's Head Office at Mumbai reduced its annual energy consumption by over 21.2% over the last 15 years.

During the Financial Year, our plant in Goa became a certified 'zero waste to landfill' site. In the last 5 years, the plant has reduced carbon emission by more than 90%. During this period, the plant has also achieved a 39% improvement in both energy and water consumption.

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

## TECHNOLOGY ABSORPTION

### i. Efforts made towards technology absorption:

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

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

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

### iii. Imported technology:

Your Company has the advantage of availing advanced technology and continuous upgradation thereof from The Procter & Gamble Company, USA and its subsidiaries. This is a 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 Companies (Accounts) Rules, 2014 are mentioned below:

₹ Lakhs

	For the year ended June 30, 2017	For the year ended June 30, 2016
Foreign Exchange earnings	499	893
Foreign Exchange outgo	16,268	18,416

## RELATED PARTY TRANSACTIONS

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

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

## LOANS AND GUARANTEES GIVEN AND INVESTMENTS MADE DURING THE FINANCIAL YEAR 2016-17

Details of loans given by your Company under Section 186 of the Companies Act, 2013 during the Financial Year 2016-17 are as follows:

Name of Entity	Relation	Amount (₹ In Crores)	Purpose for which the loans are proposed to be utilized
Procter & Gamble Home Products Pvt. Ltd.	Fellow Subsidiary	200.00	General business purpose

Your Company has not given any guarantees or made any investments during the Financial Year 2016-17.

### PUBLIC DEPOSITS

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

### PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the Annual Accounts for the Financial Year ended June 30, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;

- 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;
- that the Directors had prepared the accounts for the Financial Year ended June 30, 2017, on a "going concern" basis;
- 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
- 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

### BUSINESS RESPONSIBILITY REPORT

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

### 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 annexed to 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 2016-17 was a year of overall strong growth in many categories. Our productivity continues to be best-in-class with major progress in Leadership and Talent Development.

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

The information as per Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. As per the provisions of first proviso to Section 136 (1) of the 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

During the year, there was no change in the Board of Directors of your Company. Ms. Preeti Bishnoi ceased to be the Company Secretary and Compliance Officer of the Company effective January 19, 2017. Mr. Ishan Sonthalia was appointed as the Company Secretary and Compliance Officer of the Company effective May 5, 2017.

Mr. Karthik Natarajan, Director and Mr. Pramod Agarwal, Director retire by rotation and being eligible, offer themselves for re-appointment at the ensuing 53<sup>rd</sup> Annual General Meeting of the Company.

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

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

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

Brief resumes of Directors proposed to be re-appointed at the ensuing 53<sup>rd</sup> Annual General Meeting and the details of the Directorships held by them in other companies are given in the "Corporate Governance" section of the Annual Report.

Appropriate resolutions for the re-appointment of the aforesaid Directors are being moved at the ensuing 53<sup>rd</sup> Annual General Meeting, which the Board recommends for your approval.

## AUDITORS

The Report given by Deloitte Haskins & Sells LLP, Statutory Auditors on the financial statements of the Company for Financial Year ended June 30, 2017 is part of the Annual Report. There has been no qualification, reservation or adverse remark given by the Auditors in their Report.

Deloitte Haskins & Sells LLP were appointed as Statutory Auditors of your Company at the 50<sup>th</sup> Annual General Meeting held on September 24, 2014 for a term of three consecutive years, which will be complete at the ensuing

53<sup>rd</sup> Annual General Meeting. It is proposed to appoint Kalyaniwalla & Mistry LLP, Chartered Accountants as Statutory Auditors of your Company from the conclusion of the ensuing 53<sup>rd</sup> Annual General Meeting until the conclusion of the 58<sup>th</sup> Annual General Meeting. Resolution for the said appointment is being moved at the ensuing 53<sup>rd</sup> Annual General Meeting.

### **COST AUDITORS**

Ashwin Solanki & Associates, Cost Accountants carried out the cost audit for applicable business during the Financial Year 2016-17. The Board of Directors has appointed Ashwin Solanki & Associates, Cost Accountants for the Financial Year 2017-18.

### **POLICIES**

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

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

### **SECRETARIAL AUDIT**

Secretarial Audit was carried out by Dholakia & Associates LLP, Company Secretaries for the Financial Year 2016-17. There were no qualifications, reservation or adverse remarks given by 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 applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

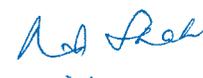
### **TRADE RELATIONS**

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 the Company's business.

### **ACKNOWLEDGEMENT**

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

**On behalf of the Board of Directors**



**Mumbai  
August 23, 2017**

**R. A. Shah  
Chairman**

## ANNEXURE I

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

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

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

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

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

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

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

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

The composition of the CSR Committee as on date:

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

2. Average net profit of the Company for last three Financial Years – ₹ 539.60 Crores
3. Prescribed CSR expenditure (2% of amount as in item 3) – ₹ 10.79 Crores
4. Details of CSR spend during Financial Year:
  - a) Total amount to be spent for the Financial Year – ₹ 10.80 Crores
  - b) Amount unspent, if any – **Not applicable**
  - c) Manner in which the amount spent during the Financial Year 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	UP, Rajasthan, MP, HP, Telangana, Uttarakhand, Bihar, Delhi.	3.47	3.47	93%	7%	3.47	Implementing agency: Pratham Education Foundation
2	P&G Shiksha: Build & Support Schools	Education: Infrastructure Interventions	Pan-India	2.80	2.80	100%	Nil	2.80	Implementing agency: Round Table India Trust
3	P&G Shiksha: Supporting communities	Education: Interventions in a Govt. School in Mandideep	Mandideep (MP)	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	0.12	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)	0.20	0.20	90%	10%	0.20	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	0.30	0.30	90%	10%	0.30	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	0.60	0.60	90%	10%	0.60	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	1.70	1.70	93%	7%	1.70	Implementing agency: Save The Children
10	P&G Shiksha: Supporting remedial learning via digital learning	Education: Support remedial learning leveraging digital platforms	Rajasthan & MP	1.20	1.20	90%	10%	1.20	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	0.18	0.18	90%	10%	0.18	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 CSR policy of the Company.

Sd/-

**AI Rajwani**  
Managing Director

Sd/-

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

## ANNEXURE II

## Business Responsibility Report

## 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, 2016 to June 30, 2017
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: <b>Plant locations</b> <b>Goa:</b> (1) 173, 314, 315, Kundaim Industrial Estate, Kundaim, Goa 403 115 <b>Baddi:</b> (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	₹ 2,419 Crores
3.	Total profit after taxes	₹ 433 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of average of net profit for the previous three Financial Years	2% (₹ 10.80 Crores)
5.	List of activities in which expenditure in point 4 above has been incurred	Refer Corporate Social Responsibility Report which is appended as Annexure I to the Directors' Report

## 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 supply 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	07251300	06685891	06808527
2.	Name	Mr. A. K. Gupta	Mr. Al Rajwani	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 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 (PVP). 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.	Does the Company have a policy(ies) 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 apply 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	www.pg.com/en_IN								
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

**3. Governance related to Business Responsibility**

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](http://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 Purpose, Values and Principles. 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 Obligations and Disclosure Requirements) 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, 16 complaints were received and same were dealt with in accordance with the *Worldwide Business Conduct Manual*.

**Principle 2 : Safe Products & Product Lifecycle Sustainability**

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. Customers choose your Company because we provide products of superior quality and value that improve the lives of the world's 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 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 consumers enables us to develop sustainable products that will delight them, 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<sub>2</sub> 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 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.

During the Financial Year, our plant in Goa became a certified 'zero waste to landfill' site. 100% of the waste generated within plant is recycled.

**Principle 3: Employees' 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 is committed to-

- Providing harassment free and safe working environment
- Providing equal opportunities in employment
- Developing and retaining a diverse workforce

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, 2017, your Company had 362 employees, 65 permanent women employees and 250 persons engaged on temporary / contractual basis. During the Financial Year under review, the Company did not receive any complaints relating to child labour, forced labour, involuntary labour, sexual harassment or discriminatory employment. All the employees and persons engaged on temporary / contractual basis were given safety & skill up-gradation training.

#### **Principle 4 : Stakeholder Engagement**

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*.

#### **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. The coalition 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.

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 under review.

#### **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. The details on Environmental Sustainability initiatives can be viewed at [http://www.pg.com/en\\_IN/sustainability/environmental-sustainability.shtml](http://www.pg.com/en_IN/sustainability/environmental-sustainability.shtml).

Your Company had made a long-term environmental sustainability vision and 2020 goals in the year 2010 because it's our responsibility to help solve some of the sustainability challenges that face the world.

Our complete visionary end-points are outlined below:

Long term Product end points:

- Using 100% renewable or recycled materials for all products and packaging
- Having zero consumer waste go to landfills
- Designing products to delight consumers while maximizing the conservation of resources

Long term Operational end points:

- Powering our plants with 100% renewable energy
- Emitting no fossil-based CO<sub>2</sub> or toxic emissions
- Delivering effluent water quality that is as good as or better than influent water quality with no contribution to water scarcity
- Having zero manufacturing waste go to landfills

The emissions/waste generated by the Company are within the permissible limits given by CPCB/SPCB for the Financial Year under review.

Your Company's Head Office at Mumbai reduced its annual energy consumption by over 21.2% over the last 15 years. During the Financial Year, our plant in Goa became a certified 'zero waste to landfill' site. In the last 5 years, the plant has reduced carbon emission by more than 90%. During this period, the plant has also achieved a 39% improvement in both energy and water consumption.

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

### **Principle 7 : 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 lobbying activities are consistent with our Purpose, Values & Principles (PVPs) and applicable laws.

Your Company is a member of various trade and chamber of associations, which include:

- Federation of Indian Chambers of Commerce & Industry
- Confederation of Indian Industry
- Feminine and Infant Hygiene Association of India
- American Chamber of Commerce in India
- India Home & Personal Care Industry Association

Some of the key issues on which your Company engaged with the Government in 2016-17 include:

- Solid Waste Management rules
- GST implementation
- Standard packaging rules

### **Principle 8 : Inclusive growth**

Your Company believes that the only way to build a sustainable business is to improve lives. At P&G, sustainability means making every day better for people through how we innovate and how we act. As one of the world's largest consumer products Company, we have both

a responsibility and an opportunity to do the right thing and create change. This strategy has inspired an enduring CSR strategy supported by two pillars – *P&G Shiksha* and *Timely Disaster Relief*. While *P&G Shiksha* provides children from underprivileged backgrounds with an access to a holistic education, P&G's disaster relief activities aim to rehabilitate and empower the victims of natural disasters by providing them with daily essential commodities and safe drinking water.

The Company has undertaken Corporate Social Responsibility initiatives during the Financial Year amounting to Rs. 10.80 Crores which are detailed in the Corporate Social Responsibility report which is appended as Annexure I to the Directors' Report.

### **Principle 9 : Customer Value**

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 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 vs. 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 III****Extract of Annual Return****Form No. MGT-9****(As on the Financial Year ended on June 30, 2017)****[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]****I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	:	L24239MH1964PLC012971
ii)	Registration Date	:	July 20, 1964
iii)	Name of the Company	:	Procter & Gamble Hygiene and Health Care Limited
iv)	Category/Sub-Category of the Company	:	Company limited by shares/Indian Non-Government Company
v)	Address of the Registered Office and contact details	:	P & G Plaza, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai - 400 099 Tel: 022-2826 6000 Fax: 022-2826 7303 Website: www.pg.com/en_IN
vi)	Whether Listed Company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Link Intime 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	68

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

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

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A.</b>	<b>Promoters</b>									
<b>1.</b>	<b>Indian</b>									
	Bodies corporate	619683	—	619683	1.91	619683	—	619683	1.91	0.00
<b>2.</b>	<b>Foreign</b>									
	Bodies corporate	22310090	—	22310090	68.73	22310090	—	22310090	68.73	0.00
	<b>Total Promoter Shareholding (A)</b>	<b>22929773</b>	<b>—</b>	<b>22929773</b>	<b>70.64</b>	<b>22929773</b>	<b>—</b>	<b>22929773</b>	<b>70.64</b>	<b>0.00</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1.</b>	<b>Institutions</b>									
	Mutual funds	2214081	—	2214081	6.82	1855816	—	1855816	5.72	-1.10
	Financial Institutions/Banks	77715	4956	82671	0.25	415655	4956	420611	1.30	1.05
	Insurance Companies	856686	—	856686	2.64	837111	—	837111	2.58	-0.06
	Foreign Institutional Investors	1077142	393	1077535	3.32	1234291	393	1234684	3.80	0.48
	<b>Sub Total (B)(1)</b>	<b>4225624</b>	<b>5349</b>	<b>4230973</b>	<b>13.03</b>	<b>4342873</b>	<b>5349</b>	<b>4348222</b>	<b>13.40</b>	<b>0.37</b>
<b>2.</b>	<b>Non-Institutions</b>									
	<b>Bodies Corporate</b>									
	- Indian	1144306	6965	1151271	3.55	1046184	6965	1053149	3.24	-0.31
	- Overseas	—	—	—	—	—	—	—	—	0.00
	<b>Individuals</b>									
	- Individual shareholders holding nominal share capital up to ₹ 1 lakh	3133187	414788	3547975	10.93	3101268	381385	348265	10.73	-0.20
	- Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	336311	—	336311	1.04	389012	—	389012	1.19	0.15
	<b>Others</b>									
	- Clearing Members	3626	—	3626	0.01	2767	—	2767	0.01	0.00
	- HUF	78560	5812	84372	0.26	77666	210	77876	0.24	-0.02
	- Foreign National	908	—	908	0.00	430	—	430	0.00	0.00
	- NRI	25909	30	25939	0.08	24343	30	24373	0.08	0.00
	- NRN	119463	3833	123296	0.38	121816	3833	125649	0.39	0.01
	- Director/Relatives	17326	—	17326	0.05	17326	—	17326	0.05	0.00
	- Trust	558	—	558	0.00	1098	—	1098	0.00	0.00
	- Central Government/ State Government(s)	8408	—	8408	0.03	8408	—	8408	0.03	0.00
	<b>Sub Total (B)(2)</b>	<b>4868562</b>	<b>431428</b>	<b>5299990</b>	<b>16.33</b>	<b>4790318</b>	<b>392423</b>	<b>5182741</b>	<b>15.96</b>	<b>-0.37</b>
	<b>Total Public Shareholding (B)</b>	<b>9094186</b>	<b>436777</b>	<b>9530963</b>	<b>29.36</b>	<b>9133191</b>	<b>397772</b>	<b>9530963</b>	<b>29.36</b>	<b>0.00</b>
	Shares held by Custodian for GDRs & ADRs (C)	—	—	—	—	—	—	—	—	—
	<b>Grand Total (A+B+C)</b>	<b>32023959</b>	<b>436777</b>	<b>32460736</b>	<b>100.00</b>	<b>32062964</b>	<b>397772</b>	<b>32460736</b>	<b>100.00</b>	<b>0.00</b>

## ii. Shareholding of Promoters:

Sr. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Procter and Gamble Overseas India BV*#	0	0.00	—	22310090	68.73	—	68.73
2	Temple Trees Impex & Investment Pvt. Ltd.	619683	1.91	—	619683	1.91	—	0.00
3	Procter and Gamble Asia Holding BV*	21221953	65.38	—	0	0.00	—	(65.38)
4	Rosemount LLC#	1088137	3.35	—	0	0.00	—	(3.35)
		<b>22929773</b>	<b>70.64</b>	<b>—</b>	<b>22929773</b>	<b>70.64</b>	<b>—</b>	<b>0.00</b>

\* During the Financial Year, Promoter group company, Procter and Gamble Asia Holdings B.V. merged with another Promoter group company, Procter and Gamble Overseas India B.V. effective March 31, 2017

# During the Financial Year, Promoter group company, Rosemount LLC transferred its shareholding to another Promoter group company, Procter and Gamble Overseas India B.V. effective from April 1, 2017

## iii. Change in Promoters' Shareholding:

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		Date of change in shareholding	Increase/decrease in shareholding	Reason for increase/decrease	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1	Procter and Gamble Asia Holding BV	21221953	65.38	31.03.2017	-21221953	Inter-se promoter merger	0	0.00
2	Rosemount LLC	1088137	3.35	01.04.2017	-1088137	Inter-se promoter share transfer	0	0.00
3	Procter and Gamble Overseas India B.V.	0	0.00	31.03.2017	21221953	Inter-se promoter merger	21221953	65.38
				01.04.2017	1088137	Inter-se promoter share transfer	22310090	68.73

Note: During the Financial Year, there is no change in total promoter shareholding.

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on June 30, 2017:**

Sr. No.	Name of Shareholder	Shareholding at the beginning and end of the year		Date of change in shareholding	Increase/ decrease in shareholding	Reason for increase/ decrease	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1	SBI Emerging Businesses Fund	966045	2.98	01 Jul 16				
				15 Jul 16	-4000	Transfer	962045	2.96
				29 Jul 16	-175	Transfer	961870	2.96
				04 Nov 16	5	Transfer	961875	2.96
				11 Nov 16	5	Transfer	961880	2.96
				18 Nov 16	-730	Transfer	961150	2.96
				25 Nov 16	-14570	Transfer	946580	2.92
				02 Dec 16	2780	Transfer	949360	2.92
				09 Dec 16	420	Transfer	949780	2.93
				16 Dec 16	-10000	Transfer	939780	2.90
				23 Dec 16	-2000	Transfer	937780	2.89
				17 Feb 17	-3500	Transfer	934280	2.88
				07 Apr 17	3	Transfer	934283	2.88
				21 Apr 17	-852	Transfer	933431	2.88
				28 Apr 17	-4600	Transfer	928831	2.86
				05 May 17	-35925	Transfer	892906	2.75
				12 May 17	67	Transfer	892973	2.75
				19 May 17	62	Transfer	893035	2.75
				26 May 17	62	Transfer	893097	2.75
				02 Jun 17	23	Transfer	893120	2.75
		09 Jun 17	6	Transfer	893126	2.75		
		23 Jun 17	14500	Transfer	907626	2.80		
		907626	2.80	30 Jun 17				
2	General Insurance Corporation of India	517195	1.59	01 Jul 16	—	No change during the year	517195	1.59
		517195	1.59	30 Jun 17				
3	Life Insurance Corporation of India**	0	0.00	01 Jul 16				
				09 Sep 16	15500	Transfer	15500	0.05
				16 Sep 16	35080	Transfer	50580	0.16
				23 Sep 16	30331	Transfer	80911	0.25
				07 Oct 16	1410	Transfer	82321	0.25
				14 Oct 16	5002	Transfer	87323	0.27
				21 Oct 16	5739	Transfer	93062	0.29
				28 Oct 16	6169	Transfer	99231	0.31
				04 Nov 16	2816	Transfer	102047	0.31
		11 Nov 16	9605	Transfer	111652	0.34		

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
				02 Dec 16	16172	Transfer	127824	0.39
				09 Dec 16	1775	Transfer	129599	0.40
				20 Jan 17	500	Transfer	130099	0.40
				03 Feb 17	374	Transfer	130473	0.40
				10 Feb 17	25874	Transfer	156347	0.48
				17 Feb 17	25241	Transfer	181588	0.56
				24 Feb 17	42562	Transfer	224150	0.69
				03 Mar 17	3774	Transfer	227924	0.70
				17 Mar 17	20	Transfer	227944	0.70
				24 Mar 17	368	Transfer	228312	0.70
				31 Mar 17	105	Transfer	228417	0.70
				05 May 17	32401	Transfer	260818	0.80
				12 May 17	164	Transfer	260982	0.80
				19 May 17	2814	Transfer	263796	0.81
				26 May 17	95622	Transfer	359418	1.11
				02 Jun 17	9400	Transfer	368818	1.14
				09 Jun 17	1057	Transfer	369875	1.14
				23 Jun 17	551	Transfer	370426	1.14
		374015	1.15	30 Jun 17	3589	Transfer	374015	1.15
4	Birla Sun Life Trustee Company Private Limited A/c Birla Sun Life MNC Fund	243747	0.75	01 Jul 16				
				08 Jul 16	-12	Transfer	243735	0.75
				02 Sep 16	6547	Transfer	250282	0.77
				07 Oct 16	-2700	Transfer	247582	0.76
				14 Oct 16	-27	Transfer	247555	0.76
				03 Mar 17	-14	Transfer	247541	0.76
				31 Mar 17	-30	Transfer	247511	0.76
		247511	0.76	30 Jun 17				
5	HDFC Standard Life Insurance Company Limited	226374	0.70	01 Jul 16	60	Transfer	226434	0.70
				08 Jul 16	61	Transfer	226495	0.70
				22 Jul 16	237	Transfer	226732	0.70
				05 Aug 16	4000	Transfer	230732	0.71
				12 Aug 16	-6618	Transfer	224114	0.69
				02 Sep 16	-49	Transfer	224065	0.69
				09 Sep 16	1002	Transfer	225067	0.69

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
				16 Sep 16	-20000	Transfer	205067	0.63
				23 Sep 16	150	Transfer	205217	0.63
				30 Sep 16	-719	Transfer	204498	0.63
				14 Oct 16	-346	Transfer	204152	0.63
				11 Nov 16	-100	Transfer	204052	0.63
				18 Nov 16	-8459	Transfer	195593	0.60
				25 Nov 16	4004	Transfer	199597	0.61
				02 Dec 16	996	Transfer	200593	0.62
				30 Dec 16	590	Transfer	201183	0.62
				06 Jan 17	410	Transfer	201593	0.62
				20-Jan 17	1033	Transfer	202626	0.62
				27 Jan 17	12311	Transfer	214937	0.66
				03 Feb 17	5049	Transfer	219986	0.68
				10 Feb 17	709	Transfer	220695	0.68
				17 Feb 17	-3	Transfer	220692	0.68
				24 Feb 17	490	Transfer	221182	0.68
				10 Mar 17	822	Transfer	222004	0.68
				17 Mar 17	2698	Transfer	224702	0.69
				24 Mar 17	11480	Transfer	236182	0.73
				31 Mar 17	-176	Transfer	236006	0.73
				07 Apr 17	5150	Transfer	241156	0.74
				14 Apr 17	-172	Transfer	240984	0.74
				28 Apr 17	-71	Transfer	240913	0.74
				19 May 17	-50	Transfer	240863	0.74
				02 Jun 17	3792	Transfer	244655	0.75
				09 Jun 17	50	Transfer	244705	0.75
				16 Jun 17	86	Transfer	244791	0.75
		245372	0.76	30 Jun 17	581	Transfer	245372	0.76
6	Pari Washington Company Pvt. Ltd. A/c Pari Washington India Master Fund, Ltd.	229418	0.71	01 Jul 16	—	No change during the year	229418	0.71
		229418	0.71	30 Jun 17				
7	Goldman Sachs India Fund Limited	195993	0.60	01 Jul 16				
				31 Mar 17	6942	Transfer	202935	0.63
				07 Apr 17	997	Transfer	203932	0.63
		203932	0.63	30 Jun 17				

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
8	IDFC Premier Equity Funds	233549	0.72	01 Jul 16				
				23 Sep 16	-4250	Transfer	229299	0.71
				24 Feb 17	-2822	Transfer	226477	0.70
				10 Mar 17	-13538	Transfer	212939	0.66
				17 Mar 17	-978	Transfer	211961	0.65
				24 Mar 17	400	Transfer	212361	0.65
				31 Mar 17	-400	Transfer	211961	0.65
				07 Apr 17	-2112	Transfer	209849	0.65
				28 Apr 17	-4079	Transfer	205770	0.63
				05 May 17	-2520	Transfer	203250	0.63
				12 May 17	-3509	Transfer	199741	0.62
				19 May 17	-10491	Transfer	189250	0.58
				02 Jun 17	-7250	Transfer	182000	0.56
				16 Jun 17	-1000	Transfer	181000	0.56
				30 Jun 17	-1000	Transfer	180000	0.55
		180000	0.55	30 Jun 17				
9	United India Insurance Company Limited	151132	0.47	01 Jul 16	—	No change during the year	151132	0.47
		151132	0.47	30 Jun 17				
10	National Westminster Bank Plc as Trustee of The Jupiter India Fund**	104432	0.32	01 Jul 16				
				28 Oct 16	10192	Transfer	114624	0.35
				23 Dec 16	10623	Transfer	125247	0.39
				27 Jan 17	7047	Transfer	132294	0.41
				31 Mar 17	3100	Transfer	135394	0.42
				07 Apr 17	2911	Transfer	138305	0.43
				30 Jun 17	7610	Transfer	145915	0.45
		145915	0.45	30 Jun 17				
11	The New India Assurance Company Limited*	156625	0.48	01 Jul 16				
				30 Sep 16	-363	Transfer	156262	0.48
				07 Oct 16	-1863	Transfer	154399	0.48
				14 Oct 16	-3000	Transfer	151399	0.47
				21 Oct 16	-4349	Transfer	147050	0.45
				16 Dec 16	-750	Transfer	146300	0.45
				23 Dec 16	-1333	Transfer	144967	0.45
				30 Dec 16	-2917	Transfer	142050	0.44
				12 May 17	-3032	Transfer	139018	0.43
				19 May 17	-1968	Transfer	137050	0.42
		137050	0.42	30 Jun 17				

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
12	UTI – Dividend Yield Fund*	145037	0.45	01 Jul 16				
				02 Sep 16	11200	Transfer	156237	0.48
				09 Sep 16	6000	Transfer	162237	0.50
				16 Sep 16	16748	Transfer	178985	0.55
				23 Sep 16	851	Transfer	179836	0.55
				25 Nov 16	-2700	Transfer	177136	0.55
				02 Dec 16	-4500	Transfer	172636	0.53
				09 Dec 16	-651	Transfer	171985	0.53
				16 Dec 16	-49	Transfer	171936	0.53
				23 Dec 16	200	Transfer	172136	0.53
				30 Dec 16	3356	Transfer	175492	0.54
				10 Feb 17	-3600	Transfer	171892	0.53
				17 Feb 17	-31500	Transfer	140392	0.43
				03 Mar 17	-500	Transfer	139892	0.43
				10 Mar 17	-895	Transfer	138997	0.43
				31 Mar 17	-900	Transfer	138097	0.43
				05 May 17	2928	Transfer	141025	0.43
		02 Jun 17	-709	Transfer	140316	0.43		
		140316	0.43	30 Jun 17				
13	HDFC Trustee Company Limited – HDFC Tax Saverfund*	197688	0.61	01 Jul 16				
				08 Jul 16	-10500	Transfer	187188	0.58
				22 Jul 16	-263	Transfer	186925	0.58
				05 Aug 16	-19000	Transfer	167925	0.52
				12 Aug 16	-70400	Transfer	97525	0.30
				19 Aug 16	-10000	Transfer	87525	0.27
				26 Aug 16	-2200	Transfer	85325	0.26
				02 Sep 16	-8800	Transfer	76525	0.24
				09 Sep 16	-31050	Transfer	45475	0.14
				16 Sep 16	-16632	Transfer	28843	0.09
				23 Sep 16	-17000	Transfer	11843	0.04
				30 Sep 16	-9400	Transfer	2443	0.01
				07 Oct 16	-2443	Transfer	0	0.00
		0	0.00	30 Jun 17				

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

\* Ceased to be in the list of Top 10 shareholders as on June 30, 2017. The same is reflected above since the shareholder was one of the Top 10 shareholder as on July 1, 2016.

\*\* Not in the list of Top 10 shareholders as on July 1, 2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on June 30, 2017.

## v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of the Directors / Key Managerial Personnel	Shareholding at the beginning and end of the year		Date of change in shareholding	Increase/ decrease in shareholding	Reason for increase/ decrease	Cumulative Shareholding during the year
		No. of Shares	% of total Shares of the Company				No. of Shares
1.	Mr. R. A. Shah	12906	0.04	01 July, 2016	—	No change during the year	12906
		12906	0.04	30 June, 2017			
2.	Mr. B. S. Mehta	3799	0.01	01 July, 2016	—	No change during the year	3799
		3799	0.01	30 June, 2017			

Note: No other Director apart from the above mentioned Directors, held any shares of the Company during the Financial Year 2016-2017.

## V. INDEBTEDNESS:

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the Financial Year 2016-17.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. REMUNERATION TO MANAGING DIRECTOR

Sr. No.	Particulars of Remuneration	Mr. Al Rajwani Managing Director (Amount in ₹ lakhs)
1.	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	1,105.14 — —
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission – as % of profit – Others.	— —
5.	Others, please specify*	324.82
	<b>Total (A)</b>	<b>1,429.96</b>
	Ceiling as per the Act	3,358.40

\* All employees of the Company are given the right to purchase shares of the ultimate Holding Company – The Procter & Gamble Company, USA under its 'International Stock Ownership Plan.' Certain employees of the Company are also entitled to Stock Option of the ultimate Holding Company under its Employee Stock Option Plan. Details of the same are disclosed vide Note 31 forming part of the Financial Statements.

## B. REMUNERATION TO OTHER DIRECTORS

₹ in lakhs

Particulars of Remuneration	Mr. R. A. Shah	Mr. B. S. Mehta	Mr. A. K. Gupta	Total Amount
<b>Independent Directors</b>				
Fee for attending Board / Committee meetings	2.90	2.60	3.80	9.30
Commission	11.00	11.00	11.00	33.00
<b>Total</b>	<b>13.90</b>	<b>13.60</b>	<b>14.80</b>	<b>42.30</b>
Ceiling as per the Act (1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)				<b>671.68</b>

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

₹ in lakhs

Sr. No.	Particulars of Remuneration	Ms. Preeti Bishnoi <sup>5</sup> Company Secretary	Mr. Ishan Sonthalia <sup>^</sup> Company Secretary	Mr. Prashant Bhatnagar <sup>#</sup> Chief Financial Officer
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	—	5.95	43.11
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	3.64	3.31	2.83
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—	—	—
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission – as % of profit – others, specify	—	—	—
5.	Others, please specify	—	—	—
	<b>Total</b>	<b>3.64</b>	<b>9.26</b>	<b>45.94</b>

<sup>5</sup> Ms. Preeti Bishnoi ceased to be Company Secretary of the Company effective January 19, 2017. Ms. Bishnoi received remuneration from P&G Geneva. Certain perquisites have been charged to the Company during the year.

<sup>^</sup> Mr. Ishan Sonthalia was appointed as Company Secretary of the Company effective May 5, 2017.

<sup>#</sup> Mr. Prashant Bhatnagar receives remuneration from Gillette India Limited, and the Company reimburses towards the same in proportion to its Net Outside Sales.

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

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

## ANNEXURE IV

### Statement of Disclosure of Remuneration under Section 197 of the 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	Salary ₹ in lakhs	Commission ₹ in lakhs	Sitting Fees ₹ in lakhs	Total ₹ in lakhs	Ratio
Mr. Al Rajwani	Managing Director	1429.96	—	—	<b>1429.96</b>	94.56
Mr. R. A. Shah	Independent Director	—	11.00	2.90	<b>13.90</b>	0.92
Mr. B. S. Mehta	Independent Director	—	11.00	2.60	<b>13.60</b>	0.90
Mr. A. K. Gupta	Independent Director	—	11.00	3.80	<b>14.80</b>	0.98
Mr. P. Agarwal	Non-Executive Director	—	—	—	<b>0</b>	0
Mr. S. Singh Rathore	Non-Executive Director	—	—	—	<b>0</b>	0
Ms. S. Dhawan	Non-Executive Director	—	—	—	<b>0</b>	0
Mr. K. Natarajan	Non-Executive Director	—	—	—	<b>0</b>	0

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

Designation	Name of Employee	% increase in remuneration
Managing Director	Mr. Al Rajwani	3.35%*
Company Secretary	Mr. Ishan Sonthalia	Not Applicable**
Chief Financial Officer	Mr. Prashant Bhatnagar	9.51%

\* This is a currency neutral base salary increase versus previous year

\*\* Mr. Ishan Sonthalia was not the Company Secretary of the Company in the Financial Year 2015-16, hence % increase in remuneration cannot be computed.

**iii. The % increase in the median remuneration of employees in the Financial Year is 6.4%.**

**iv. The number of permanent employees on the rolls of Company is 362.**

**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 6.4% whereas the increase in managerial remuneration was 12.69%. The average increase every year is an outcome of Company's market competitiveness as against peer group companies.

**vi. We affirm 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

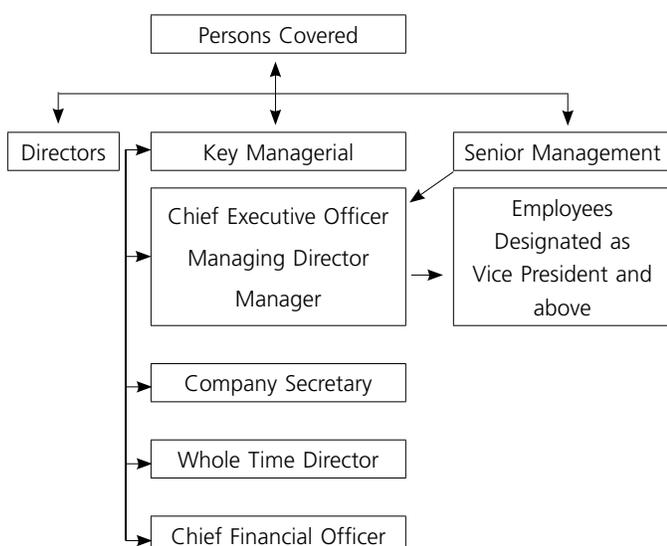
The Committee shall review and reassess the framework and the Policy, on an annual basis and obtain the approval of the Board of Directors, for any changes/amendment in the framework/policy.

## 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 including Independent Directors within the statutory monetary limits. Such commission is paid on a uniform basis to reinforce the principle of collective responsibility.

The remuneration of Independent Directors is consistent with and supportive of maintaining the Independent Director's independence.

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

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

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

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

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

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

## 9. EVALUATION

### 9.1 Evaluation of Key Managerial Personnel

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

## 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 30<sup>TH</sup> JUNE, 2017

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

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Procter & Gamble Hygiene and Health Care Limited (CIN L24239MH1964PLC012971)** (hereinafter called the "Company") for the financial year ended 30<sup>th</sup> June, 2017. 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-
- 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.
  - 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.
  - We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
  - 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.
  - 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.
  - The Secretarial Audit report is neither an assurance as to the future viability of the Company nor

of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

- B.** Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 30<sup>th</sup> June, 2017, 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 30<sup>th</sup> June, 2017 according to the provisions of:
- The Companies Act, 2013 (the Act) and the rules made thereunder;
  - The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - The Company has neither made any Overseas Direct Investment nor obtained External Commercial Borrowings during the audit period and hence provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder are applicable to the extent of Foreign Direct Investment only.
- VA.** The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- VB. The Company has not undertaken any of the activities during the audit period as 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:-
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and
  - 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:
- Drugs and Cosmetics Act, 1940;
  - The Legal Metrology Act, 2009; and
  - 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:
- Secretarial Standards in respect of Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India
  - SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with BSE Limited and National Stock Exchange of India Limited.
- 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, —
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.
  - 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.
  - 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:
- Promoter shareholder, Procter & Gamble Asia Holding BV, The Netherlands (PGAHBV) holding 2,12,21,953 shares (65.38 % of total shareholding) merged with another promoter group company, Procter & Gamble Overseas India BV, The Netherlands (PGOIBV) effective 31<sup>st</sup> March, 2017.
  - Promoter shareholder, Rosemount LLC, US holding 10,88,137 shares (3.35% of total shareholding) transferred its entire shareholding to another promoter group company, Procter & Gamble Overseas India BV, The Netherlands (PGOIBV) effective 1<sup>st</sup> April, 2017.
- There is no change in total percentage of P&G promoter shareholding as the share transfer is on account of merger / inter-se transfer among promoter group companies.
- Except the above, none of the following events has taken place:
- Public/Rights/Preferential Issue of Shares/ Debentures/Sweat equity etc.
  - Redemption/buy back of securities.
  - Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
  - Merger/Amalgamation/Reconstruction, etc.
  - Foreign Technical Collaborations.

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

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

Place : Mumbai  
Date : 23<sup>rd</sup> August, 2017

# MANAGEMENT DISCUSSION AND ANALYSIS

## Economy and Markets

The fundamentals of the Indian economy have remained positive in a subdued global economic environment. Indian Economy continues to grow mid to high single digits.

India's FMCG sector is among the largest sector in the economy and an important contributor to India's GDP. Despite the economic slowdown, the FMCG industry has remained resilient and the overall outlook remains positive for India's consumer goods industry. Some of the new emerging trends that will drive demand going forward include – growth in disposable income, e-commerce penetration, the rise of digital advertising, tax structure simplification, infrastructure development and rural consumption. To be successful, the FMCG industry will need to remain focused on fundamentals and build capabilities in line with emerging trends and provide Indian consumers with superior products at superior value.

The liquidity crunch post demonetization and trade destocking ahead of Goods and Services Tax Cut-over did impact the economy and our results in 2016-17. But, the business is starting to recover.

## Outlook, Risks and Opportunities

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

## Performance Overview

The Company operates in a single reportable business and geographical segment. The Company's core business is manufacturing, marketing and distribution of Hygiene and Health Care products. Under these businesses it has in its portfolio: *VICKS* – India's No-1 Healthcare brand, *WHISPER*

– India's leading Feminine Hygiene brand (in value terms) and *OLD SPICE*. The discussion on financial performance of the Company and its various businesses is elaborated in the Directors' Report.

## Risk Management

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

## Business, Finance & Operational risks

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

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

## Regulatory and Compliance risks

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

- To obey all legal requirements at all times;
- To understand exactly what legal requirements apply to the work function;
- To consult the legal personnel if there are conflicting legal requirements in different jurisdictions;

- To strictly follow the directions from the legal personnel;
- To address and resolve, in a timely manner, any legal compliance issues that have been identified;
- Absolutely no violation of any law;
- To immediately report any instance of violations to the Legal Department.

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

### Security Risks

Your Company has installed comprehensive security programs supported by latest technology and trained manpower to protect employees and assets, at all its offices and plants. During the Financial Year under review, no major security breaches or incidents occurred at any of the Company's plants. A comprehensive security risk assessment is carried out regularly and adequate security measures are implemented to cater to change security scenario. Your Company has installed the best of the security measures and processes to protect its personnel and assets.

### Internal Auditor

During the Financial Year, the Board of Directors had appointed Ms. Garima Maheshwari, Chartered Accountant as the Internal Auditor of the Company for the Financial Year 2016-17.

### Internal Controls & their adequacy

Your Company has 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 regularly across business processes. The organization does detailed process reviews to evaluate process compliances versus standards. This enables organization to proactively identify control weaknesses and initiate actions to sustainably fix them.
- **Stewardship and Global Internal Audit (GIA) Reviews** led by a team of three fulltime Internal Controls experts, ensure that all key processes i.e. selling, revenue, distribution, trade & marketing spends, vendor payments, and plant operations are reviewed and assessed at frequent intervals. The observations and findings are shared with senior management for implementing quality action plans to strengthen overall controls in these processes. The assessments of High risks and SOX Compliance areas are assessed by an independent internal audit department lead by P&G's Global Internal Audit team. This team comprises of certified internal controls experts who has internal controls experiences across the different markets that P&G operates in.
- **Governance and Stewardship Boards** comprises of the Managing Director, Group Chief Financial Officer, Chief Human Resource Officer and Chief Legal Officer. The Board looks at enterprise level current and potential risks and works plans to eliminate/mitigate them.

During the Financial Year under review, the Global Internal Audit (GIA) performed Audits of key areas covering purchasing and revenue processes, Controls were rated as '*Strong with low controls risks*'. Local management has executed quality action plans to remediate all the findings reported by GIA during their engagement.

### Human Resource Initiatives

The Company operates in a highly competitive environment vis-à-vis attracting the best talent for its operations and therefore the human resources management function has assumed vital importance in the Company. The Company focuses on attracting, motivating and retaining

the best talent. Its people systems like talent supply, performance management and talent development are robust and competitive. We have put in place robust HR programs to ensure that the organization is geared up to deliver the future.

- **Attracting & Retaining Talent:**

India continues to be a key market for Global talent. In this scenario, our recruiting focus, innovative campus initiatives (digital and face to face), foray into Social media helped us reach a large number of prospective candidates. We continue to strengthen our position as employer of choice with innovative programs like '*Emerging Leader*' and '*CEO Challenge*' to target campus students. The application rate of more than 90% and the Pre Placement Offer acceptance rate of 95% is proof of our employer brand.

Our policies on leadership pipeline, talent planning, mentoring and diversity & inclusion policies continue to ensure that we attract and retain the best talent. Providing challenging and meaningful careers, competitive compensation & benefits, leadership development opportunities continue to enable us to

attract the best talent that will keep the Company growing from strength to strength. We are ranked among the top few companies in the Annual Nielsen Campus survey.

- **Developing Talent:**

Our organization survey scores were strong showing good increase in areas of career and guidance, employer of choice and simplification. New hires into the company are given a thorough on-boarding through our 'i-LEAD Program' and 'SPARK- Sales New Hire Program' to ensure that they are early contributors in their roles and feel valued. The 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. The 'CARE Program' intends to build capability of our people managers. The number of employees as on June 30, 2017 was 362.

The Statements in the Management Discussion and Analysis Report may be seen as forward looking statements. The actual results may differ materially for those expressed or implied in the statement depending on circumstances.

## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE PHILOSOPHY

Your Directors are pleased to present the Corporate Governance Report.

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

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

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

Further, your Company reinforces responsibilities on all its employees, of observing high standards of Corporate Governance through the Company's *"Worldwide Business Conduct Manual"* which sets forth management's commitment to conduct its business affairs with high ethical standards. This Manual flows from our 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 *"Worldwide Business Conduct Manual"* also details the policy statements, operating policies/procedures/practices and Internal Controls being followed by the Company with specific emphasis on ethical behaviour of employees, compliance with all applicable laws in letter and spirit, ensuring accuracy of books and records, maintaining confidentiality of corporate data, avoidance of conflict of interest, fair dealings, fair competition, following best practices for safety and health of Company personnel, environmental protection, trading in securities and a host of special legal issues.

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

### BOARD OF DIRECTORS

#### (a) Composition of the Board

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

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

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

Name of the Director	Category	Designation	Directorships in other companies*	Membership of Board Committees of other companies**	
				Member	Chairman
Mr. R. A. Shah	NED/ID	Chairman	11	7	3
Mr. Al Rajwani	ED	Managing Director	2	2	Nil
Mr. B. S. Mehta	NED/ID	Director	9	8	3
Mr. A. K. Gupta	NED/ID	Director	1	2	1
Mr. P. Agarwal	NED	Director	1	Nil	Nil
Mr. S. S. Rathore	NED	Director	2	Nil	Nil
Ms. S. Dhawan	NED	Director	2	1	Nil
Mr. K. Natarajan	NED	Director	2	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.

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

Four (4) meetings of the Board were held during the period July 1, 2016 to June 30, 2017. These meetings were held on August 26, 2016, December 3, 2016, February 7, 2017 and May 5, 2017.

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

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

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

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

The Independent Directors of the Company met separately without the presence of Non-Independent Directors or management representatives on June 16, 2017 to review the performance of non-independent directors; the Board & the Chairperson of the Company, and to assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### (e) Related Party Transactions

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

Prior approval of the Audit Committee is obtained for all related party transactions. Prior omnibus approval

of the Audit Committee is obtained for all related party transactions which are of repetitive nature. All related party transactions are reviewed by external chartered accounting firm to ensure transactions are in ordinary course of business, at arm's length and are in compliance with the RPT Policy of the Company. All related party transactions are placed before the Audit Committee for quarterly review.

There are no material pecuniary relationships / significant transactions made by the Company with its Promoters, Directors or management, their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note 32 forming part of the Financial Statements.

#### (f) Remuneration of Directors

Members of the Company at their 51<sup>st</sup> Annual General Meeting held on October 28, 2015 had passed a Special Resolution according approval

for payment of commission to the Non-Executive Independent Directors of the Company upto a maximum of 1% of the net profits of the Company per annum in the aggregate, for a period of 5 years w.e.f. July 1, 2016. The said resolution had also empowered the Board of Directors to fix the quantum of commission payable to each of the Non-Executive Independent Directors and to also determine the period for which said commission is payable. In view of the above, the Board of Directors have accorded approval for payment of Annual Commission of ₹11 Lakhs to each of the Non-Executive Independent Directors for the Financial Year 2016-17. The said commission is within the limits of 1% of the net profits of the Company in the aggregate. The Non-Executive Directors are paid to compensate their valuable contribution to the Company owing to their wealth of experience and knowledge.

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

Details of the remuneration paid/provided to the Directors of the Company during the Financial Year ended June 30, 2017 are given below:

Amount in ₹

Name of Director	Relationship with other Directors	Salary including Bonus + PF contribution	Commission	Sitting Fees	Shares held (Equity Shares of ₹ 10/- each)*
Mr. R. A. Shah	None	—	11,00,000	2,90,000	12,906
Mr. Al Rajwani	None	14,29,96,017 <sup>#</sup>	—	—	—
Mr. B. S. Mehta	None	—	11,00,000	2,60,000	3,799
Mr. A. K. Gupta	None	—	11,00,000	3,80,000	—
Mr. P. Agarwal	None	—	—	—	—
Mr. S. S. Rathore	None	— <sup>\$</sup>	—	—	—
Ms. S. Dhawan	None	— <sup>\$\$</sup>	—	—	—
Mr. K. Natarajan	None	— <sup>\$\$\$</sup>	—	—	—

\* Excludes shares held by relatives

<sup>#</sup> Employee benefits expense under Note 38 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 806 Lakhs cross charged to Gillette India Limited and Procter & Gamble Home Products Private Limited in terms of the common service agreement.

<sup>\$</sup> Employee benefits expense under Note 38 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 49 Lakhs cross charged from Gillette India Limited in terms of the common service agreement.

<sup>\$\$</sup> Employee benefits expense under Note 38 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 96 Lakhs cross charged from Procter & Gamble Home Products Private Limited in terms of the common service agreement.

<sup>\$\$\$</sup> Employee benefits expense under Note 38 to the Financial Statements includes expenses in respect of Managerial personnel of ₹ 30 Lakhs cross charged from Gillette India Ltd in terms of the common service agreement.

## Stock Options

The Company does not have any Stock Option Plan for its employees. However, all employees of the Company including its Managing Director are given the right to purchase shares of the Ultimate Holding Company – The Procter & Gamble Company, USA under its 'International Stock Ownership Plan.' Certain employees of the Company are also entitled to Stock Option of the Ultimate Holding Company under its Employee Stock Option Plan. Details as regards the same are disclosed vide Note 31 forming part of the Financial Statements.

## (g) Committees of the Board

### Audit Committee

The Audit Committee comprises of Mr. R. A. Shah (Chairman), Mr. B. S. Mehta (Member), Mr. A. K. Gupta (Member) and Mr. Al Rajwani (Member). The Audit Committee met on August 26, 2016, December 3, 2016, February 7, 2017 and May 5, 2017.

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

NED – Non-Executive Director

ID – Independent Director

ED – Executive Director

Mr. Ishan Sonthalia is the Secretary to the Committee.

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:

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice; and
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee role includes the following:

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

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

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

The minutes of the Committee are placed before the Board.

### Stakeholder Relationship Committee

The Committee comprises of Mr. Shailyamanyu Singh Rathore (Chairman), Mr. Al Rajwani (Member) and Mr. Anil Kumar Gupta (Member). Mr. Ishan Sonthalia is the Company Secretary and Compliance Officer to the Committee. During the Financial Year, four meetings were held on August 26, 2016, December 3, 2016, February 7, 2017 and May 5, 2017.

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

The role of the Committee is as follows:

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

During the Financial Year, the Company received 22 complaints from Members. These complaints have been resolved during the year. There were no pending share transfers as on June 30, 2017.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. A. K. Gupta (Chairman), Mr. R. A. Shah (Member) and Mr. Karthik Natarajan (Member). During the Financial Year, three meetings were held on August 26, 2016, February 7, 2017 and May 5, 2017.

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

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](http://www.pg.com/en_IN/invest/pghh/corporate_governance/policies.shtml). This Policy is also annexed to this 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 comprises of Mr. A. K. Gupta (Chairman), Mr. Al Rajwani (Member), Ms. Sonali Dhawan (Member) and Mr. Karthik Natarajan (Member). During the Financial Year, three meetings were held on August 26, 2016, December 3, 2016 and February 7, 2017.

Directors	No. of Meetings held during tenure	No. of Meetings attended
Mr. A. K. Gupta	3	3
Mr. Al Rajwani	3	3
Mr. K. Natarajan	3	2
Ms. S. Dhawan	3	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 the terms of the Companies Act, 2013, the CSR Policy is broadly framed taking into account the following:

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

### Risk Management Committee

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

The composition of the Risk Management Committee is as follows:

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

MD – Managing Director

NED – Non-Executive Director

CFO – Chief Financial Officer

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

### Cash & Investment Committee

During the year, the Company has constituted a Cash & Investment Committee comprising of Mr. Pramod Agarwal (Chairman), Mr. Shaillyaman Singh Rathore (Member), Mr. A. K. Gupta (Member) and Mr. Karthik Natarajan (Member). During the Financial Year, two meetings were held on February 7, 2017 and May 5, 2017.

The composition of the Cash & Investment Committee is as follows:

Name of Member	No. of meetings held during tenure	No. of meetings attended
Mr. Pramod Agarwal	2	2
Mr. A. K. Gupta	2	2
Mr. K. Natarajan	2	1
Mr. S. S. Rathore	2	2

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-

- Protect long term growth of the Company
- Maximize return to the shareholders
- Ensure risk free investments

### (h) Familiarization programme for Independent Directors

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

The Company conducts presentations at meetings of the Board and meeting of various Committees of the Board periodically to familiarize the

Independent Directors with the business performance, business strategy, operations and functions of the Company. Such presentations help the Independent Directors to understand the Company's strategy, business model, operations, market, competition, organization structure, risk analysis and such other areas.

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

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

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

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

#### (i) Annual Evaluation of the Directors

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.

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

i. **Mr. Karthik Natarajan** is a Chartered Accountant and has completed his Bachelor of Commerce from RA Podar College, Mumbai. Mr. Natarajan is currently the Director, Finance & Accounting, India, Middle East & Africa and has been with P&G for over 16 years. Prior to this

role, 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 over his tenure with the Company.

Mr. Natarajan is also a Director on the Board of Gillette India Limited.

Mr. Natarajan, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 53<sup>rd</sup> Annual General Meeting.

ii. **Mr. Pramod Agarwal**, is an MBA from IIM, Ahmedabad. After over 28 years of experience with P&G, he retired in 2016. During his employment with P&G, 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 is also a Director on the Board of Gillette India Limited.

Mr. Agarwal, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming 53<sup>rd</sup> 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 and 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 and 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](http://www.pg.com/en_IN).
- (iii) No presentations were made to Analysts and Institutional Investors during the course of the Financial Year.
- (iv) This Annual Report comprising of Notice calling the General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. for the

Financial Year 2016-17, in electronic form, is being sent to the Members at the email ids provided/ updated by the Members with the Depository Participants/Registrar & Transfer Agents, as applicable.

### STATUTORY COMPLIANCE

The Company has complied with all applicable requirements prescribed by the regulatory and statutory authorities during the preceding three Financial Years on all matters related to capital markets and no strictures or penalty was imposed on the Company.

### GENERAL MEETINGS

Annual General Meeting	Date	Time	Venue	No. of special resolutions passed
52 <sup>nd</sup>	December 2, 2016	11.00 a.m.	All the three Annual General Meetings were held at Y. B. Chavan Pratisthan, Gen. Jagannathrao Bhonsle Marg, Mumbai-400 021	—
51 <sup>st</sup>	October 28, 2015	3.30 p.m.		1
50 <sup>th</sup>	September 24, 2014	3.30 p.m.		—

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

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

### POSTAL BALLOT

No postal ballot was undertaken during the Financial Year ended June 30, 2017.

### CEO / CFO CERTIFICATION

In terms of requirement of SEBI Listing Regulations, 2015, the Managing Director and the Chief Financial Officer have made a certification to the Board of Directors in the prescribed format for the Financial Year under review, which has been reviewed by the Audit Committee and taken on record by the Board.

### ADOPTION OF DISCRETIONARY REQUIREMENTS

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

- There are no audit qualifications in the Company's financial statements for the Financial Year 2016-17.

- 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](http://www.pg.com/en_IN/invest/pghh/corporate_governance/policies.shtml).

### CODE OF CONDUCT

#### (i) Code of Conduct for Directors

The Company has in place a Code of Conduct for its Directors and senior management. This Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate

citizenship and exemplary personal conduct. The Board Members and Senior Management Personnel have affirmed their compliance with the Code of Conduct and a CEO certificate to that effect is annexed to this Corporate Governance Report. The Code of Conduct has been posted on the Company's website at [http://www.pg.com/en\\_IN/invest/pghh/corporate\\_governance/code\\_of\\_conduct.shtml](http://www.pg.com/en_IN/invest/pghh/corporate_governance/code_of_conduct.shtml).

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

The Board of the Company has adopted the Code of Conduct for prevention of Insider Trading under 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](http://www.pg.com/en_IN/invest/pghh/corporate_governance/code_of_conduct.shtml).

## GENERAL SHAREHOLDER INFORMATION

### I. Annual General Meeting

The 53<sup>rd</sup> Annual General Meeting will be held on **Thursday, November 16, 2017 at 11.00 a.m.** at Y. B. Chavan Pratishthan, 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 and Exchange Board of India.

**III. Book Closure Dates:** Thursday, November 9, 2017, to Thursday, November 16, 2017 (both days inclusive). The said book closure is for payment of dividend.

**IV. Dividend Payment Date:** Between November 23, 2017 to December 15, 2017.

### V. Listing of Equity Shares on Stock Exchange

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

### VI. Stock Code

BSE Limited, Mumbai - Code : 500459

National Stock Exchange of India Limited - Code : PGHH

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

## VII. Stock Price Data

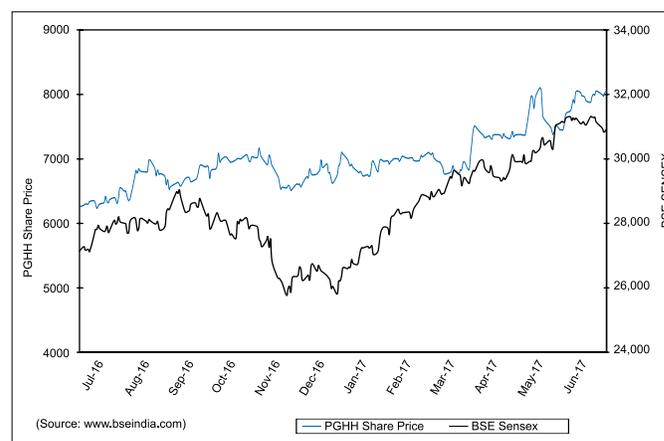
Month	BSE		NSE	
	High	Low	High	Low
July – 2016	6629.95	6165.00	6666.00	6175.00
August – 2016	7112.80	6315.05	7121.00	6295.55
September – 2016	7112.75	6491.25	7119.90	6485.00
October – 2016	7279.85	6720.05	7252.00	6767.30
November – 2016	7225.00	6427.85	7229.95	6001.00
December – 2016	7168.00	6525.00	7200.00	6500.00
January – 2017	7073.85	6667.00	7100.00	6700.10
February – 2017	7237.85	6883.15	7150.00	6865.20
March – 2017	7604.00	6667.95	7635.70	6611.15
April – 2017	7611.00	7226.80	7635.00	7260.25
May – 2017	8165.00	7300.00	8199.00	7316.00
June – 2017	8150.00	7451.55	8166.95	7460.05

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

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

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

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the Financial Year 2016-17:



The following chart shows the performance of the Company's shares as compared to the NSE Nifty during the Financial Year 2016-17:



## IX. Registrar & Transfer Agents

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

## X. Share Transfer System

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

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

## XI. Distribution of shareholding by size class as on June 30, 2017

Share holding	Shareholders		Shares	
	Number	% to Total	Number	% to Total
Upto 500	26,909	94.00	17,51,349	5.39
501 – 1000	921	3.22	6,51,954	2.01
1001 – 2000	439	1.53	6,15,941	1.90
2001 – 3000	117	0.41	2,85,780	0.88
3001 – 4000	61	0.21	2,11,277	0.65
4001 – 5000	30	0.11	1,36,418	0.42
5001 – 10000	54	0.19	3,65,320	1.13
10001 and above	95	0.33	2,84,42,697	87.62
<b>TOTAL</b>	<b>28,626</b>	<b>100.00</b>	<b>3,24,60,736</b>	<b>100.00</b>

## XII. Distribution of shareholding by ownership as on June 30, 2017

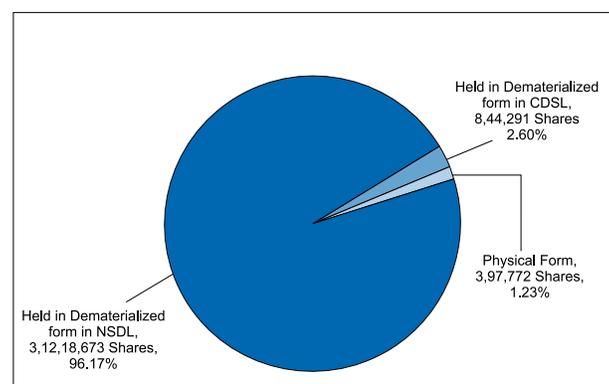
Category	Number of Shares held	% of Shares held
Foreign & Indian promoters	2,29,29,773	70.64
Resident Individuals and others	39,64,485	12.21
Mutual Funds	18,55,816	5.72
Financial Institutions/Banks	3,83,832	1.18
Insurance Companies	8,37,111	2.58
Foreign Financial Institutions	34,108	0.11
Foreign Portfolio Investors	12,34,684	3.80
Private Corporate Bodies	10,53,149	3.25
NRIs & Foreign Nationals	1,50,452	0.46
Directors and their relatives	17,326	0.05
<b>TOTAL</b>	<b>3,24,60,736</b>	<b>100.00</b>

## XIII. 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, 2017, the number of shares in dematerialized and physical mode is as under:

Particulars	No. of shares	% to total capital issued
Held in dematerialized form in NSDL	3,12,18,673	96.17
Held in dematerialized form in CDSL	8,44,291	2.60
Held in Physical form	3,97,772	1.23
<b>TOTAL</b>	<b>3,24,60,736</b>	<b>100.00</b>

## Shares held in demat/physical form as on June 30, 2017



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

**XV. Unclaimed/Unpaid Dividends**

The amount of the unclaimed dividend for and upto the Financial Year ended June 30, 2009, has been transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Those Members who have not claimed their dividend for the said periods shall not be entitled to claim the same from the Company.

Final dividend for the Financial Year ended June 30, 2010 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 Registrar & Share Transfer Agents, M/s Link Intime India Private Limited.

Date of Declaration	For the Financial Year ended	Due for transfer to IEPF
15.10.2009	30.06.2009	20.11.2016
08.10.2010	30.06.2010	13.11.2017
23.11.2011	30.06.2011	29.12.2018
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

During the Financial Year 2016-17, unclaimed final dividend amount for the Financial Year ended June 30, 2009 of ₹ 16,82,752/- was transferred to the IEPF on December 17, 2016.

The details of unpaid/unclaimed dividend as on date of previous Annual General Meeting, i.e., December 2, 2016 have been posted on the website of the Company, viz., [www.pg.com/en\\_IN](http://www.pg.com/en_IN).

**XVI. 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

**XVII. 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.  
Tel: (022) 2826 6000  
Fax (022) 2826 7303  
Email id: [investorpggh.im@pg.com](mailto:investorpggh.im@pg.com)

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**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, 2017 and the Senior Management has complied with the Business Conduct Manual for the Financial Year ended June 30, 2017.

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

Sd/-  
**Al Rajwani**  
Managing Director

**MUMBAI**  
August 7, 2017

## Independent Auditor's Certificate on Corporate Governance

### TO THE MEMBERS OF

### PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated December 15, 2016.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Procter & Gamble Hygiene and Health Care Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on June 30, 2017, as stipulated in regulations 17 to 27 and Clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. 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

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. 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

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended June 30, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

**Sd/-**  
**Shyamak R Tata**  
Partner

(Membership No. 038320)

**MUMBAI, August 23, 2017**

# INDEPENDENT AUDITORS' REPORT

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

### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Procter & Gamble Hygiene and Health Care Limited** ("the Company"), which comprise the Balance Sheet as at June 30, 2017 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at June 30, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on June 30, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 Ind AS financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

**MUMBAI, August 23, 2017**

## **ANNEXURE – “A” TO THE INDEPENDENT AUDITORS’ REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Procter & Gamble Hygiene and Health Care Limited (“the Company”) as of June 30, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). 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 over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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

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

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

### Opinion

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

as at June 30, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

**Sd/-**

**Shyamak R Tata**

Partner

(Membership No. 038320)

**MUMBAI, August 23, 2017**

## ANNEXURE – “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.
- b. The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, other than self-constructed buildings, are held in the name of the Company as at the balance sheet date. In respect of immovable property 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) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on such physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of the provisions of Sections 73 and 76 or any other relevant provisions of the Companies Act, 2013. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vi) The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of specified products of the Company. For such products, we have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:
- a. The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable to it with the appropriate authorities.
- b. As at June 30, 2017, the following are the particulars of dues on account of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Value Added Tax matters that have not been deposited on account of any dispute:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates*	Amount involved (₹ in lakhs)
Sales Tax Laws as per statutes applicable in various states	Sales Tax	Appellate Authority – upto Commissioners/ Revisional authorities level	1997-98 to 2001-02, 2003-04 to 2014-2015	2 615
		Appellate Authority – Tribunal	1996-97, 2001-02, 2005-06 to 2007-08 and 2012-13	710
		High Court	1990-91 to 1997-98, 2002-03 and 2006-07 to 2009-10	137
<b>Sub-total</b>				<b>3 462</b>

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates*	Amount involved (₹ in lakhs)
The Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal	2004-05 to 2008-09	10
<b>Sub-total</b>				<b>10</b>
Custom Act, 1962	Custom Duty	Commissioner of Customs	1998-99	19
<b>Sub-total</b>				<b>19</b>
Finance Act, 1994	Service Tax	Appellate Authority - upto Commissioners/ Revisional authorities level	2006-07 to 2012-13	1 225
<b>Sub-total</b>				<b>1 225</b>
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2008-09, 2009-10 and 2011-12	5 864
<b>Sub-total</b>				<b>5 864</b>
<b>Total</b>				<b>10 580</b>

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

Out of the total disputed dues aggregating ₹ 10 580 lakhs as above, ₹ 5 864 lakhs has been stayed for recovery by the relevant authorities.

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

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

For **DELOITTE HASKINS & SELLS LLP**

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

**Sd/-**

**Shyamak R Tata**

Partner

(Membership No. 038320)

**MUMBAI, August 23, 2017**

## Balance Sheet as at June 30, 2017

	Notes	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	28 571	31 743	30 934
Capital work-in-progress	4	4 084	3 472	3 898
Financial assets				
(i) Loans	6	5 096	5 677	5 655
(ii) Other financial assets	7	103	181	88
Deferred tax assets (Net)	15	2 627	894	396
Income tax assets (Net)		14 363	10 697	17 389
Other non-current assets	10	855	789	853
<b>Total non-current assets</b>		<b>55 699</b>	<b>53 453</b>	<b>59 213</b>
<b>Current assets</b>				
Inventories	8	17 735	12 748	11 907
Financial assets				
(i) Trade receivables	5	13 280	14 962	11 394
(ii) Cash and cash equivalents	9 (a)	10 244	1 06 659	61 478
(iii) Bank balances other than (ii) above	9 (b)	1 439	659	297
(iv) Loans	6	9 760	20 586	41 856
(v) Other financial assets	7	6 250	6 379	5 436
Other current assets	10	1 605	1 195	3 262
<b>Total current assets</b>		<b>60 313</b>	<b>1 63 188</b>	<b>1 35 630</b>
<b>Total assets</b>		<b>1 16 012</b>	<b>2 16 641</b>	<b>1 94 843</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	11	3 246	3 246	3 246
Other equity	12	49 366	1 61 932	1 31 326
<b>Total equity</b>		<b>52 612</b>	<b>1 65 178</b>	<b>1 34 572</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Provisions	14	417	357	333
<b>Total non-current liabilities</b>		<b>417</b>	<b>357</b>	<b>333</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Trade payables				
Due to micro and small enterprises	16	324	474	157
Due to others	16	35 995	31 939	37 073
(ii) Other financial liabilities	13	2 696	1 712	1 141
Provisions	14	415	310	364
Current tax liabilities (Net)	17	12 071	8 220	13 690
Other current liabilities	18	11 482	8 451	7 513
<b>Total current liabilities</b>		<b>62 983</b>	<b>51 106</b>	<b>59 938</b>
<b>Total liabilities</b>		<b>63 400</b>	<b>51 463</b>	<b>60 271</b>
<b>Total equity and liabilities</b>		<b>1 16 012</b>	<b>2 16 641</b>	<b>1 94 843</b>
See accompanying notes to the financial statements				

In terms of our report attached

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

**Shyamak R Tata**  
*Partner*

**Place: Mumbai**  
**Date: August 23, 2017**

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

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

**Prashant Bhatnagar**  
*Chief Financial Officer*

**Karthik Natarajan**  
*Director*

**I Sonthalia**  
*Company Secretary*

## Statement of Profit and Loss for the year ended June 30, 2017

	Notes	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
<b>Income</b>			
Revenue from operations	19	2 41 916	2 34 915
Other income	20	7 730	8 761
<b>Total income</b>		<b>2 49 646</b>	<b>2 43 676</b>
<b>Expenses</b>			
Cost of raw and packing materials consumed	21	61 252	56 198
Purchases of stock-in-trade (Traded Goods)		35 356	33 350
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(5 111)	(1 071)
Excise duty		9 876	7 376
Employee benefits expense	23	11 410	11 735
Finance costs	24	1 042	627
Depreciation expense	4	5 974	5 167
Other expenses	25	62 670	66 744
<b>Total expense</b>		<b>1 82 469</b>	<b>1 80 126</b>
<b>Profit before tax from operations</b>		<b>67 177</b>	<b>63 550</b>
Tax expense			
– Current tax	26.1	25 226	21 728
– Deferred tax	26.1	(1 322)	(428)
<b>Income tax expense</b>		<b>23 904</b>	<b>21 300</b>
<b>Profit for the year</b>		<b>43 273</b>	<b>42 250</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to Statement of Profit and Loss			
Re-measurement of the defined benefit plans	29.2.B	(1 189)	(202)
Income tax effect	26.2	411	70
<b>Total other comprehensive income for the year</b>		<b>(778)</b>	<b>(132)</b>
<b>Total comprehensive income for the year</b>		<b>42 495</b>	<b>42 118</b>
Earnings per equity share	28		
– Basic (in ₹)		133.31	130.16
– Diluted (in ₹)		133.31	130.16
Face Value of Equity Share (in ₹)		10.00	10.00

### See accompanying notes to the financial statements

In terms of our report attached

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

**Shyamak R Tata**  
*Partner*

**Place: Mumbai**  
**Date: August 23, 2017**

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

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

**Prashant Bhatnagar**  
*Chief Financial Officer*

**Karthik Natarajan**  
*Director*

**I Sonthalia**  
*Company Secretary*

## Statement of Cash Flows for the year ended June 30, 2017

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
<b>A. Cash Flows from Operating Activities</b>		
<b>Profit before tax</b>	<b>67 177</b>	<b>63 550</b>
<b>Adjustments for:</b>		
Depreciation expense	5 974	5 167
Loss on disposal of property, plant and equipment	1 005	251
Finance costs	1 042	627
Allowance for doubtful receivables (Net of recovery)	21	78
Interest income	(7 478)	(8 475)
Net foreign exchange (gain)/loss	(6)	22
Expense recognised in respect of equity settled share based payments	437	306
<b>Operating profit before working capital changes</b>	<b>68 172</b>	<b>61 526</b>
<b>Working capital adjustments</b>		
Decrease/(increase) in trade and other receivables	1 672	(3 659)
(Increase)/decrease in financial assets	(995)	716
(Increase) in inventories	(4 987)	(841)
(Increase)/decrease in other assets	(476)	2 131
Increase/(decrease) in trade and other payables	6 004	(4 437)
Increase/(decrease) in provisions	136	(57)
<b>Cash generated from operations</b>	<b>69 526</b>	<b>55 379</b>
Income taxes paid	(25 000)	(20 133)
<b>Net cash generated from operating activities</b>	<b>44 526</b>	<b>35 246</b>
<b>B. Cash Flows from Investing Activities</b>		
Interest received	9 087	6 398
Loans realised	31 000	62 600
Loans given	(20 000)	(41 300)
Payment to acquire property, plant and equipment	(4 413)	(5 265)
Proceeds from sale of property, plant and equipment	35	34
Net bank deposits (placed)/matured	(42)	66
Changes in earmarked balances	(738)	(428)
<b>Net cash generated by investing activities</b>	<b>14 929</b>	<b>22 105</b>

## Statement of Cash Flows for the year ended June 30, 2017

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
<b>C. Cash Flows from Financing Activities</b>		
Dividend and dividend tax paid	(1 55 498)	(11 818)
Interest paid	(372)	(352)
<b>Net cash flows used in financing activities</b>	<b>(1 55 870)</b>	<b>(12 170)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(96 415)</b>	<b>45 181</b>
Cash and cash equivalents at the beginning of the year	<b>1 06 659</b>	<b>61 478</b>
<b>Cash and cash equivalents at the end of the year (refer note 9(a))</b>	<b>10 244</b>	<b>1 06 659</b>

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

**Shyamak R Tata**  
*Partner*

**Place: Mumbai**  
**Date: August 23, 2017**

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

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

**Prashant Bhatnagar**  
*Chief Financial Officer*

**Karthik Natarajan**  
*Director*

**I Sonthalia**  
*Company Secretary*

## Statement of Changes in Equity for the year ended June 30, 2017

	Amount ₹ in lakhs
<b>a. Equity share capital</b>	
<b>Balance as at July 1, 2015</b>	<b>3 246</b>
Changes in equity share capital during the year	—
<b>Balance as at June 30, 2016</b>	<b>3 246</b>
Changes in equity share capital during the year	—
<b>Balance as at June 30, 2017</b>	<b>3 246</b>

### b. Other equity

	Attributable to the equity share holders of the Company				
	Reserves & surplus				Total
	General reserve	Securities premium reserve	Share options outstanding account	Retained earnings	
₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	
<b>Balance as at July 1, 2015</b>	<b>26 727</b>	<b>7 519</b>	<b>48</b>	<b>97 032</b>	<b>1 31 326</b>
Profit for the year	—	—	—	42 250	42 250
Items of OCI for the year, net of tax					
Remeasurement benefit of defined benefit plans	—	—	—	(132)	(132)
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>42 118</b>	<b>42 118</b>
Payment of dividends (refer note 39)	—	—	—	(9 819)	(9 819)
Payment of dividend distribution tax	—	—	—	(1 999)	(1 999)
Transfer from retained earnings	4 232	—	—	(4 232)	—
Recognition of share-based payments	—	—	306	—	306
<b>Balance as at June 30, 2016</b>	<b>30 959</b>	<b>7 519</b>	<b>354</b>	<b>1 23 100</b>	<b>1 61 932</b>
Profit for the year	—	—	—	43 273	43 273
Items of OCI for the year, net of tax					
Remeasurement benefit of defined benefit plans	—	—	—	(778)	(778)
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>42 495</b>	<b>42 495</b>
Payment of dividends (refer note 39)	—	—	—	(1 29 194)	(1 29 194)
Payment of dividend distribution tax	—	—	—	(26 304)	(26 304)
Recognition of share-based payments	—	—	437	—	437
<b>Balance as at June 30, 2017</b>	<b>30 959</b>	<b>7 519</b>	<b>791</b>	<b>10 097</b>	<b>49 366</b>

See accompanying notes to the financial statements

In terms of our report attached

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

**Shyamak R Tata**  
*Partner*

**Place: Mumbai**  
**Date: August 23, 2017**

**For and on behalf of Board of Directors**  
**R. A. Shah**  
*Chairman*

**Prashant Bhatnagar**  
*Chief Financial Officer*

**Karthik Natarajan**  
*Director*

**I Sonthalia**  
*Company Secretary*

## Notes to Financial Statements for the year ended June 30, 2017

### 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.

Upto the year ended June 30, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standard) Rules, 2006 notified under Section 133 of the Act and other relevant provisions of the Act. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is July 1, 2015. Refer Note 2.4 for the details of first-time adoption exemptions availed by the Company.

#### 2.2 Basis of preparation and presentation

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

## Notes to Financial Statements for the year ended June 30, 2017

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.

The Company's revenue includes recovery of excise duty flows to the Company on its own account. This is for the reason that it is the liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the company on its own account, revenue includes excise duty.

However, sales tax/value added tax (VAT) is not received by the company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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.

For arrangements entered into prior to July 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

### 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)).

## Notes to Financial Statements for the year ended June 30, 2017

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 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.

## Notes to Financial Statements for the year ended June 30, 2017

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. However in respect of options granted and fully vested prior to the IND AS transition date i.e. July 1, 2015, the Company would continue to account for the same in the Statement of Profit and Loss in the period when the employee exercises and the same is re-charged by the Parent to 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 & 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

## Notes to Financial Statements for the year ended June 30, 2017

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 to 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 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.

#### 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.

### h. Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

## Notes to Financial Statements for the year ended June 30, 2017

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.

Fixtures and equipments are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work-in-progress.

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:

<b>Asset Class</b>	<b>Useful lives</b>
Buildings	20-30 years
Plant & equipment	10-15 years
Furniture and fixtures	3-15 years
Office equipment	3-15 years
Vehicles	4-8 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 of 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.

## Notes to Financial Statements for the year ended June 30, 2017

### 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.

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 assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transactions costs directly attributable to the acquisition of financial assets 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 to 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.

## Notes to Financial Statements for the year ended June 30, 2017

### 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

## Notes to Financial Statements for the year ended June 30, 2017

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.

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.

## Notes to Financial Statements for the year ended June 30, 2017

### 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 net profit for the year 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. Recent accounting pronouncements

#### ***Standards issued but not yet effective***

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendment to Ind AS 7, 'Statement of cash flows'. This amendment is in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendment is applicable to the Company from July 1, 2017.

#### ***Amendments to Ind AS 7***

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

#### ***Amendments to Ind AS 102***

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

The Company is currently not having any cash-settled share-based payments. No impact is currently foreseen.

## 2.4 First-time adoption — mandatory exceptions, optional exemptions

### a. Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of July 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets and liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

## Notes to Financial Statements for the year ended June 30, 2017

### b. Deemed cost for property, plant and equipment

The Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of July 1, 2015 (transition date) measured as per the previous GAAP and use the carrying value as its deemed cost as of the transition date.

### c. Determining whether an arrangement contains a lease

The Company has applied Appendix C to Ind AS 17 *Determining whether an Arrangement contains a Lease* to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existed at the transition date.

## 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, 2017

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

	Freehold land ₹ in lakhs	Buildings ₹ in lakhs	Plant & equipment ₹ in lakhs	Furniture and fixtures ₹ in lakhs	Office equipment ₹ in lakhs	Moulds & Dies ₹ in lakhs	Total ₹ in lakhs
<b>Deemed Cost #</b>							
<b>At July 1, 2015</b>	752	7 244	20 514	572	1 442	410	30 934
Additions	—	390	4 816	151	644	195	6 196
Disposals	—	(44)	(465)	(6)	(275)	(180)	(970)
<b>At June 30, 2016</b>	<b>752</b>	<b>7 590</b>	<b>24 865</b>	<b>717</b>	<b>1 811</b>	<b>425</b>	<b>36 160</b>
Additions	—	199	2 630	62	513	438	3 842
Disposals	—	(1)	(2 293)	(47)	(55)	—	(2 396)
<b>At June 30, 2017</b>	<b>752</b>	<b>7 788</b>	<b>25 202</b>	<b>732</b>	<b>2 269</b>	<b>863</b>	<b>37 606</b>
<b>Accumulated depreciation</b>							
<b>At July 1, 2015</b>	—	—	—	—	—	—	—
Depreciation charge for the year	—	447	3 531	236	737	216	5 167
Disposals	—	(8)	(286)	(4)	(273)	(179)	(750)
<b>At June 30, 2016</b>	<b>—</b>	<b>439</b>	<b>3 245</b>	<b>232</b>	<b>464</b>	<b>37</b>	<b>4 417</b>
Depreciation charge for the year	—	475	4 487	117	660	235	5 974
Disposals	—	—*	(1 282)	(33)	(41)	—	(1 356)
<b>At June 30, 2017</b>	<b>—</b>	<b>914</b>	<b>6 450</b>	<b>316</b>	<b>1 083</b>	<b>272</b>	<b>9 035</b>
<b>Net carrying amount</b>							
<b>At June 30, 2017</b>	<b>752</b>	<b>6 874</b>	<b>18 752</b>	<b>416</b>	<b>1 186</b>	<b>591</b>	<b>28 571</b>
<b>At June 30, 2016</b>	<b>752</b>	<b>7 151</b>	<b>21 620</b>	<b>485</b>	<b>1 347</b>	<b>388</b>	<b>31 743</b>
<b>At July 1, 2015</b>	<b>752</b>	<b>7 244</b>	<b>20 514</b>	<b>572</b>	<b>1 442</b>	<b>410</b>	<b>30 934</b>

	Gross Block At July 01, 2015	Accumulated depreciation At July 01, 2015	Net carrying amount At July 1, 2015
	₹ in lakhs	₹ in lakhs	₹ in lakhs
Freehold land	752	—	752
Buildings	10 904	(3 660)	7 244
Plant & equipment	33 957	(13 443)	20 514
Furniture and fixtures	1 049	(477)	572
Office equipment	4 009	(2 567)	1 442
Moulds & Dies	1 547	(1 137)	410
	<b>52 218</b>	<b>(21 284)</b>	<b>30 934</b>
	<b>At June 30, 2017</b>	<b>At June 30, 2016</b>	<b>At July 1, 2015</b>
Capital work-in-progress	₹ in lakhs	₹ in lakhs	₹ in lakhs
	4 084	3 472	3 898
	<b>4 084</b>	<b>3 472</b>	<b>3 898</b>

#### Notes:

None of the above assets are pledged as security by the Company.

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

# Refer note 2.4(b) under exemptions availed.

\* Denotes amount less than ₹ 50 000.

## Notes to Financial Statements for the year ended June 30, 2017

### 5. Trade receivables

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
Unsecured, considered good	13 280	14 962	11 394
Doubtful	145	132	56
	<b>13 425</b>	15 094	11 450
Less: Allowance for doubtful receivables	(145)	(132)	(56)
	<b>13 280</b>	<b>14 962</b>	<b>11 394</b>

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, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs
Balance at the beginning of the year	132	56
Amounts written off during the year (net)	(8)	(2)
Changes in allowance for doubtful receivables	21	78
<b>Balance at end of the year</b>	<b>145</b>	<b>132</b>

### 6. Loans

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
<b>Unsecured considered good</b>			
<b>Non-current</b>			
Security deposits	508	545	238
Loans to related parties (refer note (a), (c) and note 32)	19	23	—
Loan to employees (refer note (c))	4 569	5 109	5 417
	<b>5 096</b>	<b>5 677</b>	<b>5 655</b>
<b>Current</b>			
Security deposits	5	4	21
Loans to related parties (refer note (b), (c) and note 32)	9 004	20 004	41 300
Loan to employees (refer note (c))	751	578	535
	<b>9 760</b>	<b>20 586</b>	<b>41 856</b>

#### **Notes:**

- (a) Non-current loans to related parties includes loan to key managerial personnel ₹ 19 lakhs (June 30, 2016: ₹ 23 lakhs; July 1, 2015: ₹ Nil lakhs).
- (b) Current loans to related parties includes:
  - (i) Loan to fellow subsidiaries of the Ultimate Holding Company ₹ 9 000 lakhs (June 30, 2016: ₹ 20 000 lakhs; July 1, 2015: ₹ 41 300 lakhs).
  - (ii) Loan to key managerial personnel ₹ 4 lakhs (June 30, 2016: ₹ 4 lakhs; July 1, 2015: ₹ 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, 2017

### 7. Other financial assets

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
<b>Non-current</b>			
Bank deposits with original maturity more than 12 months	88	169	83
Interest accrued on deposits with banks	15	12	5
	<b>103</b>	<b>181</b>	<b>88</b>
<b>Current</b>			
Receivable on account of sale of scrap	42	17	51
Receivable on account of sale of raw material	—	65	10
Due from related parties (refer note 32)	5 667	4 144	5 019
Interest accrued on loans to related parties (refer note 32)	520	1 628	92
Interest accrued on deposits with banks	21	525	264
	<b>6 250</b>	<b>6 379</b>	<b>5 436</b>

### 8. Inventories

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
<b>Inventories (lower of cost and net realisable value)</b>			
Raw materials (Including packing materials)	2 090	2 041	2 244
Work-in-progress	137	513	235
Finished goods	9 868	5 090	4 802
Stock-in-trade (goods purchased for resale) (₹ 1 297 lakhs (June 30, 2016 : ₹ Nil lakhs, July 1, 2015: ₹ Nil lakhs in transit))	4 169	3 460	2 955
Consumable stores and spares	1 471	1 644	1 671
	<b>17 735</b>	<b>12 748</b>	<b>11 907</b>

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

### 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, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
Balances with banks:			
— On current accounts	1 418	2 416	2 017
— Deposits with original maturity of less than three months	8 826	1 04 243	59 461
<b>Cash and cash equivalents as per Balance Sheet</b>	<b>10 244</b>	<b>1 06 659</b>	<b>61 478</b>
<b>Cash and cash equivalents as per Statement of Cash Flows</b>	<b>10 244</b>	<b>1 06 659</b>	<b>61 478</b>

## Notes to Financial Statements for the year ended June 30, 2017

### 9(b). Other bank balances

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
Earmarked accounts			
— Unpaid/Unclaimed dividend account	1 069	146	145
— ISOP Account	269	454	27
— Other earmarked accounts (deposits with sales tax authorities)#	—	—	—
Bank deposits with original maturity more than 3 months	101	59	125
	<b>1 439</b>	<b>659</b>	<b>297</b>

# denotes amount less than ₹ 50 000

### 10. Other assets

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
<b>Non-current</b>			
Prepaid expenses	14	16	18
Other loans and advances (refer note (a) below)	841	773	835
Doubtful loans and advances	1 062	1 062	1 062
Less : Provision for doubtful loans and advances	(1 062)	(1 062)	(1 062)
	<b>855</b>	<b>789</b>	<b>853</b>
<b>Current</b>			
Prepaid expenses	4	37	175
Other loans and advances (includes advances to vendors)	274	224	2 612
Advance to employees (refer note (b) below)	129	212	264
Balances with government authorities (includes Service Tax and Cenvat credit receivable)	1 198	722	211
	<b>1 605</b>	<b>1 195</b>	<b>3 262</b>

(a) Includes amounts deposited with Excise, Sales Tax and other authorities as demanded, 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.

### 11. Equity share capital

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
<b>Authorised share capital:</b>			
3 50 00 000 fully paid equity shares of ₹ 10 each	3 500	3 500	3 500
<b>Issued and subscribed share capital:</b>			
3 24 60 736 fully paid equity shares of ₹ 10 each	3 246	3 246	3 246
	<b>3 246</b>	<b>3 246</b>	<b>3 246</b>



## Notes to Financial Statements for the year ended June 30, 2017

### 12. Other equity

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
<b>Reserves &amp; surplus</b>			
General reserve	30 959	30 959	26 727
Securities premium reserve	7 519	7 519	7 519
Share options outstanding account	791	354	48
Retained earnings	10 097	1 23 100	97 032
	<b>49 366</b>	<b>1 61 932</b>	<b>1 31 326</b>

#### 12.1 General reserve

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Balance at the beginning of year	30 959	26 727
Transferred from surplus in Statement of Profit and Loss	—	4 232
<b>Balance at the end of year</b>	<b>30 959</b>	<b>30 959</b>

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 reserve

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Balance at the beginning of year	7 519	7 519
Movements	—	—
<b>Balance at the end of year</b>	<b>7 519</b>	<b>7 519</b>

The amount received in excess of face value of the equity shares is recognised in securities premium reserve.

#### 12.3 Share options outstanding account

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Balance at the beginning of year	354	48
Arising on share-based compensation	437	306
<b>Balance at the end of year</b>	<b>791</b>	<b>354</b>

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.

## Notes to Financial Statements for the year ended June 30, 2017

### 12.4 Retained earnings

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Balance at the beginning of year	1 23 100	97 032
Profit attributable to the owners of the Company	43 273	42 250
Other comprehensive income arising from remeasurement of defined benefit obligation (net of income tax)	(778)	(132)
Payment of interim/final dividend on equity shares (refer note 39)	(1 29 194)	(9 819)
Dividend distribution tax	(26 304)	(1 999)
Transfer to general reserve	—	(4 232)
<b>Balance at the end of year</b>	<b>10 097</b>	<b>1 23 100</b>

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 2016, final dividend of ₹ 36 per share (total dividend including tax thereon ₹ 14 065 lakhs) was paid to holders of fully paid equity shares. In November 2015, the final dividend paid was ₹ 30.25 per share (total dividend including tax thereon ₹ 11 818 lakhs).

In June 2017, an interim dividend of ₹ 362 per share (total dividend including tax thereon ₹ 1 41 433 lakhs) was paid to holders of fully paid equity shares.

### 13. Other financial liabilities

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
<b>Current</b>			
Financial lease obligation payable	209	189	189
Payables for property, plant and equipment	1 411	1 370	800
Deposits from customers and others	7	7	7
Unpaid/Unclaimed dividend #	1 069	146	145
	<b>2 696</b>	<b>1 712</b>	<b>1 141</b>

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

### 14. Provisions

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
Employee benefits (refer note below)	832	667	697
	<b>832</b>	<b>667</b>	<b>697</b>
Current	415	310	364
Non-current	417	357	333
	<b>832</b>	<b>667</b>	<b>697</b>

The provision for employee benefits includes post retirement medical benefits (PRMB) and compensated absences. The increase/decrease in the carrying amount of the provision for the current year results from benefits being paid in the current year. For other disclosures refer note 29.

## Notes to Financial Statements for the year ended June 30, 2017

### 15. Deferred tax assets (Net)

	As at June 30, 2017	As at June 30, 2016	As at July 1, 2015
	₹ in lakhs	₹ in lakhs	₹ in lakhs
Deferred tax assets	3 424	2 274	1 844
Deferred tax liabilities	(797)	(1 380)	(1 448)
	<b>2 627</b>	<b>894</b>	<b>396</b>

#### Deferred tax assets/(liabilities) in relation to:

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>2016-2017</b>				
On fiscal allowances in property, plant and equipment	(1 380)	583	—	(797)
Voluntary retirement scheme	398	73	—	471
Disallowance u/s 43 B of the Income Tax Act, 1961	790	436	411	1 637
Other temporary differences	1 086	230	—	1 316
	<b>894</b>	<b>1 322</b>	<b>411</b>	<b>2 627</b>

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>2015-2016</b>				
On fiscal allowances in property, plant and equipment	(1 448)	68	—	(1 380)
Voluntary retirement scheme	246	152	—	398
Disallowance u/s 43 B of the Income Tax Act, 1961	658	62	70	790
Other temporary differences	940	146	—	1 086
	<b>396</b>	<b>428</b>	<b>70</b>	<b>894</b>

### 16. Trade payables

	As at June 30, 2017	As at June 30, 2016	As at July 1, 2015
	₹ in lakhs	₹ in lakhs	₹ in lakhs
Due to micro and small enterprises (refer note 36)	324	474	157
Due to others	35 995	31 939	37 073
	<b>36 319</b>	<b>32 413</b>	<b>37 230</b>

## Notes to Financial Statements for the year ended June 30, 2017

### 17. Current tax liabilities (Net)

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
Income tax payable	12 071	8 220	13 690
	<u>12 071</u>	<u>8 220</u>	<u>13 690</u>

### 18. Other current liabilities

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
Gratuity (refer note 29)	4 752	3 058	2 415
Superannuation	13	27	17
Taxes and other liabilities (including statutory remittances, excise and sales tax payable)	6 717	5 366	5 081
	<u>11 482</u>	<u>8 451</u>	<u>7 513</u>

### 19. Revenue from operations

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Sale of products (including excise duty)	2 41 856	2 34 650
Other operating revenues		
Scrap sales	60	265
	<u>2 41 916</u>	<u>2 34 915</u>

### 20. Other Income

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
<b>Interest income earned on:</b>		
Bank deposits	5 926	5 529
Loan to related parties (refer note 32)	1 552	2 673
Income tax refund	—	273
Other financial assets carried at amortised cost	202	190
	<u>7 680</u>	<u>8 665</u>
<b>Other non-operating income (net of expenses directly attributable to such income)</b>		
Miscellaneous income	50	96
	<u>50</u>	<u>96</u>
<b>Total</b>	<u>7 730</u>	<u>8 761</u>

## Notes to Financial Statements for the year ended June 30, 2017

### 21. Cost of raw and packing materials consumed

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Inventories at the beginning of year	2 041	2 244
Add: Purchases	61 301	55 995
	<b>63 342</b>	<b>58 239</b>
Less: Inventories at the end of year	2 090	2 041
Cost of raw and packing materials consumed#	<b>61 252</b>	<b>56 198</b>

# Previous year figures includes consumption of raw material and packing material supplied by the Company to a third party manufacturer for manufacture and supply of goods purchased for resale.

### 22. Changes in inventories of finished goods, work-in-progress and stock-in-trade

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Inventories at the beginning of year:		
Finished Goods	5 090	4 802
Stock-in-Trade	3 460	2 955
Work-in-Progress	513	235
	<b>9 063</b>	<b>7 992</b>
Inventories at the end of year:		
Finished Goods	9 868	5 090
Stock-in-Trade	4 169	3 460
Work-in-Progress	137	513
	<b>14 174</b>	<b>9 063</b>
<b>Net Increase</b>	<b>(5 111)</b>	<b>(1 071)</b>

### 23. Employee benefits expense

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Salaries and wages*	9 071	8 438
Contribution to provident and other funds (refer note 29)	1 232	1 103
Share-based payment to employees (refer note 31)	1 089	2 233
Staff welfare expense	1 198	1 456
Recovery of employee cost cross charged by related parties (refer note 37)	(1 180)	(1 495)
	<b>11 410</b>	<b>11 735</b>

\* Salaries and Wages includes ₹ 302 lakhs (Previous year: ₹ 484 lakhs) for expenditure on Voluntary Retirement Scheme.

## Notes to Financial Statements for the year ended June 30, 2017

### 24. Finance costs

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
<b>Interest costs:</b>		
Interest expense on trade payables (refer note 36)	44	25
Interest on income tax	210	252
Interest on entry tax	177	125
Net interest on the net defined benefit liability (refer note 29)	267	225
Other interest expense	344	—
	<b>1 042</b>	<b>627</b>

### 25. Other expenses

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Consumption of store and spares	841	786
Processing charges	6 700	5 780
Power and fuel	1 123	1 137
Freight, transport, warehousing and distribution charges	7 148	8 473
Rent	2 477	3 586
Rates and taxes	20	46
Insurance	54	44
Repairs and maintenance		
Plant and machinery	944	866
Buildings	4	29
Others	123	128
Trade incentives	1 804	1 802
Advertising expenses	18 568	18 255
Royalty	10 540	12 338
Business process outsourcing expenses	2 659	3 008
Travelling and conveyance	1 073	1 026
Communication costs	506	406
Computer expenses	433	673
Legal and professional fees	3 779	3 562
Directors commission	33	33
Payment to auditors (refer note 25.1)	147	144
Exchange differences (net)	(178)	270
Inventory written off (net of insurance claims recovered)	528	740
Allowance for doubtful receivables	21	78
Loss on sale of fixed assets (net)	1 005	251
Miscellaneous expenses	4 600	6 313
Recovery of expenses shared by related parties (refer note 37)	(2 282)	(3 030)
	<b>62 670</b>	<b>66 744</b>

## Notes to Financial Statements for the year ended June 30, 2017

### 25.1 Payments to auditors:

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
<b>(i) To statutory auditors (excluding service tax)</b>		
For audit	107	110
For other services	19	19
Reimbursement of expenses	12	7
<b>(ii) To cost auditors for cost audit</b>	9	8
	<u>147</u>	<u>144</u>

### 25.2 Expenditure incurred and paid during the year for corporate social responsibility

1 080	845
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## 26. Income tax expense

### 26.1 Income tax recognised in profit or loss

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
<b>Current tax</b>		
In respect of the current year	24 674	21 636
In respect of prior years	552	92
	<u>25 226</u>	<u>21 728</u>
<b>Deferred tax</b>		
In respect of the current year	(1 257)	(336)
In respect of prior years	(65)	(92)
	<u>(1 322)</u>	<u>(428)</u>
<b>Total income tax expense recognised in the current year</b>	<u>23 904</u>	<u>21 300</u>

The income tax expense for the year can be reconciled to the accounting profit as follows:

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs
<b>Profit before tax</b>	<u>67 177</u>	<u>63 550</u>
Income tax expense calculated at 34.608% (2015-2016: 34.608%)	23 249	21 993
Effect of allowances	—	(280)
Effect of expenses that are not deductible in determining taxable profits	168	273
Effect of income that is exempt from taxation	—	(686)
	<u>23 417</u>	<u>21 300</u>
Adjustments recognised in the current year in relation to the current tax of prior years	487	—
<b>Income tax expense recognised in Statement of Profit and Loss</b>	<u>23 904</u>	<u>21 300</u>

The tax rate used for 2016-2017 and 2015-2016 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable (losses)/profits under the Indian tax law.

## Notes to Financial Statements for the year ended June 30, 2017

### 26.2 Income tax recognised in other comprehensive income

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
<b>Deferred tax</b>		
Arising on expense recognised in other comprehensive income		
Remeasurement of defined benefit obligations	(411)	(70)
	<u>(411)</u>	<u>(70)</u>
<b>Total income tax recognised in other comprehensive income not to be reclassified to Statement of Profit and Loss</b>	<u>(411)</u>	<u>(70)</u>

### 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 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, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Health and hygiene	2 41 916	2 34 915	60 489	55 416
<b>Total operations</b>	<u>2 41 916</u>	<u>2 34 915</u>	<u>60 489</u>	<u>55 416</u>
Other income			7 730	8 761
Finance costs			(1 042)	(627)
<b>Profit before tax</b>			<u>67 177</u>	<u>63 550</u>

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, 2017

### 27.3 Segment assets and liabilities

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
<b>Segment assets</b>			
Health and hygiene	1 16 012	2 16 641	1 94 843
<b>Total segment assets</b>	<b>1 16 012</b>	<b>2 16 641</b>	<b>1 94 843</b>
<b>Segment liabilities</b>			
Health and hygiene	63 400	51 463	60 271
<b>Total segment liabilities</b>	<b>63 400</b>	<b>51 463</b>	<b>60 271</b>

### 27.4 Other segment information

	Depreciation expense		Capital Expenditure	
	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Health and hygiene	5 974	5 167	4 413	5 265
	<b>5 974</b>	<b>5 167</b>	<b>4 413</b>	<b>5 265</b>

### 27.5 Revenue from major products

The following is an analysis of the Company's revenue from its major products.

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Ointments and Creams	41 222	36 744
Cough Drops	26 498	24 314
Tablets	5 055	6 654
Other hygiene products	1 69 141	1 67 203
	<b>2 41 916</b>	<b>2 34 915</b>

### 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, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs
India	2 39 585	2 32 100	1 16 012	2 16 641
Outside India	2 331	2 815	—	—
	<b>2 41 916</b>	<b>2 34 915</b>	<b>1 16 012</b>	<b>2 16 641</b>

There are no transactions with single external customer which amounts to 10% or more of the Company's revenue.

## Notes to Financial Statements for the year ended June 30, 2017

### 28. Earnings per share

	Year ended June 30, 2017 ₹ per share	Year ended June 30, 2016 ₹ per share
<b>Basic and diluted earnings per share</b>		
Total basic earnings per share (face value ₹ 10)	133.31	130.16
Total diluted earnings per share (face value ₹ 10)	133.31	130.16

#### 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, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Earnings used in calculation of basic and diluted earnings per share from operations	43 273	42 250
	=====	=====
	Year ended June 30, 2017	Year ended June 30, 2016
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 ₹ 786 lakhs (for the year ended June 30, 2016: ₹ 665 lakhs) for provident fund, ₹ 153 lakhs (for the year ended June 30, 2016: ₹ 171 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, 2017, contributions of ₹ 13 lakhs (as at June 30, 2016: ₹ 27 lakhs) due in respect of 2016-2017 (2015-2016) 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, 2017

### 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, 2017. 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, 2017	June 30, 2016	July 1, 2015
<b>Discount rate</b>			
Gratuity plan (funded)	7.00%	7.80%	8.20%
Compensated absence plan (unfunded)	7.00%	7.80%	8.20%
Post retirement medical benefit (PRMB) (unfunded)	7.00%	7.80%	8.20%
<b>Expected rate of salary increase</b>			
Gratuity plan (funded)	9.00%	8.00%	8.00%
Compensated absence plan (unfunded)	9.00%	8.00%	8.00%
Post retirement medical benefit (PRMB) (unfunded)	NA	NA	NA
<b>Average longevity at retirement age for current beneficiaries of the plan (years)</b>			
Post retirement medical benefit (PRMB) (unfunded)	12.49	13.17	13.17

## Notes to Financial Statements for the year ended June 30, 2017

**B. Amounts recognised in the statement of profit or loss in respect of these defined benefit plans are as follows:**

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
<b>Gratuity Plan (Funded)</b>		
Service costs:		
Current service cost	293	267
Net interest expense	238	198
<b>Components of defined benefit costs recognised in statement of profit and loss (A)</b>	<b>531</b>	<b>465</b>
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	—#	22
Actuarial (gains)/losses arising from changes in assumptions	1 107	184
Actuarial (gains)/losses arising from changes in experience adjustments	56	(28)
<b>Components of defined benefit costs recognised in other comprehensive income (B)</b>	<b>1 163</b>	<b>178</b>
<b>Total (C = (A+B))</b>	<b>1 694</b>	<b>643</b>
# denotes amount less than ₹ 50 000		
<b>Compensated absence plan (Unfunded)</b>		
Service costs:		
Current service cost	11	12
Net interest expense	8	7
Immediate recognition of (gains)/losses – other long term employee benefit plans	30	(7)
<b>Components of defined benefit costs recognised in statement of profit and loss (D)</b>	<b>49</b>	<b>12</b>
<b>Post retirement medical benefit (PRMB) (Unfunded)</b>		
Service costs:		
Current service cost	8	8
Net interest expense	21	20
<b>Components of defined benefit costs recognised in statement of profit and loss (E)</b>	<b>29</b>	<b>28</b>
Remeasurement on the net defined benefit liability:		
Actuarial (gains)/losses arising from changes in assumptions	51	24
Actuarial (gains)/losses arising from changes in experience adjustments	(25)	—
<b>Components of defined benefit costs recognised in other comprehensive income (F)</b>	<b>26</b>	<b>24</b>
<b>Total (G = (E+F))</b>	<b>55</b>	<b>52</b>
<b>Total defined benefit costs recognised in statement of profit and loss</b>	<b>609</b>	<b>505</b>
<b>Total defined benefit costs recognised in other comprehensive income</b>	<b>1 189</b>	<b>202</b>

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, 2017

### 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, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
<b>Gratuity Plan (Funded)</b>			
Present value of funded defined benefit obligation	5 753	4 182	4 395
Fair value of plan assets	(1 001)	(1 124)	(1 980)
<b>Net liability arising from defined benefit obligation</b>	<b>4 752</b>	<b>3 058</b>	<b>2 415</b>
<b>Compensated absence plan (Unfunded)</b>			
Present value of funded defined benefit obligation	147	101	89
<b>Net liability arising from defined benefit obligation</b>	<b>147</b>	<b>101</b>	<b>89</b>
<b>Post retirement medical benefit (PRMB) (Unfunded)</b>			
Present value of funded defined benefit obligation	307	273	261
<b>Net liability arising from defined benefit obligation</b>	<b>307</b>	<b>273</b>	<b>261</b>

### D. Movement in the present value of the defined benefit obligation are as follows:

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
<b>Gratuity Plan (Funded)</b>		
Opening defined benefit obligation	4 182	4 395
Current service cost	293	267
Interest cost	318	321
Remeasurement on the net defined benefit liability:		
Actuarial (gains)/losses arising from changes in assumptions	1 107	184
Actuarial (gains)/losses arising from changes in experience adjustments	56	(28)
Benefits paid	(203)	(957)
<b>Closing defined benefit obligation</b>	<b>5 753</b>	<b>4 182</b>
<b>Compensated absence plan (Unfunded)</b>		
Opening defined benefit obligation	101	89
Current service cost	11	12
Interest cost	8	7
Immediate recognition of (gains)/losses – other long term employee benefit plans	30	(7)
Benefits paid	(3)	—#
<b>Closing defined benefit obligation</b>	<b>147</b>	<b>101</b>

# denotes amount less than ₹ 50 000

## Notes to Financial Statements for the year ended June 30, 2017

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
<b>Post retirement medical benefit (PRMB) (Unfunded)</b>		
Opening defined benefit obligation	273	261
Current service cost	8	8
Interest cost	21	20
Remeasurement on the net defined benefit liability:		
Actuarial (gains)/losses arising from changes in assumptions	51	24
Actuarial (gains)/losses arising from changes in experience adjustments	(25)	—
Benefits paid	(21)	(40)
<b>Closing defined benefit obligation</b>	<b>307</b>	<b>273</b>

### E. Movement in the fair value of the plan assets are as follows:

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
<b>Gratuity Plan</b>		
Opening fair value of plan assets	1 124	1 980
Interest Income	80	123
Remeasurement gain/(loss):		
Return on plan assets (excluding amounts included in net interest expense)	—#	(22)
Benefits paid	(203)	(957)
<b>Closing fair value of plan assets</b>	<b>1 001</b>	<b>1 124</b>

# denotes amount less than ₹ 50 000

### 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, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
High quality Corporate Bonds (including Public Sector Unit)	420	450	891
Government of India Securities (Central and State)	151	191	733
Cash (including Special Deposit Scheme)	400	483	356
Private Sector Unit	30	—	—
<b>Total</b>	<b>1 001</b>	<b>1 124</b>	<b>1 980</b>

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets.

The actual return on plan assets was ₹ 80 lakhs (for the year ended June 30, 2016: ₹ 101 lakhs)

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.

## Notes to Financial Statements for the year ended June 30, 2017

### Gratuity Plan (Funded)

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 343 lakhs (increase by ₹ 375 lakhs) (as at June 30, 2016: decrease by ₹ 228 lakhs (increase by ₹ 248 lakhs)).

If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 367 lakhs (decrease by ₹ 339 lakhs) (as at June 30, 2016: increase by ₹ 246 lakhs (decrease by ₹ 228 lakhs)).

### Compensated absence plan (Unfunded)

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 10 lakhs (increase by ₹ 12 lakhs) (as at June 30, 2016: decrease by ₹ 7 lakhs (increase by ₹ 6 lakhs)).

If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 11 lakhs (decrease by ₹ 10 lakhs) (as at June 30, 2016: increase by ₹ 6 lakhs (decrease by ₹ 7 lakhs)).

### Post retirement medical benefit (PRMB) (Unfunded)

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 25 lakhs (increase by ₹ 29 lakhs) (as at June 30, 2016: decrease by ₹ 20 lakhs (increase by ₹ 22 lakhs)).

If the expected medical inflation rate increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 25 lakhs (decrease by ₹ 22 lakhs) (as at June 30, 2016: increase by ₹ 19 lakhs (decrease by ₹ 17 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.

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, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
<b>Financial assets</b>			
<b>Measured at amortised cost</b>			
(a) Trade receivables	13 280	14 962	11 394
(b) Cash and cash equivalents	10 244	1 06 659	61 478
(c) Bank balances other than (b) above	1 439	659	297
(d) Loans	14 856	26 263	47 511
(e) Other financial assets	6 353	6 560	5 524
<b>Financial liabilities</b>			
<b>Measured at amortised cost</b>			
(a) Trade payables	36 319	32 413	37 230
(b) Other financial liabilities	2 696	1 712	1 141

## Notes to Financial Statements for the year ended June 30, 2017

### 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, 2017	As at June 30, 2016	As at July 1, 2015	As at June 30, 2017	As at June 30, 2016	As at July 1, 2015
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
USD	9 283	7 026	3 408	416	826	578
EUR	1 294	698	610	—	8	—
CNY	3	—	839	—	—	—
GBP	—	—	13	—	—	—
JPY	—	—	4	—	—	—
SGD	—	—	1	—	—	—
KRW	6	—	—	—	—	—

#### 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, 2017	As at June 30, 2016	As at July 1, 2015	As at June 30, 2017	As at June 30, 2016	As at July 1, 2015
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
USD	(887)	(620)	(283)	887	620	283
EUR	(129)	(69)	(61)	129	69	61
CNY	—¥	—	(84)	—¥	—	84
GBP	—	—	(1)	—	—	1
JPY	—	—	—¥	—	—	—¥
SGD	—	—	—¥	—	—	—¥
KRW	(1)	—	—	1	—	—

¥ denotes amount less than ₹ 50 000

## Notes to Financial Statements for the year ended June 30, 2017

### 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.

### 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 ₹ in lakhs	Between 1 to 5 years ₹ in lakhs	Over 5 years ₹ in lakhs	Total ₹ in lakhs	Carrying Value ₹ in lakhs
<b>At June 30, 2017</b>					
Trade Payables	36 319	—	—	36 319	36 319
Other financial liabilities	2 696	—	—	2 696	2 696
Provisions	415	417	—	832	832
Other Current Liabilities	11 482	—	—	11 482	11 482
<b>At June 30, 2016</b>					
Trade Payables	32 413	—	—	32 413	32 413
Other financial liabilities	1 712	—	—	1 712	1 712
Provisions	310	357	—	667	667
Other Current Liabilities	8 451	—	—	8 451	8 451
<b>At July 1, 2015</b>					
Trade Payables	37 230	—	—	37 230	37 230
Other financial liabilities	1 141	—	—	1 141	1 141
Provisions	364	333	—	697	697
Other Current Liabilities	7 513	—	—	7 513	7 513

## Notes to Financial Statements for the year ended June 30, 2017

### 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 & 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 & 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, 2017, 4 651.17 (June 30, 2016: 4 390.24) shares were purchased by employees at weighted average fair value of ₹ 5 253.08 (June 30, 2016: ₹ 5 226.93) per share. The Company's contribution during the year on such purchase of shares amounting to ₹ 71 lakhs (June 30, 2016: ₹ 63 lakhs) has been charged under employee benefits expense under Note 23.

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

The Procter & 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 & 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:

	<b>As at June 30, 2017</b>	<b>As at June 30, 2016</b>
	<b>₹ in lakhs</b>	<b>₹ in lakhs</b>
Expense arising from equity-settled share-based payment transactions	1 018	2 170
<b>Total expense arising from share-based payment transactions</b>	<b>1 018</b>	<b>2 170</b>

There were no cancellations or modifications to the awards in June 30, 2017 or June 30, 2016.

## Notes to Financial Statements for the year ended June 30, 2017

### 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, 2017	As at June 30, 2017	Estimated fair value of Option Granted	As at June 30, 2016	As at June 30, 2016	Estimated fair value of Option Granted
	Number	WAEP (in \$)	In ₹	Number	WAEP (in \$)	In ₹
Outstanding at July 1	2 28 919	84.67		2 71 847	78.24	—
Granted during the year						
4-Aug-16	466	83.20	5 551	—	—	—
15-Sep-16	2 102	88.06	583	—	—	—
28-Feb-17	59 915	91.07	687	—	—	—
28-Feb-17	2 878	91.07	5 705	—	—	—
28-Feb-17	1 742	91.07	6 079	—	—	—
15-Sep-15	—	—	—	1 160	69.45	546
29-Feb-16	—	—	—	4 457	80.29	564
29-Feb-16	—	—	—	1 554	80.29	4,447
Forfeited during the year	(4 125)	—	—	—	—	—
Exercised during the year	(52 948)	88.48	—	(40 403)	80.84	—
Expired during the year	(5 965)	—	—	(9 696)	—	—
<b>Outstanding at June 30</b>	<b>2 32 984</b>	<b>87.05</b>		<b>2 28 919</b>	<b>84.67</b>	
Exercisable at June 30	1 33 675	87.05		1 74 171	84.67	

The weighted average share price at the date of exercise of these options was \$ 88.48 (June 30, 2016: \$ 80.84).

The weighted average remaining contractual life for the share options outstanding as at June 30, 2017 was 5.24 years (June 30, 2016: 3.87 years).

The weighted average fair value of options granted during the year was ₹ 1 073 (June 30, 2016: ₹ 1 403).

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, 2017 and June 30, 2016, respectively:

	As at June 30, 2017	As at June 30, 2016
Dividend yield (%)	3.21%	3.16%
Expected volatility (%)	15.08%	15.62%
Risk-free interest rate (%)	2.55%	1.76%

## Notes to Financial Statements for the year ended June 30, 2017

### 32. Related party disclosures:

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

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

#### (a) Related party where control exists:

Relationship	Name of the Company
Ultimate Holding Company	The Procter & Gamble Company, USA
Holding Company	Procter & Gamble Asia Holding B.V., The Netherlands (upto March 30, 2017)
	Procter & Gamble Overseas India BV, The Netherlands (w.e.f March 31, 2017)

Procter & Gamble Asia Holding B.V., The Netherlands has been merged into Procter & Gamble Overseas India BV, The Netherlands with effect from March 31, 2017.

#### (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	Fameccanica Data S.P.A.	22	Procter & Gamble Europe Sa
2	The Procter & Gamble US Business Services Company	23	Procter & Gamble Gulf Fze
3	Procter & Gamble (Guangzhou) Ltd.	24	Procter & Gamble Korea S&D, Co.
4	Procter & Gamble Korea, Inc.	25	Procter & Gamble Services Ltd.
5	Procter & Gamble Home Products Private Limited	26	Pt. Procter & Gamble Operations Indonesia
6	The Procter & Gamble Distributing LLC	27	Procter & Gamble Philippines, Inc.
7	Procter & Gamble Manufacturing GmbH	28	Pt Procter & Gamble Home Products Indonesia
8	Gillette India Limited	29	Procter & Gamble International Operations S.A. Dubai Branch
9	Wella India Hair Cosmetics Pvt. Ltd.	30	Procter & Gamble Services Company NV
10	Procter & Gamble Europe Sa Singapore Branch	31	Procter & Gamble Mataro S.L.U.
11	Procter & Gamble International Operations Sa-Rohq	32	P&G K.K.
12	Procter & Gamble International Operations Sa	33	Procter & Gamble UK
13	Procter & Gamble International Operations Sa Singapore Branch	34	Procter & Gamble Technology (Beijing) Co. Ltd.
14	Procter & Gamble Bangladesh Private Limited	35	Procter & Gamble Japan K.K.
15	Fameccanica Machinery (Shanghai) Co. Ltd.	36	The Procter & Gamble Manufacturing
16	Procter & Gamble Technical Centers Ltd.	37	Procter & Gamble Malaysia Sdn Bhd

## Notes to Financial Statements for the year ended June 30, 2017

S. No.	Name of the Company	S. No.	Name of the Company
17	Procter & Gamble Australia Pty Ltd.	38	Procter & Gamble Manufacturing (Thailand) Ltd
18	Procter & Gamble Hong Kong Limited	39	Procter & Gamble Product Supply (U.K.) Limited
19	Procter & Gamble Trading (Thailand) Ltd.	40	Procter & Gamble Distributing (Philippines), Inc.
20	Procter & Gamble Middle East Fze	41	Gillette Diversified Operations Pvt. Ltd.
21	Rosemount LLC		

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

S. No.	Name	Designation
1	Mr. Al Rajwani	Managing Director w.e.f August 29, 2015
2	Mr. Karthik Natarajan	Non-executive Director
3	Ms. Sonali Dhawan	Non-executive Director
4	Mr. Pramod Agarwal	Non-executive Director
5	Mr. Shailyamanyu Singh Rathore	Non-executive Director
6	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	2017	302	5 754	—
		2016	—	18 726	—
2	Purchase of Equipment/Assets/Spares	2017	—	701	—
		2016	—	1 572	—
3	Sale of Products	2017	—	495	—
		2016	—	952	—
4	Sale of Capital goods	2017	—	75	—
		2016	—	—	—
5	Loans Given	2017	—	20 000	—
		2016	—	41 300	30
6	Loans Realised	2017	—	31 000	4
		2016	—	62 600	3
7	Interest Income	2017	—	1 552	—
		2016	—	2 673	—
8	Recovery of Expenses Cross charged	2017	3 936	7 221	—
		2016	4 466	4 907	—
9	Expenses cross-charged	2017	1 892	8 422	—
		2016	2 051	11 956	—
10	Reimbursement of expenses shared by group cos. (Income)	2017	—	4 903	—
		2016	—	6 370	—

## Notes to Financial Statements for the year ended June 30, 2017

					₹ in lakhs
S. No.	Nature of Transactions	For the year ended June 30	Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Managerial Personnel
11	Reimbursement of expenses shared by group cos. (Expense)	2017	—	1 441	—
		2016	—	1 845	—
12	Business Process Outsourcing expenses	2017	—	2 878	—
		2016	—	2 830	—
13	Royalty	2017	9 929	—	—
		2016	10 773	—	—
14	Computer Expenses	2017	—	418	—
		2016	—	670	—
15	Rent expenses	2017	—	2 142	—
		2016	—	320	—
16	Dividend Remitted/Paid	2017	88 403	2 858	—
		2016	6 420	516	—
17	Managerial Remuneration	2017	—	—	846
		2016	—	—	732
18	Processing Charges	2017	—	6 382	—
		2016	—	2 497	—
19	Outstanding as at June 30th				
	Loans given	2017	—	9 000	23
		2016	—	20 000	27
		2015	—	41 300	—
	Interest Income Accrued	2017	—	520	—
		2016	—	1 628	—
		2015	—	92	—
	Trade and other receivables	2017	17	4 848	—
		2016	628	3 712	—
		2015	213	4 936	—
	Trade payables	2017	4 475	8 267	—
		2016	2 748	5 770	—
		2015	4 300	7 506	—

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 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.

## Notes to Financial Statements for the year ended June 30, 2017

### (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, 2017	Year ended June 30, 2016
1	<b>Purchase of Goods</b>		
	Procter & Gamble International Operations SA Singapore Br	4 686	—
	The Procter & Gamble Company	302	—
	Procter & Gamble Home Products Private Limited	784	18 311
	Procter & Gamble (Guangzhou) Limited	284	—
	Others	—	415
2	<b>Purchase of Equipment/Assets/Spares</b>		
	The Procter & Gamble Distributing LLC	379	1 318
	Fameccanica Data S.P.A	232	—
	Procter & Gamble Manufacturing GMBH	82	—
	Others	8	254
3	<b>Sale of Products</b>		
	Procter & Gamble International Operations SA Singapore Br	59	218
	Procter & Gamble Bangladesh Private Limited	435	675
	Others	1	59
4	<b>Sale of Capital goods</b>		
	Gillette India Limited	39	—
	Procter & Gamble Home Products Private Limited	36	—
5	<b>Loans Given</b>		
	Procter & Gamble Home Products Private Limited	20 000	20 000
	Wella India Haircosmetics Private Limited	—	20 000
	Others	—	1 300
6	<b>Loans Realised</b>		
	Procter & Gamble Home Products Private Limited	31 000	20 000
	Wella India Haircosmetics Private Limited	—	40 000
	Others	—	2 600
7	<b>Interest Income</b>		
	Procter & Gamble Home Products Private Limited	1 552	1 809
	Wella India Haircosmetics Private Limited	—	811
	Others	—	53
8	<b>Recovery of Expenses Cross charged</b>		
	The Procter & Gamble Company	3 936	4 466
	Procter & Gamble Home Products Private Limited	5 880	3 424
	Gillette India Limited	670	1 062
	Others	671	421
9	<b>Expenses cross-charged</b>		
	The Procter & Gamble Company	1 892	2 051
	Procter & Gamble Home Products Private Limited	7 396	11 201
	Gillette India Limited	938	—
	Others	88	755

## Notes to Financial Statements for the year ended June 30, 2017

		₹ in lakhs	
S. No.	Nature of Transactions	Year ended June 30, 2017	Year ended June 30, 2016
10	<b>Reimbursement of expenses shared by group cos. (Income)</b>		
	Procter & Gamble Home Products Private Limited	2 715	3 667
	Gillette India Limited	2 188	2 703
11	<b>Reimbursement of expenses shared by group cos. (Expense)</b>		
	Procter & Gamble Home Products Private Limited	1 357	1 580
	Gillette India Limited	84	265
12	<b>Business Process Outsourcing expenses</b>		
	Procter & Gamble International Operations SA	2 379	2 470
	Procter & Gamble International Operations SA-ROHQ	499	360
13	<b>Royalty</b>		
	The Procter & Gamble Company	9 929	10 773
14	<b>Computer Expenses</b>		
	The Procter & Gamble US Business Services Company	418	670
15	<b>Rent expenses</b>		
	Procter & Gamble Home Products Private Limited	2 142	320
16	<b>Dividend Remitted/Paid</b>		
	Procter & Gamble Asia Holding BV#	7 640	6 420
	Procter & Gamble Overseas India BV#	80 763	—
	Others	2 858	516
17	<b>Processing Charges</b>		
	Procter & Gamble Home Products Private Limited	6 382	2 497

# Procter & Gamble Asia Holding B.V., The Netherlands has been merged into Procter & Gamble Overseas India BV, The Netherlands with effect from March 31, 2017.

### (e) Compensation of key management personnel

The remuneration of directors and other key management personnel during the year was as follows:

	Year ended June 30, 2017	₹ in lakhs Year ended June 30, 2016
Short-term benefits	521	394
Share-based payments	325	338
	<u>846</u>	<u>732</u>

### (f) Other transactions with key management personnel

	Year ended June 30, 2017	₹ in lakhs Year ended June 30, 2016
Loan given	—	30
Loan realised	4	3

## Notes to Financial Statements for the year ended June 30, 2017

### 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 for the year ended June 30, 2017	Amount given during for the year ended June 30, 2016
	<b>Inter corporate loans</b>			
1	Procter & Gamble Home Products Private Limited	Fellow Subsidiary	20 000	20 000
2	Wella India Hair Cosmetics Pvt. Ltd.	Fellow Subsidiary	—	20 000
3	Gillette Diversified Operations Pvt. Ltd.	Fellow Subsidiary	—	1 300

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, 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.

#### 33.2 Payments recognised as an expense

	Year ended June 30, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
Minimum lease payments	2 665	3 749
	<u>2 665</u>	<u>3 749</u>

#### 33.3 Non-cancellable operating lease commitments

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
Not later than one year	241	291	280
Later than one year but not later than five years	—	241	532
Later than five years	—	—	—
<b>Total</b>	<u>241</u>	<u>532</u>	<u>812</u>

### 34. Commitments

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for	109	357	65
	<u>109</u>	<u>357</u>	<u>65</u>

## Notes to Financial Statements for the year ended June 30, 2017

### 35. Contingent liabilities

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
<b>Claims against company not acknowledged as debts</b>			
<b>Income Tax matters</b>	8 638	7 529	6 820
<b>Sales Tax matters</b>			
(i) Non submission of "C" Forms/"F" Forms	2 259	2 641	2 074
(ii) Incomplete accounts books under sales tax	227	227	227
(iii) Classification issues under sales tax	38	38	58
(iv) Product valuation issues under sales tax	66	66	66
(v) Other sales tax matters	1 014	999	781
<b>Excise duty, service tax and custom duty matters</b>			
(i) Classification issues under excise tax	9	9	9
(ii) Product valuation issues under excise tax	95	95	95
(iii) Applicability of service tax matters	1 226	1 226	1 226
(iv) Other excise, service tax and customs matters	2	2	2
(v) Custom duty	19	19	—
<b>Other matters</b>			
Other claims – The Company is a party to various legal proceedings in the normal course of business	60	46	46
	<b>13 653</b>	<b>12 897</b>	<b>11 404</b>

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

	As at June 30, 2017 ₹ in lakhs	As at June 30, 2016 ₹ in lakhs	As at July 1, 2015 ₹ in lakhs
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	324	474	157
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	75	31	6
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	1 131	541	940
Principal paid beyond the appointed date	1 131	541	863
Interest paid in terms of Section 16 of the Act	—	—	77
(d) The amount of interest due and payable for the year	44	25	50
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	75	31	6
(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	2

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.

## Notes to Financial Statements for the year ended June 30, 2017

- 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 includes expenses in respect of Managerial personnel of ₹ 806 lakhs (Previous Year: ₹ 515 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 ₹ 175 lakhs (Previous Year: ₹ 170 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, 2017 ₹ in lakhs	Year ended June 30, 2016 ₹ in lakhs
<b>Dividend on equity shares paid during the year</b>		
Final dividend for the FY 2015-16: ₹ 36 (Previous year: FY 2014-15 ₹ 30.25) per equity share of ₹ 10 each	11 686	9 819
Dividend distribution tax on final dividend	2 379	1 999
Interim dividend for the FY 2016-17: ₹ 362 (Previous year: Nil) per equity share of ₹ 10 each	1 17 508	—
Dividend distribution tax on interim dividend	23 925	—
<b>Total</b>	<b>1 55 498</b>	<b>11 818</b>

#### Proposed Dividend:

The Board of Directors at its meeting held on August 23, 2017 have recommended a payment of final dividend of ₹ 27 per equity share of face value of ₹ 10 each for the financial year ended June 30, 2017. The same amounts to ₹ 10 549 lakhs including dividend distribution tax of ₹ 1 785 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.** The Company did not have any Specified Bank Notes or any other denomination notes as defined in MCA notification G.S.R. 308 (E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016. The denomination wise SBNs and other notes as per the notification is given below:

	SBNs ₹ in lakhs	Other denomination notes ₹ in lakhs	Total ₹ in lakhs
Closing cash in hand as on November 8, 2016	—	—	—
(+) Permitted receipts	—	—	—
(-) Permitted payments	—	—	—
(-) Amount deposited in banks	—	—	—
Closing cash in hand as on December 30, 2016	—	—	—

For the purpose of this clause, the term "Specified Bank Note" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance Department of Economic Affairs No. S.O. 3407 (E), dated the November 8, 2016.

### 41. Approval of financial statements

The financial statements were approved for issue by the Board of Directors on August 23, 2017.

## Notes to Financial Statements for the year ended June 30, 2017

### 42. First-time Ind AS adoption reconciliations

#### 42.1 Effect of Ind AS adoption on the balance sheet as at July 1, 2015 (date of transition to Ind AS)

	Footnotes	Indian GAAP ₹ in lakhs	Adjustments ₹ in lakhs	Ind AS ₹ in lakhs
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	a	30 879	55	30 934
Capital work-in-progress		3 898	—	3 898
Financial assets				
(i) Loans		5 655	—	5 655
(ii) Other financial assets		88	—	88
Deferred tax assets (Net)		396	—	396
Income tax assets (Net)		17 389	—	17 389
Other non-current assets	a	835	18	853
<b>Total non-current assets</b>		<b>59 140</b>	<b>73</b>	<b>59 213</b>
<b>Current assets</b>				
Inventories		11 907	—	11 907
Financial assets				
(i) Trade receivables		11 394	—	11 394
(ii) Cash and cash equivalents		61 478	—	61 478
(iii) Bank balances other than (ii) above		297	—	297
(iv) Loans		41 856	—	41 856
(v) Other financial assets		5 436	—	5 436
Other current assets	a	3 260	2	3 262
<b>Total current assets</b>		<b>1 35 628</b>	<b>2</b>	<b>1 35 630</b>
<b>Total assets</b>		<b>1 94 768</b>	<b>75</b>	<b>1 94 843</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital		3 246	—	3 246
Other equity	a,b	1 19 622	11 704	1 31 326
<b>Total equity</b>		<b>1 22 868</b>	<b>11 704</b>	<b>1 34 572</b>
<b>Non-current liabilities</b>				
Financial liabilities				
Provisions		333	—	333
<b>Total non-current liabilities</b>		<b>333</b>	<b>—</b>	<b>333</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Trade payables		37 230	—	37 230
(ii) Other financial liabilities	a	952	189	1 141
Provisions		364	—	364
Current tax liabilities (Net)		13 690	—	13 690
Other current liabilities	b	19 331	(11 818)	7 513
<b>Total current liabilities</b>		<b>71 567</b>	<b>(11 629)</b>	<b>59 938</b>
<b>Total liabilities</b>		<b>71 900</b>	<b>(11 629)</b>	<b>60 271</b>
<b>Total equity and liabilities</b>		<b>1 94 768</b>	<b>75</b>	<b>1 94 843</b>

## Notes to Financial Statements for the year ended June 30, 2017

### 42.2 Effect of Ind AS adoption on the balance sheet as at June 30, 2016

	Footnotes	Indian GAAP ₹ in lakhs	Adjustments ₹ in lakhs	Ind AS ₹ in lakhs
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	a	31 686	57	31 743
Capital work-in-progress		3 472	—	3 472
Financial assets				
(i) Loans		5 677	—	5 677
(ii) Other financial assets		181	—	181
Deferred tax assets (Net)	e	788	106	894
Income tax assets (Net)		10 697	—	10 697
Other non-current assets	a	773	16	789
<b>Total non-current assets</b>		<b>53 274</b>	<b>179</b>	<b>53 453</b>
<b>Current assets</b>				
Inventories		12 748	—	12 748
Financial assets				
(i) Trade receivables		14 962	—	14 962
(ii) Cash and cash equivalents		1 06 659	—	1 06 659
(iii) Bank balances other than (ii) above		659	—	659
(iv) Loans		20 586	—	20 586
(v) Other financial assets		6 379	—	6 379
Other current assets	a	1 193	2	1 195
<b>Total current assets</b>		<b>1 63 186</b>	<b>2</b>	<b>1 63 188</b>
<b>Total assets</b>		<b>2 16 460</b>	<b>181</b>	<b>2 16 641</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital		3 246	—	3 246
Other equity	a,b,e	1 47 875	14 057	1 61 932
<b>Total equity</b>		<b>1 51 121</b>	<b>14 057</b>	<b>1 65 178</b>
<b>Non-current liabilities</b>				
Financial liabilities				
Provisions		357	—	357
<b>Total non-current liabilities</b>		<b>357</b>	<b>—</b>	<b>357</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Trade payables		32 413	—	32 413
(ii) Other financial liabilities	a	1 523	189	1 712
Provisions		310	—	310
Current tax liabilities (Net)		8 220	—	8 220
Other current liabilities	b	22 516	(14 065)	8 451
<b>Total current liabilities</b>		<b>64 982</b>	<b>(13 876)</b>	<b>51 106</b>
<b>Total liabilities</b>		<b>65 339</b>	<b>(13 876)</b>	<b>51 463</b>
<b>Total equity and liabilities</b>		<b>2 16 460</b>	<b>181</b>	<b>2 16 641</b>

## Notes to Financial Statements for the year ended June 30, 2017

### 42.3 Reconciliation of total equity as at June 30, 2016 and July 1, 2015 (date of transition to Ind AS)

	Notes	As at June 30, 2016 (End of last period presented previous GAAP)	As at July 1, 2015 (date of transition to Ind AS)
		₹ in lakhs	₹ in lakhs
<b>Total equity (shareholder's funds) under previous GAAP</b>		<b>1 47 875</b>	<b>1 19 622</b>
Recognition of deferred taxes using the balance sheet approach under Ind AS	e	106	—
Finance lease obligations	a	(114)	(114)
Dividends not recognised as liability until declared under Ind AS	b	14 065	11 818
<b>Total adjustment to equity</b>		<b>14 057</b>	<b>11 704</b>
<b>Total equity under Ind AS</b>		<b>1 61 932</b>	<b>1 31 326</b>

### 42.4 Effect of Ind AS adoption on the statement of profit or loss for the year ended June 30, 2016

	Footnotes	Indian GAAP ₹ in lakhs	Adjustments ₹ in lakhs	Ind AS ₹ in lakhs
Revenue from operations	c	2 48 433	(13 518)	2 34 915
Other income		8 761	—	8 761
<b>Total income</b>		<b>2 57 194</b>	<b>(13 518)</b>	<b>2 43 676</b>
<b>Expenses</b>				
Cost of raw and packing materials consumed	f	59 163	(2 965)	56 198
Purchases of stock-in-trade (Traded Goods)		33 350	—	33 350
Changes in inventories of finished goods, work-in-progress and stock-in-trade		(1 071)	—	(1 071)
Excise duty on sale of goods	c	272	7 104	7 376
Employee benefits expense	d,e	11 856	(121)	11 735
Finance costs	d	402	225	627
Depreciation and amortisation expense	a	5 169	(2)	5 167
Other expenses	a,c,f	84 399	(17 655)	66 744
<b>Total expense</b>		<b>1 93 540</b>	<b>(13 414)</b>	<b>1 80 126</b>
<b>Profit before tax</b>		<b>63 654</b>	<b>(104)</b>	<b>63 550</b>
Tax expense				
Current tax		21 728	—	21 728
Deferred tax	d,e	(392)	(36)	(428)
<b>Income tax expense</b>		<b>21 336</b>	<b>(36)</b>	<b>21 300</b>
<b>Profit for the year</b>		<b>42 318</b>	<b>(68)</b>	<b>42 250</b>
<b>Other comprehensive income</b>				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement of the defined benefit plans	d	—	(202)	(202)
Income tax effect	d	—	70	70
<b>Total other comprehensive income for the year</b>		<b>—</b>	<b>(132)</b>	<b>(132)</b>
<b>Total comprehensive income for the year</b>		<b>42 318</b>	<b>(200)</b>	<b>42 118</b>

## Notes to Financial Statements for the year ended June 30, 2017

### 42.5 Effect of Ind AS adoption on the Statement of Cash Flows for the year ended June 30, 2016

There are no material adjustments to the Statement of Cash Flows as reported under the previous GAAP.

#### Notes to the reconciliations:

##### a. Property, plant and equipment:

In the financial statements prepared under previous GAAP, Leasehold land was disclosed as a part of fixed assets and measured at the total lease payment made at the time of lease agreement and the same was amortised over the period of lease on a yearly basis. Under Ind AS, the leasehold land is treated as prepaid expenses for lease rentals and the prepayment forms a part of other current and non-current assets. Accordingly, the prepaid expense as at July 1, 2015 is ₹ 20 lakhs, current portion is ₹ 2 lakhs and non current is ₹ 18 lakhs and as at June 30, 2016 is ₹ 18 lakhs, current portion is ₹ 2 lakhs and non current is ₹ 16 lakhs. Additionally the amortisation on leasehold land is treated as rent expense and ₹ 2 lakhs for the year ended June 30, 2016 is transferred from depreciation expense to other expenses.

Under Ind AS, the Company has identified agreements which in substance fall under the category of Finance Leases. Accordingly Finance lease obligation payable has been created in the books as at July 1, 2015 (₹ 189 lakhs) and as at June 30, 2016 (₹ 189 lakhs) and corresponding Freehold Land as at July 1, 2015 (₹ 75 lakhs) and as at June 30, 2016 (₹ 75 lakhs). The effect of this change is an decrease in total equity as at July 1, 2015 (₹ 114 lakhs) and as at June 30, 2016 (₹ 114 lakhs), but does not affect profit before tax and total profit for the year ended June 30, 2016.

##### b. Proposed Dividend:

In the financial statements prepared under previous GAAP, dividend on equity shares recommended by the Board of Directors after the end of reporting period but before the financial statements were approved for issue, was recognised as a liability in the financial statements in the reporting period relating to which dividend was proposed. Under Ind AS, such dividend is recognised in the reporting period in which the same is approved by the members in a general meeting.

On the date of transition, the above change in accounting treatment of proposed dividend has resulted in increase in Equity with a corresponding decrease in Provisions by ₹ 14 065 lakhs as at June 30, 2016. The above change has also resulted in an increase in Equity with a corresponding decrease in provision by ₹ 11 818 lakhs as at July 1, 2015.

##### c. Revenue from operations:

In the financial statements prepared under previous GAAP, revenue from sale of products was presented net of excise duty. However, under Ind AS, revenue from sale of products includes excise duty. Excise duty expense amounting to ₹ 7 104 lakhs is presented separately on the face of the Statement of Profit and Loss for the year ended June 30, 2016.

In the financial statements prepared under previous GAAP, sales incentive scheme expenses were shown as a part of other expenses. However, under Ind AS, such discounts and sales promotional expenses amounting to ₹ 20 622 lakhs for the year ended June 30, 2016, are reduced from revenue from sale of products.

In light of the above, revenue from sale of products under Ind AS has decreased by ₹ 13 518 lakhs (₹ 20 622 lakhs less ₹ 7 104 lakhs) with an corresponding increase in excise duty by ₹ 7 104 lakhs and decrease in other expenses by ₹ 20 622 lakhs in the Statement of Profit and Loss for the year ended June 30, 2016.

The above changes do not affect equity as at date of transition to Ind AS, profit after tax for the year ended June 30, 2016 and Equity as at June 30, 2016.

## Notes to Financial Statements for the year ended June 30, 2017

### d. Remeasurement benefit of defined benefit plans:

In the financial statements prepared under previous GAAP, remeasurement benefit of defined plans, arising primarily due to change in actuarial assumptions was recognised as employee benefits expense in the Statement of Profit and Loss. Under Ind AS, such remeasurement benefits relating to defined benefit plans is recognised in OCI as per the requirements of Ind AS 19- Employee benefits. Consequently, the related tax effect of the same has also been recognised in OCI.

For the year ended June 30, 2016, remeasurement of gratuity liability and PRMB resulted in a net benefit of ₹ 202 lakhs which has now been removed from employee benefits expense in the Statement of Profit and Loss and recognised separately in OCI.

Under Previous GAAP, the interest cost on defined benefit liability was recognised as employee benefit expenses in the Statement of Profit and Loss. Under Ind AS, the Company has recognised the net interest cost on defined benefit plans amounting to ₹ 225 lakhs for the year ended June 30, 2016 as finance cost.

This has resulted in decrease in employee benefits expense by ₹ 427 lakhs (₹ 202 lakhs and ₹ 225 lakhs) and gain in OCI by ₹ 202 lakhs and finance cost by ₹ 225 lakhs for the year ended June 30, 2016. Consequently, tax effect of the same amounting to ₹ 70 lakhs is also recognised separately in OCI.

The above changes do not affect Equity as at date of transition to Ind AS and as at June 30, 2016. However, Profit before tax and profit for the year ended June 30, 2016 decreased by ₹ 202 lakhs and ₹ 132 lakhs respectively.

### e. Employee stock option plan:

In the financial statement prepared under previous GAAP, the cost of equity-settled employee share-based payments was recognised at the time of exercise of the stock options. Under Ind AS, the cost of equity-settled employee share-based payments is recognised based on the fair value of the options as on the grant date. On transitioning to Ind AS, fair value of partially vested share-based payment plans has been recognised in equity of ₹ 48 lakhs as at July 1, 2015 and ₹ 306 lakhs for the year ended June 30, 2016.

The above change has resulted in decrease in profit after tax for the year ended June 30, 2016 by ₹ 306 lakhs increase in deferred tax asset as at June 30, 2016 by ₹ 106 lakhs and increase in equity as at June 30, 2016 by ₹ 106 lakhs.

### f. Embedded lease:

Under Ind AS, the Company has identified arrangements which in substance fall 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. Accordingly, the payment for the lease is treated as rent expense and ₹ 2 965 lakhs for the year ended June 30, 2016 is transferred from Cost of raw and packing materials consumed to other expenses. The above changes do not affect profit after tax for the year ended June 30, 2016 and Equity as at June 30, 2016.

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Signatures to Note 1 to 42

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

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

**Karthik Natarajan**  
*Director*

**Prashant Bhatnagar**  
*Chief Financial Officer*

**I Sonthalia**  
*Company Secretary*

**Mumbai**  
**August 23, 2017**

## TEN YEAR FINANCIAL HIGHLIGHTS

	2008	2009	2010	2011	2012	2013	2014	2015	2016 <sup>^</sup>	2017 <sup>^</sup>
<b>YEAR END FINANCIAL POSITION (₹ Crores)</b>										
Gross Fixed Assets	203.1	221.8	243.0	312.9	345.9	377.5	428.1	523.7	574.4	<b>588.9</b>
Net Fixed Assets	123.1	132.3	130.3	190.4	198.4	214.9	239.5	308.8	352.2	<b>326.6</b>
Net Worth	346.6	440.0	534.6	600.6	786.6	805.3	1002.9	1228.7	1651.8	<b>526.1</b>
<b>SUMMARY OF OPERATIONS (₹ Crores)</b>										
Gross Sales	652.6	773.0	913.5	1037.0	1310.1	1696.7	2063.6	2358.4	2349.2	<b>2419.2</b>
Profit before Tax	180.6	231.7	233.6	178.7	223.0	286.2	460.3	500.8	635.5	<b>671.8</b>
Profit after Tax	131.4	178.8	179.8	150.9	182.9	203.2	302.0	346.1	422.5	<b>432.7</b>
Dividend	64.9	73.0	73.0	73.0	73.0	81.2	89.3	98.2	98.2	<b>1291.9*</b>
<b>PER SHARE DATA</b>										
EPS (₹)	40.48	55.10	55.38	46.48	57.30	62.61	93.04	106.63	130.16	<b>133.31</b>
Dividend (%)	200	225	225	225	225	250	275	302	302	<b>3980</b>
<b>NUMBER OF SHARES</b>										
Shares (Lakhs)	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61	324.61	<b>324.61</b>

<sup>^</sup> 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





## **P&G Values**

Integrity

Leadership

Ownership

Passion for Winning

Trust



P&G Brands and P&G People are the foundation of P&G's success.

P&G People bring the values to life as we focus on improving the lives of the world's consumers.



## Procter & Gamble Hygiene and Health Care Limited

P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai - 400099.  
Tel. : (91-22) 2826 6000 Fax : (91-22) 2826 7303

# 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 7303

## NOTICE

NOTICE is hereby given that the Fifty-Third Annual General Meeting of the Members of the Company will be held on **Thursday, November 16, 2017**, 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, 2017 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 the payment of Interim Dividend and declare Final Dividend for the Financial Year ended June 30, 2017.
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.
5. To appoint M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Reg. No.104607WW-100166) as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the Fifty-Eighth Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting, on such remuneration and reimbursement of out-of-pocket expenses, as the Board of Directors may decide.

### SPECIAL BUSINESS

6. 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 2017-18***

“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 approve the remuneration of ₹ 7,00,000/- 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 2017-18.”

**By Order of the Board of Directors**

**Sd/-  
Ishan Sonthalia  
Company Secretary**

Mumbai  
August 23, 2017

### Registered Office:

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

### NOTES

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of business under Item No. 6 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 9, 2017 to Thursday, November 16, 2017** (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, 2017, as recommended by the Directors, if approved at the Annual General Meeting, will be paid between November 23, 2017 to December 15, 2017
  - (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 8, 2017;
  - (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 16, 2017.

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 Private Limited.

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](mailto: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. Members are requested to note that in case of transfer of shares held in physical form, submission of photocopy of PAN card of the transferee(s) alongwith the transfer deeds and share certificates at the time of lodgement of transfer of shares is mandatory.
10. 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.
11. 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.
12. 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.
13. 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 2<sup>nd</sup> December, 2016 (date of last Annual General Meeting) are available on the website of the Company [www.pg.com/en\\_IN](http://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>.
14. In accordance with the aforesaid IEPF Rules, the Company has sent notice to all the shareholders whose shares are due to be transferred to the IEPF Authority and has also published newspaper advertisement.
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 Share Transfer documents and 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](mailto: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. The Company had credited the unclaimed physical share certificates for 39,429 shares in name of 304 shareholders to demat suspense account on July 4, 2016, after sending requisite reminders to the Shareholders. During the Financial Year, the Company received claim from 3 shareholders, which was duly transferred to the claimant shareholders. As on June 30, 2017, 38,978 shares in name of 301 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](http://www.pg.com/en_IN). Members holding shares in physical form, who have not registered/updated their respective e-mail ids, are requested to intimate their respective e-mail ids to [rnt.helpdesk@linkintime.co.in](mailto: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.

We request the Members to support the Green Initiative introduced by the MCA and make it a success.

19. 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 Saturday, November 11, 2017 at 9:00 a.m. and ends on Wednesday, November 15, 2017 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 9, 2017, 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**

- A. The Company has entered into an arrangement with National Securities Depository Limited ("NSDL") for facilitating e-voting for the Annual General Meeting. The instructions for e-voting are as under:
  - a) **In case of Members receiving an e-mail from NSDL:**
    - (i) Open the PDF file 'PGHH e-voting.pdf' attached to the e-mail, using your Client ID / Folio No. as password. The PDF file contains your User ID and Password for e-voting. Please note that the Password provided in PDF is an 'Initial Password'.
    - (ii) Launch an internet browser and open <https://www.evoting.nsdl.com/>
    - (iii) Click on Shareholder - Login.

- (iv) Insert 'User ID' and 'Initial Password' as noted in step (i) above and click 'Login'.
  - (v) Password change menu will appear. Change the Password with a new Password of your choice. Please keep a note of the new Password. It is strongly recommended not to share your Password with any person and take utmost care to keep it confidential.
  - (vi) Home page of e-voting will open. Click on e-voting – Active e-voting Cycles.
  - (vii) Select 'EVEN' of Procter & Gamble Hygiene and Health Care Limited.
  - (viii) Now you are ready for e-voting as 'Cast Vote' page opens.
  - (ix) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'Confirm' when prompted.
  - (x) Upon confirmation, the message 'Vote cast successfully' will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) For the votes to be considered valid, the Institutional Shareholders (other than Individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signatures of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at pghhagm2017@dholakia-associates.com with a copy marked to evoting@nsdl.co.in.
- b) **In case of Shareholders receiving physical copy of the Notice of Annual General Meeting and Attendance Slip**
    - (i) Initial Password is provided at the bottom of the Attendance Slip.
    - (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast vote.
  - B. In case of any queries, you may refer to the 'Frequently Asked Questions' ("FAQs") and 'e-voting user manual' available at the Downloads section of NSDL's e-voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - C. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for casting vote.
  - D. 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.
  - E. 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.
  - F. The results along with the Scrutinizer's Report, shall be placed on the website of the Company.
- 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**

**Sd/-  
Ishan Sonthalia  
Company Secretary**

Mumbai  
August 23, 2017

**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. 6

#### ***Ratification of Payment of Remuneration to the Cost Auditor for the Financial Year 2017-18***

The Board of Directors at their meeting held on August 23, 2017, 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 2017-18 and remuneration of ₹ 7,00,000/- 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. 6 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**

**Sd/-  
Ishan Sonthalia  
Company Secretary**

Mumbai  
August 23, 2017

#### **Registered Office:**

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

## Details of Directors proposed to be re-appointed at the forthcoming 53<sup>rd</sup> Annual General Meeting

Name of Director	Mr. Karthik Natarajan	Mr. Pramod Agarwal
Age	40 years	55 years
Date of appointment on the Board	October 1, 2014	May 8, 2015
Expertise in specific field	Chartered Accountant	M.B.A. in Finance
Names of other Companies in which he holds Directorships	1. Gillette India Limited 2. Temple Trees Impex & Investment Private Limited	Gillette India Limited
Chairman / Member of the Committee(s) of the Board of Directors of the Company	Nomination & Remuneration Committee – Member  Corporate Social Responsibility Committee – Member  Risk Management Committee – Member	Nil
Chairman / Member of the Committee(s) of Board of Directors of other Companies in which he is a Director	Risk Management Committee – Member (Gillette India Limited)	Nil
Shareholding in the Company	Nil	Nil

Route Map for venue of the 53<sup>rd</sup> Annual General Meeting of Procter & Gamble Hygiene and Health Care Limited

