



Procter & Gamble  
Hygiene and Health Care Limited  
Annual Report 2019-2020



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## CORPORATE INFORMATION

### Board of Directors & Key Managerial Personnel

Mr. Chittranjan Dua  
 Mr. Madhusudan Gopalan  
 Mr. Anil Kumar Gupta  
 Ms. Meena Ganesh  
 Mr. Pramod Agarwal  
 Mr. Karthik Natarajan  
 Ms. Sonali Dhawan  
 Mr. Ghanashyam Hegde  
 Mr. Gagan Sawhney  
 Mr. Prashant Bhatnagar  
 Ms. Flavia Machado

Chairman & Independent Director  
 Managing Director  
 Independent Director  
 Independent Director  
 Non-Executive Director  
 Non-Executive Director  
 Non-Executive Director  
 Non-Executive Director  
 Non-Executive Director  
 Chief Financial Officer  
 Company Secretary

### Registered Office:

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

### Auditors:

#### Statutory Auditor:

Kalyaniwalla & Mistry LLP  
 Chartered Accountants

#### Cost Auditor:

Ashwin Solanki & Associates  
 Cost Accountants

#### Secretarial Auditor:

Dholakia & Associates LLP  
 Company Secretaries

### Registrar & Share Transfer Agents:

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

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





### **Mr. Chittranjan Dua, Chairman and Independent Director**

Mr. Dua is the founding partner of Dua Associates and is currently chairman of the firm and engaged in providing strategic advice and direction for its further growth and development. His experience and expertise encompasses a broad range of areas including corporate and commercial law, corporate finance, securities law, infrastructure, public policy and administration, governance and ethics, land acquisition, power projects, foreign investments and collaborations, disinvestments and privatization of public sector undertakings, mergers and acquisitions and exchange control regulations.

### **Mr. Madhusudan Gopalan, Managing Director**

Mr. Madhusudan Gopalan is an alumnus of IIM Calcutta who joined P&G in 1999. He has more than 20 years of experience working across business units and diverse geographies like India, US and ASEAN countries. Prior to this role, he, was leading the P&G business in Indonesia where he led strong sales growth, share turn around, strong value creation and cash productivity.



### **Mr. Anil Kumar Gupta, Independent Director**

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

### **Ms. Meena Ganesh, Independent Director**

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



### **Mr. Pramod Agarwal, Non-executive 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 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. He is now a management consultant, an angel investor and mentor to several start-ups.

### **Mr. Karthik Natarajan, Non-Executive Director**

Mr. Natarajan is a Chartered Accountant and has completed his Bachelor of Commerce from R. A. Podar College, Mumbai. Mr. Natarajan has been with P&G for over 20 years and is currently the Senior Vice President, Finance & Accounting, Asia Pacific, Middle East & Africa. He has over these years 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.



### **Mr. Ghanashyam Hegde, Non-Executive Director**

Mr. Hegde, is a legal professional with over 20 years of experience across pharma, media & entertainment, financial services and chemical industries. He is an alumnus of Bangalore University and National Law School of India University and holds a degree in law and Post Graduate Diploma in Intellectual Property Rights. He is also a qualified Company Secretary. He is currently the General Counsel for Indian Sub-continent.

### **Ms. Sonali Dhawan, Non-executive Director**

Ms. Dhawan is a graduate from Lady Shriram College, with a B.Com (Hons) in Business Studies. She completed her MBA in marketing from the Indian Institute of Management, Ahmedabad. Ms. Dhawan has been with P&G for over 22 years and is currently Senior Vice President, Marketing, Feminine Hygiene, Asia, Middle East & Africa. She has worked across multiple regions including ASEAN, India, Australia & Middle East.



### **Mr. Gagan Sawhney, Non-Executive Director**

Mr. Gagan Sawhney is an alumnus of IIM, Ahmedabad who joined P&G in Finance in 2001. He has more than 20 years of experience across multiple geographies : India, ASEAN and Greater China. Prior to this, he was Finance Director of Internal Audit for P&G Global operations, where he provided assurance and consulting support across regions.

## Dear Shareholders,

It gives me great pleasure to share with you the performance of your Company for the Financial Year 2019-20. This fiscal witnessed unprecedented disruption to the business and numerous challenges due to the COVID-19 pandemic. Your Company navigated these tough times with agility to deliver a resilient performance for the Financial Year. While uncertainties and

challenges remain in the near-term, we will continue to focus on our strategy to drive superiority and improve productivity to drive balanced growth, while prioritizing the health and safety of our people.

Your Company has built citizenship into its way of doing business and is committed to be a force for good and a force for growth. In response to the COVID-19 pandemic, we stepped up and launched '*P&G Suraksha India*' to serve our communities by partnering with government and relief organizations through in-kind, product and critical supplies donations. We also leveraged the voice of our brands on social media to create awareness about preventive measures to combat the spread of COVID-19. In addition, your Company continued its focus on educating the underprivileged children in India through the '*P&G Shiksha*' program. Through this, CSR program the *P&G group* in India has supported 2300 schools that will impact the lives of 20 lakh children. *P&G Shiksha*'s efforts are focused in three main areas – improving educational infrastructure, empowering marginalized girls through education and improving learning outcomes. We also provided health & hygiene kits to those affected by disaster. Last year, P&G distributed nearly over 1 lakh sanitary pads to women and girls impacted by cyclone Amphan and supported more than 2,500 families affected by floods in Maharashtra with health and hygiene kits.

Lastly, I would also like to express my gratitude to all our consumers, customers, employees, business partners and YOU, our valued Shareholders for your support during this unprecedented year. We are keenly focused on creating value for our stakeholders. We will continue to innovate and provide superior products to consumers and sustainably grow the business.

**C. R. Dua**  
Chairman

## Dear Shareholders,

It gives me great pleasure to share with you the overall performance of your Company in 2019-20.

The outbreak of the COVID-19 pandemic and the subsequent nation-wide lockdown to contain the spread of the pandemic disrupted the business operations. During this unprecedented crisis, we are prioritizing the health and safety of our employees and maximizing the availability of our products, which play an essential role in meeting the daily health and hygiene needs of our consumers across the country.

It is the agility, commitment and innovation of your Company that enabled us to deliver resilient results in

such a challenging environment. Your Company delivered sales of ₹3,002 crores, up 2% vs year ago and Profit After Tax (PAT) of ₹433 crores, up 3% vs year ago. Our strong results are driven by our strategy to drive superiority of our brands across product, packaging, communication, retail execution and value. This is fueled by strong focus on productivity and enabled by a highly agile and accountable organization. We are winning across all channels - traditional, modern retail and e-commerce. We are continuously innovating the way we build brands, run our supply chain and use digital marketing and data analytics to improve consumer reach and engagement.

In the feminine care business, *Whisper* continued to be the market leader behind the focus on meeting the consumers' needs across the portfolio. We strengthened our presence in the growing longer length segment and night's segment. During the Financial Year, we launched *Whisper Choice Aloe Vera* in the longer length segment and upgraded the flagship *Ultra and Choice* portfolio to further improve the consumer's experience. In the Healthcare business, *Vicks* continued to win with consumers. Your Company launched *Vicks 3-in-1* throat lozenges, grew share in the *Cough & Cold* category and increased penetration behind superior go-to-market strategy.

*Whisper* continues to bring transformational change in India through our *Whisper School* program. Through the program, we have already educated more than 2.5 crore girls across on menstrual hygiene and have committed to double the impact to reach 5 crore girls by 2022. We also stepped up to help the communities and support India's fight against COVID-19 through our COVID-19 response program, *P&G Suraksha India*. *Whisper* donated more than 22 lakh sanitary pads for female frontline workers and women in underprivileged communities. We also launched *Whisper 'Mobileshaala'*, a free phone-based learning platform to ensure girls have access to their curriculum and education on menstrual hygiene. *Vicks* donated more than 33,000 protective hygiene and ration kits to the elderly people in need. The brand also launched *Vicks #ShowWeCare* campaign to encourage people to care for loved ones, while maintaining safety and hygiene.

We also reinvented our flagship CSR program *P&G Shiksha* and reached children remotely during this crisis. We connected with students via phone calls, SMSs, video calls and WhatsApp to continue and enhance their learning at home.

While there are near-term challenges, the FMCG sector continues to be an essential contributor to the economy. As the market recovers, we will continue to focus on driving balanced growth behind brand fundamentals, strength of the product portfolio and improved execution.

**Madhusudan Gopalan**  
Managing Director

## REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 56<sup>th</sup> Annual Report and the Audited Financial Statements of your Company for the Financial Year ended June 30, 2020.

### FINANCIAL RESULTS

(Figures in ₹ crores)

	2019-20	2018-19
Revenue from operations	3,002	2,947
Profit before tax (PBT)	594	607
Profit after tax (PAT)	433	419

### FINANCIAL YEAR

Your Company follows its Financial Year as July 1<sup>st</sup> to June 30<sup>th</sup>.

### DIVIDEND

The Directors are pleased to recommend a final dividend of ₹ 105 per Equity Share for the Financial Year ended June 30, 2020. This dividend proposal is subject to approval of the Shareholders at the ensuing 56<sup>th</sup> Annual General Meeting.

### BUSINESS PERFORMANCE

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

During the Financial Year, business operations were disrupted across the country following the nationwide lockdown imposed to contain the spread of COVID-19. In this unprecedented environment, your Company delivered a resilient performance for the Financial Year with sales of ₹ 3,002 crores, up 2% vs year ago and Profit After Tax (PAT) of ₹ 433 crores, up 3% vs year ago.

### Hygiene Business



In the feminine care business, *Whisper* continues to hold its position as the market leader. We continue to delight the consumer with strong innovation across the portfolio. We strengthened our play in the emerging “Comfort & Soft” segment with the launch of *Whisper Choice Aloe Vera longer length* while also upgrading our flagship *Ultra* and *Choice* portfolio to significantly improve consumer experience.

We also launched *Whisper #KeepGirlsInSchool* campaign, to raise awareness about the issue of girls dropping out of school when they attain puberty and how to address the same. *Whisper* continues to bring transformational change in the community. Through our *Whisper School* program, last year we actively supported 40,000 schools educating about 50 lakh adolescent girls on the importance of menstrual hygiene.



Our campaign ‘Meri Life Mere Rules’ drove significant social media conversation on breaking societal limitations for girls. We continued to drive penetration of our portfolio via sharply defined go-to-market plans.

### Health Care Business

Your Company’s health care sales posted strong growth this Financial Year, despite external challenges due to COVID-19. Your Company continued to win externally and grow share in the Cough & Cold category with strong offtake growth behind the strength of our portfolio, which includes *Vicks VapoRub*, *Vicks Throat Drops*, *Vicks Action 500 Advanced*, *Vicks Inhaler* and *Vicks BabyRub*. The growth was driven by strong innovation with launch of *Vicks 3-in-1 throat lozenges*, strong demand creation with world-class communication across all our sub-brands to continue growing our share, along with superior go-to-market, which enabled our brands to be present in many more stores than our competition.



*Vicks Rubs* grew penetration behind our Category Development Index program for the fourth year in a row continuing to grow value share in the Financial Year 2019-20. *Vicks Throat Drops* recorded highest ever share in the cough lozenges category in March 2020. *Vicks 3 in 1* launch has helped in winning externally by gaining share in the medicated lozenges space.

While we continue to grow business, we continue to be a force for good, with your Company launching #Showwecare campaign during Covid-19 pandemic, and backed up our words with action – via by partnering with India's leading charitable organization – HelpAge India – to support the elderly wade through the crisis.

*Old Spice* launched deodorant with 0% Gas proposition in February 2020, just before the COVID-19 outbreak. The initial response from the market was good.

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



## FINANCIAL RATIOS

	2019-20	2018-19	% Change
Debtors turnover	17.3	17.9	-3
Inventory turnover	14.7	18.0	-18
Interest coverage ratio	98.8	111.8	-12
Current ratio	2.2	1.7	32
Debt equity ratio	0	0	N.A.
Operating profit margin	20%	21%	-4
Net profit margin	14%	14%	1
Return on Network	42%	49%	-14

There is no significant change (i.e. change of 25% or more as compared to the immediately previous Financial Year) in the key financial ratios except Current Ratio. Current Ratio has increased by 32% due to significant increase in cash and cash equivalents.

## BUSINESS RESPONSIBILITY REPORT

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

### #PGSurakshaIndia – OUR COVID-19 RESPONSE AND RELIEF EFFORT

As a responsible corporate citizen in India, your Company stepped up and partnered with the government and relief organizations to serve employees, consumers and communities in need via our holistic COVID-19 response and relief program #PGSurakshaIndia. In partnership with the government and relief organizations, we distributed over 22 lakh *Whisper* sanitary pads to women and girls from underprivileged and migrant communities, childcare institutions, frontline healthcare workers and sanitation workers across the country. Our brand *Vicks* in partnership with NGO Help Age India, distributed more than 33,000 personal hygiene and protection kits to the elderly.

P&G India group also extended its support to migrant and underprivileged families in our neighboring communities by distributing over 8,000 grocery kits. and supported self-employed women entrepreneurs in Gujarat, Rajasthan and Punjab in partnership with NITI Aayog and helping them restart their business.

P&G India group also stepped up manufacturing capacity of masks and hand sanitizers (for captive consumption and donation) and has donated masks to frontline workers.

In addition to this, P&G India group leveraged its communications expertise to encourage consumers to follow public health measures like social distancing to slow the spread of the virus. Our 1,000+

in-store counsellors & DTC team are connecting with consumers via telephone and through social media videos to raise awareness on hygienic practices. P&G India group provided financial support to our partners for their vulnerable employees. We also empowered partner employees with insurance covering risks against COVID-19, cashless treatment or reimbursement of medical expenses.

Your Company is working diligently to maximize the availability of all our products for our consumers. With guidance from medical professionals, we're constantly evaluating and updating the robust measures already in place to help our people, who are making, packing and shipping products, stay safe at work, and, where possible, enabling others to work from home. We have put in measures like temperature scans, shift rotations, queueing avoidance, physical distancing, hand sanitizers and masks. We are also conducting comprehensive, methodical cleaning of all production areas and offices, including regular sanitization and surface disinfection that exceeds the most rigorous health authority standards. Your Company also partnered with the government and industry to kickstart '*Suraksha Circle*' to lay down the highest standards of hygiene and safety at manufacturing facilities.

Your Company will continue to support the communities in partnership with government and relief organizations in the country's fight against COVID-19.



## CORPORATE SOCIAL RESPONSIBILITY ('CSR')

Since its foundation, giving back to the communities has been an integral part of your Company's purpose and values. Our CSR strategy supported by two pillars – *P&G Shiksha* and Timely Disaster Relief. *P&G Shiksha* provides access to holistic education for underprivileged children through 360-degree educational interventions and your Company's disaster relief aims to provide comforts to those affected by natural disasters. Your Company donated over 1 lakh sanitary pads to women and girls impacted by cyclone *Amphan* and supported more than 2,500 families affected by floods in Maharashtra.

Your Company's signature corporate sustainability program *P&G Shiksha* has focused on three main areas – improving education infrastructure, empowering marginalized girls through education and improving learning outcomes. Till date, the P&G group in India has supported over 2,300 schools (+200 since last year) across the country that will impact the lives of over 20 lakh (+300,000 since last year) children.

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

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

Along with our NGO partner Pratham Education Foundation, we are bridging the expected and existing learning gaps in children through on-ground remedial learning interventions. During the Financial Year, we reached out to more than 50,000 children across 6 states in India and observed remarkable improvement in their learning levels. At the end of the intervention, more than 70% students were able to read as per their expected learning level compared to less than 25% at the beginning of the intervention.

Through our early childhood education program in partnership with Pratham Education Foundation, we aim to develop motor and cognitive skills in children thereby setting them up for a fast-paced growth as they start school. The results were overwhelming, 85% children in the intervention groups had competent motor skills (ability to draw, hold a pencil, colour within a shape, join dots etc.) versus 42% in the comparison groups. We have also partnered with the state government in Delhi, Himachal Pradesh, and Rajasthan to build capability of Anganwadi workers and mobilize volunteers from the community to assist with pre-school activities. Through this program, we reached out to more than 4,000 Anganwadi's and pre-schools impacting more than 38,000 children.

*P&G Shiksha* also partnered with Educational Initiatives (EI) to implement *Mindspark*, a computer-based adaptive learning tool to remediate learning gaps in students across schools in Rajasthan, Himachal Pradesh, Madhya Pradesh, Andhra Pradesh and Telangana. The tool integrates pedagogy, teacher instruction and a learning management system to assess a student's learning level and develop a customized learning path for each one of them. The program has been implemented in 130+ government schools where more than 28,000 students learned with understanding using *Mindspark*. Post the intervention, the learning levels among students using *Mindspark* improved two-fold compared to the control group. The tool also provides teachers with information on the progress and learning levels of students which is used for effective classroom management and instruction.

Your Company continued to impact the communities around its plants in a holistic manner throughout the Financial Year. At Goa, we support Matruchhaya, a home for the orphan and abandoned, helping them build health and hygiene amenities and support basic educational facilities.

Schools around India temporarily closed as a preventive measure to contain the spread of COVID-19, affecting millions of students, particularly from underprivileged communities. To facilitate continuity of learning, your Company partnered with Pratham to pilot newer platforms of learning. We connected with students via phone calls, SMSs, video calls and WhatsApp to encourage them to continue learning at home. For children in their formative years, we encouraged mothers to engage their children in simple hands-on activities focused on building their child's cognitive and language skills.

**We've built citizenship into our business which is enabling us to responsibly serve all our stakeholders and the broader world around us.**



For students in grades 1-8, we provided academic content and engaging activities in Math, Science and English to help them continue learning. Along with partner Educational Initiatives, we provided students access to the *Mindspark* software to enable them to continue learning. We also set up a toll-free hotline for students to hear educational stories and solve questions over the phone.

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 Corporate Social Responsibility activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure II** to this Report.

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

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

Within our operations, we strive to grow responsibly, continuously improve our efficiency while reducing our carbon footprint.

The Goa manufacturing plant is a 'zero waste to landfill' site which means that there is no manufacturing discharge into the environment. In the last 10 years, the Goa plant has reduced its carbon emission by 90% and has reduced its energy consumption by 33%. The plant has a well-established rainwater harvesting system and a sewage treatment plant that allows us to reuse water. The plant is also leveraging technology, experts, employees and renewable sources of energy to reduce our overall carbon footprint and make our operations more sustainable.

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

In line with our 'Ambition 2030' goal of creating a positive impact on the environment and society, P&G India group set-up an 'Environmental Sustainability Fund,' to collaborate with external partners offering environmentally sustainable business solutions. We made this announcement at the second edition of 'P&G vGROW External Business Partner Summit' which focused on identifying and implementing step-changing environmentally sustainable solutions like packaging innovations, renewable sources of energy and reducing carbon footprint. Our vGROW forum offers potential partners like startups, small businesses, individuals and large organizations a platform to pitch their innovative industry-leading solutions to our leadership team.

We are embracing our responsibility to be a catalyst for good in our communities. More than 150 P&G India employees, partner employees, family and friends collected nearly 2300 kg of waste from the Mahim beach in Mumbai. The collected waste was segregated and recycled by our waste management partner. Through these interventions, we strive to enhance the overall state of cleanliness and waste management by making sustainability a part of everything we do. In partnership with our stakeholders and employees, we are helping build a more sustainable future for us all, a cause we strongly feel and believe in.

## **TECHNOLOGY ABSORPTION**

### **i. Efforts made towards technology absorption:**

Use of low-pressure compressors at the Plant.

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

Use of low-pressure compressors resulted in cost reduction and saved electricity consumption.

### **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.

### **iv. Expenditure on research & development:**

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

## **FOREIGN EXCHANGE EARNINGS & OUTGO**

The details of foreign exchange earnings and outgo as required under Section 134 of the Companies

Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules, 2014 are mentioned below:

₹ in Lakhs

	For the Financial Year ended June 30, 2020	For the Financial Year ended June 30, 2019
Foreign Exchange earnings	3,753	2,422
Foreign Exchange outgo	59,385	75,321

#### RELATED PARTY TRANSACTIONS

Your Company has formulated a policy on related party transactions which is also available on Company's website at <https://in.pg.com/india-governance-and-policies/pghh/terms-and-policies/#policies>. This policy deals with the review and approval of related party transactions. All related party transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and at arm's length. All related party transactions are subjected to independent review by chartered accountant firm to confirm compliance with the requirements under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

#### LOANS AND GUARANTEES GIVEN AND INVESTMENTS MADE DURING THE FINANCIAL YEAR 2019-20

Details of loans given by your Company under Section 186 of the Companies Act, 2013 during the Financial Year 2019-20 are as follows:

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

Your Company has not given any guarantees or made any investments during the Financial Year 2019-20.

#### PUBLIC DEPOSITS

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

#### PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, your Company has constituted an Internal Complaints Committee (ICC). During the Financial Year, no complaints with allegation 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, 2020, 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, 2020, 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.

## 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.

## NUMBER OF MEETINGS OF BOARD OF DIRECTORS

Four (4) meetings of the Board of Directors of the Company were held during the Financial Year. For further details on meetings of the Board of Directors and its Committees, please refer to the Corporate Governance section of the Annual Report.

## MANAGEMENT & PERSONNEL

The strength of business over the past few years and resilience in this particular year, due to COVID-19 pandemic & multiple economic headwinds in the country, demonstrates the core strength of our employees to stay innovative, reality based and influence the course of business. Financial Year 2019-20 was a year of unprecedented challenges, yet our focus on delivering superiority, fueled by productivity via an empowered organization helped us deliver business results in these tough times.

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

The information as per Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. As per the provisions of first proviso to Section 136 (1) of the Companies Act, 2013, this 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 [investorpghh.im@pg.com](mailto:investorpghh.im@pg.com).

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Ms. Sonali Dhawan and Mr. Gagan Sawhney, Directors retire by rotation and being eligible, offer themselves for re-appointment at the ensuing 56<sup>th</sup> Annual General Meeting of the Company.

Mr. Chittranjan Dua has been appointed as an Independent Director by the Board of Directors of the Company for a period of 5 years effective August 25, 2020, subject to the approval of the Shareholders of the Company at the ensuing 56<sup>th</sup> Annual General Meeting of the Company. The Nomination & Remuneration Committee of the Company has recommended the said appointment.

Mr. Rajendra A. Shah completed his previous tenure as Independent Director on September 23, 2019 and was re-appointed at the Annual General Meeting held on November 27, 2019 for another tenure of one year, effective September 24, 2019. Subsequently, this tenure shall come to an end and Mr. Shah shall cease to be Director and Chairperson of the Company on September 23, 2020. Mr. Shah had been associated with the Company as a Director since its incorporation, i.e., for over 56 years and had been Chairman of the Company since April 1, 2009.

Mr. Bansidhar S. Mehta completed his previous tenure as Independent Director on September 23, 2019 and was re-appointed at the Annual General Meeting held on November 27, 2019 for another tenure of one year, effective September 24, 2019. Subsequently, this tenure shall come to an end and Mr. Mehta shall cease to be Director of the Company on September 23, 2020. Mr. Mehta had been a Director of the Company since 1978, i.e., for over 42 years.

As a Company, we mark the end of an era with Mr. Shah and Mr. Mehta's retirement from the Board of the Company. Mr. Shah and Mr. Mehta, being stalwarts in the legal and taxation profession respectively, and having deep knowledge about business in India, have been instrumental in the Company's sustained growth over the decades through their guidance and counsel to the Company.

The P&G Management and the Board of Directors of the Company express their deepest gratitude for Mr. Shah and Mr. Mehta's valuable guidance, leadership, direction and counsel to the Company and wish them all the very best on their retirement.

The Board of Directors have appointed Mr. C. R. Dua as the Chairman of the Company effective September 24, 2020.

Brief profile of Directors proposed to be appointed/re-appointed at the ensuing 56<sup>th</sup> Annual General Meeting and the details of the Directorships held by them in other companies are provided under the Corporate Governance section of the Report.

Appropriate resolutions for the appointment / re-appointment of the aforesaid Directors are being

proposed at the ensuing 56<sup>th</sup> Annual General Meeting, which the Board recommends for approval of the Shareholders of the Company.

The Independent Directors of your Company have given declaration to your Company stating that they meet the criteria of Independence as mentioned under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board is of the opinion that all the Independent Directors appointed during the year possess integrity, have relevant expertise and experience and fulfill the conditions specified under the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### AUDITORS

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

The Report given by the Statutory Auditors on the financial statements of the Company for the Financial Year ended June 30, 2020 is part of this Report. There has been no qualification, reservation or adverse remark given by the Auditors in their Report.

#### COST AUDITORS

Ashwin Solanki & Associates, Cost Accountants carried out the cost audit for applicable business during the Financial Year 2019-20. The Board of Directors has re-appointed Ashwin Solanki & Associates, Cost Accountants for the Financial Year 2020-21.

#### POLICIES

Your Company has adopted policies on related party transactions, corporate social responsibility, vigil mechanism, nomination and remuneration, materiality of events and dividend distribution policy, which are available on the website of the Company at <https://in.pg.com/india-governance-and-policies/pghh/terms-and-policies/#policies>.

The policy on Director's appointment and remuneration including criteria for determining

qualifications, positive attributes, independence of Director, and remuneration for Key Managerial Personnel has been appended as **Annexure V** to this Report. The dividend distribution policy has been appended as **Annexure VI** to this Report.

#### SECRETARIAL AUDIT

Secretarial Audit was carried out by Dholakia & Associates LLP, Company Secretaries for the Financial Year 2019-20. There were no qualifications, reservation or adverse remarks given by the Secretarial Auditors of the Company. The Secretarial Audit report has been appended as **Annexure VII** to this Report.

#### SECRETARIAL STANDARDS

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

#### TRADE RELATIONS

The Directors wish to thank the retailers, wholesalers, distributors, suppliers of goods & services, clearing and forwarding agents and all other business associates and acknowledge their efficiency and continued support in promoting such healthy growth in your Company's business.

#### ACKNOWLEDGEMENT

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

**On behalf of the Board of Directors**

**Mumbai, August 25, 2020**

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

## Annexure I

## Business Responsibility Report for Financial Year 2019-20

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Details
1.	Corporate Identity Number (CIN)	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	in.pg.com
5.	E-mail id	investorpggh.im@pg.com
6.	Financial Year reported	July 1, 2019 to June 30, 2020
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. Healthcare Products 2. Hygiene Products
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations	None
	(b) Number of National Locations	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> 173, 314, 315, Kundaim Industrial Estate, Kundaim, Goa - 403 115 <b>Baddi:</b> Village Katha, 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	₹ 3,002 Crores
3.	Total profit after taxes	₹ 433 Crores
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 12.32 Crores (2.85% of profit after tax)
5.	List of activities in which expenditure in point 4 above has been incurred	Refer Corporate Social Responsibility Report which is appended as <b>Annexure II</b> 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 supplier base when we identify improvement opportunities, and this is an important way we fulfill our purpose. We want to build a robust system of External Business Partners that is fully integrated and synchronized with your Company's business and values.

## SECTION D: BUSINESS RESPONSIBILITY INFORMATION

## 1. Details of Director(s) responsible for Business Responsibility

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

Details of the CSR Committee, which is responsible for implementation of the Business Responsibility policies:

<b>DIN</b>	02588131	08158357	06685891	06808527
<b>Name</b>	Mr. Anil Kumar Gupta	Mr. Madhusudan Gopalan	Mr. Karthik Natarajan	Ms. Sonali Dhawan
<b>Designation</b>	Independent Director	Managing Director	Non-Executive Director	Non-Executive Director

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

All successful and sustainable companies have one thing in common – good governance practices. Your Company believes in *“Doing the Right Thing, Everytime”*. Your Company has a strong history of operating with integrity – at all levels, both internally and externally. Our actions and the actions of all our employees are governed by our Purpose, Values and Principles (PVPs). Your Company reinforces responsibilities on all its employees, of observing high standards of Corporate Governance through the Company's *“Worldwide Business Conduct Manual”* which sets forth management's commitment to conduct its business affairs with high ethical standards. These standards flow from the following core values of the Company:

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



## Ethics & Corporate Responsibility

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



## Community Impact

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



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



Serving our employees, consumers and communities in response to the COVID-19 pandemic



## FLAGSHIP CSR PROGRAM

Built and supported more than 2,300 schools that will impact more than 20 lakh underprivileged children



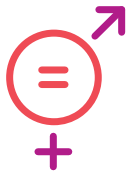
## TIMELY DISASTER RELIEF

Supported those impacted by floods in Maharashtra and cyclone Amphan in West Bengal through our disaster relief program



## OUR BRANDS MAKE A DIFFERENCE

Our brands Whisper and Vicks made a difference to communities through various interventions



## Gender Equality

Aspiring to build a world where everyone sees equal



### LEVERAGING OUR VOICE IN ADVERTISING AND MEDIA

Our campaigns like Whisper #KeepGirlsInSchool spark conversations to bring change



### EMPOWERING MARGINALISED GIRLS THROUGH EDUCATION

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



Launched Whisper Mobileshaala, a free phone-based learning platform to provide uninterrupted learning to children in the lockdown



### ADVOCATING FOR GENDER EQUALITY

Leveraging forums like India Economic Summit by WEF & Bloomberg Equality Summit to advocate for Gender Equality



## Diversity & Inclusion

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



### FLEX@WORK

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



### MARCTM

Organized MARCTM workshops to build inclusive leadership skills throughout our Company



### GABLE NETWORK

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



### WOMEN'S INTERACTIVE NETWORK

Set up the Women's Interactive Network for the advancement of women



### CREATING AN INCLUSIVE WORK ENVIRONMENT

Embracing equality across our workforce



## Environmental Sustainability

Constantly improving our efficiency while reducing our carbon footprint



### REDUCING OUR FOOTPRINT

We continuously strive to reduce our carbon footprint and improve efficiency



### ZERO MANUFACTURING WASTE TO LANDFILL

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



### RECYCLING PACKAGING WASTE

Working with waste management companies and industry to collect, segregate and recycle packaging waste



### RECYCLING PROGRAM

Plan to launch our global sanitary napkin recycling program in India



### SET-UP 'ENVIRONMENTAL SUSTAINABILITY FUND'

Collaborating with external partners on sustainable solutions

**Business Responsibility Principles:**

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

**Details of compliance:**

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

Note: Y = Yes

**3. Governance related to Business Responsibility**

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

consistent with the Company's Purpose, Values and Principles.

The Corporate Social Responsibility Committee and the Board of Directors assess the Business responsibility performance annually. The Business Responsibility Report is issued annually along with the Annual Report of the Company. The Business Responsibility Report can be viewed at [in.pg.com](https://in.pg.com).

## 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. Our Purpose is to improve consumers' lives in small but meaningful ways, and it inspires your Company to make a positive contribution every day. Our Values of Integrity, Leadership, Ownership, Passion for Winning, and Trust shape how we work with each other and with our partners. 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, our shareholders and all stakeholders, and they are consistent with the Company's PVPs.

Your Company reinforces responsibilities on all its employees, of observing high standards of Corporate Governance through the *Company's Worldwide Business Conduct Manual* which sets forth management's commitment to conduct its business affairs with high ethical standards. The Sustainability Guidelines for External Business Partners explain the global standards to be followed by the External Business Partners in their daily business activities on behalf of the Company. External business partners and their suppliers are expected to share your Company's commitment to these standards.

Your Company being a part of the Procter & Gamble group has in place 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, Global Internal Audit 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 blower policy as the vigilance mechanism for Directors and employees to report 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 cases reported alongwith the status report and action taken (if any) are reported to the Committee. During the Financial Year, 5 complaints were received. These cases are dealt with in accordance with the *Worldwide Business Conduct Manual*.

### **Principle 2: Safety and Sustainability throughout the life cycle**

In order to improve lives, now and for generations to come, we ensure that our products, packaging and operations are safe for employees, consumers and the environment. We ensure this with a focus on technologies, processes and improvements that matter for the environment. Product quality and safety are of the utmost importance to your Company. Our purpose is to make superior products that not only delight consumers but are also produced responsibly. Customers choose your Company because we provide products of superior quality and value that improve the lives of the consumers.

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

Your Company is working to adopt and raise awareness about safety and hygiene and 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. Through our 'Suraksha Circle' program we shared our learnings and best practices on the highest standards of health, hygiene and safety measures at manufacturing sites with the industry. This helped

us serve our consumers and provide them with our products which are essential, now more than ever given the cleaning, hygiene and health benefits many of them provide. 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 also optimize our transportation efficiency by making changes to the rate, route, mode and method of transportation. We focus on eliminating inefficiencies such as loading and unloading delays, rush transport up-charges, dead legs (empty trucks) and P&G production line stops.

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

### Principle 3: Employee Well-Being

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

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

- Ensuring Health and Safety of all the employees
- Providing Safe work environment
- Encouraging diverse workforce, non-discriminated opportunities
- Continuous Learning, etc.

Your Company has identified creation of a highly engaged, business focused organization as a key priority. An engagement strategy was implemented to emphasize employee engagement and to continue to position the Company as an exciting and inspiring

place to work, in line with our business strategy. The engagement strategy was co-created with employees, with an aim to ensure key interventions throughout the year, headed by business leaders and enrolling the entire organization. These interventions were focused around Diversity & Inclusion, Skill & Capability Development and Community Impact.

Your Company also has various Employee Centric policies in place, and we truly stepped up on organization initiatives as part of our efforts in the fight against COVID-19 through our response, relief and employee & partner wellbeing program ‘#PGSurakshaIndia’.

Your Company has always been committed to taking care of its employees, and this was more critical than ever given the unprecedented crisis. We constituted a COVID CARE Helpdesk dedicated to offer solutions to employees in the unfortunate event that they or their family members test positive for COVID-19 or are identified as close contacts. The helpdesk provides information on testing, treatment, quarantine & advisory for locations with P&G plants, and sales offices.

As employees worked remotely, the in-office collaboration, celebration and a sense of community was significantly impacted. To continue providing this experience to employees, we designed a 360° #Stayconnected Program to help employees navigate through the challenges of the ‘new normal’ irrespective of function and life stage.

Our overall plan for the year targeted engagement through several interventions including best in class recruitment practices, meaningful learning & development opportunities, digital capability building and opportunities for individuals to innovate.

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, 2020, your Company had a total of 424 permanent employees, including 96 permanent women employees. 447 persons were engaged on temporary / contractual basis. During the Financial Year, the Company did not receive any complaints relating to child labour, forced labour, involuntary labour, or discriminatory employment. Your Company

did not receive any complaints on sexual harassment, during the Financial Year. All the employees and persons engaged on temporary / contractual basis were given safety & skill up-gradation training.

#### Principle 4: Stakeholder Engagement & Relation

Your Company acknowledges that improving transparency, respecting human and labor rights and sourcing responsibly is an enormous challenge and progress will be made through a journey of collaboration and engagement with our stakeholders. Thus, we seek meaningful collaboration and engagement with our stakeholders including employees, shareholders, consumers, customers, communities, external business partners, authorities, NGOs, industry associations and the government.

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

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

As a responsible corporate citizen in India, your Company stepped up and partnered with the government and relief organizations to serve employees, consumers and communities in need via our holistic COVID-19 response and relief program *#PGSurakshaIndia*.

#### Principle 5: Human Rights

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

We aspire to create a gender-equal world with equal representation for all individuals. We are committed to driving equality within the Company. We are adopting equality based policies, broadening our definition of leadership and empowering our people to join us in building a workplace that is equal for all individuals. We are driving equality across the shop floor through deliberate interventions right from the

recruitment stage. We are driving thought-leadership and advocating for gender equality outside of the Company by leveraging external platforms like India Economic Summit by World Economic Forum and Bloomberg Equality Summit.

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

##### GABLE network

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

##### Men Advocating Real Change™ (MARC)

Your Company believes that the requisite skills to succeed as leaders and beyond include the ability to be empathetic and inclusive. Given the critical role men play in advancing women and in achieving gender equality, we have partnered with Catalyst on their MARC™ initiative, to engage the hearts and minds of men as full partners in achieving gender equality inside and outside the Company. Through this effort, men better understand the impact that stereotypes, unconscious bias and male-dominant culture have on women's career progression.

##### Whisper-#KeepGirlsInSchool

*Whisper* has been leveraging its voice to challenge societal barriers to menstrual hygiene in the country through its pathbreaking campaigns like *#TouchThePickle*, *#SitImproper* and *#WhispersBreakSilence*, breaking the age old stereotypes about gender expectations. Building on that, this year, *Whisper* initiated a new campaign '*#KeepGirlsInSchool*' to prevent girls from dropping out from schools when they get their periods. As part of this campaign, *Whisper* aims to create awareness on how even today, girls across India drop out of school on hitting puberty. The campaign brings to light and pledges to double the impact of their existing menstrual hygiene education program by reaching 5 crore girls by 2022.

##### #Mobileshaala- free phone-based learning platform

The premature closure of schools due to the pandemic affected access to education especially for girls from marginalized communities, making them even more vulnerable to dropping out of school completely. *Whisper*, in partnership with Pratham Education

Foundation, launched 'Mobileshaala,' a free phone-based learning platform with curriculum-based education modules on key subjects like English, Science and menstrual hygiene education.

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

### Principle 6: Environment Protection

We have a responsibility to make the world better — through the positive impact our brands and Company can have in communities worldwide. Our goal is to create brands that enable consumers to make more sustainable choices. We have integrated sustainability into our business practices, operations, innovation, brand building and culture. The environment sustainability guidelines of the Company cover both the Company and other people associated with the Company.

Environmental sustainability is embedded in your Company's Purpose, Values, Principles, and how we do business. We are committed to improving lives, now and for generations to come by ensuring that our products, packaging and operations are safe for employees, consumers and the environment.

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

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

- a. All our brands will enable responsible consumption through packaging that is 100% recyclable or reusable by 2030; and
- b. By 2030, 100% of manufacturing sites across the globe will cut greenhouse gas emissions in half as compared to our 2010 baseline.

In line with our 'Ambition 2030' goal of creating a positive impact on the environment and society, P&G India has set-up an 'Environmental Sustainability Fund' to collaborate with external partners offering environmentally sustainable business solutions. We made this announcement at the second edition of

'P&G vGROW External Business Partner Summit' which focused on identifying and implementing step-changing environmentally sustainable solutions like packaging innovations, renewable sources of energy and reducing carbon footprint.

Within our operations, we strive to grow responsibly, continuously improve our efficiency while reducing our carbon footprint. The Goa manufacturing plant is a 'zero waste to landfill' site which means that there is no manufacturing discharge into the environment. In the last 5 years, the Goa plant has reduced its carbon emission by 90% and has also reduced its energy consumption by 33%. The Plant has a well-established rainwater harvesting system and a sewage treatment plant that allows reuse of water. The plant is also leveraging technology, experts, employees and renewable sources of energy to reduce our overall footprint and make our operations more sustainable.

Your Company is committed to help reduce the flow of plastic by making changes now and bringing long-term solutions. In India, we have put in place a system to recover and recycle multi-layered plastic packaging waste. We are working with various waste management companies and the industry to collect, segregate and recycle multi-layered plastic packaging waste. In 2019, P&G joined forces with more than 40 companies globally that make plastic, use plastic in their products and packaging, and those who recycle and manage plastic waste to form 'The Alliance to End Plastic Waste.'

Your Company strives to enhance the overall state of cleanliness and waste management by making sustainability a part of everything we do. In partnership with our stakeholders and employees, we are helping build a more sustainable future for us all, a cause we strongly feel and believe in.

### Principle 7: Business Policy & Advocacy

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

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

- Federation of Indian Chambers of Commerce & Industry (FICCI)

- Confederation of Indian Industry (CII)
- Feminine and Infant Hygiene Association (FIHA)
- US India Business Council (USIBC)
- India Home & Personal Care Industry Association (IHPCIA)

Some of the key issues on which your Company engaged with the Government in the Financial Year 2019-20 through the above associations or directly, include:

- Laws relating to environmental sustainability;
- Obtaining permissions for business operations at various locations including manufacturing plants, distribution branches, warehouses, contract manufacturing sites etc. during the lockdown implemented by the Government on account of Covid-19 pandemic.

#### **Principle 8: Inclusive growth and Equitable development**

Your Company believes that the only way to build a sustainable business is to improve lives. For your Company, sustainability means making every day better for people through how we innovate and how we act. As one of the world's largest consumer products Company, we have both a responsibility and an opportunity to do the right thing and create change. This strategy has inspired an enduring CSR strategy supported by two pillars – *P&G Shiksha* and *Timely Disaster Relief*. While *P&G Shiksha* provides children from underprivileged backgrounds with an access to a holistic education, P&G's disaster relief activities aim to rehabilitate and empower the victims of natural disasters by providing them with daily essential commodities and safe drinking water.

Your Company has undertaken CSR initiatives during the Financial Year amounting to ₹ 12.32 Crores which are detailed in the CSR Report which is appended as Annexure II to the Directors' Report.

Your Company strives to get the full value of diversity through inclusion — fostering an environment where its people can be their best, full and authentic selves in the workplace. But our job doesn't end there — our belief and commitment extend beyond P&G's walls. We are driving action to make a meaningful difference, and we care deeply about our impact, always striving to make the world a little bit better through our actions.

#### **Principle 9: Customer Value and Responsibility**

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

Our aspiration is to serve the world's consumers better than our best competitors, creating superior shareholder value in the process. Innovation is at the heart of your Company's business. 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 number of consumer research studies to understand what people need and want, in order to create superior value and product experience every day.

## Annexure II

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

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

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

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

1. We believe it's essential to run our business responsibly, and our operating practices reflect this commitment.
2. P&G is focused on making every day better for people and the planet through our innovations and our actions:
  - i) Environment by- conservation of resources, using renewable resources, generating worth from waste;
  - ii) Social by- providing the comforts of home, improving health and hygiene of people, social and cultural development, imparting education, training and social awareness.

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

#### a) Social and cultural development by:

- Imparting education, training (vocational and skill based) and creating social awareness;
- Awareness programs on girl education;
- Empowerment of women for education/ health & self-employment;
- Empowerment of differentially abled children and their self-development;
- Skill development and generation of employment by locally driven initiatives;

- Promoting preventive healthcare 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 with

- Conservation of resources by design and manufacture of products that maximize the conservation of resources;
- Utilization of renewable energy and renewable or recycled materials; and
- Generating worth from waste.

#### c) Any other objectives as mentioned under Section 135 of the Companies Act, 2013 and/or relevant Rules and Schedules.

The Corporate Social Responsibility Policy is available on the website of the Company at <https://in.pg.com/india-governance-and-policies/pghh/terms-and-policies/>.

The composition of the CSR Committee as on date:

Mr. A. K. Gupta	Chairman
Mr. Madhusudan Gopalan	Member
Mr. Karthik Natarajan	Member
Ms. Sonali Dhawan	Member

2. Average net profit of the Company for last three Financial Years – ₹ **616.09 Crores**
3. Prescribed CSR expenditure (2% of amount as in item 2) – ₹ **12.32 Crores**

#### 4. Details of CSR spent during Financial Year:

- a) Total amount to be spent for the Financial Year – ₹ **12.32 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 up to the reporting period (₹ in Crores)	Amount spent: Direct or through implementing agency
					Total (₹ in Crores)	Direct expenditure	Over heads		
1	P&G Shiksha: Read India Program	Education: Remedial Learning & Early Childhood Education	Himachal Pradesh, Madhya Pradesh, Telangana	3.20	3.20	95%	5%	3.20	Implementing agency: Pratham Education Foundation
2	P&G Shiksha: Build & Support Schools	Education: Infrastructure Interventions	Pan-India	2.24	2.24	100%	Nil	2.24	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: Supporting Defence NGOs to educate underprivileged children	Education: Support Sankalp School Mumbai - a special school for differently abled children	Mumbai (Maharashtra)	0.35	0.35	90%	10%	0.35	Implementing agency: Navy Wives Welfare Association
6	P&G Shiksha: Supporting Defence NGOs to educate underprivileged children	Education: Support Umeed Schools through AFWWA - school for the underprivileged	Delhi	0.35	0.35	90%	10%	0.35	Implementing agency: Air Force Wives Welfare Association
7	P&G Shiksha: Supporting Defence NGOs to educate underprivileged children	Education: Support Asha Schools, and Education of Girl Children of Army Widows through AWWA	Delhi	0.75	0.75	90%	10%	0.75	Implementing agency: Army Wives Welfare Association
8	P&G Shiksha: Supporting Education of Marginalized Girls and children in rural areas	Education: Support Girl Child Education through KGBV Schools in Rajasthan	Rajasthan	1.50	1.50	89%	11%	1.50	Implementing agency: Save The Children
9	P&G Shiksha: Supporting remedial learning via digital learning	Education: Support remedial learning leveraging digital platforms	Rajasthan, Madhya Pradesh, Himachal Pradesh, Telangana	2.40	2.40	95%	5%	2.40	Direct with the help of Educational Initiatives (EI)
10	P&G Shiksha: Supporting education & infrastructure in Himalayan Belt	Education & Infrastructure: Electrification of a village near Leh and setting up educational hubs	Jammu & Kashmir	0.30	0.30	90%	10%	0.30	Direct with the help of Global Himalayan Expedition (GHE)
11	P&G Shiksha: Improving spoken English skills in underprivileged children	Education & skill-development	Maharashtra	1.00	1.00	95%	5%	1.00	Implementing agency: Center for Civil Society

- 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
- The CSR committee confirms that the implementation and monitoring of CSR activities, is in compliance with CSR objectives and policy of the Company.

**Madhusudan Gopalan**  
Managing Director

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

**ANNEXURE III**  
**EXTRACT OF ANNUAL RETURN**  
**Form No. MGT-9**

**(As on the Financial Year ended on June 30, 2020)**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

i)	CIN	: L24239MH1964PLC012971
ii)	Registration Date	: July 20, 1964
iii)	Name of the Company	: Procter & Gamble Hygiene and Health Care Limited
iv)	Category / Sub-Category of the Company	: Company limited by shares / Indian Non-Government Company
v)	Address of the Registered Office and contact details	: P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai - 400 099 Tel : 022-2826 6000; Fax: 022-2826 7337 Website : in.pg.com
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 - <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

**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	32
2.	Sanitary napkins	13996	67

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

**Holding Company**

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 or associate companies.

#### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### i. Category-wise Shareholding

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<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	1566126	—	1566126	4.82	1795870	—	1795870	5.53	0.71
	Alternate Investment Funds	16751	—	16751	0.05	—	—	—	0.00	-0.05
	Financial Institutions / Banks	1202035	4736	1206771	3.72	1420935	1315	1422250	4.38	0.66
	Insurance Companies	823083	—	823083	2.54	1048642	—	1048642	3.23	0.69
	Foreign Institutional Investors	1097894	—	1097894	3.38	833788	—	833788	2.57	-0.81
	<b>Sub Total (B)(1)</b>	<b>4705889</b>	<b>4736</b>	<b>4710625</b>	<b>14.51</b>	<b>5099235</b>	<b>1315</b>	<b>5100550</b>	<b>15.71</b>	<b>1.20</b>
<b>2.</b>	<b>Non-Institutions</b>									
	<b>Bodies Corporate</b>									
	- Indian	827401	6730	834131	2.57	573810	1821	575631	1.77	-0.80
	<b>Individuals</b>									
	- Individual shareholders holding nominal share capital up to ₹ 1 lakh	3181740	252345	3434085	10.58	3037565	201345	3238910	9.9779	-0.60
	- Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	257464	—	257464	0.79	284094	—	284094	0.88	0.09
	<b>Others</b>									
	- NBFCs registered with RBI	1786	—	1786	0.01	—	—	—	—	-0.01
	- Clearing Members	3239	—	3239	0.01	1415	—	1415	0.00	-0.01
	- HUF	82873	210	83083	0.26	80146	210	80356	0.25	-0.01
	- Foreign National	430	—	430	0.00	430	—	430	0.00	0.00

Sr. No.	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
-	NRI	26247	30	26277	0.08	25294	30	25324	0.08	0.00
-	NRN	134441	3616	138057	0.43	137551	3066	140617	0.43	0.01
-	Director / Relatives	17351	—	17351	0.05	17232	—	17232	0.05	0.00
-	Trust	432	—	432	0.00	330	—	330	0.00	0.00
-	Central Government / State Government(s)	8408	—	8408	0.03	8408	—	8408	0.03	0.00
-	IEPF	15595	—	15595	0.05	57666	—	57666	0.18	0.13
<b>Sub Total (B)(2)</b>		<b>4557407</b>	<b>262931</b>	<b>4820338</b>	<b>14.85</b>	<b>4223941</b>	<b>206472</b>	<b>4430413</b>	<b>13.65</b>	<b>-1.20</b>
<b>Total Public Shareholding (B)</b>		<b>9263296</b>	<b>267667</b>	<b>9530963</b>	<b>29.36</b>	<b>9323176</b>	<b>207787</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>32193069</b>	<b>267667</b>	<b>32460736</b>	<b>100.00</b>	<b>32252949</b>	<b>207787</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 share holding during the year
		No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Procter and Gamble Overseas India B.V.	22310090	68.73	—	22310090	68.73	—	0.00
2.	Temple Trees Impex & Investment Pvt Ltd	619683	1.91	—	619683	1.91	—	0.00
		<b>22929773</b>	<b>70.64</b>	<b>—</b>	<b>22929773</b>	<b>70.64</b>	<b>—</b>	<b>0.00</b>

## iii. Change in Promoters' Shareholding

Sr. No.	Name of Shareholder	Shareholding at the beginning and end of the year		Date of change in shareholding	Increase/ Decrease in shareholding	Reason for increase / decrease	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company

There was no change in Promoter shareholding during the Financial Year 2019-2020.

**iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on June 30, 2020**

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	Life Insurance Corporation of India	1193212	3.39	01 Jul 2019				
				05 Jul 2019	2416	Purchase	1195628	3.68
				12 Jul 2019	6625	Purchase	1202253	3.70
				19 Jul 2019	4455	Purchase	1206708	3.72
				26 Jul 2019	3945	Purchase	1210653	3.73
				02 Aug 2019	3663	Purchase	1214316	3.74
				09 Aug 2019	15827	Purchase	1230143	3.79
				23 Aug 2019	50	Purchase	1230193	3.79
				13 Sep 2019	19795	Purchase	1249988	3.85
				20 Sep 2019	8274	Purchase	1258262	3.88
				27 Sep 2019	871	Purchase	1259133	3.88
				06 Dec 2019	13773	Purchase	1272906	3.92
				13 Dec 2019	12451	Purchase	1285357	3.96
				20 Dec 2019	6673	Purchase	1292030	3.98
				27 Dec 2019	8161	Purchase	1300191	4.01
				31 Dec 2019	321	Purchase	1300512	4.01
				03 Jan 2020	7653	Purchase	1308165	4.03
				10 Jan 2020	19388	Purchase	1327553	4.09
				17 Jan 2020	3650	Purchase	1331203	4.10
				24 Jan 2020	9015	Purchase	1340218	4.13
				31 Jan 2020	50	Purchase	1340268	4.13
				07 Feb 2020	226	Purchase	1340494	4.13
				14 Feb 2020	2287	Purchase	1342781	4.14
				21 Feb 2020	915	Purchase	1343696	4.14
				28 Feb 2020	9981	Purchase	1353677	4.17
				06 Mar 2020	7220	Purchase	1360897	4.19
				27 Mar 2020	2075	Purchase	1362972	4.20
				10 Apr 2020	3783	Purchase	1366755	4.21
				19 Jun 2020	11323	Purchase	1378078	4.25
				26 Jun 2020	24725	Purchase	1402803	4.32
		1410052	4.34	30 Jun 2020	7249	Purchase	1410052	4.34

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
2	SBI FOCUSED EQUITY FUND	756600	2.33	01 Jul 2019				
				05 Jul 2019	497	Purchase	757097	2.33
				12 Jul 2019	353	Purchase	757450	2.33
				19 Jul 2019	190	Purchase	757640	2.33
				26 Jul 2019	11241	Purchase	768881	2.33
				02 Aug 2019	277	Purchase	769158	2.37
				09 Aug 2019	9135	Purchase	778293	2.37
				16 Aug 2019	10141	Purchase	788434	2.40
				23 Aug 2019	190	Purchase	788624	2.43
				30 Aug 2019	241	Purchase	788865	2.43
				06 Sep 2019	107	Purchase	788972	2.43
				13 Sep 2019	187	Purchase	789159	2.43
				20 Sep 2019	328	Purchase	789487	2.43
				27 Sep 2019	20066	Purchase	809553	2.43
				30 Sep 2019	42	Purchase	809595	2.49
				04 Oct 2019	119	Purchase	809714	2.49
				11 Oct 2019	180	Purchase	809894	2.49
				18 Oct 2019	144	Purchase	810038	2.50
				01 Nov 2019	(2992)	Sell	807046	2.50
				08 Nov 2019	(8)	Sell	807038	2.49
				15 Nov 2019	(129)	Sell	806909	2.49
				22 Nov 2019	9859	Purchase	816768	2.49
				29 Nov 2019	4	Purchase	816772	2.52
				06 Dec 2019	98	Purchase	816870	2.52
				13 Dec 2019	22	Purchase	816892	2.52
				20 Dec 2019	33	Purchase	816925	2.52
				27 Dec 2019	(102)	Sell	816823	2.52
				03 Jan 2020	12	Purchase	816835	2.52
				10 Jan 2020	24	Purchase	816859	2.52
				17 Jan 2020	85324	Purchase	902183	2.52
				24 Jan 2020	37	Purchase	902220	2.78
				31 Jan 2020	14622	Purchase	916842	2.78

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
				07 Feb 2020	51	Purchase	916893	2.82
				14 Feb 2020	20998	Purchase	937891	2.82
				21 Feb 2020	16	Purchase	937907	2.89
				28 Feb 2020	192	Purchase	938099	2.89
				06 Mar 2020	20810	Purchase	958909	2.89
				13 Mar 2020	4875	Purchase	963784	2.95
				20 Mar 2020	295	Purchase	964079	2.97
				27 Mar 2020	45	Purchase	964124	2.97
				31 Mar 2020	(7)	Sell	964117	2.97
				10 Apr 2020	7	Purchase	964124	2.97
				17 Apr 2020	25	Purchase	964149	2.97
				24 Apr 2020	155	Purchase	964304	2.97
				01 May 2020	126	Purchase	964430	2.97
				08 May 2020	(73)	Sell	964357	2.97
				15 May 2020	(2)	Sell	964355	2.97
				22 May 2020	40	Purchase	964395	2.97
				05 Jun 2020	8	Purchase	964403	2.97
				12 Jun 2020	155	Purchase	964558	2.97
				19 Jun 2020	15	Purchase	964573	2.97
				26 Jun 2020	(564)	Sell	964009	2.97
		963943	2.97	30 Jun 2020	(66)	Sell	963943	2.97
3	General Insurance Corporation of India	517195	1.59	01 Jul 2019				
				13 Sep 2019	7097	Purchase	524292	1.62
				20 Sep 2019	3000	Purchase	527292	1.62
				17 Jan 2020	(645)	Sell	526647	1.62
				24 Jan 2020	(816)	Sell	525831	1.62
				31 Jan 2020	(370)	Sell	525461	1.62
				07 Feb 2020	1000	Purchase	526461	1.62
				20 Mar 2020	627	Purchase	527088	1.62
		527088	1.62	30 Jun 2020				

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
4	Pari Washington India Master Fund, Ltd.	282880	0.87	01 Jul 2019				
				28 Feb 2020	(4738)	Sell	278142	0.86
				17 Apr 2020	(4721)	Sell	273421	0.84
				24 Apr 2020	(1856)	Sell	271565	0.84
		271565	0.84	30 Jun 2020				
5	Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life MNC Fund	204698	0.63	01 Jul 2019				
				12 Jul 2019	(94)	Sell	204604	0.63
				19 Jul 2019	24	Purchase	204628	0.63
				26 Jul 2019	(1997)	Sell	202631	0.62
				09 Aug 2019	(26947)	Sell	175684	0.54
				16 Aug 2019	28753	Purchase	204437	0.63
				23 Aug 2019	7596	Purchase	212033	0.65
				30 Aug 2019	4338	Purchase	216371	0.67
				06 Sep 2019	2025	Purchase	218396	0.67
				13 Sep 2019	3531	Purchase	221927	0.68
				20 Sep 2019	6843	Purchase	228770	0.70
				27 Sep 2019	5633	Purchase	234403	0.72
				30 Sep 2019	2880	Purchase	237283	0.73
				04 Oct 2019	2345	Purchase	239628	0.74
				11 Oct 2019	44	Purchase	239672	0.74
				18 Oct 2019	2977	Purchase	242649	0.75
				25 Oct 2019	5425	Purchase	248074	0.76
				01 Nov 2019	2443	Purchase	250517	0.77
				22 Nov 2019	(363)	Sell	250154	0.77
				29 Nov 2019	(347)	Sell	249807	0.77
				17 Jan 2020	3	Purchase	249810	0.77
				24 Jan 2020	(17)	Sell	249793	0.77
				07 Feb 2020	9	Purchase	249802	0.77

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
				20 Mar 2020	(2639)	Sell	247163	0.76
				31 Mar 2020	20	Purchase	247183	0.76
				03 Apr 2020	(38)	Sell	247145	0.76
				17 Apr 2020	11150	Purchase	258295	0.80
				24 Apr 2020	19908	Purchase	278203	0.86
				22 May 2020	3	Purchase	278206	0.86
				19 Jun 2020	(112)	Sell	278094	0.86
				26 Jun 2020	13405	Purchase	291499	0.90
		291499	0.90	30 Jun 2020				
6	Sundaram Mutual Fund A/c Sundaram Mid Cap Fund	192858	0.59	01 Jul 2019				
				05 Jul 2019	(4)	Sell	192854	0.59
				02 Aug 2019	1001	Purchase	193855	0.60
				09 Aug 2019	500	Purchase	194355	0.60
				16 Aug 2019	(4)	Sell	194351	0.60
				30 Aug 2019	1998	Purchase	196349	0.60
				06 Sep 2019	(837)	Sell	195512	0.60
				13 Sep 2019	(6935)	Sell	188577	0.58
				20 Sep 2019	(4000)	Sell	184577	0.57
				27 Sep 2019	(1)	Sell	184576	0.57
				04 Oct 2019	(14)	Sell	184562	0.57
				11 Oct 2019	(3)	Sell	184559	0.57
				01 Nov 2019	(791)	Sell	183768	0.57
				08 Nov 2019	(387)	Sell	183381	0.56
				06 Dec 2019	(8981)	Sell	174400	0.54
				13 Dec 2019	(5983)	Sell	168417	0.52
				10 Jan 2020	(4637)	Sell	163780	0.50
				17 Jan 2020	(500)	Sell	163280	0.50
				24 Jan 2020	(2608)	Sell	160672	0.50
				31 Jan 2020	(618)	Sell	160054	0.49
				07 Feb 2020	(2132)	Sell	157922	0.49

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
				28 Feb 2020	1	Purchase	157923	0.49
				06 Mar 2020	2502	Purchase	160425	0.49
				13 Mar 2020	772	Purchase	161197	0.50
				20 Mar 2020	1699	Purchase	162896	0.50
				31 Mar 2020	6670	Purchase	169566	0.52
				10 Apr 2020	2675	Purchase	172241	0.53
				24 Apr 2020	4	Purchase	172245	0.53
				08 May 2020	11900	Purchase	184145	0.57
				22 May 2020	4	Purchase	184149	0.57
				29 May 2020	7	Purchase	184156	0.57
				05 Jun 2020	(8)	Sell	184148	0.57
				26 Jun 2020	(4)	Sell	184144	0.57
		184144	0.57	30 Jun 2020				
7	United India Insurance Company Limited	138555	0.43	01 Jul 2019	No change	138555	0.4268	0.43
		138555	0.43	30 Jun 2020				
8	The New India Assurance Company Limited	137050	0.42	01 Jul 2019	No change	137050	0.4222	0.42
		137050	0.42	30 Jun 2020				
9	UTI-MNC Fund*	124339	0.38	01 Jul 2019				0.38
				05 Jul 2019	288	Purchase	124627	0.38
				12 Jul 2019	311	Purchase	124938	0.38
				19 Jul 2019	110	Purchase	125048	0.39
				26 Jul 2019	445	Purchase	125493	0.39
				02 Aug 2019	(151)	Sell	125342	0.39
				09 Aug 2019	331	Purchase	125673	0.39
				16 Aug 2019	77	Purchase	125750	0.39
				23 Aug 2019	383	Purchase	126133	0.39
				30 Aug 2019	302	Purchase	126435	0.39
				06 Sep 2019	106	Purchase	126541	0.39
				13 Sep 2019	151	Purchase	126692	0.39

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
				20 Sep 2019	158	Purchase	126850	0.39
				27 Sep 2019	58	Purchase	126908	0.39
				04 Oct 2019	237	Purchase	127145	0.39
				11 Oct 2019	255	Purchase	127400	0.39
				18 Oct 2019	123	Purchase	127523	0.39
				25 Oct 2019	30	Purchase	127553	0.39
				01 Nov 2019	594	Purchase	128147	0.39
				08 Nov 2019	(4)	Sell	128143	0.39
				15 Nov 2019	(172)	Sell	127971	0.39
				22 Nov 2019	51	Purchase	128022	0.39
				29 Nov 2019	(160)	Sell	127862	0.39
				06 Dec 2019	(4757)	Sell	123105	0.38
				13 Dec 2019	70	Purchase	123175	0.38
				20 Dec 2019	(7)	Sell	123168	0.38
				27 Dec 2019	(267)	Sell	122901	0.38
				31 Dec 2019	(15)	Sell	122886	0.38
				03 Jan 2020	(231)	Sell	122655	0.38
				10 Jan 2020	67	Purchase	122722	0.38
				17 Jan 2020	28	Purchase	122750	0.38
				24 Jan 2020	42	Purchase	122792	0.38
				31 Jan 2020	(470)	Sell	122322	0.38
				07 Feb 2020	147	Purchase	122469	0.38
				14 Feb 2020	(348)	Sell	122121	0.38
				21 Feb 2020	28	Purchase	122149	0.38
				28 Feb 2020	73	Purchase	122222	0.38
				06 Mar 2020	116	Purchase	122338	0.38
				13 Mar 2020	244	Purchase	122582	0.38
				20 Mar 2020	5623	Purchase	128205	0.40
				27 Mar 2020	1313	Purchase	129518	0.40
				31 Mar 2020	25	Purchase	129543	0.40
				03 Apr 2020	(28)	Sell	129515	0.40
				10 Apr 2020	(207)	Sell	129308	0.40
				17 Apr 2020	(16)	Sell	129292	0.40
				24 Apr 2020	80	Purchase	129372	0.40

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
				01 May 2020	33	Purchase	129405	0.40
				08 May 2020	31	Purchase	129436	0.40
				15 May 2020	91	Purchase	129527	0.40
				22 May 2020	(4)	Sell	129523	0.40
				29 May 2020	35	Purchase	129558	0.40
				05 Jun 2020	6	Purchase	129564	0.40
				12 Jun 2020	(1)	Sell	129563	0.40
				19 Jun 2020	36	Purchase	129599	0.40
				26 Jun 2020	(775)	Sell	128824	0.40
		128873	0.40	30 Jun 2020	49	Purchase	128873	0.40
10	IDFC Multi Cap Fund*	133825	0.41	01 Jul 2019				
				09 Aug 2019	519	Purchase	134344	0.41
				30 Aug 2019	500	Purchase	134844	0.42
				27 Sept 2019	(1000)	Sell	133844	0.41
				30 Sept 2019	(2410)	Sell	131434	0.40
				01 Nov 2019	(3434)	Sell	128000	0.39
				13 Dec 2019	(2000)	Sell	126000	0.39
				27 Dec 2019	(2000)	Sell	124000	0.38
				31 Dec 2019	487	Purchase	124487	0.38
				03 Jan 2020	(487)	Sell	124000	0.38
		124000	0.38	30 Jun 2020			124000	0.38
11	Jupiter India Fund**	143391	0.44	01 Jul 2019				
				10 Jan 2020	(3986)	Sell	139405	0.43
				21 Feb 2020	(733)	Sell	138672	0.43
				28 Feb 2020	(922)	Sell	137750	0.42
				06 Mar 2020	(1674)	Sell	136076	0.42
				03 Apr 2020	(130)	Sell	135946	0.42
				10 Apr 2020	(68)	Sell	135878	0.42
				17 Apr 2020	(2902)	Sell	132976	0.41
				24 Apr 2020	(287)	Sell	132689	0.41

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
				08 May 2020	(9137)	Sell	123552	0.38
				12 Jun 2020	(3980)	Sell	119572	0.37
				19 Jun 2020	(7151)	Sell	112421	0.35
		112421	0.35	30 Jun 2020				
12	HDFC Life Insurance Company Limited**	152331	0.47	01 Jul 2019				
				05 Jul 2019	(82)	Sell	152249	0.47
				12 Jul 2019	(1474)	Sell	150775	0.46
				19 Jul 2019	(5203)	Sell	145572	0.45
				02 Aug 2019	(988)	Sell	144584	0.45
				09 Aug 2019	(510)	Sell	144074	0.44
				16 Aug 2019	(13)	Sell	144061	0.44
				23 Aug 2019	642	Purchase	144703	0.45
				30 Aug 2019	(318)	Sell	144385	0.44
				06 Sep 2019	307	Purchase	144692	0.45
				20 Sep 2019	(8)	Sell	144684	0.45
				27 Sep 2019	(1043)	Sell	143641	0.44
				04 Oct 2019	(12012)	Sell	131629	0.41
				11 Oct 2019	(179)	Sell	131450	0.41
				18 Oct 2019	(24)	Sell	131426	0.40
				25 Oct 2019	(346)	Sell	131080	0.40
				01 Nov 2019	(4875)	Sell	126205	0.39
				08 Nov 2019	(90)	Sell	126115	0.39
				15 Nov 2019	(185)	Sell	125930	0.39
				22 Nov 2019	(57)	Sell	125873	0.39
				29 Nov 2019	(741)	Sell	125132	0.39
				06 Dec 2019	(107)	Sell	125025	0.39
				13 Dec 2019	(13)	Sell	125012	0.39
				20 Dec 2019	(444)	Sell	124568	0.38
				27 Dec 2019	(35)	Sell	124533	0.38
				31 Dec 2019	(476)	Sell	124057	0.38

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
				03 Jan 2020	(159)	Sell	123898	0.38
				10 Jan 2020	(122)	Sell	123776	0.38
				17 Jan 2020	(2)	Sell	123774	0.38
				24 Jan 2020	692	Purchase	124466	0.38
				31 Jan 2020	(6)	Sell	124460	0.38
				14 Feb 2020	(614)	Sell	123846	0.38
				21 Feb 2020	70	Purchase	123916	0.38
				06 Mar 2020	(5)	Sell	123911	0.38
				20 Mar 2020	138	Purchase	124049	0.38
				03 Apr 2020	(1566)	Sell	122483	0.38
				10 Apr 2020	(1348)	Sell	121135	0.37
				17 Apr 2020	(42)	Sell	121093	0.37
				24 Apr 2020	294	Purchase	121387	0.37
				01 May 2020	641	Purchase	122028	0.38
				08 May 2020	322	Purchase	122350	0.38
				15 May 2020	(314)	Sell	122036	0.38
				29 May 2020	(1881)	Sell	120155	0.37
				05 Jun 2020	(2615)	Sell	117540	0.36
				26 Jun 2020	(11376)	Sell	106164	0.33
		106164	0.33	30 Jun 2020			106164	0.33

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

\* Not in the list of Top 10 shareholders as on July 1, 2019. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on June 30, 2020.

\*\* Ceased to be in the list of Top 10 shareholders as on June 30, 2020. The same is reflected above since the shareholder was one of the Top 10 shareholder as on July 1, 2019.

## v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Director	Shareholding at the beginning and at the end of the year		Date of change of Shareholding	Increase / Decrease in shareholding	Reason for change	Cumulative Shareholding during the year (No. of Shares)
		No. of Shares	% of total shares of the Company				
1.	Mr. R. A. Shah	12906	0.04	01 July, 2019			
				30 June, 2020	—	No change during the year	12906
2.	Mr. B. S. Mehta	3799	0.01	01 July, 2019			
				30 June, 2020	—	No change during the year	3799
3.	Mr. Pramod Agarwal	25	0.00	01 July, 2019			
				10 December, 2019	25 shares (0.00%)	Purchase	50
				30 June, 2020			50

Note: No other Directors or Key Managerial Personnel, apart from the above mentioned Directors, held any shares of the Company during the Financial Year 2019-20.

## V. INDEBTEDNESS

The Company had no indebtedness with respect to secured or unsecured loans or deposits during the Financial Year 2019-20.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director:

Sr. No.	Particulars of Remuneration	Mr. Madhusudan Gopalan* (₹ in Lakhs)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	554
	(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	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission	—
5.	Others, please specify	58*
	<b>Total (A)</b>	<b>612</b>
	Ceiling as per the Act	6,098

# Mr. Madhusudan Gopalan is paid by the Company and portion of the remuneration is cross charged to Gillette India Limited and Procter & Gamble Home Products Private Limited in proportion to their respective Net Outside Sales.

\* Mr. Madhusudan Gopalan has exercised Stock Options of the Ultimate Holding Company under its Employee Stock Option Plan.

**B. Remuneration to other Directors:**

(₹ In lakhs)

Particulars of Remuneration	Mr. R. A. Shah	Mr. B. S. Mehta	Mr. A. K. Gupta	Mr. Pramod Agarwal	Ms. Meena Ganesh	Total
Fee for attending board / committee meetings	3.50	3.20	4.70	2.45	2.60	16.45
Commission	14.00	14.00	14.00	14.00	14.00	70.00
<b>Total</b>	<b>17.50</b>	<b>17.20</b>	<b>18.70</b>	<b>16.45</b>	<b>16.60</b>	<b>86.45</b>
<b>Ceiling as per the Act</b>						<b>609.77</b>

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

Sr. No.	Particulars of Remuneration	Mr. Prashant Bhatnagar* Chief Financial Officer (₹ In lakhs)	Ms. Flavia Machado* Company Secretary (₹ In lakhs)
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	59.76	21.61
	(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	—	—
2.	Stock Option	—	—
3.	Sweat Equity	—	—
4.	Commission	—	—
5.	Others, please specify	—	—
	<b>Total</b>	<b>59.76</b>	<b>21.61</b>

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

# Ms. Flavia Machado is paid by the Company and portion of the remuneration is cross charged to Gillette India Limited and Procter & Gamble Home Products Private Limited in proportion to their respective Net Outside Sales.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

There were no penalties / punishment / compounding of offences for breach of any section of the Companies Act, 2013 against the Company or its Directors or other officers in default, if any, during the Financial Year.

## Annexure IV

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

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

Name of Director	Designation	Remuneration (₹ in lakhs)	Commission (₹ in lakhs)	Sitting Fees (₹ in lakhs)	Total (₹ in lakhs)	Ratio
Mr. Madhusudan Gopalan	Managing Director	612.27 <sup>\$</sup>	—	—	612.27	91.38
Mr. R. A. Shah	Independent Director	—	14.00	3.50	17.50	2.61
Mr. B. S. Mehta	Independent Director	—	14.00	3.20	17.20	2.57
Mr. A. K. Gupta	Independent Director	—	14.00	4.70	18.70	2.79
Ms. Meena Ganesh	Independent Director	—	14.00	2.60	16.60	2.48
Mr. Pramod Agarwal	Non-Executive Director	—	14.00	2.45	16.45	2.46
Ms. Sonali Dhawan	Non-Executive Director	— <sup>#</sup>	—	—	—	—
Mr. Karthik Natarajan	Non-Executive Director	— <sup>@</sup>	—	—	—	—
Mr. Gagan Sawhney	Non-Executive Director	— <sup>!</sup>	—	—	—	—
Mr. Ghanashyam Hegde	Non-Executive Director	— <sup>^</sup>	—	—	—	—

<sup>\$</sup> Mr. Madhusudan Gopalan is paid by the Company and portion of the remuneration is cross charged to Gillette India Limited and Procter & Gamble Home Products Private Limited in proportion to their respective Net Outside Sales. Mr. Madhusudan Gopalan has exercised Stock Options of the ultimate Holding Company amounting to ₹ 58,14,467 under its Employee Stock Option Plan, which is included in the above mentioned remuneration.

<sup>#</sup> ₹ 10.62 Lakhs being Company's contribution to remuneration of Ms. Dhawan has been cross charged from Procter & Gamble Home Products Private Limited in terms of the common service agreement.

<sup>@</sup> ₹ 5.95 Lakhs being Company's contribution to remuneration of Mr. Natarajan has been cross charged from Gillette India Limited in terms of the common service agreement.

<sup>!</sup> ₹ 88.04 Lakhs being Company's contribution to remuneration of Mr. Sawhney has been cross charged from Procter & Gamble Home Products Private Limited in terms of the common service agreement.

<sup>^</sup> ₹ 66.24 Lakhs being Company's contribution to remuneration of Mr. Hegde has been cross charged from Gillette India Limited in terms of the common service agreement.

## ii. % increase in remuneration of Managing Director, Chief Financial Officer and Company Secretary in the Financial Year

Designation	Name of Key Managerial Personnel	% increase in remuneration
Managing Director	Mr. Madhusudan Gopalan	26%
Company Secretary	Ms. Flavia Machado	47%
Chief Financial Officer	Mr. Prashant Bhatnagar	12%

## iii. The % increase in the median remuneration of employees in the Financial Year is 5.50%.

## iv. The number of permanent employees on the rolls of Company is 424.

## 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 5.6% whereas the increase in managerial remuneration was 13.1%. The average increase every year is an outcome of company's market competitiveness as against peer group companies.

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

## Annexure V

### Nomination & Remuneration Policy and its Framework

#### 1. CHARTER

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

#### 2. INTRODUCTION

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

#### 3. FORMATION OF COMMITTEE

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

#### 4. CONSTITUTION OF THE COMMITTEE

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

#### 5. QUORUM & MEETINGS

Minimum two (2) members shall constitute a quorum for a Committee meeting. In the event only two (2) members are present, the unanimous vote of the two (2) members shall constitute an act of the Committee. In case of an equality of votes, the Chairman shall have a second or

casting vote. Where the Committee comprises of more than two (2) members, the act of a majority of the members present will constitute an act of the Committee.

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

#### 6. MINUTES

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

#### 7. REPORTING AND DISCLOSURE

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

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

#### 8. SECRETARY

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

#### 9. FUNCTIONS OF THE COMMITTEE

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

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

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

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

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

## 10. REVIEW

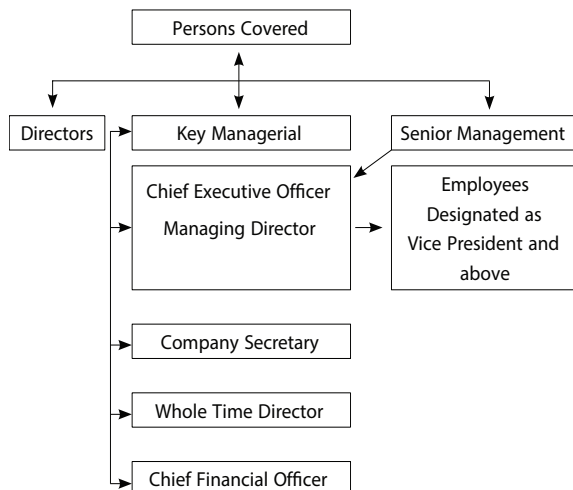
The Committee shall review and reassess the framework and the Policy, on an annual basis and obtain the approval of the Board of Directors, for any changes/ amendment in the framework/ policy.

## NOMINATION AND REMUNERATION POLICY

### 1. PREFACE

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

### 2. POLICY IS APPLICABLE TO:



### 3.1 GUIDING PRINCIPLES – Key Management Personnel Compensation

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

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

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

#### 2. *Pay Competitively*

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

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

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

### 3.2 Guiding Principles – Compensation to Independent Directors

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

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

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

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

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

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

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

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

## 5 RATIFICATION OF REMUNERATION TO KEY MANAGEMENT PERSONNEL

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

## 6 MAXIMUM MANAGERIAL REMUNERATION

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

## 7 REMUNERATION OF INDEPENDENT DIRECTOR

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

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

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

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

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

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

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

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

## 9 Evaluation

### 9.1 Evaluation of Key Managerial Personnel

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

## 9.2 Evaluation of Independent Directors

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

## 10 REVIEW AND DISCLOSURE

10.1 The Company shall disclose in the Board's report, the ratio of the remuneration of each director, to the median employee's remuneration and such other details as prescribed under law.

10.2 The Company discloses in its Annual Report all elements of remuneration package of individual directors summarized under major groups details of fixed component and performance linked incentives together with material terms, service contracts like notice period, severance fees (if any) and stock option details (if any).

10.3 The Board is responsible for approving the remuneration strategy for directors, executive and senior management. In determining whether to approve the relevant level of remuneration, the Board is to consider the recommendations from the Committee, prevailing market conditions, performance by the individual and the business strategies and objectives of the Company. The Board shall disclose the remuneration of senior executives in the Company's Annual Report. The Human Resources department of the Company will monitor the day to day compliance with this Policy.

## Annexure VI

### 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** to support investments to accelerate growth.

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

FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE, 2020

[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 through periodical visits of our authorized person and electronic platform namely on-line means to verify the documents during the lock down period, of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Procter & Gamble Hygiene and Health Care Limited (CIN L24239MH1964PLC012971)** ('the Company') for the financial year ended 30<sup>th</sup> June, 2020. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

- i. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis of our opinion.
- iii. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
- iv. Wherever required, we have discussed with the management of the company and

obtained the management representation pertaining to compliance of laws, rules and regulations, happening of events, etc.

- v. The compliance with the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
  - vi. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
- B.** Based on our verification (including on-line 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, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, 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, 2020, 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, 2020 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment only as the Company has neither made any Overseas Direct Investment nor obtained External Commercial Borrowings during the audit period.
- V A. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- V B. The Company has not undertaken any of the activities during the audit period 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:-
  - (a) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
  - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) Securities And Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; and
- (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

VI The following Acts and Rules made thereunder pertaining to Company's business are applicable to the Company:

- (a) Drugs and Cosmetics Act, 1940;
- (b) The Legal Metrology Act, 2009; and
- (c) The Legal Metrology (Packaged Commodities) Rules, 2011.

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

- i. Secretarial Standards in respect of Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**E. We further report that-**

- I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- II. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and

clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

I. Public/Rights/Preferential Issue of Shares/ Debentures/Sweat equity etc.

II. Redemption/buy back of securities.

III. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.

IV. Merger/Amalgamation/Reconstruction, etc.

V. Foreign Technical Collaborations.

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

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

Place : Mumbai  
Date : 25 August, 2020  
UDIN : F000977B000614645

# MANAGEMENT DISCUSSION AND ANALYSIS

## Economy and markets

The International Monetary Fund (IMF) projects the Indian economy to degrow at 10.3% in 2020. Prior to the pandemic, India was already witnessing a market slowdown and weak demand. The outbreak of COVID-19, the subsequent lockdown and restrictions imposed to contain the spread of the COVID-19 pandemic resulted in disruptions which further decelerated growth. The government has introduced reforms and a slew of measures focused on driving economic recovery, which are aimed to address challenges like subdued consumption, investment and income levels. The reduction in corporate tax rate and interest rates is also a welcome move for the industry.

## Opportunities, risk and outlook

While there are short to medium-term challenges this year, the long-term outlook for the FMCG sector remains positive. The government introduced several initiatives to revive and boost the economy and increase demand. As per the IMF, the Indian economy is expected to bounce back and grow by 6% in 2021-22. Good monsoon and government initiatives focused on rural economy will provide an impetus to the growth and demand from the rural sector. The emergence of new distribution channels coupled with increasing digital penetration will create new opportunities for the FMCG industry to reach consumers. However, amidst the economic uncertainty, it will be imperative for companies to focus on superior propositions and adapt quickly to meet the evolving consumer needs. Your company is well-positioned to sustain its performance with resilience, leverage opportunities with agility and address challenges.

## Performance Overview

The discussion on financial performance of the Company and its various businesses is elaborated in the Directors' Report.

## Risk Management

Your Company has set up a Risk Management Committee. The Company has also adopted a Risk Management Policy. The Company's Risk Management Policy is in line with the parent Company's global guidelines and as such adequate measures have been adopted by the Company to anticipate, plan and mitigate the spectrum of risks it faces.

## Business, Finance & Operational risks

On business risks (competition, consumer preferences and technology changes) the Company undertakes a Competition Response Model program.

For financing risks it has a strong balance sheet support and contingency plan. It also undertakes Business Contingency Plan for key vendors and natural disasters. The Company also has adequate Insurance coverage to protect the value of its assets. This coverage duly covers any risks relating to business interruption resulting from property damage and legal liability resulting from property damage or personal injury.

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

## Regulatory and Compliance risks

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

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

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

## Security Risks

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

measures and processes to protect its personnel and assets.

### Internal Auditor

During the Financial Year, the Board of Directors had appointed Mr. Raj Lekhwani, Chartered Accountant as the Internal Auditor of the Company for the Financial Year 2019-20.

### Internal Controls & their adequacy

Your Company continues to prioritize sustainable control processes that are integral part of organization Culture. It has built strong Internal Controls Environment and Risk Assessment / Management systems. These systems enable Company to comply with Internal Company policies, procedures, standard guidelines and local laws to help protect Company's assets and confidential information against financial losses and unauthorized use. The robust controls environment at your Company is efficiently managed through:

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

and General Counsel. The Board assesses and reviews enterprise level risks and works with process owners and functional managers to ensure that corrective action is taken, and risk is mitigated as appropriate.

### HR Initiatives

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

**Attracting & Retaining Talent:** India continues to be a key source for Global talent and an Employer of Choice in India. Given our build from within strategy and our focus on our core campus programs coupled with our innovative programs ensures we continue to be an Employer of Choice in our Core Campuses and beyond. We implemented a virtual internship this year for all our interns. We are ranked in the Top 10 Employers in the Annual Nielsen Campus Survey.

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

Your Company's performance management system is robust and drives the employees to perform at their PEAK. It clearly assesses and differentiates employees on the basis of performance. We have established a CARE program to build the capability of our people managers. With our focus on inclusive development, we were recognized by *Working Mothers Magazine* as one of the Best Companies for Women in India. We have a robust talent management process to ensure we build world class leaders. This is supported by a strong Learning & Development program, leveraging internal and external experts to ensure our people are exposed and learn from the very best. The number of employees as on June 30, 2020 was 424.

## CORPORATE GOVERNANCE

Your Directors are pleased to present the Corporate Governance Report.

Corporate governance is a set of systems, principles and processes by which a company is governed. Governance process has to ensure that the Company operates in a manner that meets with the stakeholders' aspirations and societal expectations. Corporate Governance consists of laws, policies, procedures, and, most importantly, practices, that ensure the well being of the assets of 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). For more on our PVPs, please visit <https://in.pg.com/policies-and-practices/purpose-values-and-principles/>. Our commitment to operate responsibly is reflected in the steps we have in place to ensure rigorous financial discipline and Corporate Governance.

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

Further, your Company reinforces responsibilities on all its employees, including key employees, of observing high standards of Corporate Governance through the Company's "Worldwide Business Conduct Manual" ("WBCM") which sets forth management's commitment to conduct its business affairs with high ethical standards. This Manual describes the Company's "Worldwide Business Conduct Standards". These standards flow from the following core values of the Company:

- Treat the Company's assets as you would treat your own;
- Behave with the Company's long term success in mind;

- Always do the right thing; and
- Operate within the letter and spirit of law.

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

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

### BOARD OF DIRECTORS

#### (a) Composition of the Board

The Board of Directors of the Company comprises of an optimum combination of Executive and Non-Executive Directors. As on June 30, 2020, the Board comprised of a Non-Executive Independent Chairman, a Managing Director and eight other Non-Executive Directors. All other Directors, except the Managing Director and the Non-Executive Independent Directors, are Directors liable to retire by rotation.

The Non-Executive Independent Directors bring external perspective and independence to decision making. The terms & conditions of appointment of Independent Directors are available on the website of the Company at [in.pg.com](https://in.pg.com).

All Independent Directors have provided declaration to the Company stating that they meet the criteria of independence as mentioned under Section 149 (6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all the Independent directors have completed the registration with the Independent Directors

Databank maintained by the Indian Institute of Corporate Affairs. Requisite disclosures have been received from the directors in this regard.

The Company has obtained a certificate from Mr. B. V. Dholakia, Practicing Company Secretary, dated August 25, 2020 (annexed to this Report),

confirming that none of the Directors on the Board of the Company have been debarred or disqualified from holding the office of Director by the Securities and Exchange Board of India and Ministry of Corporate Affairs or any such authority.

The composition of the Board of Directors and other Directorships held as on June 30, 2020 are given below:

Name of the Director <sup>\$</sup>	Category	Designation	Directorships in other companies*	Membership of Board Committees of other companies **	
				Member	Chairman
Mr. Rajendra A. Shah <sup>#</sup>	ID	Chairman	7	4	2
Mr. Madhusudan Gopalan	ED	Managing Director	2	2	Nil
Mr. Bansidhar S. Mehta <sup>#</sup>	ID	Director	4	4	1
Mr. Anil Kumar Gupta	ID	Director	1	2	1
Ms. Meena Ganesh	ID	Director	15	Nil	Nil
Mr. Pramod Agarwal	NED	Director	2	1	Nil
Ms. Sonali Dhawan	NED	Director	1	1	Nil
Mr. Karthik Natarajan	NED	Director	1	Nil	Nil
Mr. Gagan Sawhney	NED	Director	1	Nil	Nil
Mr. Ghanashyam Hegde	NED	Director	1	Nil	Nil

NED – Non-Executive Director

ED – Executive Director

ID – Independent Director

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

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

<sup>#</sup> Mr. R. A. Shah and Mr. B. S. Mehta shall cease to be Directors of the Company w.e.f. September 23, 2020 and consequently Mr. R. A. Shah shall cease to be Chairman of the Company.

<sup>\$</sup> Mr. Chittranjan Dua has been appointed as Independent Director of the Company w.e.f. August 25, 2020 and as Chairman of the Company w.e.f. September 24, 2020.

The other listed companies in which Directors on the Board of your Company were also Directors as on June 30, 2020 are listed below:

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

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

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

Four (4) meetings of the Board were held during the Financial Year July 1, 2019 to June 30, 2020. These meetings were held on August 21, 2019, November 5, 2019, February 12, 2020 and May 8, 2020.

#### (c) Directors' attendance record

Name of Director	No. of Board meetings held during the tenure	No. of Board meetings attended*	Last Annual General Meeting (Whether Attended)
Mr. Rajendra A. Shah	4	4	Yes
Mr. Madhusudan Gopalan	4	4	Yes
Mr. Bansidhar S. Mehta	4	4	Yes
Mr. Anil K. Gupta	4	4	No
Mr. Pramod Agarwal	4	4	Yes
Mr. Ghanashyam Hegde	4	4	Yes
Ms. Sonali Dhawan	4	2	Yes
Mr. Karthik Natarajan	4	3	No
Ms. Meena Ganesh	4	4	Yes
Mr. Gagan Sawhney	4	4	Yes

\* Board Meeting held on May 8, 2020 was convened through video conference.

#### (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 August 25, 2020 (via video-

conferencing) to review the performance of non-independent directors; the Board & the Chairperson of the Company, and to assess the quality, sufficiency 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 Obligations and Disclosure Requirements) Regulations, 2015. The RPT Policy is available on the Company's website at <https://in.pg.com/india-governance-and-policies/pghh/terms-and-policies/#policies>.

Prior omnibus approval of the Audit Committee is obtained for related party transactions which are of repetitive nature. All related party transactions are reviewed by independent chartered accountant firms to ensure transactions are in ordinary course of business, at arm's length and are in compliance with the RPT Policy of the Company. All related party transactions are placed before the Audit Committee for periodical review. There are no material pecuniary relationships or 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. All 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 54<sup>th</sup> Annual General Meeting held on November 29, 2018 had approved payment of commission to the Non-Executive Directors of the Company upto a maximum of 1% of the net profits of the Company per annum in the aggregate, for a period of 5 years w.e.f. July 1, 2018 and had also empowered the Board of Directors to fix the quantum of commission payable to the Non-Executive Directors and to also determine

the period for which said commission is payable. The Board of Directors at their meeting held on August 25, 2020 approved payment of annual commission of ₹ 14 lakhs each, to Non-P&G (who are not in employment of any P&G group entity) Non-Executive Directors. Such directors are paid commission to compensate for their valuable contribution to the Company.

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

Details of the remuneration to the Directors of the Company for the Financial Year ended June 30, 2020 are given below:

Amount in ₹

Name of Director	Relationship with other Directors	Salary including Bonus + PF contribution**	Commission	Sitting Fees	Shares held (Equity Shares of ₹ 10/- each)*
Mr. Rajendra A. Shah	None	—	14,00,000	3,50,000	12,906
Mr. Madhusudan Gopalan	None	6,12,37,806 <sup>\$</sup>	—	—	—
Mr. Bansidhar S. Mehta	None	—	14,00,000	3,20,000	3,799
Mr. Anil Kumar Gupta	None	—	14,00,000	4,70,000	—
Mr. Pramod Agarwal	None	—	14,00,000	2,45,000	50
Ms. Meena Ganesh	None	—	14,00,000	2,60,000	—
Ms. Sonali Dhawan	None	— <sup>#</sup>	—	—	—
Mr. Karthik Natarajan	None	— <sup>@</sup>	—	—	—
Mr. Ghanashyam Hegde	None	— <sup>^</sup>	—	—	—
Mr. Gagan Sawhney	None	— <sup>!</sup>	—	—	—

\* Excludes shares held by relatives.

\*\* Remuneration does not factor any remuneration cross charged in terms of the common service agreement.

<sup>\$</sup> Mr. Madhusudan Gopalan is paid by the Company and portion of the remuneration is cross charged to Gillette India Limited and Procter & Gamble Home Products Private Limited in proportion to their respective Net Outside Sales. Mr. Madhusudan Gopalan has exercised Stock Options of the ultimate Holding Company amounting to ₹ 58,14,467 under its Employee Stock Option Plan, which is included in the above mentioned remuneration.

<sup>#</sup> ₹ 10.62 Lakhs being Company's contribution to remuneration of Ms. Dhawan has been cross charged from Procter & Gamble Home Products Private Limited in terms of the common service agreement.

<sup>@</sup> ₹ 5.95 Lakhs being Company's contribution to remuneration of Mr. Natarajan has been cross charged from Gillette India Limited in terms of the common service agreement.

<sup>^</sup> ₹ 66.24 Lakhs being Company's contribution to remuneration of Mr. Hegde has been cross charged from Gillette India Limited in terms of the common service agreement.

<sup>!</sup> ₹ 88.04 Lakhs being Company's contribution to remuneration of Mr. Sawhney has been cross charged from Procter & Gamble Home Products Private Limited in terms of the common service agreement.

## Stock Options

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

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

Members of the Committee <sup>^</sup>	Designation	Category	No. of Meetings held during tenure <sup>a</sup>	No. of Meetings attended
Mr. Rajendra A. Shah*	Chairman	ID	4	4
Mr. Bansidhar S. Mehta*	Member	ID	4	4
Mr. Anil Kumar Gupta	Member	ID	4	4
Ms. Meena Ganesh <sup>#</sup>	Member	ID	1	1
Mr. Madhusudan Gopalan	Member	ED	4	4

ID – Independent Director ED – Executive Director

<sup>#</sup> Ms. Meena Ganesh was inducted as Member of the Audit Committee effective April 28, 2020.

\* Mr. R. A. Shah and Mr. B. S. Mehta shall cease to be members of the Audit Committee effective September 23, 2020.

& Audit Committee Meeting held on May 8, 2020 was held through video conference.

<sup>^</sup> Mr. C. R. Dua has been inducted as Member and Chairman of the Audit Committee effective September 24, 2020.

The Audit Committee plays the role as is contemplated under Section 177 of the Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements) 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 minutes of the Audit Committee are placed before the Board.

The Audit Committee role includes the following:

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

## (g) Committees of the Board

### Audit Committee

As on June 30, 2020, the Audit Committee comprised of Mr. Rajendra A. Shah (Chairman), Mr. Bansidhar S. Mehta (Member), Mr. Anil Kumar Gupta (Member), Ms. Meena Ganesh (Member) and Mr. Madhusudan Gopalan (Member). During the Financial Year, the Audit Committee met on August 21, 2019, November 5, 2019, February 12, 2020 and May 8, 2020.

- 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;

- ix. Examination and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinion(s) in the draft audit report.
- x. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- xi. Monitoring the end use of funds raised through public offers and related matters and reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of qualifications, experience and background, etc of the candidate;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with internal auditors of any significant findings and follow up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the Whistle Blower mechanism;
- xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Reviewing any other areas which may be specified as role of the Audit Committee under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and other statutes, as amended from time to time.

#### Stakeholder Relationship Committee

The Committee comprises of Mr. Ghanashyam Hegde (Chairman), Mr. Madhusudan Gopalan (Member) and Mr. Anil Kumar Gupta (Member). Ms. Flavia Machado is the Company Secretary & Compliance Officer to the Committee. During the Financial Year, three meetings were held on August 21, 2019, November 5, 2019 and February 12, 2020.

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

Directors	No. of Meetings held during tenure	No. of Meetings attended
Mr. Ghanashyam Hegde	3	3
Mr. Anil Kumar Gupta	3	3
Mr. Madhusudan Gopalan	3	3

The role of the Committee is as follows:

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

During the Financial Year, the Company received 10 complaints from Shareholders. These complaints have been resolved during the Financial Year. There were no pending complaints as on June 30, 2020.

#### Nomination and Remuneration Committee

As on June 30, 2020, the Nomination and Remuneration Committee comprised of Mr. Anil Kumar Gupta (Chairman), Mr. Rajendra A. Shah (Member), Mr. Ghanashyam Hegde (Member), and Mr. Gagan Sawhney (Member). During the Financial Year, two meetings were held on August 21, 2019 and February 12, 2020.

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

Directors <sup>^</sup>	No. of Meetings held during tenure	No. of Meetings attended
Mr. Anil Kumar Gupta	2	2
Mr. Rajendra A. Shah <sup>#</sup>	2	2
Mr. Gagan Sawhney <sup>**</sup>	1	1
Mr. Ghanashyam Hegde	2	2
Mr. Karthik Natarajan <sup>*</sup>	1	1

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

<sup>\*\*</sup> Mr. Gagan Sawhney was inducted as Member of the Nomination & Remuneration Committee effective August 21, 2019.

<sup>#</sup> Mr. R. A. Shah shall cease to be member of the Nomination & Remuneration Committee effective September 23, 2020.

<sup>^</sup> Mr. C. R. Dua has been inducted as Member and Chairman of the Committee effective September 24, 2020.

The role of the Committee is as follows:

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

The Company has adopted Nomination and Remuneration Policy. The Nomination and Remuneration Policy is in compliance with all applicable provisions of the Companies Act, 2013, particularly Section 178 read together with the applicable rules thereto and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) 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 <https://in.pg.com/india-governance-and-policies/pghh/terms-and-policies/#policies>. This Policy is also annexed to the Directors' Report as **Annexure V**.

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

The 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. Anil Kumar Gupta (Chairman), Mr. Madhusudan Gopalan (Member), Ms. Sonali Dhawan (Member) and Mr. Karthik Natarajan (Member). During the Financial Year, two meetings were held on August 21, 2019 and February 12, 2020.

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

Directors	No. of Meetings held during tenure	No. of Meetings attended
Mr. Anil Kumar Gupta	2	2
Mr. Madhusudan Gopalan	2	2
Ms. Sonali Dhawan	2	–
Mr. Karthik Natarajan	2	2

The role of the Committee is as follows:

- Formulation and recommendation to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company;
- Recommendation of the amount of expenditure to be incurred on the CSR activities;
- Monitoring the CSR Policy of the Company from time to time;
- Formulation and monitoring of implementation of business responsibility policies; and
- Annual assessment of the business responsibility performance and reporting.

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

- We believe it's essential to run our business responsibly, and our operating practices reflect this commitment.

- We are focused on making every day better for people and the planet through our innovations and our actions:
  - i. Environment by – Conservation of Resources, Using Renewable Resources, Generating Worth from Waste;
  - ii. Social by – providing the comforts of home, improving health and hygiene of people, social and cultural development, imparting education, training and social awareness.

### Risk Management Committee

The Company has constituted a Risk Management Committee to monitor and the review the Risk Management Policy and plans of the Company. The Committee comprises of Mr. Madhusudan Gopalan (Chairman), Mr. Karthik Natarajan (Member), Mr. Anil Kumar Gupta (Member), Ms. Meena Ganesh (Member), Mr. Pramod Agarwal (Member), Mr. Ghanashyam Hegde (Member), Mr. Prashant Bhatnagar (Member) and Mr. Gagan Sawhney (Member). During the Financial Year, three meetings were held on August 21, 2019, November 5, 2019 and February 12, 2020.

The role of the Committee is as follows:

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

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

Directors	No. of Meetings held during tenure	No. of Meetings attended
Mr. Madhusudan Gopalan	3	3
Mr. Anil Kumar Gupta	3	3
Mr. Pramod Agarwal	3	3
Ms. Meena Ganesh*	2	2
Mr. Karthik Natarajan	3	2
Mr. Ghanashyam Hegde	3	3
Mr. Gagan Sawhney	3	3
Mr. Prashant Bhatnagar	3	3

\* Ms. Meena Ganesh was inducted as Member of the Risk Management Committee effective August 21, 2019.

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

#### Cash & Investment Committee

The Company has constituted a Cash & Investment Committee, comprising of Mr. Pramod Agarwal (Chairman), Mr. Anil Kumar Gupta (Member), Mr. Karthik Natarajan (Member), Mr. Gagan Sawhney (Member) and Mr. Ghanashyam Hegde (Member). During the Financial Year, two meetings were held on August 21, 2019 and February 12, 2020.

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

Directors	No. of Meetings held during tenure	No. of Meetings attended
Mr. Pramod Agarwal	2	2
Mr. Anil Kumar Gupta	2	2
Mr. Karthik Natarajan	2	2
Mr. Gagan Sawhney*	1	1
Mr. Ghanashyam Hegde*	1	1

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

The role of the Committee is as follows:

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

- protecting long term growth of the Company;
- maximizing return to the Shareholders; and
- ensuring risk free investments choices.

#### (h) Familiarization programme for Independent Directors

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

Your Company conducts induction session for new independent directors and 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.

Each member of the Board, including the Independent Directors, are given any information relating to the Company, whenever they so request. Independent Directors have the freedom to interact with the Company's management.

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

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

The familiarization programme is available on the Company's website at <https://in.pg.com/india-governance-and-policies/pghh/terms-and-policies/#fam-programme>.

#### (i) Succession planning

The Nomination and Remuneration Committee works with the Board on the leadership succession plan to ensure orderly succession in appointments to the Board and in senior management. The Company strives to maintain an appropriate balance of skills and experience within the organization and the Board in an endeavor to introduce fresh perspectives while maintaining experience and continuity.

By integrating workforce planning with strategic business planning, the Company puts the necessary financial and human resources in place so that its objectives can be met. Our Board members bring to the table their broad and diverse skills and viewpoints to aid the Company in advancing its strategy.

**(j) Key Board qualifications, expertise and skills**

The Company is engaged in manufacturing and selling of branded packaged fast moving consumer goods in the feminine care and healthcare businesses.

The following skills / expertise / competencies have been identified for the effective functioning of the Company and are currently available with the Board:

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

While all the Board members possess the skills identified, their core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's aforesaid business for efficient functioning of the Board are as follows:

<b>Name of the Director</b>	<b>Area of Expertise</b>
Mr. Rajendra A. Shah	Legal Strategy & Business Operation
Mr. Madhusudan Gopalan	Strategy & Business Operation FMCG Industry Finance & Accounting

Mr. Bansidhar S. Mehta	Finance & Accounting Strategy & Business Operation
Mr. Chittranjan Dua	Legal Regulatory & Policy Strategy & Business Operation
Mr. Anil Kumar Gupta	Strategy & Business Operation FMCG Industry
Ms. Meena Ganesh	Strategy & Business Operation Finance & Accounting
Mr. Pramod Agarwal	Finance & Accounting Strategy & Business Operation FMCG Industry
Ms. Sonali Dhawan	Strategy & Business Operation FMCG Industry
Mr. Karthik Natarajan	Finance & Accounting Strategy & Business Operation FMCG Industry
Mr. Gagan Sawhney	Finance & Accounting Strategy & Business Operation FMCG Industry
Mr. Ghanashyam Hegde	Legal FMCG Industry Regulatory & Policy

**(k) 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.

**(l) Disclosures regarding appointment and re-appointment of Directors****i. Mr. Chittranjan Dua**

Mr. Dua is the founding partner of Dua Associates and is currently chairman of the firm and engaged in providing strategic advice and direction for its further growth and development. His experience covers a broad range of areas relating to corporate and commercial matters, corporate finance, securities, infrastructure and aspects of public policy and administration, governance and ethics. It is proposed to appoint Mr. Dua

as an Independent Director of the Company for a period of five years effective August 25, 2020, at the ensuing 56<sup>th</sup> Annual General Meeting.

**ii. Ms. Sonali Dhawan**

Ms. Dhawan is a graduate from Lady Shriram College, with a B.Com (Hons) in Business Studies. She completed her MBA in marketing from the Indian Institute of Management, Ahmedabad. Ms. Dhawan has been with P&G for over 22 years and is currently Senior Vice President, Feminine Care Business, Asia Pacific, Middle East & Africa. She has worked across multiple regions including ASEAN, India, Australia & Middle East.

Ms. Dhawan, Director retires by rotation and being eligible, offers herself for re-appointment at the ensuing 56<sup>th</sup> Annual General Meeting.

**iii. Mr. Gagan Sawhney**

Mr. Gagan Sawhney is an alumnus of IIM, Ahmedabad who joined P&G in Finance in 2001. He has more than 20 years of experience across multiple geographies : India, ASEAN and Greater China. Prior to this, he was Finance Director of Internal Audit for P&G Global operations, where he provided assurance and consulting support across regions.

Mr. Sawhney, Director retires by rotation and being eligible, offers himself for re-appointment at the ensuing 56<sup>th</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 SEBI. Audited Annual Results are announced within 60 days of the end of Financial Year or within the time as prescribed by the SEBI. Results for the quarter ended September 30, 2019, December 31, 2019 and for the year ended June 30, 2020 were published in the The Economic Times and Mumbai Lakshadeep. Financial Results for the quarter ended March 31, 2020 were published in Financial Express and Sakal Mumbai.
- (ii) The Company's results and official news releases are published on Company's website: <https://in.pg.com/india-investors/pghh/compliance-reports-and-announcements/>.

- (iii) This Annual Report along with Notice calling the Annual General Meeting for the Financial Year 2019-20, in electronic form, is being sent to the Members at the email address provided / updated by the Members with the Depository Participants / Registrar & Transfer Agent, as applicable.

- (iv) Shareholders may note that, in accordance with the provisions of the Income Tax Act, 1961 ("the Act") as amended by and read with the provisions of the Indian Finance Act, 2020, dividend declared and paid by the Company after April 1, 2020, is taxable in the hands of shareholders and the Company is required to deduct the tax at source ("TDS") on the distribution of dividend income to its shareholders at the applicable rates. In order to enable us to determine the appropriate TDS rate as applicable, shareholders are requested to submit the requisite documents as mentioned in our letter dated October 8, 2020 which is put up on the website at <https://in.pg.com/india-investors/pghh/reports-announcements/announcements/#announcements>, in order facilitate company to deduct TDS at time of final dividend. The said documents (duly completed and signed) are required to be emailed to Company's RTA on or before November 15, 2020 in order to enable the Company to determine and deduct appropriate TDS.

## SUSTAINABILITY INITIATIVE

In line with our 'Ambition 2030' environment sustainability goals, our commitment to operate responsibly is reflected in the steps we have in place to ensure rigorous financial discipline and Corporate Governance. The Company has requested its shareholders to join in its endeavor to conserve resources by updating relevant information for receiving online communication and dividend payout. Shareholders holding shares in dematerialized mode have been requested to register their email address, bank account details and mobile number with their depository participants. Those holding shares in physical mode have been requested to furnish their email address, bank account details and mobile number with the Company's Registrar & Transfer Agent (RTA).

The Company, with the help of the RTA and the depositories has reached out to the shareholders who have not registered their email addresses, requesting them to update their email addresses. Your Company greatly appreciates your response and assistance in this regard.

## STATUTORY COMPLIANCE

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

## GENERAL MEETINGS

Annual General Meeting	Date	Time	Venue	No. of special resolutions passed
55 <sup>th</sup>	November 27, 2019	11:00 a.m.	All the three Annual General Meetings were held at Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai-400 021	3
54 <sup>th</sup>	November 29, 2018	11:00 a.m.		—
53 <sup>rd</sup>	November 16, 2017	11:00 a.m.		—

At the 55<sup>th</sup> Annual General Meeting held on November 27, 2019, the following Special Resolutions were passed approving:

1. Re-appointment of Mr. Rajendra Ambalal Shah as an Independent Director of the Company;
2. Re-appointment of Mr. Bansidhar Sunderlal Mehta as an Independent Director of the Company; and
3. Re-appointment of Mr. Anil Kumar Gupta as an Independent Director of the Company.

## POSTAL BALLOT

No Resolution was passed by the Company during the Financial year through Postal Ballot. No Special Resolution is proposed to be conducted through Postal Ballot as on the date of this Report.

## MD / CFO Certification

A compliance certificate in accordance with Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was provided to the Board of Directors in the prescribed format for the Financial Year 2019-20, which was reviewed by the Audit Committee and taken on record by the Board.

## ADOPTION OF DISCRETIONARY REQUIREMENT

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

- a. There are no audit qualifications in the Company's financial statements for the Financial Year 2019-20;
- b. The Internal Auditor of the Company directly reports to the Audit Committee.

## WHISTLE BLOWER POLICY

The Company being a part of the Procter & Gamble group has in place 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, Global Internal Audit 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 blower policy as the vigil mechanism for Directors and employees to report 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 <https://in.pg.com/india-governance-and-policies/pghh/terms-and-policies/#policies>.

## 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 certificate from the Managing Director to that effect is annexed to this Corporate Governance Report. The Code of Conduct has been hosted

on the Company's website at <https://in.pg.com/india-governance-and-policies/pghh/terms-and-policies/#code>.

## (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 hosted on the Company's website at <https://in.pg.com/india-governance-and-policies/pghh/terms-and-policies/#code>.

## GENERAL SHAREHOLDER INFORMATION

### i. Annual General Meeting

Pursuant to the circular nos. 14/2020, 17/2020 and 20/2020 passed by Ministry of Corporate Affairs and by circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 passed by the Securities Exchange Board of India, the 56<sup>th</sup> Annual General Meeting of the Company will be held on Tuesday, November 24, 2020 at 11.00 a.m. through Video Conferencing facility. Deemed Venue for Meeting shall be the Registered Office of the Company: P&G Plaza, Cardinal Gracias Road, Chakala, Andheri East, Mumbai - 400 099. Details of the link for joining and participating in the meeting through video-conferencing is provided in the notice for convening the 56<sup>th</sup> Annual General Meeting. A recording of the transcript of the Annual General Meeting will be made available on the Company's website at <https://in.pg.com/>.

### ii. Financial Calendar

Presently, the Company follows July-June Financial Year. The Financial Results are declared within timelines as prescribed by the Securities & Exchange Board of India.

### iii. Book Closure Dates: Wednesday, November 18, 2020, to Tuesday, November 24, 2020 (both days inclusive).

The said book closure is for payment of dividend.

### iv. Dividend Payment Date: On or before December 18, 2020.

### v. Total fees paid to Statutory Auditors of the Company: Total fees of ₹ 117.25 lakhs for Financial Year 2019-20, was paid by the Company to Kalyaniwalla & Mistry LLP, Statutory Auditors of the Company.

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

The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the Financial Year 2019-20 are as under:

- Number of complaints filed during the Financial Year: Nil
- Number of complaints disposed of during the Financial Year: Nil
- Number of complaints pending as on end of the Financial year: Nil

## vii. Recommendations of Committees of the Board

There were no instances during the Financial Year 2019-20, wherein the Board had not accepted recommendations made by any Committee of the Board.

## viii. Listing of Equity Shares on Stock Exchanges

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

## ix. Stock Code

BSE Limited : **500459**

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

Dematerialization ISIN Code : **INE179A01014**

## x. Stock Price Data

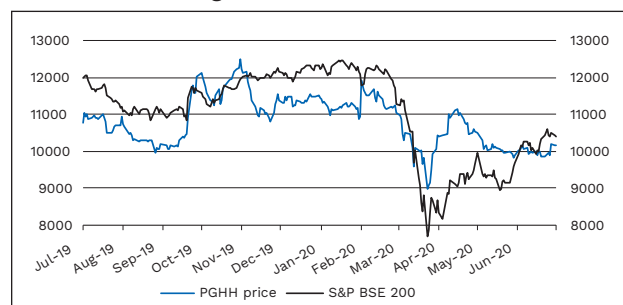
Month	BSE		NSE	
	High	Low	High	Low
July - 2019	11,199.85	10,364.00	11,162.65	10,358.00
August - 2019	10,930.00	9,799.85	11,150.00	9,725.10
September - 2019	12,401.00	9,950.00	12,399.00	9,942.75
October - 2019	12,699.90	10,855.55	12,774.90	10,830.00
November - 2019	12,364.60	10,749.30	12,388.90	10,760.00
December - 2019	11,790.85	11,010.00	11,800.00	11,162.00
January - 2020	11,465.95	10,745.90	11,490.00	10,739.40
February - 2020	12,450.00	10,900.00	12,388.80	10,950.00
March - 2020	11,202.50	8,500.00	11,184.15	8,400.00
April - 2020	11,490.30	10,000.00	11,580.00	9,990.05
May - 2020	10,642.00	9,740.45	10,650.00	9,734.00
June - 2020	10,232.00	9,780.00	10,239.90	9,773.95

(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

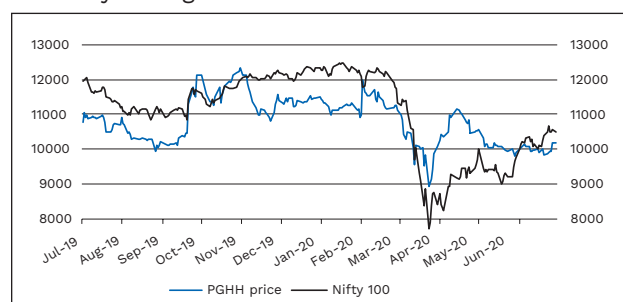
### xi. Stock Performance in comparison to the BSE Sensex and NSE Nifty

The following chart shows the performance of the Company's shares as compared to the BSE Sensex during the Financial Year 2019-20:



(Source: www.bseindia.com)

The following chart shows the performance of the Company's shares as compared to the NSE Nifty during the Financial Year 2019-20:



(Source: www.nseindia.com)

### xii. Distribution of shareholding by ownership as on June 30, 2020

Category	Number of shares held	% of shares held
Foreign & Indian promoters	2,29,29,773	70.64
Resident Individuals and others	36,71,179	11.32
Mutual Funds	17,95,870	5.53
Financial Institutions / Banks	14,22,250	4.38
Insurance Companies	10,48,642	3.23
Foreign Portfolio Investors	8,33,788	2.57
Private Corporate Bodies	5,75,631	1.77
NRIs & Foreign Nationals	1,66,371	0.51
Directors and their relatives	17,232	0.05
<b>TOTAL</b>	<b>3,24,60,736</b>	<b>100.00</b>

### xiii. Registrar & Transfer Agents

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

### xiv. Share Transfer and Demat system

As per SEBI directions, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form effective April 01, 2019.

The transfer deed(s) lodged prior to deadline, i.e., April 1, 2019, and returned due to deficiency in the document may be re-lodged for transfer with Link Intime India Private Limited (Registrar & Transfer Agents), on or before March 31, 2021, cut-off date, as fixed by SEBI vide circular dated September 07, 2020. Further, the shares that are re-lodged for transfer (including those request that are pending with the company / RTA, as on date) will be issued only in demat mode.

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

### xv. Distribution of shareholding by size class as on June 30, 2020

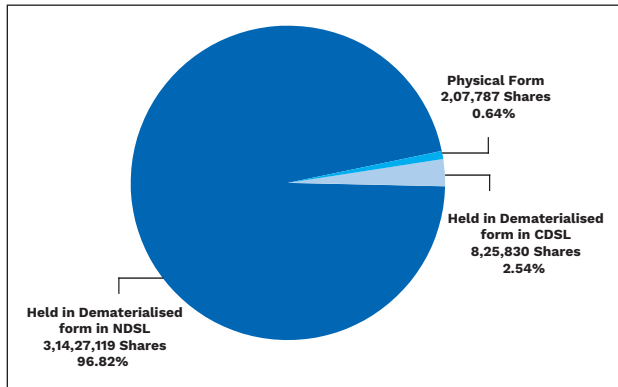
Shareholding	Shareholders		Shares	
	Number	% to Total	Number	% to Total
Upto 500	37,094	95.98	17,12,640	5.27
501 – 1000	844	2.18	5,93,033	1.83
1001 – 2000	392	1.01	5,41,214	1.67
2001 – 3000	102	0.26	2,49,089	0.77
3001 – 4000	56	0.15	1,98,060	0.61
4001 – 5000	32	0.08	1,45,037	0.45
5001 – 10000	56	0.15	3,89,780	1.20
10001 and above	74	0.19	2,86,31,883	88.20
<b>TOTAL</b>	<b>38,650</b>	<b>100.00</b>	<b>3,24,60,736</b>	<b>100.00</b>

**xvi. Dematerialization of shares and liquidity**

The Company's shares are required to be compulsorily traded in the stock exchanges in dematerialized form. As on June 30, 2020, the number of shares in dematerialized and physical mode are as under:

Particulars	No. of shares	% to total capital issued
Held in dematerialized form in NSDL	3,14,27,119	96.82
Held in dematerialized form in CDSL	8,25,830	2.54
Held in Physical form	2,07,787	0.64
<b>Total</b>	<b>3,24,60,736</b>	<b>100.00</b>

**Shares held in demat / physical form as on June 30, 2020**



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

**xviii.** During the Financial Year, no Analyst/Investor Meetings were held.

**xix.** The Company has no exposure to commodity and commodity risks in Financial Year 2019-20. The details of foreign currency risk management are disclosed in Note 30 forming part of the Financial Statements. The company has not entered into any hedging activities in Financial Year 2019-20.

**xx. Unclaimed/ Unpaid Dividend**

In accordance with the provisions of Sections 124 and 125 of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) dividends not encashed / claimed within seven years from the date of declaration are

to be transferred to the Investor Education and Protection Fund (IEPF) Authority. The IEPF Rules mandate companies to transfer shares of Members whose dividends remain unpaid / unclaimed for a continuous period of seven years to the demat account of IEPF Authority. The Members whose dividend / shares are transferred to the IEPF Authority can claim their shares / dividend from the Authority.

Final dividend declared for the Financial Year ended June 30, 2013 and for the subsequent years, which remain unpaid or unclaimed, will be due for transfer to the IEPF on the dates mentioned in the table below. Members who have not encashed their dividend warrants for these years are requested to claim the dividend on or before the due dates mentioned therein, by writing to the Company's RTA M/s. Link Intime India Pvt Ltd. Once, the dividend / shares is transferred to the IEPF, no claim, whatsoever, shall be entertained by the Company thereafter.

Date of Declaration	For the Financial year ended	Due Date for transfer to IEPF
09.12.2013	30.06.2013	14.01.2021
24.09.2014	30.06.2014	30.10.2021
28.10.2015	30.06.2015	03.12.2022
03.12.2016	30.06.2016	08.01.2024
05.05.2017	Interim 2016-17	10.06.2024
16.11.2017	30.06.2017	22.12.2024
29.11.2018	30.06.2018	04.01.2026
07.02.2019	Interim 2018-19	15.03.2026
27.11.2019	30.06.2019	03.01.2027

During the Financial Year 2019-20, unclaimed dividend for the Financial Year ended June 30, 2012 amounting to ₹ 37,35,051 and 7273 shares were transferred to IEPF.

The details of unpaid / unclaimed dividend as on date of previous Annual General Meeting, i.e., November 27, 2019 have been hosted on the website of the Company, viz., in.pg.com.

Ms. Flavia Machado is the Nodal Officer of the Company under the IEPF Rules.

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

In accordance with the requirements of Regulation 34, 39 read with Schedule V(F) of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 details of equity shares lying in Unclaimed Suspense Account are as follows:

	Particulars	No. of shareholders	No. of Equity Shares
Opening Balance	Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account lying as on July 1, 2019	295	38,070
Less	Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year	5	518
Closing Balance	Aggregate number of shareholders and outstanding shares lying in the suspense account as on June 30, 2020	290	37,552

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

## xxii.Plant location

### Goa:

173, 314, 315, Kundaim Industrial Estate, Kundaim, Goa - 403115

### Baddi:

Village Katha, Baddi, Tehsil: Nalagarh, Dist.: Solan Himachal Pradesh - 173 205

## xxiii.Investor Queries and Grievances Redressal

Shareholders can send their correspondence to the Company with respect to their shares, dividend, request for annual reports and shareholder grievances, at the contact details given below:

Company Secretary & Compliance Officer  
Procter & Gamble Hygiene and Health Care Limited

P&G Plaza, Cardinal Gracias Road,  
Chakala, Andheri (East), Mumbai - 400 099.  
Investor helpline nos.: 91 86575 12368 / 86575 00524

Tel: (91-22) 2826 6000

Fax: (91-22) 2826 7337

Email id: investorpghh.im@pg.com

## DECLARATION

As provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members have confirmed compliance with the Directors' Code of Conduct for the Financial Year ended June 30, 2020 and the Senior Management has complied with the Business Conduct Manual for the Financial Year ended June 30, 2020.

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

**Mumbai**  
**August 25, 2020**

**Madhusudan Gopalan**  
**Managing Director**

## Certificate on Non-Disqualification of Directors under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

**The Members of Procter & Gamble Hygiene and Health Care Limited**

- We have been engaged to issue certificate that none of the directors on the board of the **Procter & Gamble Hygiene and Health Care Limited ("Company")** having CIN L24239MH1964PLC012971 have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority in terms of Para 10 (i) of Part C of Schedule V read with Regulations 34(3) and 53 (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations):
- We have examined the following:
  - The declaration given by each of the Directors of the Company with respect to their interest in other entities as Director or otherwise along with names of their relatives in pursuance of Section 184 of the Companies Act, 2013 and taken on record by the Company,
  - Declarations given by all the Directors of the Company confirming that they are not disqualified to hold the Office of Directors as on 30<sup>th</sup> June, 2020 in pursuance of Section 164 of the Companies Act, 2013 and taken on record by the Company,
  - The particulars of Directors of the Company as displayed on the web portal of the Ministry of Corporate Affairs and
  - General Search on the website of the Securities and Exchange Board of India.
- Based on the above verification and to the best of our information and according to the explanations provided to us, we are of the opinion that none of the following Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority as on 30<sup>th</sup> June, 2020:

No.	Name of the Directors	DIN
1	Mr. Rajendra Ambalal Shah	00009851
2	Mr. Bansidhar Sunderlal Mehta	00035019
3	Mr. Pramod Agarwal	00066989
4	Ms. Meena Ganesh	00528252
5	Mr. Anil Kumar Ishwar Dayal Gupta	02588131
6	Mr. Karthik Natarajan	06685891
7	Ms. Sonali Dhawan	06808527
8	Mr. Ghanashyam Hegde	08054712
9	Mr. Madhusudan Gopalan	08158357
10	Mr. Gagan Sawhney	08279568

- It should be noted that our responsibility is to express a reasonable assurance in the form of an opinion as to the qualification/eligibility of each of the Directors of the Company to hold the office as Director in the Companies in accordance with the generally accepted procedure and the process of due-diligence followed based on the available information on best efforts basis as on 30<sup>th</sup> June, 2020 and it is neither an audit nor an expression of opinion on the personal credentials of the Directors of the Company.

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

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

**Place : Mumbai**

**Date : August 25, 2020**

**UDIN : F000977B000614733**

## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

#### Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This Certificate is issued in accordance with the terms of our Engagement Letter dated July 10, 2020.

This certificate is issued with regard to compliance of conditions of Corporate Governance by **Procter & Gamble Hygiene and Health Care Limited** ('the Company') for the year ended on June 30, 2020 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock Exchanges.

#### Management's Responsibility

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

#### Auditor's Responsibility

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

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

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

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations as applicable during the year ended June 30, 2020.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

#### Restriction on use

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

For **KALYANIWALLA & MISTRY LLP**  
**CHARTERED ACCOUNTANTS**

Firm Regn. No.: 104607W / W100166

**Roshni R. Marfatia**  
**PARTNER**

M. No.: 106548

UDIN: 20106548AAAADY1736

**Place : Mumbai**

**Date : August 25, 2020**

## INDEPENDENT AUDITORS' REPORT

### To the Members of Procter & Gamble Hygiene and Health Care Limited Report on the Audit of the Ind AS Financial Statements

#### Opinion

We have audited the accompanying Ind AS Financial Statements of **PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED** ("the Company"), which comprise the Balance Sheet as at June 30, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and the Notes to the Ind-AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind-AS financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (India Accounting Standard) Rules, 2015, as amended (Ind-AS), and with other accounting principles generally accepted in India, of the state of affairs of the Company as at June 30, 2020, the profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Ind-AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind-AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

Sr.	Key Audit Matter	Auditor's Response
1.	<b>Revenue Recognition (note no. 2.3(a) and 19 to the financial statements)</b>  Revenue is measured net of trade discounts, rebates and various types of Marketing and Distribution Activities such as incentives and promotions.  The estimation of the various types of discounts, incentives and rebate schemes to be recognised based on sales made during the year is material and considered to be judgmental owing to the varying terms of the agreements with customers which are based on annual contracts or shorter term arrangements. In addition, the value and timing of promotions for products varies from period to period, and the activity can span over a year end.	Our audit procedures included: <ul style="list-style-type: none"> <li>(a) Assessing the appropriateness of the revenue recognition accounting policies, including those relating to discounts and incentives by comparing with applicable accounting standards.</li> <li>(b) Testing the design, implementation and operating effectiveness of the Company's general IT controls and key IT/manual application controls over the Company's systems which govern recording of revenue and rebates/schemes in the general ledger accounting system.</li> <li>(c) We tested the design, implementation and operating effectiveness of controls over the calculation of discounts and rebates including review of the independent service auditor's SOC 1 (Type 2) report with regards to the third party service organization's system and the suitability of the design and operating effectiveness of IT / manual controls relating to processing of claims.</li> </ul>

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

Sr. Key Audit Matter	Auditor's Response
<p><b>3 Existence and condition of inventory (note no. 9 to the financial statements)</b></p> <p>The Company's inventories include raw materials, packing materials, work-in-progress, finished goods, stock-in-trade and engineering stores and spares which are located at its factories, depots, distribution centres and third party manufacturing locations.</p> <p>The Company's Management conducts physical verification of inventories throughout the year on a cyclical basis every month by covering 100% of the inventories within a period of one month. However, on account of the COVID-19 related lockdown restrictions on account of health, travel and safety concerns, we were unable to attend the physical verification of inventories lying at various locations as at the balance sheet date.</p> <p>In view of the foregoing, obtaining sufficient appropriate audit evidence regarding existence and condition of inventories as at the balance sheet date is identified as a key audit matter.</p>	<p>We performed the following alternate audit procedures to audit the existence and condition of inventories as per the guidance provided in SA 501 "Audit Evidence – Specific Considerations for Selected Items", as at the year end, since we were not able to observe the physical stock verification conducted by Management:</p> <p>(a) Understood and evaluated the Management's internal controls process to establish the existence and condition of inventories, such as, the process of periodic physical verification carried out by the Management, the scope and coverage of the periodic verification programme, the results of such verification including analysis of discrepancies, if any and the processes around purchase and sales which eventually impact the inventory balance held at the balance sheet date.</p> <p>(b) Obtained, on a sample basis, details / documents of results of the cyclical count performed by the Management throughout the year.</p> <p>(c) Performed alternate procedures to audit the existence and condition of inventory as at the year end, which includes inspection, on a sample basis, of supporting documentation relating to purchases, subsequent sales supported by acknowledged lorry receipts, stock transfers, as applicable, and consumption/production details.</p> <p>(d) Employed appropriate cut-off procedures as also verified documentary records for inventories in-transit.</p>

#### Information Other than the Ind-AS financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report and the Report on Corporate Governance but does not include the Ind-AS financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report.

Our opinion on the Ind-AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

#### Management's Responsibility for the 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, changes in equity and the cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind-AS

financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Ind-AS financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system

in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of the users of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind-AS financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind-AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder.
  - e) On the basis of the written representations received from the Directors as on June 30, 2020, taken on record by the Board of Directors, none of the Directors are disqualified as on June 30, 2020 from being

appointed as a Director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure B**.
- g) According to information and explanations given to us and based on our examination of the records of the Company, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company has disclosed the impact of pending litigations on its financial position in its Ind-AS financial statements – Refer Note. 35 to the 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.

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

**Roshni Marfatia**  
**PARTNER**

M. No. 106548  
 UDIN: 20106548AAAADX4345

**Mumbai: August 25, 2020.**

## Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the Members of the Company on the Ind-AS financial statements for the year ended June 30, 2020)

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies reported on such verification are not material and have been properly dealt with in the books of account. We were not in a position to physically attend the fixed assets verification scheduled for the year-end due to restrictions on account of health, travel and safety concerns following the nationwide lockdown imposed by the Government of India in view of the COVID-19 pandemic. Consequently, in the absence of physical attendance at the fixed assets verification, we have conducted alternative procedures and relied on other internal controls for drawing comfort on the existence of fixed assets as reported in the financial statements as at the year-end.
  - c) According to the information and explanations given to us, the title deeds, comprising all the immovable properties of buildings, other than self-constructed buildings, are held in the name of the Company. In respect of immovable properties of land that have been taken on lease and disclosed as non-current / current assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The inventory has been physically verified by the Management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material. We were not in a position to physically attend the inventory verification scheduled for the year-end due to restrictions on account of health, travel and safety concerns following the nationwide lockdown imposed by the Government of India in view of the COVID-19 pandemic. Consequently, in the absence of physical attendance at the inventory verification, we have conducted alternative procedures and relied on other internal controls for drawing comfort on the inventory as reported in the financial statements as at the year-end.
  - iii. In our opinion and according to the information and explanations given to us, the Company has granted a loan to one company covered in the Register maintained under Section 189 of the Act.
    - a. In our opinion, the rate of interest and other terms and conditions on which the loan had been granted to the company listed in the Register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
    - b. In the case of the loan granted to the company listed in the Register maintained under Section 189 of the Act, the borrower has been regular in the repayment of the principal and payment of interest.
    - c. There are no overdue amounts in respect of loan granted to company listed in the Register maintained under Section 189 of the Act.
  - (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to investments made, guarantees given and securities provided.
  - (v) According to the information and explanations given to us, the Company has not accepted deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules framed thereunder apply. Accordingly, paragraph (v) of the Order is not applicable to the Company.
  - (vi) The maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013 in respect of specified products of the Company. For such products we have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
  - (vii) According to the information and explanations given to us and records of the Company examined by us, in our opinion:

- a) the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Goods and Services Tax, Cess, Professional Tax and other statutory dues, as applicable, with the appropriate authorities and there are no undisputed amounts which have remained outstanding as at the last day of the financial year, for a period of more than six months from the date they became payable.
- b) there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Goods and Services Tax which have not been deposited with the appropriate authorities on account of any dispute, other than the following:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates*	Amount Involved (Rs. in lakhs)**
Sales Tax and Laws as per statutes applicable in various states	Sales Tax and VAT	Appellate Authority - up to Commissioners/ Revisional authorities level	1997-98 to 2001-02, 2003-04 to 2016-17	1,476
		Appellate Authority - Tribunal	1996-97, 2001-02 to 2002-03, 2008-09 to 2012-13	1,607
		High Court	1995-96, 2002-03, 2006-07, 2008-09 to 2009-10	123
Finance Act, 1994	Service tax	Appellate Authority - up to Commissioners/ Revisional authorities level	2006-07 to 2012-13	1,225
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2008-09, 2009-10, 2011-12 to 2014-15	11,895
		Commissioner of Income Tax (Appeals)	2014-15	43

\* Period denotes the financial year April to March

\*\* includes penalty and interest on taxes, wherever applicable

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of paragraph 3(ix) of the Order are not applicable to the Company.

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the Ind-AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

**Roshni Marfatia**  
**PARTNER**

M. No. 106548  
 UDIN: 20106548AAAADX4345

**Mumbai: August 25, 2020.**

## Annexure B to the Independent Auditor's Report

(Referred to in Para 2 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the Ind-AS financial statements for the year ended June 30, 2020)

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

We have audited the internal financial controls with reference to financial statements of **PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED** ("the Company") as of June 30, 2020 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 with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

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

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

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

#### Meaning of Internal Financial Controls with reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind-AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind-AS financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls

with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at June 30, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

**Roshni Marfatia**  
**PARTNER**  
 M. No. 106548  
 UDIN: 20106548AAAADX4345

**Mumbai: August 25, 2020.**

## BALANCE SHEET AS AT JUNE 30, 2020

	Notes	As at June 30, 2020 ₹ in lakhs	As at June 30, 2019 ₹ in lakhs
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	20 650	23 422
Capital work-in-progress	4	2 215	1 455
Financial assets			
(i) Loans	5	4 147	3 913
(ii) Other financial assets	6	----	40
Deferred tax assets (Net)	7	2 958	3 676
Non-current tax assets (Net)		13 116	13 982
Other non-current assets	8	6 915	6 207
<b>Total non-current assets</b>		<b>50 001</b>	<b>52 695</b>
<b>Current assets</b>			
Inventories	9	20 505	20 342
Financial assets			
(i) Trade receivables	10	16 634	18 137
(ii) Cash and cash equivalents	11 (a)	88 404	52 590
(iii) Bank balances other than (ii) above	11 (b)	1 846	1 455
(iv) Loans	5	632	9 916
(v) Other financial assets	6	2 170	2 418
Other current assets	8	1 884	1 999
		<b>1 32 075</b>	<b>1 06 857</b>
Non-current assets held for sale	8 (a)	764	2 152
<b>Total current assets</b>		<b>1 32 839</b>	<b>1 09 009</b>
<b>Total assets</b>		<b>1 82 840</b>	<b>1 61 704</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	12	3 246	3 246
Other equity	13	1 12 540	87 660
<b>Total equity</b>		<b>1 15 786</b>	<b>90 906</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Other financial liabilities	16	147	----
Provisions	14	7 402	6 550
<b>Total non-current liabilities</b>		<b>7 549</b>	<b>6 550</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Trade payables			
Dues to micro and small enterprises	15	617	218
Dues to others	15	52 516	54 631
(ii) Other financial liabilities	16	2 353	4 645
Provisions	14	500	536
Current tax liabilities (Net)	17	1 339	1 255
Other current liabilities	18	2 180	2 963
<b>Total current liabilities</b>		<b>59 505</b>	<b>64 248</b>
<b>Total liabilities</b>		<b>67 054</b>	<b>70 798</b>
<b>Total equity and liabilities</b>		<b>1 82 840</b>	<b>1 61 704</b>
<b>See accompanying notes to the financial statements</b>			

In terms of our report attached

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

Roshni Marfatia  
Partner  
M. No.: 106548

Place: Mumbai  
Date : August 25, 2020

For and on behalf of Board of Directors

R.A.Shah  
Chairman

Prashant Bhatnagar  
Chief Financial Officer

Madhusudan Gopalan  
Managing Director

Flavia Machado  
Company Secretary

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED JUNE 30, 2020

	Notes	Year ended June 30, 2020 ₹ in lakhs	Year ended June 30, 2019 ₹ in lakhs
<b>Income</b>			
Revenue from operations	19	3 00 199	2 94 685
Other income	20	4 411	5 334
<b>Total income</b>		<b>3 04 610</b>	<b>3 00 019</b>
<b>Expenses</b>			
Cost of raw and packing materials consumed	21	1 06 621	95 258
Purchases of stock-in-trade (Traded Goods)		5 240	32 195
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(782)	(3 773)
Employee benefits expense	23	17 329	13 384
Finance costs	24	607	548
Depreciation expense	4	4 788	4 978
Impairment losses	4.1	1 388	----
Other expenses	25	1 10 032	96 696
<b>Total expense</b>		<b>2 45 223</b>	<b>2 39 286</b>
<b>Profit before tax from operations</b>		<b>59 387</b>	<b>60 733</b>
<b>Tax expense</b>			
Current tax	26.1	15 670	22 185
Deferred tax	26.1	775	(1 019)
Prior year tax adjustments	26.1	(366)	(2 346)
<b>Income tax expense</b>		<b>16 079</b>	<b>18 820</b>
<b>Profit for the year</b>		<b>43 308</b>	<b>41 913</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	(226)	(1 026)
Income tax effect on above	26.2	57	359
<b>Total other comprehensive income for the year</b>		<b>(169)</b>	<b>(667)</b>
<b>Total comprehensive income for the year</b>		<b>43 139</b>	<b>41 246</b>
Earnings per equity share	28		
- Basic (in ₹)		133.42	129.12
- Diluted (in ₹)		133.42	129.12
Face Value of Equity Share (in ₹)		10.00	10.00
<b>See accompanying notes to the financial statements</b>			

In terms of our report attached

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

Roshni Marfatia  
Partner  
M. No.: 106548

Place: Mumbai  
Date : August 25, 2020

For and on behalf of Board of Directors

R.A.Shah  
Chairman

Prashant Bhatnagar  
Chief Financial Officer

Madhusudan Gopalan  
Managing Director

Flavia Machado  
Company Secretary

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>A. Cash Flows from Operating Activities</b>		
<b>Profit before tax</b>	<b>59 387</b>	<b>60 733</b>
<b>Adjustments for:</b>		
Depreciation expense	4 788	4 978
Loss / (Gain) on disposal of property, plant and equipment	257	(431)
Finance costs	607	548
Allowance for doubtful receivables (Net of recovery)	78	95
Interest income	(3 268)	(3 722)
Impairment of property, plant and equipment	1 388	----
Net foreign exchange (gain) / loss	(214)	458
Expense recognised in respect of equity settled share based payments	525	418
<b>Operating profit before working capital changes</b>	<b>63 548</b>	<b>63 077</b>
<b>Working capital adjustments</b>		
Decrease / (increase) in trade and other receivables	1 451	(3 315)
(Increase) in financial assets	(306)	(508)
(Increase) in inventories	(163)	(7 981)
(Increase) in other assets	(593)	(626)
(Decrease) / increase in trade and other payables	(2 325)	13 774
Increase in provisions	147	379
<b>Cash generated from operations</b>	<b>61 759</b>	<b>64 800</b>
Income taxes paid	(14 354)	(23 503)
<b>Net cash generated from operating activities</b>	<b>47 405</b>	<b>41 297</b>
<b>B. Cash Flows from Investing Activities</b>		
Interest received	3 912	4 441
Loans realised	18 000	9 000
Loans given	(9 000)	(9 000)
Payment to acquire property, plant and equipment	(5 102)	(1 610)
Proceeds from sale of property, plant and equipment	68	1 332
Net bank deposits (placed)	221	(72)
Changes in earmarked balances	(627)	(659)
<b>Net cash generated from investing activities</b>	<b>7 472</b>	<b>3 432</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>C. Cash Flows from Financing Activities</b>		
Dividend and dividend tax paid	(18 784)	(31 308)
Principal payment of lease liabilities	(129)	----
Interest paid on lease liabilities	(31)	----
Interest paid other than on lease liabilities	( 119)	(66)
<b>Net cash (used in) financing activities</b>	<b>(19 063)</b>	<b>(31 374)</b>
<b>Net increase in cash and cash equivalents</b>	<b>35 814</b>	<b>13 355</b>
Cash and cash equivalents at the beginning of the year	<b>52 590</b>	<b>39 235</b>
<b>Cash and cash equivalents at the end of the year (refer note 9(a))</b>	<b>88 404</b>	<b>52 590</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 KALYANIWALLA & MISTRY LLP**  
Chartered Accountants  
Firm Regn. No.: 104607W / W100166

**Roshni Marfatia**  
Partner  
M. No.: 106548

**Place: Mumbai**  
**Date : August 25, 2020**

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

**R.A.Shah**  
Chairman

**Prashant Bhatnagar**  
Chief Financial Officer

**Madhusudan Gopalan**  
Managing Director

**Flavia Machado**  
Company Secretary

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

## a. Equity share capital

	Amount
	₹ in lakhs
<b>Balance as at July 1, 2018</b>	<b>3 246</b>
Changes in equity share capital during the year	----
<b>Balance as at June 30, 2019</b>	<b>3 246</b>
Changes in equity share capital during the year	----
<b>Balance as at June 30, 2020</b>	<b>3 246</b>

## b. Other equity

	Attributable to the equity share holders of the Company				
	Reserves & surplus				Total
	General reserve	Securities premium	Share options outstanding account	Retained earnings	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	
<b>Balance as at July 1, 2018</b>	<b>30 959</b>	<b>7 519</b>	<b>1 331</b>	<b>37 495</b>	<b>77 304</b>
Profit for the year	----	----	----	41 913	41 913
Items of OCI for the year, net of tax					
Remeasurement benefit of defined benefit plans	----	----	----	( 667)	(667)
<b>Total comprehensive income for the year</b>	<b>----</b>	<b>----</b>	<b>----</b>	<b>41 246</b>	<b>41 246</b>
Payment of dividends (refer note 39)	----	----	----	(25 968)	(25 968)
Payment of dividend distribution tax	----	----	----	(5 340)	(5 340)
Recognition of share-based payments	----	----	418	----	418
<b>Balance as at June 30, 2019</b>	<b>30 959</b>	<b>7 519</b>	<b>1 749</b>	<b>47 433</b>	<b>87 660</b>
Profit for the year	----	----	----	43 308	43 308
Items of OCI for the year, net of tax					
Remeasurement benefit of defined benefit plans	----	----	----	(169)	(169)
<b>Total comprehensive income for the year</b>	<b>----</b>	<b>----</b>	<b>----</b>	<b>43 139</b>	<b>43 139</b>
Payment of dividends (refer note 39)	----	----	----	(15 581)	(15 581)
Payment of dividend distribution tax	----	----	----	(3 203)	(3 203)
Recognition of share-based payments	----	----	525	----	525
<b>Balance as at June 30, 2020</b>	<b>30 959</b>	<b>7 519</b>	<b>2 274</b>	<b>71 788</b>	<b>1 12 540</b>

See accompanying notes to the financial statements

### In terms of our report attached

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

Roshni Marfatia  
Partner  
M. No.: 106548

Place: Mumbai  
Date : August 25, 2020

### For and on behalf of Board of Directors

R.A.Shah  
Chairman

Prashant Bhatnagar  
Chief Financial Officer

Madhusudan Gopalan  
Managing Director

Flavia Machado  
Company Secretary

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 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 having CIN L24239MH1964PLC012971. 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 notified by the Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

### 2.2 Basis of preparation and measurement

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

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

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

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 2.3 Summary of Significant accounting policies

### a. Revenue recognition

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

Goods and Services tax (GST) 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 and there are no longer unfulfilled obligations, 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 at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as Goods and Services Tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates;
- 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

Effective July 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on July 1, 2019, except those which are exempted under this standard, using the modified retrospective approach. Accordingly, comparatives for the year ended June 30, 2019 have not been retrospectively adjusted. The standard permits a choice on initial adoption, on a lease-by-lease basis, to measure the right-of-use asset at either its carrying amount as if Ind AS 116 had been applied since the commencement of the lease, or an amount equal to the lease liability adjusted for accruals or prepayments. The Company has elected to measure the right-of-use asset equal to the lease liability, with the result of no net impact on retained earnings and no restatement of prior period comparatives.

#### The Company as a lessee

The Company’s lease assets classes primarily consist of leases for land, buildings and equipments. The Company assesses whether a contract contains a lease, at inception of a contract. A contract

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) The contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### 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 the Balance Sheet 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Exchange differences on such translations 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. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

- ii) Liability for Compensated Absences, Bonus, Leave Travel Allowance etc. 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, together with a corresponding increase in equity (other reserves) over the period in which the service and performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. Recharge to parent company to the extent of fair value of options will be debited in equity reserves and any excess recharge above the fair value of options will be recognised as equity distribution from the company.

#### Employee share purchase plan

The Procter & Gamble Company, USA has an “International Stock Ownership Plan (ISOP)” (employee share purchase plan) whereby specified employees of its subsidiaries have been given a right to purchase shares of the Ultimate Holding Company i.e. The Procter and Gamble Company, USA. Every employee who opts for the scheme contributes by way of payroll deduction up to a specified percentage (upto 15%) of base salary towards purchase of shares on a monthly basis. The Company contributes 50% of employee’s contribution (restricted to 2.5% of his base salary) and charged to employee benefits expense. The expenses related ISOP are recognised immediately in the Statement of Profit and Loss since there are no vesting conditions attached to the scheme.

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

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

### g. Taxation

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Current tax

Provision for current tax for the Company's financial year ended on June 30 is based on the results of the period July 1 to March 31 (later part of the fiscal year ended March 31) and for the balance and for the period April 1 to June 30 (beginning of the next fiscal year) as per the provisions of the Income Tax Act, 1961 and other applicable tax laws. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax

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

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

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

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

### Current and deferred tax for the year

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

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

### h. Property, plant and equipment

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

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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item 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, 2020

### 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. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects its present value, that reflects the current market assessments of the time value of money and 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 to the Financial Statements. Contingent liabilities are disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements as this may result in the recognition of income that may never be there.

### l. Financial instruments

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

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

### m. Financial assets

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

All recognised financial assets are subsequently measured at either amortised cost or fair value through profit or loss or fair value through other comprehensive income, depending on the classification of the financial assets. Financial assets are not reclassified subsequent to their recognition, except during the period the Company changes its business model for managing financial assets.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 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 do not meet the above conditions are subsequently measured at fair value. Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). A financial asset not classified as either amortised cost or Fair Value through OCI, is classified as Fair Value through Profit or loss.

## 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### **Derecognition of financial assets**

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

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

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

### **Foreign exchange gains and losses**

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

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

## **n. Financial liabilities and equity instruments**

### **Classification as debt or equity**

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

### **Equity instruments**

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

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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" in the Statement of Profit and loss.

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

### Foreign exchange gains and losses

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

### Derecognition

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

#### o. Segment Reporting

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

#### p. Cash and Cash Equivalents

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

#### q. Earnings Per Share

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

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

#### r. Claims

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

#### s. Assets held for sale

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### t. Recent accounting pronouncements

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

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from July 1, 2020.

### 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 if it 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 and residual values 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).

##### e. Measurement and likelihood of occurrence of provisions and contingencies – As disclosed in Note 14 and Note 35, Management has estimated and measured the likelihood of the litigations and accounted the provision and contingencies as appropriate.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Property, plant and equipment	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Owned Assets	20 374	23 422
Leased Assets	276	----
<b>Total</b>	<b>20 650</b>	<b>23 422</b>

### A. Owned Assets

	Freehold land	Buildings	Plant & machinery	Furniture and fixtures	Office equipment	Moulds & Dies	Total
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>Gross Block</b>							
<b>At July 1, 2018</b>	443	5 893	28 837	990	2 794	1 039	<b>39 996</b>
Additions	----	505	2 306	58	862	559	<b>4 290</b>
Disposals	----	(8)	(911)	(15)	(7)	(123)	<b>(1 064)</b>
<b>At June 30, 2019</b>	<b>443</b>	<b>6 390</b>	<b>30 232</b>	<b>1 033</b>	<b>3 649</b>	<b>1 475</b>	<b>43 222</b>
Additions	----	313	1 224	39	301	40	<b>1 917</b>
Disposals	----	(6)	(517)	(8)	(86)	----	<b>(617)</b>
<b>At June 30, 2020</b>	<b>443</b>	<b>6 697</b>	<b>30 939</b>	<b>1 064</b>	<b>3 864</b>	<b>1 515</b>	<b>44 522</b>
<b>Accumulated depreciation</b>							
<b>At July 1, 2018</b>	----	1 108	11 037	504	1 778	558	<b>14 985</b>
Depreciation charge for the year	----	420	3 796	111	458	193	<b>4 978</b>
Disposals	----	----	(107)	(1)	(1)	(54)	<b>(163)</b>
<b>At June 30, 2019</b>	<b>----</b>	<b>1 528</b>	<b>14 726</b>	<b>614</b>	<b>2 235</b>	<b>697</b>	<b>19 800</b>
Depreciation charge for the year	----	453	3 433	90	493	171	<b>4 640</b>
Disposals	----	(1)	(260)	(2)	(29)	----	<b>(292)</b>
<b>At June 30, 2020</b>	<b>----</b>	<b>1 980</b>	<b>17 899</b>	<b>702</b>	<b>2 699</b>	<b>868</b>	<b>24 148</b>
<b>Net carrying amount</b>							
<b>At June 30, 2020</b>	<b>443</b>	<b>4 717</b>	<b>13 040</b>	<b>362</b>	<b>1 165</b>	<b>647</b>	<b>20 374</b>
<b>At June 30, 2019</b>	<b>443</b>	<b>4 862</b>	<b>15 506</b>	<b>419</b>	<b>1 414</b>	<b>778</b>	<b>23 422</b>
<b>At July 1, 2018</b>	<b>443</b>	<b>4 785</b>	<b>17 800</b>	<b>486</b>	<b>1 016</b>	<b>481</b>	<b>25 011</b>

#### Notes:

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

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

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## B. Leased Assets

	Land	Buildings	Plant & machinery	Total
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Addition on account of Transition to Ind AS 116 – July 1, 2019	13	381	27	421
Additions	3	----	----	3
Disposals	----	----	----	----
<b>At June 30, 2020</b>	<b>16</b>	<b>381</b>	<b>27</b>	<b>424</b>
<b>Accumulated depreciation</b>				
Additions	2	139	7	148
Disposals	----	----	----	----
<b>At June 30, 2020</b>	<b>2</b>	<b>139</b>	<b>7</b>	<b>148</b>
<b>Net Block as at June 30, 2020</b>	<b>14</b>	<b>242</b>	<b>20</b>	<b>276</b>

### Notes:

The Company has adopted Ind AS 116 effective July 1, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application July 1, 2019. Accordingly, previous period information has not been restated.

## C. Capital work-in-progress

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Capital work-in-progress	2 215	1 455
	<b>2 215</b>	<b>1 455</b>

### 4.1 Impairment losses recognised

In the year ended June 30, 2018, certain Property, Plant & Equipment had been tested for impairment and a loss amounting to ₹ 1 259 lakhs had been recognized in the Statement of Profit and Loss. These were rendered redundant due to Company moving its manufacturing facility from one location to another. The said assets were classified as 'Held for sale' in note 8(a).

In the current year, the Company has, based on certain quotes obtained, reassessed the fair value of these assets and a further impairment loss amounting to ₹ 1 388 lakhs has been recognized in the Statement of Profit and Loss.

## 5 Loans

### Unsecured considered good

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Non-current</b>		
Security deposits	835	548
Loans to related parties (refer note (a), (c) and note 32)	6	7
Loan to employees (refer note (c))	3 306	3 358
	<b>4 147</b>	<b>3 913</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Current</b>		
Security deposits	4	223
Loans to related parties (refer note (b), (c) and note 32)	1	9 001
Loan to employees (refer note (c))	627	692
	<b>632</b>	<b>9 916</b>

### Notes:

- (a) Non-current loans to related parties includes loan to key managerial personnel ₹ 6 lakhs (June 30, 2019: ₹ 7 lakhs).
- (b) Current loans to related parties includes:
- (i) Loan to fellow subsidiaries of the Ultimate Holding Company ₹ Nil lakhs (June 30, 2019: ₹ 9 000 lakhs).
- (ii) Loan to key managerial personnel ₹ 1 lakh (June 30, 2019: ₹ 1 lakh).
- (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.

### 6 Other financial assets

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Non-current</b>		
Bank deposits with remaining maturity more than 12 months	----	40
	<b>----</b>	<b>40</b>
<b>Current</b>		
Receivable on account of sale of scrap	304	357
Due from related parties (refer note 32)	1 814	1 365
Interest accrued on loans to related parties (refer note 32)	----	609
Interest accrued on deposits with banks	52	87
	<b>2 170</b>	<b>2 418</b>

### 7 Deferred tax assets (Net)

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Deferred tax assets	3 777	4 722
Deferred tax liabilities	(819)	(1 046)
	<b>2 958</b>	<b>3 676</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

2019-2020	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Property, plant and equipment	(1 046)	227	----	(819)
Voluntary retirement scheme	490	(27)	----	463
Disallowance u/s 43 B of the Income Tax Act, 1961	2 839	(989)	57	1 907
Other temporary differences	1 393	14	----	1 407
	<b>3 676</b>	<b>(775)</b>	<b>57</b>	<b>2 958</b>

2018-2019	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing Balance
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Property, plant and equipment	(1 326)	280	----	(1 046)
Voluntary retirement scheme	543	(53)	----	490
Disallowance u/s 43 B of the Income Tax Act, 1961	1 710	770	359	2 839
Other temporary differences	1 371	22	----	1 393
	<b>2 298</b>	<b>1 019</b>	<b>359</b>	<b>3 676</b>

## 8 Other assets

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Non-current</b>		
Prepaid expenses	----	14
Advance to vendors	40	40
Capital Advances	86	----
Balances with government authorities (refer note (a) below)		
Unsecured, considered good	6 789	6 153
Unsecured, doubtful	1 135	1 292
Less: Allowance for doubtful advances	(1 135)	(1 292)
	<b>6 915</b>	<b>6 207</b>
<b>Current</b>		
Prepaid expenses	59	----
Other advances (includes advances to vendors)	488	388
Advance to employees (refer note (b) below)	189	201
Balances with government authorities (includes Service Tax and Cenvat credit receivable)	1 148	1 410
	<b>1 884</b>	<b>1 999</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## Movement in the allowance for doubtful advances

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Balance at the beginning of the year	1 292	1 276
Amounts written off during the year (net)	(157)	----
Change in allowance for bad and doubtful advances during the year	----	16
<b>Balance at end of the year</b>	<b>1 135</b>	<b>1 292</b>

- (a) Includes amounts deposited with Excise, Sales Tax and other authorities pending resolution of disputes.
- (b) Advances given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186 (4) of the Companies Act, 2013.

## 8 (a) Non current assets held for sale

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Freehold land	110	309
Buildings	298	840
Plant & machinery	336	946
Furniture and fixtures	11	32
Moulds & Dies	9	25
	<b>764</b>	<b>2 152</b>

- (a) In the year ended June 30, 2018, certain Property, Plant and Equipment (PPE) had been rendered redundant due to the Company moving its manufacturing facility from one location to another. The carrying value of the said assets amounting to ₹ 3 411 lakhs was brought down to its fair value and an impairment loss of ₹ 1 259 lakhs has been recognised in the year ended June 30, 2018.
- (b) In the current year, the Company has, based on certain quotes obtained, reassessed the fair value of these assets and a further impairment loss amounting to ₹ 1 388 lakhs has been recognized in the Statement of Profit and Loss. The company intends to dispose off the said PPE and is actively engaged in identifying a prospective buyer. These assets continue to be classified as held for sale as at June 30, 2020.

## 9 Inventories

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Inventories (lower of cost and net realisable value)</b>		
Raw materials (Including packing materials)	6 930	7 374
Work-in-progress	802	867
Finished goods	8 776	7 721
Stock-in-trade {Includes in transit ₹ 821 lakhs (June 30, 2019 : ₹ 208 lakhs)}	2 987	3 195
Consumable stores and spares	1 010	1 185
	<b>20 505</b>	<b>20 342</b>

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 10 Trade receivables

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Unsecured, considered good	16 634	18 137
Credit Impaired	311	245
	<b>16 945</b>	<b>18 382</b>
Less: Allowance for expected credit loss	(311)	(245)
	<b>16 634</b>	<b>18 137</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, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Balance at the beginning of the year	245	146
Amounts written off during the year (net)	(12)	4
Change in allowance for credit impairment during the year	78	95
<b>Balance at end of the year</b>	<b>311</b>	<b>245</b>

### 11 (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, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Balances with banks:		
- In current accounts	4 033	5 549
- Deposits with original maturity of less than three months	84 371	47 041
<b>Cash and cash equivalents as per Balance Sheet</b>	<b>88 404</b>	<b>52 590</b>
<b>Cash and cash equivalents as per Statement of Cash Flows</b>	<b>88 404</b>	<b>52 590</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 11 (b) Other bank balances

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Earmarked accounts		
- Unpaid / Unclaimed dividend account	1 062	1 077
- ISOP Account	784	157
- Other earmarked accounts (deposits with sales tax authorities)#	----	----
Bank deposits with maturity more than 3 months but less than 12 months	----	221
	<b>1 846</b>	<b>1 455</b>

# denotes amount less than ₹ 50 000

## 12 Equity share capital

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Authorised share capital:</b>		
3 50 00 000 fully paid equity shares of ₹ 10 each	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
	<b>3 246</b>	<b>3 246</b>

### 12.1 Fully paid equity shares

	Number of shares	Share Capital ₹ in lakhs
<b>Balance at July 1, 2018</b>	<b>3 24 60 736</b>	<b>3 246</b>
Movements	----	----
<b>Balance at June 30, 2019</b>	<b>3 24 60 736</b>	<b>3 246</b>
Movements	----	----
<b>Balance at June 30, 2020</b>	<b>3 24 60 736</b>	<b>3 246</b>

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Ultimate Holding Company</b>		
The Procter and Gamble Company, USA	----	----
<b>Holding Company</b>		
Procter & Gamble Overseas India BV, The Netherlands	2 231	2 231
<b>Subsidiaries of the Ultimate Holding Company</b>		
Temple Trees Impex & Investment Pvt. Ltd.	62	62

### 12.3 Details of shareholders holding more than 5% equity shares in the company

	As at June 30, 2020		As at June 30, 2019	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
<i>Equity shares of ₹ 10 each fully paid</i>				
Procter & Gamble Overseas India BV, The Netherlands	2 23 10 090	68.73	2 23 10 090	68.73

## 13 Other equity

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Reserves &amp; surplus</b>		
General reserve	30 959	30 959
Securities premium	7 519	7 519
Share options outstanding account	2 274	1 749
Retained earnings	71 788	47 433
	<b>1 12 540</b>	<b>87 660</b>

### 13.1 General reserve

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Balance at the beginning of year	30 959	30 959
Transferred from surplus in Statement of Profit and Loss	----	----
<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.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 13.2 Securities premium

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ 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 which is utilised in accordance with the provisions of the Companies Act, 2013.

## 13.3 Share options outstanding account

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Balance at the beginning of year	1 749	1 331
Arising on share-based compensation	525	418
<b>Balance at the end of year</b>	<b>2 274</b>	<b>1 749</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.

## 13.4 Retained earnings

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Balance at the beginning of year	47 433	37 495
Profit attributable to the owners of the Company	43 308	41 913
Other comprehensive income arising from remeasurement of defined benefit obligation (net of income tax)	(169)	(667)
Payment of final / interim dividend on equity shares (refer note 39)	(15 581)	(25 968)
Dividend distribution tax	(3 203)	(5 340)
<b>Balance at the end of year</b>	<b>71 788</b>	<b>47 433</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 2019, final dividend of ₹ 48 per share (total dividend including tax thereon ₹ 18 784 lakhs) for the year ended June 30, 2019 was paid to holders of fully paid equity shares. In December 2018, the final dividend paid was ₹ 40 per share (total dividend including tax thereon ₹ 15 654 lakhs) for the year ended June 30, 2018.

In March 2019, an interim dividend of ₹ 40 per share (total dividend including tax thereon ₹ 15 654 lakhs) was paid to holders of fully paid equity shares for the year ended June 30, 2019.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 14 Provisions

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Employee benefits (refer note (i) below)	7 802	6 986
Other provisions (refer note (ii) below)	100	100
	<b>7 902</b>	<b>7 086</b>
Current	500	536
Non - current	7 402	6 550
	<b>7 902</b>	<b>7 086</b>

- (i) The provision for employee benefits includes post retirement medical benefits (PRMB), compensated absences and gratuity. For other disclosures refer note 29.
- (ii) Other provisions are in respect of the amount management estimates to incur to meet potential liabilities.

### Other provisions

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Balance at the beginning of year	100	----
Additional provision recognised	----	100
Reduction arising from payments	----	----
<b>Balance at the end of year</b>	<b>100</b>	<b>100</b>

## 15 Trade payables

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Dues to micro and small enterprises (refer note 36)	617	218
Dues to others	52 516	54 631
	<b>53 133</b>	<b>54 849</b>

## 16 Other financial liabilities

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Non-current</b>		
Leased liabilities	147	----
	<b>147</b>	<b>----</b>
<b>Current</b>		
Leased liabilities	357	209
Payables for property, plant & equipment	927	3 352
Deposits from customers and others	7	7
Unpaid / Unclaimed dividend #	1 062	1 077
	<b>2 353</b>	<b>4 645</b>

# There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Act as at June 30, 2020 (Previous year: Nil)

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 17 Current tax liabilities (Net)

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Income tax payable	1 339	1 255
	<b>1 339</b>	<b>1 255</b>

## 18 Other current liabilities

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Superannuation	10	10
Taxes and other liabilities (including statutory remittances, excise and sales tax payable)	2 170	2 953
	<b>2 180</b>	<b>2 963</b>

## 19 Revenue from operations

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
Sale of products	2 99 854	2 94 248
Other operating revenues		
Scrap sales	345	437
	<b>3 00 199</b>	<b>2 94 685</b>

## 20 Other income

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Interest income earned on:</b>		
Bank deposits	2 922	2 928
Loan to related parties (refer note 32)	346	794
Other financial assets carried at amortised cost	117	156
	<b>3 385</b>	<b>3 878</b>
<b>Other non-operating income (net of expenses directly attributable to such income)</b>		
Miscellaneous Income	1 026	144
Income from transfer of leasehold land	----	1 312
	<b>1 026</b>	<b>1 456</b>
<b>Total</b>	<b>4 411</b>	<b>5 334</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 21 Cost of raw and packing materials consumed

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
Inventories at the beginning of year	7 374	3 055
Add: Purchases	1 06 177	99 577
	<b>1 13 551</b>	<b>1 02 632</b>
Less: inventories at the end of year	6 930	7 374
Cost of raw and packing materials consumed	<b>1 06 621</b>	<b>95 258</b>

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

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
Inventories at the beginning of year:		
Finished Goods	7 721	4 238
Stock-in-Trade	3 195	3 642
Work-in-Progress	867	130
	<b>11 783</b>	<b>8 010</b>
Inventories at the end of year:		
Finished Goods	8 776	7 721
Stock-in-Trade	2 987	3 195
Work-in-Progress	802	867
	<b>12 565</b>	<b>11 783</b>
<b>Net (increase)</b>	<b>(782)</b>	<b>(3 773)</b>

## 23 Employee benefits expense

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
Salaries and wages	13 426	11 137
Contribution to provident and other funds (refer note 29)	1 809	1 612
Share-based payment to employees (refer note 31)	1 061	840
Staff welfare expense	1 156	1 035
Recovery of employee cost cross charged by related parties (refer note 37)	(123)	(1 240)
	<b>17 329</b>	<b>13 384</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 24 Finance costs

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Interest costs:</b>		
Interest expense on trade payables (refer note 36)	89	39
Interest on income tax	30	----
Interest on entry tax	14	101
Interest on lease liabilities	31	----
Net interest on the net defined benefit liability (refer note 29)	443	381
Other interest expense	----	27
	<b>607</b>	<b>548</b>

## 25 Other expenses

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
Consumption of store and spares	819	774
Processing charges	28 984	13 557
Power and fuel	1 158	1 248
Freight, transport, warehousing and distribution charges	8 074	7 985
Rent (refer note 33)	366	4 764
Rates and taxes	252	436
Insurance	67	27
Repairs and maintenance		
Plant and machinery	496	479
Buildings	1	----
Others	91	168
Trade incentives	2 122	1 832
Advertising expenses	30 708	29 499
Royalty	15 933	15 723
Business process outsourcing expenses	6 321	6 314
Travelling and conveyance	1 361	1 524
Communication costs	335	421
Computer expenses	664	392
Legal and professional fees	2 712	3 402
Directors commission	87	66

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
Payment to auditors (refer note 25.1)	126	120
Exchange differences (net)	1 084	(182)
Inventory written off (net of insurance claims recovered)	1 180	931
Allowance for doubtful receivables	78	95
Loss on sale of property, plant and equipment (net)	257	881
Miscellaneous expenses	7 020	6 585
Recovery of Expenses shared by related parties (refer note 37)	(264)	(345)
	<b>1 10 032</b>	<b>96 696</b>

### 25.1 Payments to auditors:

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>(i) To statutory auditors</b>		
For audit	94	89
For other services	19	18
Reimbursement of expenses	5	5
<b>(ii) To cost auditors for cost audit</b>	8	8
	<b>126</b>	<b>120</b>

### 25.2 Corporate Social Responsibility

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
The Company has spent towards various schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013. This amount corresponds with the gross amount required to be spent by the company during the year.	1 232	1 274
(i) Amount spent for purposes of Construction/ acquisition of asset	----	----
(ii) Amount spent for purposes other than (i) above	1 232	1 274

None of the above amount spent is through any related party / affiliate. The Company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 26 Income tax expense

### 26.1 Income tax recognised in Statement of Profit and Loss

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Current tax</b>		
In respect of the current year	15 670	22 185
In respect of prior years	(366)	(2 346)
	<b>15 304</b>	<b>19 839</b>
<b>Deferred tax</b>		
In respect of the current year	775	(1 019)
In respect of prior years	----	----
	<b>775</b>	<b>(1 019)</b>
<b>Total income tax expense recognised in the current year</b>	<b>16 079</b>	<b>18 820</b>

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

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
Profit before tax	59 387	60 733
Income tax expense calculated at 25.168% (2018 - 2019: 34.944%)	14 947	21 223
Effect of expenses that are not deductible in determining taxable profits	1 498	(57)
	<b>16 445</b>	<b>21 166</b>
Adjustments recognised in the current year in relation to the current tax of prior years	(366)	(2 346)
<b>Income tax expense recognised in Statement of Profit and Loss</b>	<b>16 079</b>	<b>18 820</b>

The tax rate used for 2019-20 is the corporate tax rate of 25.168%. The tax rate used for 2018-19 is a weighted average of the corporate tax rate of 34.944% applicable till March 31, 2019 and 25.168% applicable from April 1, 2019 under the Indian laws.

### 26.2 Income tax recognised in other comprehensive income

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Deferred tax</b>		
Arising on expense recognised in other comprehensive income		
Remeasurement of defined benefit obligations	(57)	(359)
	<b>(57)</b>	<b>(359)</b>
<b>Total income tax recognised in other comprehensive income not to be reclassified to Statement of Profit and Loss</b>	<b>(57)</b>	<b>(359)</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 27 Segment information

### 27.1 Products from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered or provided. The directors of the Company have chosen to organise the Company around differences in products and services.

Specifically, the Company's operating segments under Ind AS 108 are as follows:

- Health care products – Comprising of Ointment and creams, Cough Drops and Tablets.
- Hygiene products – Comprising of Feminine Hygiene products and other skin care hygiene products.

For financial statements presentation purposes, these individual operating segments have been aggregated into a single primary reportable segment i.e. manufacturing, trading and marketing of Health and Hygiene Products under Ind AS 108 taking into the account the following factors:

- these operating segments have similar economic characteristics;
- these operating segments have similar long-term gross profit margins;
- the nature of the products and production processes are similar; and
- the methods used to distribute the products to the customers are the same.

### 27.2 Segment revenues and results

	Segment revenue		Segment profit	
	Year ended June 30, 2020	Year ended June 30, 2019	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Health and hygiene	3 00 199	2 94 685	55 583	55 947
<b>Total operations</b>	<b>3 00 199</b>	<b>2 94 685</b>	<b>55 583</b>	<b>55 947</b>
Other income			4 411	5 334
Finance costs			(607)	(548)
<b>Profit before tax</b>			<b>59 387</b>	<b>60 733</b>

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.

### 27.3 Segment assets and liabilities

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Segment assets</b>		
Health and hygiene	1 82 840	1 61 704
<b>Total segment assets</b>	<b>1 82 840</b>	<b>1 61 704</b>
<b>Segment liabilities</b>		
Health and hygiene	67 054	70 798
<b>Total segment liabilities</b>	<b>67 054</b>	<b>70 798</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 27.4 Other segment information

	Depreciation and Impairment expense		Capital Expenditure	
	Year ended June 30, 2020	Year ended June 30, 2019	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Health and hygiene	6 176	4 978	5 102	1 610
	<b>6 176</b>	<b>4 978</b>	<b>5 102</b>	<b>1 610</b>

## 27.5 Revenue from major products

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

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
Ointments and Creams	56 717	52 145
Cough Drops	32 029	29 516
Tablets	6 591	5 770
Other hygiene products	2 04 862	2 07 254
	<b>3 00 199</b>	<b>2 94 685</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, 2020	Year ended June 30, 2019	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
India	2 96 097	2 90 696	1 82 840	1 61 704
Outside India	4 102	3 989	----	----
	<b>3 00 199</b>	<b>2 94 685</b>	<b>1 82 840</b>	<b>1 61 704</b>

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

## 28 Earnings per share

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Basic and diluted earnings per share</b>		
Total basic earnings per share (face value ₹ 10)	133.42	129.12
Total diluted earnings per share (face value ₹ 10)	133.42	129.12

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 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, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
Earnings used in calculation of basic and diluted earnings per share from operations	43 308	41 913
Weighted average number of equity shares for the purposes of basic and diluted earnings per share	3 24 60 736	3 24 60 736

## 29 Employee benefit plans

### 29.1 Defined contribution plans

The Company operates defined contribution provident fund, superannuation fund and employees' state insurance plan for all qualifying employees of the Company. Where employees leave the plan, the contributions payable by the Company is reduced by the amount of forfeited contributions.

The employees of the Company are members of a state-managed employer's contribution to employees' state insurance plan, provident fund operated by the government and superannuation fund which is administered through a trust that is legally separated from the Company. The assets of the plan is held separately from those of the Company in funds under the control of trustees. The Company is required to contribute a specific percentage of payroll costs to the contribution schemes to fund the benefit. The only obligation of the Company with respect to the contribution plan is to make the specified contributions.

The total expense recognised in the statement of profit and loss of ₹ 1 069 lakhs (for the year ended June 30, 2019: ₹ 1 003 lakhs) for provident fund, ₹ 122 lakhs (for the year ended June 30, 2019: ₹ 120 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, 2020, contributions of ₹ 10 lakhs (as at June 30, 2019: ₹ 10 lakhs) due in respect of 2019 - 2020 (2018 - 2019) 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.

#### 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020. 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, 2020	June 30, 2019
<b>Discount rate</b>		
Gratuity plan (funded)	6.50%	7.00%
Compensated absence plan (unfunded)	6.50%	7.00%
Post retirement medical benefit (PRMB) (unfunded)	6.50%	7.00%
<b>Expected rate of salary increase</b>		
Gratuity plan (funded)	9.00%	9.00%
Compensated absence plan (unfunded)	9.00%	9.00%
Post retirement medical benefit (PRMB) (unfunded)	NA	NA
<b>Medical Inflation Rate</b>		
Post retirement medical benefit (PRMB) (unfunded)	5.50%	5.50%
<b>Average longevity at retirement age for current beneficiaries of the plan (years)</b>		
Post retirement medical benefit (PRMB) (unfunded)	11.22	11.85
<b>Demographic Assumptions</b>		
Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table		
Mortality in Retirement: LIC Annuity Rates (1996-98) Ultimate table		

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### B. Amounts recognised in the Statement of Profit and Loss in respect of these defined benefit plans are as follows:

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Gratuity Plan (Funded)</b>		
Service costs:		
Current service cost	618	489
Net interest expense	406	347
<b>Components of defined benefit costs recognised in statement of profit and loss (A)</b>	<b>1 024</b>	<b>836</b>
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	81	18
Actuarial (gains) / losses arising from changes in assumptions	478	971
Actuarial (gains) / losses arising from changes in experience adjustments	(340)	(9)
<b>Components of defined benefit costs recognised in other comprehensive income (B)</b>	<b>219</b>	<b>980</b>
<b>Total (C = (A+B))</b>	<b>1 243</b>	<b>1 816</b>
<b>Compensated absence plan (Unfunded)</b>		
Service costs:		
Current service cost	21	15
Net interest expense	14	12
Immediate recognition of (gains)/losses – other long term employee benefit plans	24	28
<b>Components of defined benefit costs recognised in statement of profit and loss (D)</b>	<b>59</b>	<b>55</b>
<b>Post retirement medical benefit (PRMB) (Unfunded)</b>		
Service costs:		
Current service cost	4	3
Net interest expense	23	22
<b>Components of defined benefit costs recognised in statement of profit and loss (E)</b>	<b>27</b>	<b>25</b>
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in assumptions	18	34
Actuarial (gains) / losses arising from changes in experience adjustments	(11)	12
<b>Components of defined benefit costs recognised in other comprehensive income (F)</b>	<b>7</b>	<b>46</b>
<b>Total (G = (E+F))</b>	<b>34</b>	<b>71</b>
<b>Total defined benefit costs recognised in Statement of Profit and Loss</b>	<b>1 110</b>	<b>916</b>
<b>Total defined benefit costs recognised in Other Comprehensive Income</b>	<b>226</b>	<b>1 026</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

**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, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Gratuity Plan (Funded)</b>		
Present value of funded defined benefit obligation	7 498	7 029
Fair value of plan assets	(693)	(999)
<b>Net liability arising from defined benefit obligation</b>	<b>6 805</b>	<b>6 030</b>
<b>Compensated absence plan (Unfunded)</b>		
Present value of funded defined benefit obligation	260	201
<b>Net liability arising from defined benefit obligation</b>	<b>260</b>	<b>201</b>
<b>Post retirement medical benefit (PRMB) (Unfunded)</b>		
Present value of funded defined benefit obligation	365	344
<b>Net liability arising from defined benefit obligation</b>	<b>365</b>	<b>344</b>

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

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Gratuity Plan (Funded)</b>		
Opening defined benefit obligation	7 029	5 512
Current service cost	618	489
Interest cost	466	426
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in assumptions	478	971
Actuarial (gains) / losses arising from changes in experience adjustments	(340)	(9)
Benefits paid	(753)	(360)
<b>Closing defined benefit obligation</b>	<b>7 498</b>	<b>7 029</b>
<b>Compensated absence plan (Unfunded)</b>		
Opening defined benefit obligation	201	147
Current service cost	21	15
Interest cost	14	12
Immediate recognition of (gains)/losses – other long term employee benefit plans	24	28
Benefits paid	----	(1)
<b>Closing defined benefit obligation</b>	<b>260</b>	<b>201</b>
<b>Post retirement medical benefit (PRMB) (Unfunded)</b>		

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
Opening defined benefit obligation	344	284
Current service cost	4	3
Interest cost	23	22
Remeasurement on the net defined benefit liability:		
Actuarial (gains) / losses arising from changes in assumptions	18	34
Actuarial (gains) / losses arising from changes in experience adjustments	(11)	12
Benefits paid	(13)	(11)
<b>Closing defined benefit obligation</b>	<b>365</b>	<b>344</b>

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

	Year ended June 30, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Gratuity Plan</b>		
Opening fair value of plan assets	999	1 048
Interest Income	60	79
Remeasurement gain / (loss):		
Return on plan assets (excluding amounts included in net interest expense)	(81)	(18)
Employer contributions	468	250
Benefits paid	(753)	(360)
<b>Closing fair value of plan assets</b>	<b>693</b>	<b>999</b>

### 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, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
High quality Corporate Bonds (including Public Sector Unit)	185	346
Government Of India Securities (Central and State)	140	136
Cash (including Special Deposit Scheme)	355	502
Private Sector Unit	13	15
<b>Total</b>	<b>693</b>	<b>999</b>

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

Expected employer contributions for the period ending June 30, 2021 is ₹ Nil Lakhs (for the year ended June 30, 2020: ₹ Nil lakhs)

The actual return on plan assets was ₹ (21) lakhs (for the year ended June 30, 2019: ₹ 61 lakhs)

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Maturity profile of defined benefit obligation:

	Gratuity Plan
	₹ in lakhs
Within 1 year	223
1 - 2 year	322
2 - 3 year	301
3 - 4 year	362
4 - 5 year	391
5 - 10 years	2 467

Significant actuarial assumptions of the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

## Gratuity Plan (Funded)

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 497 lakhs (increase by ₹ 546 lakhs) (as at June 30, 2019: decrease by ₹ 459 lakhs (increase by ₹ 505 lakhs)).

If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 520 lakhs (decrease by ₹ 479 lakhs) (as at June 30, 2019: increase by ₹ 489 lakhs (decrease by ₹ 451 lakhs)).

## Compensated absence plan (Unfunded)

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 20 lakhs (increase by ₹ 23 lakhs) (as at June 30, 2019: decrease by ₹ 16 lakhs (increase by ₹ 18 lakhs)).

If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 22 lakhs (decrease by ₹ 20 lakhs) (as at June 30, 2019: increase by ₹ 17 lakhs (decrease by ₹ 16 lakhs)).

## Post retirement medical benefit (PRMB)

If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 18 lakhs (increase by ₹ 19 lakhs) (as at June 30, 2019: decrease by ₹ 17 lakhs (increase by ₹ 18 lakhs)).

If the expected medical inflation rate increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 16 lakhs (decrease by ₹ 15 lakhs) (as at June 30, 2019: increase by ₹ 16 lakhs (decrease by ₹ 15 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.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 30 Financial instruments

### 30.1 Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the equity balance. Equity share capital and other equity are considered for the purpose of group's capital management.

The Company is not subject to any externally imposed capital requirements.

The Company's risk management committee manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares.

### 30.2 Categories of financial instruments

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Financial assets</b>		
<b>Measured at amortised cost</b>		
(a) Trade receivables	16 634	18 137
(b) Cash and cash equivalents	88 404	52 590
(c) Bank balances other than (b) above	1 846	1 455
(d) Loans	4 779	13 829
(e) Other financial assets	2 170	2 458
<b>Financial liabilities</b>		
<b>Measured at amortised cost</b>		
(a) Trade payables	53 133	54 849
(b) Other financial liabilities	2 500	4 645

### 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, 2020	As at June 30, 2019	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
USD	8 787	15 948	788	456
EUR	1 278	3 159	----	8
CNY	3	5	----	7
BDT	----	----	109	----
SGD	8	16	----	----
GBP	---- ¥	---- ¥	----	----
CHF	2	----	----	----

¥ denotes amount less than ₹ 50 000

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 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, 2020	As at June 30, 2019	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
USD	(800)	(1 549)	800	1 549
EUR	(128)	(315)	128	315
CNY	---- ¥	---- ¥	---- ¥	---- ¥
BDT	11	----	(11)	----
SGD	(1)	(2)	1	2
GBP	---- ¥	---- ¥	---- ¥	---- ¥
CHF	---- ¥	----	---- ¥	----

¥ denotes amount less than ₹ 50 000

## 30.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company performs ongoing credit evaluation of the counterparty's financial position as a means of mitigating the risk of financial loss arising from defaults. The Company only grants credit to creditworthy counterparties.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics as disclosed in Note 10 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The table below analyse financial liabilities of the Company into relevant maturity groupings based on the reporting period from the reporting date to the contractual maturity date:

	Less than 1 Year	Between 1 to 5 Years	Over 5 years	Total	Carrying Value
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>At June 30, 2020</b>					
Trade Payables	53 133	----	----	53 133	53 133
Other financial liabilities	2 353	147	----	2 500	2 500
Provisions	500	7 402	----	7 902	7 902
Other Current Liabilities	2 180	----	----	2 180	2 180
<b>At June 30, 2019</b>					
Trade Payables	54 849	----	----	54 849	54 849
Other financial liabilities	4 645	----	----	4 645	4 645
Provisions	536	6 550	----	7 086	7 086
Other Current Liabilities	2 963	----	----	2 963	2 963

### 30.9 Fair value measurements

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

## 31 Share-based payments

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

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

The shares of The Procter & Gamble Company, USA are listed with New York Stock Exchange and are purchased on behalf of the employees at market price on the date of purchase. During the year ended June 30, 2020, 6 205.58 (June 30, 2019: 6 384.23) shares were purchased by employees at weighted average fair value of ₹ 7 936.70 (June 30, 2019: ₹ 6 490.09) per share. The Company’s contribution during the year on such purchase of shares amounting to ₹ 125 Lakhs (June 30, 2019: ₹ 109 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The expense recognised for employee services received during the year is shown in the following table:

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Expense arising from equity-settled share-based payment transactions	936	731
<b>Total expense arising from share-based payment transactions</b>	<b>936</b>	<b>731</b>

There were no cancellations or modifications to the awards in June 30, 2020 or June 30, 2019.

### 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, 2020	As at June 30, 2020	Estimated fair value of Option Granted	As at June 30, 2019	As at June 30, 2019	Estimated fair value of Option Granted
	Number	WAEP (in \$)	In ₹	Number	WAEP (in \$)	In ₹
Outstanding at July 1	2 10 352	109.65	----	2 64 990	78.06	----
Granted during the year						
13-Sep-19	1 438	122.12	1 264	----	----	----
1-Nov-19	1 212	123.87	8 988	----	----	----
28-Feb-20	1 005	113.23	8 993	----	----	----
28-Feb-20	23 714	113.23	1 099	----	----	----
28-Feb-20	4 831	113.23	190	----	----	----
4-Sep-18	----	----	----	1 210	82.70	5 828
14-Sep-18	----	----	----	1 242	83.61	804
2-Jan-19	----	----	----	1 096	91.28	6 432
28-Feb-19	----	----	----	20 222	98.55	994
28-Feb-19	----	----	----	4 876	98.55	1 056
28-Feb-19	----	----	----	6 334	98.55	6 944
28-Feb-19	----	----	----	988	98.55	8 063
Forfeited during the year	( 5 290)	----	----	( 33 590)	----	----
Exercised during the year	( 73 681)	120.45	----	( 57 016)	95.27	----
Expired during the year	----	----	----	----	----	----
<b>Outstanding at June 30</b>	<b>1 63 581</b>	119.57		<b>2 10 352</b>	109.65	
Exercisable at June 30	36 835	119.57		41 745	109.65	

The weighted average share price at the date of exercise of these options was \$ 120.45 (June 30, 2019: \$ 95.27).

The weighted average remaining contractual life for the share options outstanding as at June 30, 2020 was 6.70 years (June 30, 2019: 6.85 years).

The weighted average fair value of options granted during the year was ₹ 1 514 (June 30, 2019: ₹ 2 566).

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 and June 30, 2019, respectively:

	As at June 30, 2020	As at June 30, 2019
Dividend yield (%)	2.39%	3.03%
Expected volatility (%)	16.63%	16.56%
Risk-free interest rate (%)	1.30%	2.60%

### 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 and Gamble Company, USA
Holding Company	Procter & Gamble Overseas India BV, The Netherlands

#### (b) Other parties with whom transactions have taken place during the year.

##### (i) Fellow Subsidiaries

S. No.	Name of the Company	S. No.	Name of the Company
1	Gillette India Limited	8	Procter & Gamble Hong Kong Limited
2	Procter & Gamble Home Products Private Limited	9	Procter & Gamble International Operations S.A. Dubai Branch
3	Procter & Gamble (Guangzhou) Ltd.	10	Procter & Gamble International Operations Sa
4	Procter & Gamble Australia Pty Ltd	11	Procter & Gamble International Operations Sa Singapore Branch
5	Procter & Gamble Egypt	12	Procter & Gamble International Operations Sa-Rohq
6	Procter & Gamble Europe Sa	13	Procter & Gamble Japan K.K.
7	Procter & Gamble Europe Sa Singapore Branch	14	Procter & Gamble Korea S&D, Co.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

S. No.	Name of the Company	S. No.	Name of the Company
15	Procter & Gamble Korea, Inc.	25	Procter & Gamble Bangladesh Private Limited
16	Procter & Gamble Philippines, Inc.	26	The Procter & Gamble Distributing LLC
17	Procter & Gamble Service Gmbh	27	Fameccanica Data S.P.A.
18	Procter & Gamble Services Company Nv	28	Fameccanica Machinery (Shanghai) Co Ltd
19	Procter & Gamble Technical Centers Ltd	29	Wella India Hair Cosmetics Pvt. Ltd
20	Procter & Gamble Trading (Thailand)Ltd.	30	Procter & Gamble Gulf Fze
21	Procter And Gamble Middle East Fze	31	Procter & Gamble Services Ltd.
22	Pt Procter & Gamble Home Products Indonesia	32	Pt. Procter & Gamble Operations Indonesia
23	The Procter & Gamble US Business Services Company	33	Gillette Diversified Operations Pvt Ltd
24	Procter & Gamble Manufacturing Gmbh	34	Procter & Gamble Health Limited (Formerly known as Merck Limited)

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

S. No.	Name	Designation
1	Mr. Madhusudan Gopalan	Managing Director
2	Mr. Karthik Natarajan	Non-executive Director
3	Ms. Sonali Dhawan	Non-executive Director
4	Mr. Pramod Agarwal	Non-executive Director
5	Mr. Gagan Sawhney	Non-executive Director
6	Mr. Ghanashyam Hegde	Non-executive Director
7	Mr. Prashant Bhatnagar	Chief Financial Officer
8	Ms. Flavia Machado	Company Secretary

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	2020	594	2 070	----
		2019	514	16 130	----
2	Purchase of Equipment/ Assets/Spares	2020	----	1 003	----
		2019	----	695	----
3	Sale of Products	2020	----	1 297	----
		2019	----	756	----

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

₹ in lakhs

S. No.	Nature of Transactions	For the year ended June 30	Ultimate Holding & Holding Company	Fellow Subsidiary Companies	Key Managerial Personnel
4	Sale of Capital goods	2020	----	431	----
		2019	----	54	----
5	Loans Given	2020	----	9 000	----
		2019	----	9 000	----
6	Loans Realised	2020	----	18 000	----
		2019	----	9 000	----
7	Interest Income	2020	----	346	----
		2019	----	794	----
8	Recovery of Expenses Cross charged	2020	2 134	3 378	----
		2019	530	4 070	----
9	Expenses cross-charged	2020	534	2 167	----
		2019	407	1 805	----
10	Reimbursement of expenses shared by group cos. (Income)	2020	----	2 264	----
		2019	----	1 943	----
11	Reimbursement of expenses shared by group cos. (Expense)	2020	----	1 712	----
		2019	----	73	----
12	Business Process Outsourcing expenses	2020	5 605	963	----
		2019	5 183	842	----
13	Royalty	2020	14 737	----	----
		2019	14 307	----	----
14	Computer Expenses	2020	----	700	----
		2019	----	324	----
15	Rent expenses	2020	----	565	----
		2019	----	4 708	----
16	Dividend Remitted/Paid	2020	10 709	297	----
		2019	17 848	496	----
17	Managerial Remuneration	2020	----	----	1 032
		2019	----	----	937
18	Processing Charges	2020	----	30 197	----
		2019	----	13 448	----
19	Outstanding as at June 30 <sup>th</sup>				
	Loans given	2020	----	----	7
		2019	----	9 000	8
	Interest Income Accrued	2020	----	----	----
		2019	----	609	----
	Trade and other receivables	2020	3	2 153	----
		2019	26	1 501	----
	Trade payables	2020	5 250	7 581	----
		2019	6 480	5 065	----

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment of receivables relating to amounts owed by related parties in the current year or prior years. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**(d) Disclosure in respect of material transactions of the same type with related parties during the year:**

		₹ in lakhs	
S. No.	Nature of Transactions	Year ended	Year ended
		June 30, 2020	June 30, 2019
<b>1</b>	<b>Purchase of Goods</b>		
	The Procter & Gamble Company	594	514
	Procter & Gamble Home Products Private Ltd	941	1 158
	Gillette Diversified Operations Pvt Ltd	964	14 735
	Others	165	237
<b>2</b>	<b>Purchase of Equipment/Assets/Spares</b>		
	The Procter & Gamble Distributing LLC	280	313
	Fameccanica Data S.P.A	160	153
	Procter & Gamble Manufacturing GMBH	139	107
	Procter & Gamble Home Products Private Ltd	350	115
	Others	74	7
<b>3</b>	<b>Sale of Products</b>		
	Procter & Gamble Bangladesh Private Limited	841	654
	Procter & Gamble International Operations SA	222	----
	Procter & Gamble International Operations SA Singapore Br	234	----
	Others	----	102
<b>4</b>	<b>Sale of Capital goods</b>		
	Procter & Gamble Home Products Private Limited	242	47
	Procter & Gamble Health Limited (Formerly known as Merck Limited)	189	----
	Others	----	7
<b>5</b>	<b>Loans Given</b>		
	Procter & Gamble Home Products Private Ltd	9 000	9 000
<b>6</b>	<b>Loans Realised</b>		
	Procter & Gamble Home Products Private Ltd	18 000	9 000
<b>7</b>	<b>Interest Income</b>		
	Procter & Gamble Home Products Private Ltd	346	794
<b>8</b>	<b>Recovery of Expenses Cross charged</b>		
	The Procter and Gamble Company	2 134	530
	Procter & Gamble Home Products Private Ltd	2 170	3 174
	Procter & Gamble International Operations SA Singapore Br	748	497
	Others	460	399

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

₹ in lakhs

S. No.	Nature of Transactions	Year ended	Year ended
		June 30, 2020	June 30, 2019
<b>9</b>	<b>Expenses cross-charged</b>		
	The Procter and Gamble Company	534	407
	Procter & Gamble Home Products Private Ltd	1 440	1 079
	Gillette India Limited	496	613
	Others	231	113
<b>10</b>	<b>Reimbursement of expenses shared by group cos. (Income)</b>		
	Procter & Gamble Home Products Private Ltd	1 435	823
	Gillette India Limited	733	1 120
	Others	96	----
<b>11</b>	<b>Reimbursement of expenses shared by group cos. (Expense)</b>		
	Procter & Gamble Home Products Private Ltd	1 655	54
	Gillette India Limited	57	19
<b>12</b>	<b>Business Process Outsourcing expenses</b>		
	Procter & Gamble International Operations SA-ROHQ	963	842
	The Procter and Gamble Company	5 605	5 183
<b>13</b>	<b>Royalty</b>		
	The Procter & Gamble Company	14 737	14 307
<b>14</b>	<b>Computer Expenses</b>		
	The Procter & Gamble US Business Services Company	700	324
<b>15</b>	<b>Rent expenses</b>		
	Procter & Gamble Home Products Private Ltd	408	4 669
	Gillette Diversified Operations Pvt Ltd	157	39
<b>16</b>	<b>Dividend Remitted/Paid</b>		
	Procter & Gamble Overseas India BV	10 709	17 848
	Others	297	496
<b>17</b>	<b>Processing Charges</b>		
	Procter & Gamble Home Products Private Ltd	18 027	11 166
	Gillette Diversified Operations Pvt Ltd	12 170	2 282

## (e) Compensation of key management personnel

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

₹ in lakhs

	Year ended	Year ended
	June 30, 2020	June 30, 2019
Short-term benefits	376	436
Post-employment benefits	448	369
Share-based payments	208	132
	<b>1 032</b>	<b>937</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## (f) Other transactions with key management personnel

	₹ in lakhs	
	Year ended June 30, 2020	Year ended June 30, 2019
Loan given	----	----
Loan realised	----	----

### Note:

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

₹ in lakhs				
Sr. No	Name	Relations	Amount given during the year ended June 30, 2020	Amount given during the year ended June 30, 2019
<b>Inter corporate loans</b>				
1	Procter & Gamble Home Products Private Limited	Fellow Subsidiary	9 000	9 000

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

## 33 Leasing arrangements

The Company has taken on lease certain guesthouses, office premises and warehouses with an option of renewal at the end of the lease term and escalation clause in some of the cases. These leases can be terminated with a prior notice as per terms and conditions of the respective lease agreements. Further, in the previous year the Company had entered into certain processing arrangements which fell under the Appendix C to the erstwhile IND AS 17 "Determining whether an arrangement contains a lease" and the payments for the lease were bifurcated from payments for other elements in the arrangement. The said leases and processing arrangements (renewed on modified terms w.e.f. July 1, 2019) have been assessed as not falling under the new standard IND AS 116 "Leases" which was made applicable effective July 1, 2019. The processing arrangement cost is disclosed under processing charges and the cost for the other leases viz. for guesthouses, office premises and warehouses continue to be disclosed under rent expense.

## 34 Commitments

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for	111	65
	<b>111</b>	<b>65</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

## 35 Contingent liabilities

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Claims against company not acknowledged as debts</b>		
<b>Income Tax matters</b>	17 335	17 037
<b>Sales Tax matters</b>		
(i) Non submission of "C" Forms/"F" Forms	2 344	2 194
(ii) Incomplete accounts books under sales tax	217	227
(iii) Classification issues under sales tax	11	24
(iv) Product valuation issues under sales tax	59	59
(v) Other sales tax matters	974	925
<b>Excise duty, service tax and custom duty matters</b>		
(i) Applicability of service tax matters	1 225	1 225
(ii) Other excise, service tax and customs matters	----	2
<b>Other matters</b>		
Other claims - The Company is a party to various legal proceedings in the normal course of business	28	75
	<b>22 193</b>	<b>21 768</b>

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

	As at June 30, 2020	As at June 30, 2019
	₹ in lakhs	₹ in lakhs
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	617	218
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	255	166
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	2 132	1 039
Principal paid beyond the appointed date	2 132	1 039
Interest paid in terms of Section 16 of the Act	----	----
(d) The amount of interest due and payable for the year	89	39
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	255	166
(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	11	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.

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

- 38 (a)** Employee Benefits Expense excludes expenses in respect of Managerial personnel of ₹ 78 Lakhs (Previous Year: ₹ 67 Lakhs) cross charged to Gillette India Limited and Procter & Gamble Home Products Private Limited in terms of the common services agreement (Refer Note 37).
- 38 (b)** Employee Benefits Expense includes expenses in respect of Managerial personnel of ₹ 171 Lakhs (Previous Year: ₹ 185 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, 2020	Year ended June 30, 2019
	₹ in lakhs	₹ in lakhs
<b>Dividend on equity shares paid during the year</b>		
Final dividend for the FY 2018-19: ₹ 48 (PY: FY 2017-18: ₹ 40) per equity share of ₹ 10 each	15 581	12 984
Dividend distribution tax on final dividend	3 203	2 670
Interim dividend for the FY 2019-20: ₹ Nil (PY: FY 2018-19: ₹ 40) per equity share of ₹ 10 each	----	12 984
Dividend distribution tax on interim dividend	----	2 670
<b>Total</b>	<b>18 784</b>	<b>31 308</b>

#### Proposed Dividend:

The Board of Directors at its meeting held on August 25, 2020 have recommended a payment of final dividend of ₹ 105 per equity share of face value of ₹ 10 each for the financial year ended June 30, 2020 resulting in a dividend payout of ₹ 34 084 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** As a result of the nationwide lockdown imposed by the Government of India in view of the Covid-19 pandemic, the operations of the Company were temporarily disrupted at its manufacturing, warehouse and distribution locations from second half of March 2020. The operations have gradually resumed in a phased manner in line with the Government directives issued from time to time. The Company's Management has evaluated the impact of this pandemic on its business operations and financial position and based on such review, there is no significant impact on the Company's assets, capital and financial resources, profitability parameters or liquidity positions as at June 30, 2020. The Management does not envisage any impact on the going concern assumption in the foreseeable future. However, the impact assessment of COVID-19 will be a continuing process given the uncertainties associated with its nature and duration.

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

### 42 Approval of financial statements

The financial statements were approved for issue by the board of directors on August 25, 2020.

#### Signatures to Note 1 to 42

##### For and on behalf of Board of Directors

**R.A.Shah**  
Chairman

**Prashant Bhatnagar**  
Chief Financial Officer

**Place: Mumbai**  
**Date : August 25, 2020**

**Madhusudan Gopalan**  
Managing Director

**Flavia Machado**  
Company Secretary

## TEN YEAR FINANCIAL HIGHLIGHTS

	IGAAP							IND AS				
	2010	2011	2012	2013	2014	2015	2016	2016^	2017^	2018^	2019^	2020^
<b>YEAR END FINANCIAL POSITION (₹ Crores)</b>												
Net Fixed Assets	130.3	190.4	198.4	214.9	239.5	308.8	316.9	352.2	326.6	271.6	248.8	228.7
Net Worth	534.6	600.6	786.6	805.3	1002.9	1228.7	1511.2	1651.8	526.1	805.5	909.1	1157.9
<b>SUMMARY OF OPERATIONS (₹ Crores)</b>												
Gross Sales	913.5	1037.0	1310.1	1696.7	2063.6	2358.4	2552.7	2349.2	2419.2	2455.3	2946.5	3002.0
Profit before Tax	233.6	178.7	223.0	286.2	460.3	500.8	636.5	635.5	671.8	581.8	607.3	593.9
Profit after Tax	179.8	150.9	182.9	203.2	302.0	346.1	423.2	422.5	432.7	374.6	419.1	433.1
Dividend	73.0	73.0	73.0	81.2	89.3	98.2	116.9	98.2	1291.9*	87.6	259.7*	155.8
<b>PER SHARE DATA</b>												
EPS (₹)	55.38	46.48	57.30	62.61	93.04	106.63	130.37	130.16	133.31	115.40	129.12	133.42
Dividend (%)	225	225	225	250	275	302	360	302	3,980	270	800	480
<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	324.61	324.61	324.61

^Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. Hence these numbers are not comparable with previous years

\* Includes Interim Dividend

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# Our Purpose, Values and Principles



## OUR PURPOSE

We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come.



## OUR PRINCIPLES

We show respect for all individuals.

The interests of the Company and the individual are inseparable.

We are strategically focused on our work.

Innovation is the cornerstone of our success.

We are externally focused.

We value personal mastery.

We seek to be the best.

Mutual interdependency is a way of life.

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

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