



P&G

Procter & Gamble Hygiene and Healthcare Limited
Chairman's Speech 2008 - 09

EMPOWERING CONSUMERS, IMPROVING LIVES

Good afternoon Ladies and Gentlemen and welcome to the 45th Annual General Meeting of your Company.

It gives me great pleasure to take on the mantle of Chairman of this great Company. Before I proceed, I wish to record the exemplary services of Bharat Patel as Chairman of your Company for 14 long years. As many of you know, his association with P&G goes far long back in time. During his time, the Company quadrupled its revenues and established *VICKS* and *WHISPER* as leading brands in India. While we will miss his company and counsel, he will – true to style – continue to remain as energetic as ever, focusing on his many passions, prime among which is cricket. I am sure you will join me in wishing him all the best for his new pursuits.

Now, I would like to talk about the performance of your Company. I am delighted that your Company delivered – yet again – a robust business performance in a year full of economic uncertainties. Your Company grew a RECORD 20% to Rs.772.81 crores from Rs.642.96 crores last year. PBT and PAT at Rs. 231.66 crores and Rs. 178.85 crores respectively made this growth a profitable one. I am sure this gives a sense of pride in having achieved this strong growth in times which are rife with challenges.

Before I share with you the business highlights, I would like to draw your

attention to Company's decision taken way back in 1993, of focusing on two core categories: Feminine Hygiene and Healthcare, to help tap the huge market potential of these businesses. Even as of date, when compared to other developing nations, the consumption of health and hygiene products in India is very much lower. Just to give you an example, we have a long way to go in the *WHISPER* business when we compare ourselves to China market which is many folds bigger. Similarly, in the Cough and Colds business, we today do not have presence in all the segments and at an appropriate time we can enter these segments to tap the business potential. Thus, you can see there is still a huge business opportunity in these categories.

I will now share with you the highlights of the year across businesses:

Healthcare Business

- Healthcare business at Rs. 344.52 crores posted a growth of 14% this year across *VICKS* Vaporub, *VICKS* Cough Drops, *VICKS* Action-500 and *VICKS* Inhaler ensuring consolidation of market leadership in their respective categories.
- *VICKS* VapoRub had another record year with a growth of 9% posting a highest ever market share and the *VICKS* Cough Drops business continued on its growth trajectory from last year, recording double digit growth.

- We successfully launched the 'Chotu' pack at Rs. 5 of *VICKS* VapoRub and *VICKS* Asli Ginger and re-launched *VICKS* Action-500 Extra, all of which contributed to the growth of the business.

Feminine Hygiene Business

- Feminine Hygiene business recorded yet another year of high growth with sales at Rs.428 crores and a 26% increase in sales.
- This year, your Company delivered the highest sales and share growth for P&G products across the globe, with *WHISPER* Ultra becoming the biggest value share brand in the category.
- A number of initiatives designed to win with the consumer took *WHISPER's* overall share to its highest ever, in past decade.

Empowering Consumers & Improving Lives

You are aware that your Company is not only committed to growing profitably but is equally, if not more, committed to grow sustainably. We believe in being in touch, in the lead, for now and for generations to come. An important way of doing this is to grow inclusively, to empower and improve the lives of those who live in communities that we operate in.

Despite robust economic growth over the past decade, India continues to face the widening of economic and social

inequality across the country and also faces serious challenges in the areas of poverty, education, health and care for the girl child. It is not possible to address these in isolation, by just the government or the private sector, or bring change overnight. However, I believe, it is important to *begin*.

Your Company has been making modest but meaningful efforts in this regard. I want to share with you the progress that we have made.

Project Parivartan

Last year, *WHISPER* took tentative steps in this area when it entered into a Public Private Partnership (PPP) with the National Rural Health Mission (NRHM), Ministry of Health & Family Welfare, to provide education and sanitary protection to rural women to help them lead healthier, hygienic and more productive lives. As part of this partnership, your Company shared with the government its global expertise in public private partnerships, its excellence in creative executions, and world class feminine protection products at affordable prices. NRHM and your Company are working together to address the barriers of awareness, accessibility and affordability and strive to tangibly improve the lives of women in Rajasthan.

The initial results that we have seen have been promising. 85% of the women who were provided with education and the product by your Company, now use *WHISPER* instead of unhygienic cloth. We have seen a particularly strong response from teenage girls which gives me the hope that it will have long term benefits of keeping girls in school and reducing gender inequality.

We have had the privilege of sharing this work with Her Excellency, the

President of India, Smt. Pratibha Patil and we were greatly encouraged by her enthusiasm for this project. We will continue to strengthen this program in partnership with the government and our NGO partner SMILE Foundation.

WHISPER School Contact Program

While we are breaking new ground, we continued to strengthen our nearly 20 year old program with adolescent girls and mothers to raise awareness and bust myths - a key barrier to adoption of hygienic menstruation protection, products, and methods. In the fiscal year 2007/08, we were able to touch a record 1.6 million lives with *WHISPER* School program. This year, it is to my great satisfaction that I announce that the *WHISPER* school program reached a total of 2.1 million menstruating girls across private and government schools, which is a 34% increase over the previous year.

Since its inception, the *WHISPER* School program has reached out to more than 6 million adolescent girls. At the same time, by constantly innovating to meet their needs, *WHISPER* ensured that the top-tier brand was sampled in the more urban schools, and the more economical mid-tier *WHISPER* Choice in the upcountry schools. Not only did the program reach out to more consumers, but it also increased its depth by reaching out to smaller towns.

Shiksha

Another important initiative that I take great pride in is our flagship Corporate Social Responsibility program 'Shiksha' that works towards enabling a child's right to education.

P&G globally is committed to the cause of development of children in need via its corporate cause Live, Learn and Thrive. P&G India's flagship

Corporate Social Responsibility program 'Shiksha' in partnership with CRY empowers consumers across the country to participate and support the education of marginalized and underprivileged children via a simple purchase of any large pack of P&G products. Shiksha celebrated its 5th Anniversary this year having touched over 96,000 children in 432 communities across India.

The Shiksha program is spearheaded by its motto and slogan "*Padhega India Badhega India*" with an underlying strong belief that the secret to a Brighter India lies in the quality of education for our children.

In sum, whilst our breakthrough concepts, superior value and innovation, are helping your Company win in the marketplace, through our efforts to empower and improve the lives of consumers, we believe that we win in their hearts too.

I would like to acknowledge and thank the people who contribute every day to P&G India's performance -- employees, distributors, vendors and other business associates of P&G. I thank you for your commitment and hard work in making our brands and Company strong and successful. My sincere thanks also to all our shareholders for your continued trust and belief in the Company and to my Board members for their support.

Thank you.



R. A. Shah

October 15, 2009

