



P&G

GILLETTE INDIA LIMITED
Chairman's Speech 2009-2010

Innovation for the Common Man

Good morning ladies and gentlemen and a warm welcome to the 26th Annual General meeting of Gillette India Limited. It gives me great pleasure to share with you the results of another successful year, marked by holistic innovations that enabled us to fulfill our purpose of touching and improving the lives of more consumers, more completely. Innovation is your Company's lifeblood and also one of its strongest competitive edges. In my address today, I would like to highlight how this year we have continued to focus on breakthrough innovations in every thing we do, as we aim to further enhance the value we provide to our consumers and more specifically the common man who continues to trust our brands.

Your Company defines innovation broadly, including innovation in how we deliver superior products; in how we organize ourselves, as well as innovation in how we reach out and communicate with our consumers. Globally P&G, the parent Company, invests more in innovation than any other Company in our industry - nearly \$2 billion in 2010 alone. The financial year 2010 also featured 30% more innovation in core categories and Gillette India Limited was no exception.

Your Company has once again recorded robust business performance during the period. The sales at Rs.852 crores registered an increase of 29% over the previous year's sales of Rs.662 crores.. The Profit before Tax (PBT) for the year under review stood at Rs.213 crores, which is 20% higher in comparison to Rs.177 crores in the previous year. The Profit After Tax (PAT) also registered a

21% increase at Rs.137 crores in comparison to Profit After Tax (PAT) of Rs.113 crores in the previous year.

This year, a clear focus on innovating for the common man led your Company to not only consolidate its leadership position in different product categories, but also win accolades for its innovative marketing campaigns at various national and international forums.

Innovating in how we develop winning products for our consumers

Gillette, a brand that is now synonymous with superior shaving innovations, launched the *Gillette Guard* in October, the brand's first product designed specially for India. Priced at an affordable Re.1 for 1 shave, the *Gillette Guard* promises a much safer shave than the currently used double-edge blades. The product has many innovative features that help to reduce nicks, cuts and irritation besides ensuring better hygiene for the consumer. One of the challenges faced by men while shaving in India is the lack of running water supply which unfortunately makes men reliant on using a cup of water to rinse their double-edge blade and razor. Hygiene is certainly an issue as it is no easy task to rinse with a cup of water due to clogged hair and shaving cream on the blade area.

The *Gillette Guard* has been specifically designed keeping this in mind and also has features such as the comb guard and swivel head, for enhancing shaving efficiency, safety and hygiene. This product is a testament to your Company's commitment to the Indian market, as

well as the focus on innovating for the common man.

Innovating in how we communicate with our consumer

We have historically been known for leading innovation in marketing communications and have over the years been creating breakthrough campaigns that win both the consumers' trust and market shares. *Gillette's Shave India Movement 2009* Campaign is one such example, which aimed at adding interest to the otherwise low involvement category of shaving. The campaign created an association called Women Against Lazy Stubble (W.A.L.S.), largely driven by a group of young women emphasizing the fact that "If men expected women to be well-groomed, it was time women asked men to be clean shaven". This campaign was successful in encouraging women to take a stand and get their men to shave, thus capitalizing on the role of women as influencers when it comes to grooming of their male counterparts. This campaign supported the launch of new *Gillette Mach3* at an affordable price of Rs.125 which reached a much wider audience through the strong distribution network of the Company.

This campaign has already been recognized on several prestigious platforms and has helped multiply sales and trial of the *Gillette Mach3* razor. The international awards and recognition that *Shave India Movement 2009* has been conferred with are noteworthy – we have won a Silver Medal at the exalted Cannes Advertising Festival, a Stevie at the International Business Awards, an award for Best Campaign at the International Public Relations Forum

amongst several others. However, the true success of this campaign lies in the fact that it triggered a country-wide debate and conversation on the topic of shaving and further strengthened Gillette's position as a leader in the category. Another example of how your Company continues to lead innovation in all its communication with the consumers.

Innovating in how we reach out to our consumer

Your Company has always focused on developing new and innovative ways to reach out to more consumers and deliver the purpose of its brands. The Company's program partnering the barbers is an example of such an initiative that aims at taking the Gillette Wilkinson's Sword Blade to the consumer through the barber, an influencer who the consumer interacts with directly and trusts. The program partners with barbers to help them deliver superior services to their clients by upgrading them to Gillette products, thereby creating a new channel to reach out to a fresh category of consumers and also develop a mutually beneficial relationship with the influencer.

Another example of such an initiative is that of Oral-B's partnership with dentists across India to provide Free Dental Check-Ups to consumers of Oral-B Toothbrushes. From November to April next year, consumers will be able to avail of a free dental check-up at an *Oral-B* associated dentist near them by simply purchasing any *Oral-B* toothbrush. The initiative is off to a great start with over 19,904 Free Dental Check-Ups already being conducted in association with the IDA at Coimbatore. I am happy to share that this has in fact broken the Guinness World Record for the same. Last year, *Oral-B* partnered with 800 dentists to deliver these Free Dental Check-Ups and we have plans to take this number higher this year.

I will now like to take you through some of the highlights of our Oral Care, Personal Grooming and

Portable Power business for the financial year 2009 – 2010.

Oral Care Business

- The Oral Care business at Rs.218 crores posted a growth of 57%. This growth was driven by a combination of product initiatives like launch of value packs for modern retail and strengthening of the distribution network.
- Your Company also improved its value share to 21.8 % and was able to consolidate its position by delivering robust double digit growth.
- More importantly, the brand was able to grow across price tiers

Personal Grooming Business

- Personal Grooming business recorded yet another year of high growth with sales at Rs.593.00 crores (vs. last year's Rs.487.00 crores) translating to a growth of 22%. The growth was on account of strengthening of distribution network across categories.
- *Gillette Mach3* led growth in the Blades and Razors category. It was re-launched and registered sales growth of 26% boosting the value share to 45.7%, maintaining your Company's market leadership position.

Portable Power Business

- Portable Power business at Rs. 41 crores posted a growth of 17%. This growth was driven by continued demand for *Duracell*, which continued to enjoy value leadership in alkaline segment.
- Your Company has also reduced price of *Duracell* to provide more value to its consumers.

Corporate Social Responsibility

You are aware that your Company is not only committed to growing profitably, but is equally committed to growing sustainably – which bring me to our flagship Corporate Social

Responsibility Program named Shiksha. A program that has been working towards enabling millions of underprivileged children in India access their fundamental right to education, Shiksha is now in its 6th year, and has transformed into a National Consumer Movement. I am extremely proud to announce that with the enhanced partnership of our NGO partners like CRY, Army Wives Welfare Association (AWWA), Navy Wives Welfare Association (NWWA) and Round Table India (RTI). Shiksha has touched the lives of over 150,000 children in over 602 communities and 435 villages across India. With a cumulative donation of Rs.17 crores in the last 6 years, the Shiksha program, has been, and will continue to be committed towards improving the lives of millions of young children in need.

Last but not least, I would like to summarize by saying that your Company will continue to grow sustainably and responsibly in the years to come. Innovation will continue to be at the heart of everything your Company does – in products or in communication strategies, as we continually endeavor to touch and improve the lives of more and more Indian consumers across segments.

I thank our customers, consumers, employees, business partners and of course, YOU, our valued shareholders for the resolute trust that you have placed in your Company and look forward to your unrelenting support and participation in the future.

Thank you.

S. K. Poddar
Chairman

November 18, 2010