



Gillette India Limited

Chairman's Speech 2014-15

WELCOME & INTRODUCTION

Good afternoon, ladies and gentlemen, and a warm welcome to the 31st Annual General Meeting of Gillette India Limited. I am pleased to share with you that this Financial Year 2014-15, your Company delivered another year of sustained growth and strong results.

COMMITMENT TO GROWTH AND VALUE CREATION

At your Company, we are committed to winning with shoppers and consumers by providing consumer-preferred brands and products that become leading value creators in their categories. The best measure of winning is Operating Total Shareholder Return (TSR) because it is a single, coordinated and integrated measure of growth and value creation that brings together winning with shoppers and consumers to deliver sales growth, gross and operating margin improvement, and asset efficiency.

Your Company's results, against a backdrop of economic uncertainty, are testament to the fact that consumers are rewarding us for our superior value propositions.

KEY RESULTS

- We delivered increased Net Sales of ₹ 1,971 crores, up 13% versus last year, with robust growth across all segments including Grooming, Oral Care and Portable Power;
- The financial results of the Financial Year include a one-time facilitation income benefit of about ₹ 63 crores before tax related to the discontinuation of the Duracell's distributorship. We continued to drive sustained growth and delivered Profit After Tax (PAT) at ₹ 158 crores, versus ₹ 51 crores last year, behind continued focus on productivity, operational excellence and cost optimization. Excluding the one-time Duracell distribution discontinuation facilitation income, PAT for the Financial Year increased to ₹ 116 crores, versus ₹ 51 crores last year.

OUR RESULTS

BUSINESS RESULTS IN EACH CATEGORY

- Sales in Grooming for the Financial Year were up 13% versus year ago, driven by strong brand fundamentals and product portfolio;

- For the Financial Year, Oral Care delivered sales growth of 13% versus last year driven by superior value propositions and strong mix;
- Sales in the Portable Power business were up 16%, versus year ago behind strength of product portfolio.

FOCUS ON INNOVATION AND PRODUCTIVITY

Your Company has always believed that innovation is the lifeblood of our business. We invent brands and products that create and transform categories, and that build consumer trial and create value in those categories for years — often for decades. This Financial Year, your Company has consistently sought to innovate in all we do, to continue to touch and improve the lives of our consumers.

SUPERIOR PRODUCTS BRINGING INNOVATION TO CONSUMERS

Your Company's focus on innovation and productivity was the key enabler behind brand building and providing superior products to the consumers this year as well. On *Gillette Mach3*, we completed the first ever global restage with a completely new look design across all three variants, viz.,

Mach3, *Sensitive* and *Turbo* with a bold new promise of 'Closer Shave with Zero Redness Guaranteed'. *Gillette Guard*, the innovative Entry Level system, registered its strongest year on value, volume and share growth, since its launch in 2010. *Oral-B* has led innovation this year within the Sensitive category by launching the new Sensitive whitening variant, helping the brand grow disproportionately within Sensitive tier.

INNOVATION IN COMMUNICATION: DISRUPTIVE ENGAGEMENT THAT DRIVES BUSINESS RESULTS

Innovation is integral to every aspect of your Company's business, and this is also reflected in the way we take our products to our consumers. For example, your Company launched its Limited Edition INDIA razors with the word INDIA engraved on the handle to encourage cricket fans to continue extending their relentless support to the team. As an ode to Indian cricket fans, your Company launched its 'The Best A Fan Can Get' video, saluting all cricket lovers who showcase their passion and relentless support towards cricket and cricketers. The video featured brand ambassador Rahul Dravid, saluting the spirit of the Indian cricket fans who have made cricket what it is today. The video was

adjudged as the 'Most watched campaign on You Tube India for Q1, 2015'.

EXCELLENCE IN EXECUTION

We are rededicating ourselves to the power of execution. We are raising our standards to be the best at execution. We are renewing focus on gaining trial among consumers at the point of market entry. We are recommitting to superior advertising to create awareness and sampling clearly superior-performing products to attract consumers to our brands.

COMMITMENT TO SUSTAINABILITY

At P&G, sustainability means making every day better for people through how we innovate and how we act. This strategy has inspired an enduring CSR strategy supported by two pillars — *P&G Shiksha* and *Timely Disaster Relief*. P&G's signature corporate sustainability program *P&G Shiksha* has till date built and supported over 450 (+120 since last year) schools across the country that will impact the lives of over 800,000 (+200,000 since last year) children. In this last year, *P&G Shiksha* also forayed into improving learning outcomes by creating new frontiers for improving learning effectiveness across their primary and secondary education. P&G,

over the Financial Year, continued its efforts to provide timely aid and relief to families affected by natural disasters. P&G sent out relief aid to over 5,000 families affected by the J&K floods comprising of P&G products.

CONCLUSION & WAY FORWARD

In closing, I would say that any Company that wants to drive growth and create value in the long run needs to adopt a mindset of 'winning'. Ensuring we deliver value to our stakeholders, we will continue to innovate so that we grow sales, profit and cash more consistently and more sustainably to create value more reliably for you, the Shareholders.

Lastly, we very warmly acknowledge the contribution made by our consumers, customers, employees, business partners and YOU, our valued Shareholders, to your Company's performance and for your dedication and commitment to maximize Total Shareholder Return. Together, we will continue in our journey towards touching and improving more lives, more completely.



B. S. Mehta