



Procter & Gamble Hygiene and Health Care Limited
Chairman's Speech 2011-12

INVESTING TO TOUCH AND IMPROVE MORE LIVES IN INDIA

Good Afternoon, Ladies and Gentlemen,

It is with immense pleasure that I welcome you to the 48th Annual General Meeting of your Company. It is with an ever continuing commitment to touch and improve the lives of consumers that I stand before you at this 48th Annual General Meeting of the Company with the recollections of yet another successful year. And to this objective, we continue to have two-way conversations with our consumers in order to understand their needs, and thus, create brands that stand up to be leaders in their respective markets.

As P&G Group we are celebrating our 175th anniversary this year. At this important time, we pause & reflect on what has enabled us to serve more consumers, more completely with meaningful propositions consistently for as many years.

My address today will highlight how our focus on investing to touch and improve more lives in India has enhanced consumer value and reinforced their faith in our brands.

Performance review of Your Company

Your Company's strong performance continued in the Financial Year 2011-12, despite difficult economic conditions, new competitive entrants and inflationary market conditions. With a focus on balancing needs of the consumer, the

customer and the stakeholders, we are delighted to report a sturdy financial result for your Company. The year saw us achieve a healthy double-digit sales growth during the year 2011-12. Sales for the year increased by 25% at ₹ 1,301 crore as against ₹ 1,037 crore during the previous year. Earnings after tax increased at 20% at ₹ 181 crore as against ₹ 151 crore during the previous year.

This growth across both the health care and the feminine hygiene categories came to showcase that our brands *Vicks* and *Whisper* have been consistently delivering an increased sales momentum, helping us grow our market share considerably. Our steps to systematically optimize costs, have enabled our brands to establish their position as market leaders in the respective segments.

Our Healthcare Business

This year saw *Vicks* reinforcing the brand's market leader position.

Your Company's Health Care sales posted a double digit growth this year across *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500* and *Vicks Inhaler*. This growth was driven by a combination of product initiatives and increased investment behind proven equity advertising. The year saw strong sales driven by smart pricing and strong execution of pricing plans, which when coupled with commercial innovations paved way for us lead the market, setting an example.

Vicks VapoRub had a record year posting the highest ever market share. This reinforces our commitment to purpose-inspired growth which drives us to not only serve our consumers with superior product propositions, but also to touch and improve the lives of more consumers, in more parts of India, more completely

The *Vicks Cough Drops* business was the fastest growing in the *Vicks* franchise. *Vicks* will continue to innovate to ensure it stays the most trusted cough and cold care solution in India. The sturdy growth of the brand has been possible due to several key initiatives, focused on consumers and retail customers, with a stronger focus on innovation, greater effectiveness and efficiency across all costs, while strengthening organizational leadership.

Our Feminine Hygiene Business

In India, the emphasis on Feminine Hygiene business has been a major growth driver for the Financial Year, showcasing consistent growth with the various variants of *Whisper* sanitary napkins. Strong sales were driven mainly by investment in advertising and promotion, and greater salience of *Whisper Choice* in the feminine care category.

Your Company continues to deliver amongst the sales and share growth for P&G across the globe, with *Whisper* growing its market share. The year witnessed *Whisper Ultra* taking its place as the largest value share brand in

the market. This growth is driven both by increase in penetration among non-users and consumption among users. During the Financial Year, a number of initiatives were designed to meet the consumers' needs across segments, encompassing all major brands.

How we plan to touch and improve lives of more consumers more completely, now and for generations to come

It has been the aim of your Company to reach out to 'More' Consumers 'More' Completely, 'Improving lives' now and for generations to come.

Our Commitment to Corporate Social Responsibility – 'P&G Shiksha'

You will be happy to know that our flagship Corporate Social Responsibility program – P&G 'Shiksha' is in its 8th year and has enabled over 385,000 underprivileged children across India access their right to education. Since its inception in 2005, the P&G India group's *Shiksha* program has made a cumulative donation of over ₹ 27 crores towards helping children on the path to better education. This impact portrays the support from our consumers, who participated in the *Shiksha* movement by buying P&G brands in the months of January, February & March 2012 and enabling P&G to contribute a part of the sales towards the cause. During the Financial Year ended June 30, 2012 alone, P&G India closed *Shiksha* with a contribution of ₹ 5.6 crores in association with its partner NGOs, namely Save the Children India, Army Wives Welfare Association (AWWA), Round Table India (RTI), Navy Wives Welfare Association (NWWA), Air Force Wives Welfare

Association (AFWWA) amongst others. These activities together help *Shiksha* further its motto 'पढ़ेगा इंडिया तो बढ़ेगा इंडिया', and help us touch and improve the lives of more children, in more parts of India, more completely. The project now supports over 200 schools by interventions such as reactivating defunct government schools, building new schools or enhancing education infrastructure at existing schools.

Our *Whisper School Program* is now two decades old, protecting millions of adolescent girls in India from health issues that come with traditional practices like using unhygienic cloth for sanitary protection. Through a sustained outreach program in private and government schools across the country, the P&G Group has been educating over 5 million adolescent girls in good Feminine Hygiene. The program is conducted year on year to empower girls with timely menstrual hygiene education, protecting them from health issues & even keeping them in school.

I am proud to announce to you that this year *Whisper* partnered with UNFPA & Population First for the first ever International Day of the Girl Child, where *Whisper* declared its commitment to educate 15 million girls on menstrual hygiene by the year 2017.

Our commitment to Environmental Sustainability

Environmental sustainability is embedded in our *Purpose, Values, Principles*, and our business. In order to improve lives, now and for generations to come, we make sure 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. We use low emission manufacturing technologies and generate almost 60% less emission than the local norms. We are committed to achieving the 'P&G Global 2012 Goal' of 20% reduction of our footprints. Compliance is an integral part of our business strategy and all our products and formulations comply with Global and Indian regulatory requirements.

In Conclusion

In conclusion, we believe that all our achievements tie back to our vision of purpose-inspired growth — that has helped us create brands that have become market leaders. It is the trust that our consumers have shared with us that has enabled us to retain this place year-over-year. We will continue to invest in innovative technologies, distribution expansion, communication strategies and sustainability. With superior product propositions we hope to grow, and delight our consumers now and for generations to come.

I would like to thank all the stakeholders, customers, shareholders, employees, business partners and consumers for standing by and contributing towards the growth of your Company in different ways, but more for your trust and confidence in us. We will continue in our never-ending pursuit of excellence with our efforts to live up to and supersede all expectations.

Thank You,



R.A. Shah