



**P&G**

Gillette India Limited  
Chairman's Speech 2011-12

## CREATING VALUE BY ENGAGING WITH INDIAN CONSUMERS

*Good* Afternoon, Ladies and Gentlemen,

It is with great pleasure and a sense of satisfaction at the conclusion of yet another year that I extend a warm welcome to you to this 28th Annual General Meeting of your Company.

### Introduction

The year 2011-2012 has been a year that saw your Company reinstate consumer engagement with the power of two simple words - *Thank You*. These two words have powered the fact that we can create value for you, only if we create value for our consumers.

This understanding has urged your Company to reach out to consumers in innovative ways, to have conversation with them that helps us understand their needs & aspirations.

One of the year's biggest consumer engagement campaigns - *'The P&G Thank You Mom campaign'*, demonstrated just that.

In India, where Olympics is not a sport that many people follow, your Company took upon itself the mammoth challenge of bringing P&G's Global Olympic campaign *'Proud sponsor of Moms'*. The program was to thank the 'true hero' behind every 'hero', their mothers. The idea resonated well with media and consumers, touching across stakeholders of your company - from consumers to celebrities & even their families. The campaign saw 'Mom-bassadors', the mothers of celebrities and athletes, being felicitated as the 'true champions' behind their Olympian children. The

campaign surpassed all records ever achieved by P&G India in terms of coverage by media or conversations generated on social media.

### Sustainability as the key to Consumer Engagement

This year, your Company witnessed new business landmarks, helping us contribute 30% to P&G's global goal of reaching incremental 1 Billion consumers. My address today will highlight how our endeavours and focus have enhanced consumer value and impacted the overall business performance of your Company, paving the way for a healthy corporate growth.

### Your Company: A Performance Review

Your Company has ended another successful year, achieving a healthy sales growth for the Financial Year ended June 30, 2012. The total sales at ₹ 1,233 Crores are up by 16.5% as compared to ₹ 1,058 Crores of the previous year, with contribution from all three business segments. These results are proof of defined focus on the consumer, robust innovation and distribution expansion.

Profit Before Tax (PBT) for the Financial Year under review is ₹ 117 Crores as against ₹ 134 Crores last year. Profit After Tax (PAT) for the Financial Year under review stood at ₹ 76 Crores as against ₹ 86 Crores last year. The PBT and PAT have declined vis-à-vis year ago, due to currency devaluation and increase in commodity prices as well as manufacturing charges.

### Bringing alive consumer engagement with Smile India Movement 2

The oral care business registered a strong year with double digit growth. This growth was driven by the robust performance of all products across markets.

The annual campaign *Smile India Movement* came alive stronger and brighter with the introduction of Madhuri Dixit as *Oral-B's* Chief Smile Officer. Dentists, Madhuri Dixit and *Oral-B* joined hands to protect smiles in India. This led to more than 320,000 consumers pledging for the *Oral-B* Smile India Movement, in a record time of just 3 weeks of launching the movement and Facebook fanbase of 200,000 in less than 3 months. This campaign helped in educating the consumers on oral hygiene by offering them a free dental check-up close to their homes, simply with the purchase of an *Oral-B* toothbrush.

*Oral-B* continues to lead our growth in the premium segment by providing superior propositions to the consumers across tiers.

The *Oral-B* Smile India Movement-2 continued its partnership with Dentists across India reiterating its position as is the *World's No. 1 Dentist Recommended Toothbrush Brand* to promote oral health awareness for yet another year.

### When Shaving Stirred Emotions

*Gillette's* Grooming portfolio has recorded a strong year with double digit growth combined with a robust

growth in market share. This was the reflection of a sharp performance across all product and price tiers, marked by memorable brand campaigns.

'*Shave India Movement 4*' continued to pave its way through the minds of consumers, recording an addition of 10.5 million new men to the shaving category. This is growth accelerated 2.5 times over past year, registering the highest category growth ever in the past 2 years. The campaign continued to win accolades for your Company at the prestigious **Cannes Ad Festival 2012**, winning a *Media Lion* and across several other prestigious advertising and PR awards platforms.

Another campaign that captured hearts with a strong call to action was the '*Gillette Salutes the Soldier in You*' campaign. While it saluted the soldier that is hidden within each of us, it also struck the right chords with consumers across the country, leading to substantial consumer participation with more than 6 million new consumers joining the Gillette franchise. For the first time, your Company crossed the 50% value share mark.

*Gillette Fusion*, our premium Blades & Razors brand was successfully launched this Financial Year in October, 2011. Fusion, with its unique 5-blade shaving technology was aimed at consumers constantly seeking differentiated shaving experience, which they now look forward to each year from Gillette.

*Mach3*, our other premium Blades & Razors brand posted a strong double digit growth. During the Financial Year, *Mach3*'s distribution increased by 50,000 stores throughout India.

*Gillette Guard*, the Entry Level system that was designed specifically for the consumers of low income market continued to grow the consumer base of Gillette systems. *Gillette Guard* Razor has more than 60% volume share in razor category.

The double-edge blades' business also recorded an excellent value growth in double digit led by *Gillette Wilkinson Sword*.

### **Portable Power Business: Duracell, giving power to your life**

*Duracell* further strengthened its position in the battery business this year.

*Duracell* has achieved robust sales and grew its share in the market by consistently delivering a mix of superior product proposition to the consumer, whilst key initiatives such as distribution and base building activities have resulted in promising growth.

*Duracell* focused on winning in metro cities. Its overall Alkaline battery share leadership in Modern Retail. Overall the brand has expanded its distribution footprint by 15,000 stores and increased its offtake by 60% in metro cities.

### **Corporate Social Responsibility: Shiksha and Parivartan, truly engaging and sustainable change makers**

You will be happy to know that our flagship Corporate Social Responsibility program - Project '*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, *Shiksha* 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.

### **Committed to investing in 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 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. The manufacturing technologies we use are low emission and generate almost 60% less emission than the local norms.

### **In Conclusion**

The year gone by has taught us many valuable lessons. The decisive difference in creating value for your Company and for the consumer rests in our ability to attain the perfect balance between ideas and purpose.

As I close my address, I would like to thank our consumers, customers, employees, business partners and YOU, our valued shareholders for your staunch trust and confidence as we continue to maximize shareholder value. Together, we will continue our journey towards touching and improving more lives in more parts of India.

Thank You,



S K Poddar

Chairman