



P&G

GILLETTE INDIA LIMITED
Chairman's Speech 2008-2009

BUILT TO THRIVE: GROWING IN GOOD TIMES AND BAD

Good morning Ladies and gentlemen, I welcome you to the 25th Annual General Meeting of Gillette India Limited.

The Board of your Company met this morning to consider the unaudited results for the quarter ended September 30, 2009, and it gives me great to inform you that sales for this quarter at Rs.177 crores are up by 24% versus corresponding quarter of last fiscal. Profit before tax (PBT) of Rs.59 crores is significantly high in comparison to PBT of Rs.31 crores of last year's corresponding quarter. Similarly, Profit after tax (PAT) and exceptional items are at Rs.38 crores as against PAT of Rs.20 crores of the corresponding quarter of last year.

This time last year, we had met in a context where doomsday predictions abounded. Everywhere one looked, one could only find pessimism and a sense of 'all has been lost'. I had mentioned to you then that this crisis is of faith, not just finance. I had also talked about how your company was a beacon of confidence, a model of growth that was designed to

win in good times and bad. I had said that we will 'Create the Future, Today'.

It gives me great pleasure therefore to share with you that our faith in the ability of this company to flourish irrespective of economic uncertainties was well placed. Of course, this is no surprise. P&G globally is over a hundred and fifty years old Company, which is an ample proof that Company has been built not just to survive but thrive.

In fact, 2008-09 was a landmark year for your company in many ways. To begin with, your company continued to register double digit growth with sales reaching Rs.662 Cr. The last quarter of the year was particularly strong with net profit growing by 27% over the same quarter last year. In the Blades & Razors category, we grew sales by 8%, impressive not just in itself but doubly significant for being ahead of category growth. Mach3, our premium end proposition, registered its highest ever growth in the past 5 years, helping the company

achieve overall market leadership in the category.

Vector Plus, our offering for the value conscious segment, complemented the fast paced growth of Mach3 by registering a double digit growth over a year ago and made quick shaving a tension free exercise for millions of men in India. The brand continues to ride high on strategic distribution expansion initiatives and commercial innovations like 'Gillette Red Winner'

In Oral Care too, we were able to consolidate our #2 position by delivering robust double digit growth to take value share up to 19.4%. Importantly, the brand grew across price tiers. With the innovative Oral B Cross Action family promotion and the launch of CrossAction Pro Health, Oral B gained share leadership in the Premium tier segment. Oral B sales in the value segment too grew by a robust 25% driven by Fresh Clean and the successful launch of Oral-B 123 in second quarter. In the mid tier segment too, Oral B further consolidated its position by growing behind Oral-B Shiny

Clean. Multiple initiatives undertaken to expand Oral-B distribution helped expand Oral B's presence across more than a million stores.

Duracell too continued to enjoy value share leadership in the alkaline segment. The growing device penetration in toys and cameras combined with increased purchasing power in India indicate a huge potential in the coming years for alkaline batteries and thus for Duracell. Duracell has earned itself a very good equity, even over some leading zinc players, owing to the sustained media support on the brand. Purchase of Duracell is a great value proposition as it lasts up to 10 times longer at less than 3x the price of an ordinary battery. To tap this potential, the company continues to invest in driving Alkaline penetration through strong marketing plans and home-to-home education and detailing on the benefits of alkaline.

Overall, I believe our success was driven by a combination of factors, prime among which remained our deep consumer understanding and our ability to engage with him via innovative and world class communication campaigns. I must also mention here that an important part of the growth has come from synergies with P&G's operational and organizational excellence as we continue to benefit from the integration.

A prime example of this was seen this year via a campaign titled "India Votes: To Shave or Not to Shave." P&G is

globally known for being the inventors of branding and their expertise in creating breakthrough campaigns is well known. The India Votes campaign strongly benefited from this expertise and this was recognized by the Who's Who of marketing and advertising professionals. This included Gold and Silver Lions at the prestigious Cannes Advertising Festival, often referred to as the Oscars of Advertising, the People's Choice Award at the Festival of Media, Valencia, Spain, Silver at the Asia Marketing Effectiveness, Hong Kong, Best Silver at Goafest, Best Communication Planning at P&G Global Media Awards and the Grand Prix at Mediacom Global Awards.

Of course, no recognition can be considered higher than that bestowed by our valuable consumers. And this campaign seemed to have truly spoken to them as our sales registered a dramatic growth of 38% and market share increased by a staggering 35%.

Who would say that all this was achieved in a context where conversations were, at best, about survival and at worst, about crashes and crises. The results of this year are only another illustration in the long history of your company that it is not merely built to survive, but thrive, in good times and bad.

Before I conclude, I wish to mention that your company's quest for continuous value creation would not have been possible without the support that we have received from all

our customers, business associates and of course our valued shareholders. I am grateful to you for your continued confidence and look forward to your full support in augmenting our future plans and strategies, which will enable us to scale to greater heights.

Thank you.

S.K. PODDAR
Chairman
Gillette India Limited

October 27, 2009