



P&G

**Procter & Gamble Hygiene & Health Care Limited
Chairman's Speech 2010-2011**

INVESTING TO TOUCH AND IMPROVE MORE LIVES IN INDIA

Introduction

"Innovation distinguishes between a leader and a follower" These are the words of arguably one of the greatest innovators of our age, Steve Jobs, and reflect why Innovation is truly P&G's Lifeblood. It is with this continued commitment to touch and improve the lives of consumer with innovation that I stand before you at this 47th Annual General Meeting of your Company. Our purpose continues to help us win with consumers, dear shareholders, as we look back on your Company's performance in the year gone by.

It is innovation that enables our brands to maintain trust & loyalty with consumers and leadership in the market place. Despite the volatile global economy, rising inflation and emerging new competition, we have proudly earmarked yet another successful year in India. It is with greater determination and stronger commitment that we look into the future; continuing to invest in innovative technologies and enhancing our core capabilities that will touch and improve more and more lives in India. When we do this well, we win with more consumers, our business grows faster, our relationships grow stronger, and our contribution grows larger.

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 for 2010-2011

I take great pride in announcing that the Fiscal Year 2010-11 was another

good year for your Company, with topline growth, a healthy margin and cash position. Your Company achieved robust sales at Rs 1,037 crores higher by 14% versus sales in the previous year.

Healthcare and Feminine Hygiene Business Maintain Robust Performances

The Healthcare business has shown sales growth of over 9% at Rs 414 crores behind increased sales of *Vicks VapoRub*, *Vicks Inhaler* and *Vicks Cough drops*, thereby consolidating market leadership in the respective categories. The *Vicks Cough Drops* business had an excellent year, with the brand growing at 18%. This was guided by focused investment in key business drivers and increased spending on proven equity building advertising.

Similarly, the Feminine Hygiene business also showed strong growth with sales increasing by 17% at Rs 623 crores with the various variants of *Whisper* Sanitary Napkins showing a healthy growth. *Whisper* has in fact increased its market share to an all time national high with growth across all major brand forms.

Both the Healthcare and Feminine Hygiene categories continued to spearhead growth, with *Vicks* and *Whisper* delivering accelerated sales momentum and growth in market share. This has enabled the Board of Directors to recommend a dividend of Rs 22.50 per Equity Share for all the stakeholders this Financial Year.

Overall, the Company continued to focus on driving meaningful consumer innovations backed by investments in

distribution expansion and strong advertising support because of which your Company continues to be a front-runner in innovation.

Investing for Future Growth to Touch and Improve More Lives in India

Your Company is committed to future growth, and has made significant investments towards brand building initiatives that enable our products to reach more consumers across economic segments. These strategic investments to drive sales growth and trial for our brands are in line with our purpose-inspired growth strategy to reinforce long-term value for your Company, stakeholders and consumers. While these initiatives stand to impact earnings for your Company in the short term, we believe it will create long term value by expanding the categories in which we operate.

The Health Care business strengthened *Vicks* equity as one of the most trusted brands in India by investing in innovative marketing initiatives like the '*Vicks Cricket Jockey Hunt*', during the Cricket World Cup, given India's passion for cricket by leveraging consumer-relevant touch-points like radio and wall-painting, as well as proven advertising copies.

The Feminine Care business also continued to drive its purpose of empowering women with better health and hygiene, by focusing on busting the barriers of affordability and awareness towards adoption of Sanitary Napkins. Your Company's *Whisper School Program* reached a total 2.5 million menstruating girls across both private and government schools. *Whisper* also

brought its purpose to life this year, by expanding its portfolio with the launch of Choice Ultra. This product truly improves the lives of the middle income consumers by allowing them an enhanced experience of a top-tier product within the mid-tier price range.

Investing in Growing Sustainably to Touch and Improve More Lives in India

Your Company is not only committed to growing profitably, but is equally committed to growing sustainably - both through corporate responsibility and environmentally. This commitment has been the guiding force behind our investments in sustainability efforts to touch and improve more lives more completely in India.

Committed to Investing in Corporate Responsibility

Our flagship Corporate Social Responsibility Program – Shiksha is now in its 7th year and has been helping millions of underprivileged children with access to education. Shiksha is an integral part of our global philanthropy program – Live, Learn & Thrive, which currently reaches out to over 50 million children annually.

In the year 2010-2011, I am honoured to announce that Shiksha nearly doubled its reach from the previous year, touching and improving the lives of over 280,000 underprivileged children across India, building and supporting sustainable and critical assets of schools. Shiksha now supports 140+ schools, making a cumulative donation of Rs 22 crores in the last seven years, enabling more and more children on the path to education.

Shiksha has received tremendous support from our consumers who participated in the Shiksha movement by buying P&G brands in the months of April, May and June 2011 and enabling P&G to contribute a part of the sales towards the cause. During the Financial Year ended June 30, 2011 alone, P&G India closed Shiksha with the largest-ever contribution of Rs 5.6

crores in association with its partner NGOs, namely Save the Children India, Child Rights & You (CRY), Army Wives Welfare Association (AWWA), Round Table India (RTI), amongst others. Each of Shiksha's NGO partners focuses on a critical approach towards education.

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 through investments in 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. 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 - all our products and formulations comply with Global and Indian regulatory requirements.

We aim at reducing waste at every step of the supply chain, with a robust system that targets zero waste, including product shelf life. We seek to develop sustainable products, with an improved environmental profile.

All our manufacturing sites, located in high seismic zone Baddi, Mandideep and Goa comply with universal building code for design and construction. Moreover, we ensure environmental friendly practices at our sites: These include reduction in power consumption, optimal water consumption and eliminating excess use of paper by increasing the use of scanning. A good example is the hydro-electric energy being used at our plant in Baddi with efforts underway for extending this to other sites. Our Goa Plant is also leading the way in environmentally responsible manufacturing by recycling 99% of its waste and undertaking 0% land-filling.

Committed to contributing to the Economic Development of India

Despite the high inflation and interest rates, I would like to re-iterate that India's growth story has been impressive. We are on a fast-track to economic development, notwithstanding a global meltdown in more mature markets. An increased consumption explosion has sparked off a transformation in the lives of millions in India. We will continue to tap this potential by leveraging our extensive experience, invest and expand into newer geographies that will touch and improve more lives more completely. A great example of our commitment to growing in the Indian market is our Mandideep plant, wherein P&G has invested over Rs. 1200 Crores till date, and has provided employment opportunities to over 3300 people directly or indirectly. This story is replicated across our manufacturing facilities in India, that continue to impact social, environmental and economic development in the communities they operate in.

In Conclusion

Our purpose-inspired growth strategy to touch and improve more lives in India has enabled us to continue to invest in innovative technologies, distribution expansion, communication strategies and sustainability. This in turn has catapulted us to success and delighted our consumers for generations.

Finally, I would like to conclude by thanking all our stakeholders - customers, shareholders, employees, business partners and consumers. They have contributed to the company in different ways, but there is something that they have in common – their infinite trust and confidence in us. We will continue in our untiring efforts to live up to and exceed expectations.



Thank you,
R.A. Shah

