

‘Touching More Lives’

Good afternoon, Ladies & Gentlemen and a warm welcome to the 42nd AGM of Procter & Gamble Hygiene & Health Care Limited.

Review of Business Results

As all of us constantly seek **more** out of our lives and business, it is with great personal gratification that I share with you how your Company has been consistently delivering **more**! Your Company achieved 20% sales growth in its core Health Care and Feminine Hygiene businesses. Although overall sales decreased by 17%, this was primarily due to divestment of the detergent contract manufacturing business during the year. Importantly, Profit Before Tax at Rs.193.34 crores grew by 9%, Profit After Tax at Rs.139.51 crores grew by 12%, and the Operating Profit margins were up by 23%.

This positive momentum enabled your Company to recommend a dividend of Rs.25 for each equity share for the financial year ended June 30, 2006. This amounts to a 25% more over the normal dividend of Rs.20 per share declared in the past two years! These are all unmistakable signs of a healthy Company that's progressing towards even **more** growth!

Health Care sales at Rs.243.59 crores registered an all time record growth of 17%. Sales of all brands in category grew impressively with *VICKS* Cough Drops growing by 31%. *VICKS Vaporub* by 18% and *VICKS* Action 500 cold tablets achieving a historic high in market share in value terms.

The Feminine Hygiene business recorded a year of high growth yet again with sales at Rs.228.96 crores growing by 23%, ahead of 15% market growth during the year. This is the third year in succession that *WHISPER* has achieved such outstanding growth.

Touching 'More' Lives

Last year I shared with you our Company's credo, 'Touching Lives, Improving Life'. This year, I am delighted to share how we are **touching more lives** than ever before - with increased distribution, more brand variants, more manufacturing facilities, greater social responsibility and of course more dividends! While your Company has always strived for **more** excellence in all

we do, it has also been our forte in efficiency that keeps us accomplishing **more with less**!

More With Less

More Reach, Few Distributors

Our endeavor to get more store coverage and thereby touch more lives of our trade customers, best echoes the spirit of **more with less**. Just a few years ago we used to have around 3400 distributors stocking our products. By leveraging economies of scale and introducing information technology in our product distribution system, we now remarkably have just 29 distributors! Unrelentingly staying under the umbrella of **more with less**, we have increased number of stores covered by 20% despite such a huge reduction in number of our distributors. Steadily on the rise, this year itself we increased the store coverage by 10% more, and an astounding 25% escalation in the number of towns reached over last year! Remarkable reflection of our effectiveness and efficiency working hand-in-hand with our distributor partners to truly **touch more lives** of our trade customers!

More Production, Less Taxes

While the current manufacturing facilities of Health Care will continue, your Company has added **more** by setting up two plants in Baddi, Himachal Pradesh. Nearing completion and expected to commence production this quarter itself, these plants will facilitate meeting your Company's growing consumer demand. In sync with our spirit of achieving **more with less**, we now enjoy the advantage of manufacturing **more**, but will pay **lesser** tax. It gives me immense joy to impart to you that these two plants will not only avail of the Government's tax incentives in Himachal Pradesh, but also aid the development of the industrial infrastructure of the Himalayan state!

More Choices, Same Brands

The Consumer has always been integral to your Company's plans, and this year we uncovered new ways of **touching their lives** by giving them **more** choices when purchasing our products. Introducing **more** variants of natural flavours like 'Asli Honey' and 'Asli Tulsi' helped *VICKS* Cough Drops register an impressive growth for the second year in running. Likewise, *WHISPER* Choice, opened the world of superior sanitary protection at an affordable price to a

segment of consumers that aspired to use the brand, but were unable to experience its benefits earlier. No wonder *WHISPER* Choice is fast becoming the preferred choice of consumers in the mid-tier price segment. With more such meaningful variant launches, we are truly offering our consumers **more** choices !

More With More

Though we have always strived to do **more with less**, there are certain initiatives like our cause-related marketing program and the *WHISPER* Choice Prerna Puraskar, where we only wish to do **more with more**.

I receive a personal sense of fulfillment in sharing with you that, this year, an expression of our Corporate Social Responsibility - '*Shiksha*', in association with the NGO Child Rights and You (CRY) entered its second year and **touched more lives** by enabling 33,052 children in 435 communities across India to access their right to education. The donation will be used for nine projects across the nation, which will focus on issues such as healthcare services, right to livelihood, and a sustainable development of the focused villages, besides education.

WHISPER Choice launched a highly effective and humane marketing campaign in Mumbai in 04-05 called *WHISPER* Choice Prerna Puraskar that invited and honoured select well-known mothers & daughters. Striving for **more** this year, your Company took the *WHISPER* Choice Prerna Puraskar Award to the next level through a nationwide contest on Doordarshan for thousands of ordinary mothers to write in about the choices they want to give their daughters! It is also a matter of immense pride that this campaign was recognized world-over with a Bronze Lion Award at the International Cannes Advertising Festival 2006 !

As I leave you now with these highlights of how we have **touched more lives** by accomplishing **more with less** and as a socially-responsible corporate citizen, **more with more**, let me assure you that this is only the beginning. There's still more to come for our consumers, our shareholders, and **more** growth to look forward to in the years ahead !

Thank you.



Bharat. V. Patel

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*Procter & Gamble Hygiene and
Health Care Limited*

**CHAIRMAN'S SPEECH
2005-2006**

P&G Plaza, Cardinal Gracias Road,
Chakala, Andheri (E), Mumbai - 400 099