



Procter & Gamble Hygiene and Health Care Limited

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A n n u a l R e p o r t 2 0 0 1 - 2 0 0 2

BOARD OF DIRECTORS	B. V. Patel S. Khosla A. Chhabra S. Durani C. V. Bergh A. K. Gupta B. S. Mehta R. A. Shah P. Smit	<i>Chairman Managing Director Executive Director & Company Secretary Executive Director</i>
AUDIT COMMITTEE	B. V. Patel A. Chhabra B. S. Mehta R. A. Shah	<i>Chairman</i>
SHAREHOLDERS GRIEVANCE COMMITTEE	B. V. Patel A. Chhabra S. Durani S. Khosla	
AUDITORS	Deloitte Haskins & Sells Mumbai	
SOLICITORS	Crawford Bayley & Co. Mumbai	
BANKERS	Citibank N. A. Deutsche Bank AG	
REGISTERED OFFICE	P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (E), Mumbai 400 099. Tel. : (91-22) 826 60 00 Fax : (91-22) 693 96 96	
MANUFACTURING FACILITIES	Annaram (Andhra Pradesh) Mandideep (Madhya Pradesh) Kundaim (Goa)	
REGISTRARS & TRANSFER AGENTS	MCS Limited Plot No. 27, Road No. 11, M.I.D.C. Area, Andheri (East), Mumbai 400 093. Tel. : (91-22) 824 59 86, 821 52 35 Fax : (91-22) 835 04 56	

Dear Shareholders,

In a year of downturn in the growth of the Indian Economy, your Company's core business consisting of Health Care and Feminine Hygiene products grew by 2.5%. The Feminine Hygiene category represented by WHISPER brand has been a star performer growing by 9%. In the past 4 years WHISPER brand has increased its sales at a brilliant annual compound growth rate of 19%. Operating Profits for the year grew impressively by 20% as we built more profitable core businesses. Profit After Tax at Rs.77 crores (Rs.82.7 crores in previous year) declined by 7% despite a 5% increase in Profit Before Tax because our plants in Goa started passing out from the full tax holiday period.



In an environment where most of the Fast Moving Consumer Goods (FMCG) companies are showing low or no growth and some even a decline, many people ask me "Why has the FMCG sector been stagnating in recent years?" Many reasons can be attributed in answer to this question. Some say consumers are buying more durables like Fridges, TVs, Motorcycles etc., leaving less disposable income in their hands for FMCG. Some point at still very high level of cascading indirect taxes. Others say rural economy is not growing. These are valid reasons. However, I believe, there is one reason which often gets unnoticed. This is fragmented TV viewership. Advertising drives FMCG consumption. And TV is the lifeblood of FMCG Communication. Without TV Advertising we are nowhere as effective. A few years ago we were not satisfied with advertising on TV programs with 30% viewership. Nowadays, because of a surfeit of TV Channels, even programs with 6% viewership are considered good enough for advertising. Imagine the same principles working in the sales and distribution coverage. Can we thrive at having 1/5th of the stores with our products?

The efficiency of TV's reach is measured by what is called CPM or Cost per Thousand persons viewing a TV program. CPM of the top-viewed programs on our main Terrestrial Channel-Doordarshan, when compared with other developing countries of Asia (such as Thailand, China, etc) is as high as 7 times when compared with the per capita income (representing purchasing power) of viewers in each country. And CPM of our Satellite Channels which has much lesser reach than DD is even higher. How do we get over this big hurdle? Reduced rates or increase in TV viewership, preferably both, is clearly the answer. To make this happen, terrestrial DD with its huge reach needs to wake from its slumber and become much more market-oriented. And the Government also needs to remove the Broadcasting Service Tax to reduce costs of TV Advertising.

Bharat V. Patel

*Mumbai
August 23, 2002.*

*Bharat V. Patel
Chairman*

Personal Care Hygiene and Health Care Limited

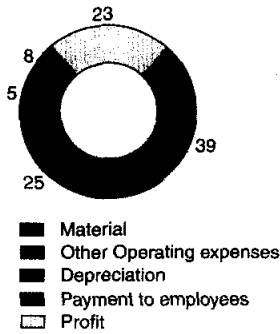
REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting the 38th Annual Report and Audited Accounts of the Company for the year ended June 30, 2002.

FINANCIAL RESULTS

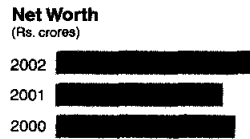
(Figures in Rs. crores)

	2001/2002	2000/2001
Gross Sales	449.8	448.0
Profit before tax	102.0	102.3
Profit after tax	77.0	82.7
Dividend	43.3	86.6
Transfer to General Reserve	7.7	8.3
Balance carried forward	56.0	29.9



Profit After Tax
(Rs. crores)

2002	77.01
2001	82.68
2000	75.03



* Post dividend payment of Rs. 86.5 crores

BUSINESS PERFORMANCE

The year 2001/02 was a difficult year for the Indian Economy. Industrial sector posted a 3.3% growth, the lowest in the decade. Unfortunate events of September 11, attack on the Indian Parliament in December 2001, gathering of war clouds added to the economic woes and seriously affected consumer confidence and consumer spending.

In this difficult economic environment, your Company has delivered good results. While the gross sales have marginally grown, operating profits have improved significantly.

Our Core business of Health Care and Feminine Hygiene products grew by 2.5%. Even though Health Care sales at Rs.160.8 crores declined by 2%, Feminine Hygiene at Rs.127.3 crores grew by a solid 9%. However your Company achieved total gross sales of Rs.449.8 crores which grew marginally by 0.5%. Operating Profits (profits before tax less other and exceptional income) at Rs.83 crores (Rs.69.1 crores previous year) grew impressively by 20%. The significant growth in Operating Profits was a result of many factors including reduction in raw and packaging material costs and other overheads. Profit Before Tax and exceptional items at Rs.101.6 crores (Rs.97.2 crores previous year) increased by 5% while Profit After Tax at Rs.77 crores (Rs.82.7 crores previous year) declined by 7% as income tax benefits arising out of the Goa plant get reduced with passage of time. Profit Before Tax and Profit After Tax over current and last year are not exactly comparable, as last year there was non-operating income of Rs. 33 crores versus only Rs. 19 crores this year.

Health Care Business

Health Care sales of your Company declined marginally by 2% during the year. The ORG store audit reports indicate that our value market shares are virtually the same as in the previous year. Therefore the decline is because of de-acceleration in market growth of the product categories in which we compete. We attribute this decline to (i) weaker rural demand and (ii) reduced consumer confidence/purchases in a slowed down economic environment and the consequent decreased spending by consumers. This declining trend (1% to 3%) has been reflected in the sales of all VICKS line extensions viz., VICKS VapoRub, VICKS Inhaler, VICKS Action-500 and VICKS Cough Drops. To counter and reverse this trend, your Company is planning to drive distribution to cover more towns and thereby increase consumer sales. Also your Company has plans to launch new products to broaden its offerings for relieving fuller range of coughs and colds ailments.

During the fourth quarter of the year, Company launched a new variant VICKS Action 500 Night. This specially formulated colds medicine gives consumer multi-symptom relief from headache, breathing difficulty, and sneezing/sniffing, allowing restful sleep at night. VICKS Action 500 Night is currently in test market in Karnataka, Tamil Nadu and Andhra Pradesh.

In a recent Brand Equity Survey VICKS brand was rated as the 6th (9th last year) most trusted brand in the FMCG industry. VICKS was also one of the two OTC Brands that figured in the top ten list of most trusted FMCG Brands. This external recognition confirms outstanding the brand equity that VICKS enjoys with consumers and Company's commitment to deliver superior performing products to meet the needs of its consumers.

During the year, the manufacturing operations at Honda, Goa were consolidated into the factory at Kundaim, Goa. This will significantly reduce operational costs and improve efficiencies. As a result, VICKS VapoRub (for domestic sales) and WHISPER Feminine Hygiene products are now manufactured at one location. We are examining ways to optimize use of assets of the Honda facility including its sale.

Feminine Hygiene Business

The sale of Feminine Hygiene products grew impressively by 9%. During the last four years WHISPER franchise has recorded an excellent 19% p.a. compounded annual sales growth. WHISPER ULTRA has played a stellar role in the growth of WHISPER franchise in India. It continues to delight Indian women by providing benefits of improved comfort, ease of usage and better protection delivered by its superior quality, backed by world class technology.

The disposable sanitary pads category, where usage of branded products is still very low (3 out of 10 urban women), is growing primarily in mid and low tier products offered by competition. We are meeting this challenge by taking steps, which include: (i) continuing to provide products that provide superior protection and value to its users; (ii) investing in door-to-door marketing program to drive trials as that helps conversion from cloth users to WHISPER; (iii) continuing the Whisper School Program which aims to deliver product benefit message to both the mother and daughter. Last year WHISPER's message and samples were delivered across 40 cities to over 300,000 teenage girls and their mothers and our plans include reaching many more in the future.

DIVIDEND

Your directors recommend a dividend of Rs.20 for each equity share subject to deduction of tax at source as per the Income Tax Act for the financial year ended June 30, 2002.

BEST EMPLOYER AWARD

For the second year in succession, your Company has been rated as the Second Best Employer in India in a study conducted by Hewitt Associates, in association with Business Today. The study was conducted across top 204 companies, their CEOs and a sample of 52,000 employees. This recognition is a matter of great honour for your Company and its employees. Just as consumers reward P&G with leadership sales, profit and shareholder value creation, our employees reward P&G with the best employer status. This award is a clear proof of your Company "walking the talk" of its employees being its greatest assets.

GUJARAT EARTHQUAKE RELIEF MEASURES

The Earthquake in Jan 2001 destroyed lives and properties in Gujarat beyond imagination and consolation. In line with the Company's Statement of Purpose, your Company, its employees and employees of other P&G subsidiaries took lead to help the earthquake victims. A corpus of Rs. 45 lacs was set up for this purpose. Instead of simply donating these funds for short-term assistance like providing food and clothes to the victims, your Company chose to build on the potential capabilities of the victims particularly the women. Partnering with two NGOs - Swayam Shikshan Prayog and Samerth, women in Kutch were trained in building earthquake resistant shelters and community centres. The prime objective of providing shelters and community centres was to reduce incidence of migration in the affected areas, which uproots and affects children and women the most. There will be seven such centres in Kutch district. These centers will focus on imparting skills to women, education to children and lay the foundation for women to take up micro credit work for the welfare of villagers. Sufficient funds have been set aside to support the running of the centres and a micro credit scheme on a permanent basis. This is a true example of your Company's and its employees' commitment to sustainability and contribution to communities we work and live in.

EXPORTS

Exports mainly of VICKS VapoRub to ASEAN, Australia and Japan remained stable at Rs.29.7 crores (Rs.29.5 cores previous year). The lack of growth in exports is pushing cost per unit to a level which is becoming uncompetitive. Your Company is examining various options to enhance shareholder value which allows attractive returns by efficient

utilization of resources.

DIRECTORS RESPONSIBILITIES STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibilities Statement, it is hereby confirmed:

- that in the preparation of the annual accounts for the financial year ended June 30, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

Outflow of dividend (Rs. crores)



E.P.S. (Rs.)



Export Sales (Rs. crores)



Patel & Gandhi Hygiene and Health Care Limited

- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the directors had prepared the accounts for the financial year ended June 30, 2002, on a "going concern" basis.

MANAGEMENT AND PERSONNEL**Employees**

2002	
2001	
2000	

The Directors wish to place on record their appreciation for the outstanding efforts that the employees of your Company have put in during the year, which resulted in Company being rated as one of India's Best Employer. Their dedication, teamwork, efficiency and innovation have been responsible for your Company's success in a competitive environment. The Company in turn continues to provide an environment that fully leverages the skills and strengths of every employee and helps them develop to their fullest potential.

The information as per Section 217(2A) of the Companies Act, 1956 ('Act'), read with the Companies (Particulars of Employees) Rules 1975 forms part of this Report. As per the provisions of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Secretarial Officer at the Registered Office of the Company.

REGISTERED OFFICE

Effective October 30, 2001, Company shifted its registered office to P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai 400 099.

TRADE RELATIONS

The Board wishes to record its appreciation of the continued, unstinted support and co-operation received by the Company from its distributors, retailers, business partners, suppliers of goods/services, clearing and forwarding agents and all other business associates of the Company.

DIRECTORS

Following his transfer to Company Headquarters, Mr. Gary Cofer resigned as the Managing Director of the Company effective April 1, 2002. Directors place on record their appreciation for his valuable contribution to the business of the Company.

Subject to the approval of the shareholders, the Board of Directors appointed Mr. Shantanu Khosla as the Managing Director of the Company for a period of 5 years with effect from June 1, 2002. The Board recommends his appointment.

During the year, Mr. A. K. Gupta was appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act, 1956 and retires at the ensuing General Meeting. Company has received notice u/s 257 of the Companies Act, 1956, nominating his candidature for the office of Director. Board recommends his appointment.

Mr. B. V. Patel and Mr. C. V. Bergh retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

The Auditors, M/s. Deloitte Haskins & Sells, Mumbai, retire and offer themselves for re-appointment.

COST AUDITORS

As per the approval of the Central Government, the Board has appointed M/s. N.I. Mehta & Company, Cost Accountants, to conduct the cost audit of drug formulations and detergents for the financial year 2001/02.

CONSERVATION OF ENERGY ETC. INFORMATION

The information, in accordance with the provisions of Section 217(i)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgoings, forms part of this Report.

On behalf of the Board of Directors

Bharat V. Patel

Mumbai
August 23, 2002.

Bharat V. Patel
Chairman

ANNEXURE TO THE REPORT OF DIRECTORS**A. Power & Fuel Consumption**

	2001-02	2000-01
1. Electricity		
a) Purchased		
Units (KWH)	65 14 843	63 89 765
Total Amount (Rs.)	2 95 78 341	2 84 14 400
Rate/Unit (Rs.)	4.54	4.45
b) Own Generation:		
i. Through Diesel Generator		
Units (KWH)	9 12 060	13 24 342
Units per lts. of Diesel Oil	2.46	2.60
Cost / Unit (Rs.)	7.06	6.41
ii) Through Steam Turbine / Generator	N.A.	N.A.
2. Coal (Specify Quality and where used)	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.
4. Others / Internal Generation	N.A.	N.A.

B. Consumption of Electricity Per Unit of Production

	KWH/tonne	
	2001-02	2000-01
Other Products	319	384

Note :

Since company's operations involve low energy consumption, the Company has no comments to offer under para Assignment(a) to (c) of Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors). Rules, 1988.

I. RESEARCH & DEVELOPMENT :

- Specific areas in which R&D carried out by the Company :
During the year Company continued its Research and Development thrust for improvement of its existing products, processes and import substitution. Research work is also being done for development of new products.
- Benefits derived as a result of the above R&D : R&D efforts have helped bringing about an improvement in processes and have resulted in cost reduction and import substitution.
- Future Plan of Action :
Emphasis will continue to be laid on the existing products and new products.
- Expenditure on R&D.

	Rs. 000's	
	2001-02	2000-01
a. Capital	—	—
b. Recurring	29.48	68.34
c. Total	29.48	68.34
d. Total R&D expenditure as a percentage of total turnover.	0.07	0.15

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- Efforts, in brief, made towards technology absorption, adaptation and innovation

Continued implementation of QC/QA procedures for natural products; New products and processes were successfully adapted on commercial scale to utilize local, raw materials and machinery; Technical Services for reliability, quality, cost savings and technology transfer from overseas.

- Benefits derived as a result of above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.

All the above efforts resulted in improving process efficiencies, consistent quality of our products, introduction of new products and import substitution and successful absorption of technology.

- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :

- Technology imported (Year of Import)
Hair Shampoo (Non Spirituous) (1997)
- Has technology been fully absorbed?
Yes
- If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action :
N.A.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans :

Company at present is exporting personal care, health care and toiletry products. Exports of VICKS VAPORUB to the Asian region.

- During the period under review :

- The foreign exchange earnings of the Company were Rs. 364 million.
- The foreign exchange expenditure on revenue account was Rs. 37 million.

By Order of the Board of Directors

Bharat V. Patel

Bharat V. Patel
Chairman

Procter & Gamble Hygiene and Health Care Limited**CORPORATE GOVERNANCE REPORT**

Your Directors believe that the provisions relating to Corporate Governance are for enhancing accountability and increasing shareholder value. Your Company has over the years practiced the principles of good Corporate Governance. Given below is the report:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company and its employees are committed to (a) conduct business with high standards of integrity, ethical behaviour and mutual trust; (b) comply with all laws; (c) meeting or exceeding regulations; (d) maintain strong and effective internal control in the areas of operations and (e) maintain all official records of the conduct of the Company's business accurate, honest and complete without any restriction or qualification of any kind. Employees are guided by P&G's Core Values, Principles and Code of Conduct guidelines which include Respect for Government and the Law, Respect in the Work Place, Respect in Market Place, Respect the Society and our Communities, Vendor Selection and Vendor Treatment.

2. BOARD OF DIRECTORS AS ON AUGUST 23, 2002- COMPOSITION AND FUNCTIONING

The Board has one Managing Director (MD), two Executive Directors (ED) and six Non-Executive Directors. MD and EDs are involved in the day-to-day management of the Company while the Non-Executive directors bring external perspective and independence to decision making. Except MD/EDs, all the Non-Executive Directors are liable to retire by rotation. As per article 131 of the Articles of Association of the Company, The Procter & Gamble Company, USA has the right to designate one or more of the members of the board as Managing Director of the Company. All the Directors of the Company are 'independent directors' as per explanation to clause 49 I (A) of the listing agreement.

The Composition of the Board of Directors as on date and other required details are given below:

Director	Category	No. of Membership in Boards of other companies*	No. of Membership/ Chairmanships in other committees*
Mr. B. V. Patel	Non Executive Chairman	3	1
Mr. S. Khosla	Managing Director	None	None
Mr. A. Chhabra	Executive Director	1	1
Mr. S. Durani	Executive Director	1	1
Mr. R. A. Shah	Non-Executive Director	13	9
Mr. B. S. Mehta	Non-Executive Director	13	9
Mr. P. Smit	Non-Executive Director	None	None
Mr. C. V. Bergh	Non-Executive Director	None	None
Mr. A. K. Gupta	Non-Executive Director	None	None

*excludes directorships in private limited companies, bodies corporate, memberships of managing committees of various chambers/bodies and alternate directorships.

Attendance Record of the Directors

Eight Board meetings were held during the period July 1, 2001 to August 23, 2002. They were held on August 27, September 28, October 29, 2001, January 22, March 14, April 24, July 23 and August 23, 2002. The attendance record of all directors is as under:

Directors	No. of Board meetings attended	Last AGM Attendance
Mr. B. V. Patel	7	Present
Mr. S. Khosla	2	Not Present
Mr. A. Chhabra	8	Present
Mr. S. Durani	6	Present
Mr. R. A. Shah	8	Present
Mr. B. S. Mehta	8	Present
Mr. P. Smit	2	Present
Mr. C. V. Bergh	None	Not Present
Mr. A. K. Gupta	3	N. A

3. AUDIT COMMITTEE

Members as on August 23 2002

Mr. B.S.Mehta, Mr. R.A. Shah, Mr. A. Chhabra

Chairman

Mr. B. V. Patel.

Constituted on August 29, 2000, except Mr. A. Chhabra, all the members are Non-Executive. The committee has members with sound knowledge of finance, accounting and law. The committee deals with accounting matters, financial reporting and internal controls. The power and role of the Audit Committee is as per Section 292A of the Companies Act, 1956 and guidelines set out in the amended listing agreement. The committee is expected to meet at least thrice a year and review the half-year and annual financial statements before they are submitted to the Board. The Committee monitors any proposed changes in accounting policy, accounting implication of major transactions etc. The Committee also reviews the adequacy of internal audit controls, formulates and monitors the annual audit plan. The Audit Committee met on August 27, 2001, January 22, April 24 and August 23, 2002 and there was requisite quorum.

4. REMUNERATION COMMITTEE

The Company has not constituted Remuneration Committee.

The Non-Executive Directors are paid sitting fees of Rs.5000/- for each meeting of the Board and Rs.2000/- for each meeting of the Audit Committee/Shareholders Grievance Committee attended by them. The Executive Directors are paid remuneration based on their responsibility and performance and in terms of the resolution as passed by the members at the General Meeting. Company also pays fees for the professional services to the firm of Chartered Accountants and firm of Solicitors and Advocates of which two of the Non-Executive Directors are partners. Details of the remuneration paid to Directors of the Company during the year ended June 30, 2002 are given below:

	Rs. (lacs)
a) Salary	117.51
b) Benefits including Bonus	37.92
c) Sitting fee to Non Executive Directors	1.21
Total	156.64

Term of Managing Director and other Executive Directors is for a period of five years from the date of their respective appointment and has a notice period of three months. No fee/compensation is payable to the Directors on severance of directorship of the Company. Please refer to remuneration of MD and EDs in statement under Section 217(2A) of the Companies Act, 1956.

5. SHAREHOLDERS GRIEVANCE COMMITTEE

Members as on August 23, 2002

Mr. S. Khosla, Mr. S. Durani, Mr. A. Chhabra

Chairman

Mr. B. V. Patel

The Committee was constituted on August 29, 2000 to specifically redress shareholder complaints like delays in transfer of shares, non-receipt of dividend warrants, non-receipt of annual report etc. The Committee considers and approves transfer/transmission of shares, issue of duplicate share certificates, dematerialization of shares. During the year three meetings were held on August 27, 2001, January 22, 2002 and April 24, 2002 respectively.

During the year, the Company received 40 shareholder complaints. The complaints have generally been resolved to the satisfaction of the shareholders except for dispute cases and sub-judice matters, which would be solved on final disposal by court. Numbers of pending transfers as on June 30, 2002 were 8. The pending share transfers have since been acted upon by the Registrar and Share Transfer Agents.

6. GENERAL BODY MEETINGS:

Year	Type	Location	Date	Time
2001	AGM	Patkar Hall	Sept 28, 2001	3:30pm
2000	AGM	Patkar Hall	Sept 29, 2000	3:30pm
1999	AGM	Patkar Hall	Oct 22, 1999	3:30pm

No special resolution was put through postal ballot at the last Annual General Meeting.

Procter & Gamble Hygiene and Health Care Limited**7. NOTES ON DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT**

- a) Mr. Bharat Patel is a graduate of M. S. University, Baroda, with degree in M.A. Economics from the University of Notre Dame and M.B.A. in Marketing from the University of Michigan, USA. Mr. Patel started his career with the Company, in its management cadre in 1970, and since then held positions of importance and made valuable contribution to the business of the Company. Presently he is a Director of the following companies.

Name of Company	Designation	No. of Chairmanships or Membership in other Committees
Informed Technologies Ltd.	Director	—
Bajaj Tempo Limited	Director	—
Wockhardt Limited	Director	Member

- b) Mr. C. V. Bergh holds a Bachelor's degree from Lafayette College, U.S. and joined The Procter & Gamble Company, USA in 1983 as a Brand Assistant. Over the years, he has held senior leadership positions in advertising and general management. Mr. Bergh currently is the President of Procter & Gamble's ASEAN-Australia-India (AAI) operations. Presently Mr. Bergh does not hold directorship in any other company.
- c) Mr. Khosla is a B.Tech (Mechanical Eng.) with a post graduation in Business Management. He has been with P&G since 1983. Mr. Shantanu Khosla leads the Procter & Gamble's Health Care business of ASEAN, Australia & India (AAI) and Special Global Projects. He has over the period gained valuable experience of overseeing P&G's international business in UK, Malaysia and Japan. Presently Mr. Khosla does not hold directorship in any other company.
- d) Mr. Gupta is an engineering graduate from IIT, Delhi and holds a post graduate Diploma in Management Studies. Before retiring from the Company, Mr. Gupta was deputed to P&G Japan where he extensively consulted Manufacturing plants and supply organization throughout the Asia Pacific region of P&G, and was responsible for streamlining the supply chain system. Presently Mr. Gupta does not hold directorship in any other company.

8. DISCLOSURES

- a) **Materially significant related party transactions.**

There are no materially significant transactions made by the Company with its Promoters, Directors, or Management, their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note No. 8 of Schedule 20 to the Accounts in the Annual Report.

- b) **Statutory Compliance**

The Company has complied with the requirements of regulatory authorities on capital markets and no strictures or penalty was imposed on the Company in past three years.

9. MEANS OF COMMUNICATION

- a) The Company does not send its half-yearly report to each household of shareholders.
- b) The quarterly results of the Company are generally published in The Economic Times and Maharashtra Times.
- c) Company's results and official news release are generally published on Company's website: www.pg.com/india
- d) Management Discussion and Analysis Report forms part of this Report.

10. MANAGEMENT DISCUSSION AND ANALYSIS

Your Company is engaged primarily in the business of Health Care and Feminine Hygiene. VICKS in Health Care and WHISPER in Feminine Hygiene business enjoy leadership market positions in India. However, the current size of the market in India for both these businesses is small even compared to other developing countries. In fact, usage penetration and per capita consumption of Indian OTC Health Care and Feminine Hygiene Categories is one of the lowest in the world. For example in Mexico, per capita consumption of VICKS VapoRub is eight times higher than in India. And just one household out of ten households even in urban India purchase packaged sanitary pads. Thus, the growth potential for VICKS and WHISPER in India is enormous.