



P&G



Procter & Gamble Hygiene and Health Care Limited

**ANNUAL REPORT
2008-2009**



Procter & Gamble Hygiene and Health Care Limited

Dear Shareholders,

It gives me great pleasure to share with you the annual results of your Company for the year 2008–09.

Despite a challenging business climate, the Company continued to deliver high double digit growth with Profit after Tax (PAT) going up by 36% to Rs.178.85 crores. Total sales also grew a healthy 20%, from Rs.642.96 crores last year to Rs.772.81 crores. Profit Before Tax grew from Rs.180.56 crores to Rs.231.66 crores, up 29%.

You will be proud to know that the core business of your Company has grown in terms of sales and profits for the 7th year in succession. I attribute this sustained success to a singular focus on improving the fundamentals of our business – deep consumer understanding, meaningful marketing innovations, persuasive and engaging communication and wider availability.

This year, there were many significant highlights in the overall growth story. The Health Care business continued to consolidate its market leadership by posting a strong 14% growth in sales, reaching Rs.344.52 crores, across *VICKS Vaporub*, *VICKS Cough Drops*, *VICKS Action-500* and *VICKS Inhaler*. *VICKS Vaporub* reached its highest ever market share this year. The growth of *VICKS Cough Drops* business too progressed steadily behind the successful launch of *Asli Ginger*. Seeing this year on year sustained growth, I am confident that *VICKS* will continue to remain the most trusted cough and cold care solution in India.

The story is no different with our Feminine Hygiene business. For the 6th consecutive year, it recorded high double digit growth of 26%, taking total sales upto Rs.428 crores. You will be happy to know that among all P&G companies in the world, your Company delivered the highest sales and share growth, with *WHISPER Ultra* becoming the biggest value share brand in the category.

During the year under review, a number of initiatives were designed to delight our Boss – the Consumer. In the context of the current economic climate, where the consumer is more sensitive to value than usual, we introduced a mid-tier product surrounded by the campaign idea of '*Change When You Want To*' to provide consumers the option of changing by choice and not because the product did not last long enough. The success of this idea is evident in the fact that *WHISPER's* overall share shot to its highest ever in the past 11 years and underlined *WHISPER's* position as the No.1 Feminine Hygiene brand in India.

The story of success, in my mind, is incomplete if it is only about sales and profit numbers. As a Company that lives and breathes the philosophy of *Touching Lives, Improving Life*, we are committed to making a difference beyond providing superior quality brands. This is the purpose of P&G and the inspiration for our growth comes from this purpose.

As you are already aware, your Company had entered into a Public Private Partnership (PPP) with the National Rural Health Mission (NRHM) to provide education and sanitary protection to thousands of rural women in Rajasthan to help them lead healthier, hygienic and more productive lives. Significantly, the program has been able to convert 85% of cloth users to sanitary pad users who used *WHISPER*. We will continue to strengthen this program in coming months and years.

Similarly, your Company's signature cause marketing program *Shiksha* continued to reach out to underprivileged children in India and provide them with access to education. In its 5th year, *Shiksha* will touch the lives of over 96,000 children in 432 communities across India.

In sum, our breakthrough concepts, superior value and innovations are helping your Company win among consumers in the marketplace and through our efforts to improve the lives of consumers, we believe that we win in their hearts too.

Thank you and look forward to your continued trust, support and steadfast belief in P&G.

Mumbai
August 27, 2009

R.A. Shah
Chairman

BOARD OF DIRECTORS

R. A. Shah

Chairman

S. Khosla

Managing Director

B. S. Mehta

D. Henretta

(Alternate Mr. Pramod Agarwal)

D. Acharya

A. Vyas

Company Secretary

REPORT OF THE DIRECTORS



Your Directors have the pleasure of presenting the 45th Annual Report and Audited Accounts of the Company for the year ended June 30, 2009.

FINANCIAL RESULTS

(Figures in Rs. Crores)

	2008/9	2007/8
Sales (less excise duty)	772.81	642.96
Profit before tax	231.66	180.57
Profit after tax	178.85	131.42
Proposed Dividend plus tax thereon	85.45	75.95
Transfer to General Reserve	17.90	13.15
Balance carried forward	201.47	125.98

BUSINESS PERFORMANCE

Your Company delivered strong business results in the year that many experts agree was full of economic uncertainties and challenges. Your Company has not only managed to attain the right cost structure but more importantly has been able to grow the business in the core Feminine Hygiene and Health Care businesses by a very healthy rate of 20% at Rs.772.81 crores (Rs.642.96 crores last year). The core business of the Company has grown in terms of sales and profits for the 7th year in succession. We take pride in mentioning that there has been a method in achieving this continuous strong growth trend namely, of maintaining a

discipline on the fundamentals of persuasive and consumer-meaningful innovations backed by distribution expansion and remarkable advertising support.

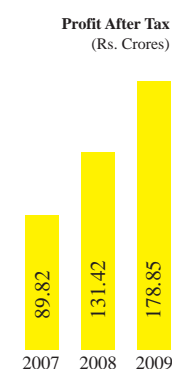
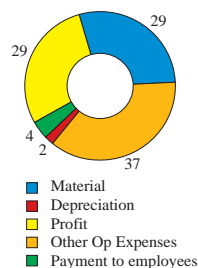
During the year under review, Feminine Hygiene business recorded 26% growth in sales and *WHISPER* continued to build trials through novel direct marketing and Point of Market Entry programs. The *VICKS* range of products too has shown a double-digit robust growth of 14%.

Profit Before Tax (PBT) at Rs.231.66 crores is up by 29% vs. last year's Rs.180.57 crores. During the year under review, the Company earned Profit after Tax (PAT) of Rs 178.85 crores which is up by 36% as compared to last year's PAT of Rs.131.42 crores.

Health Care Business

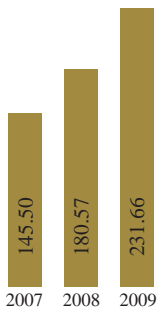
Health Care business at Rs.344.52 crores (vs. last year's Rs.303.17 crores) posted a growth of 14% this year with growth across *VICKS Vaporub*, *VICKS Cough Drops*, *VICKS Action-500* and *VICKS Inhaler* ensuring consolidation of market leadership in their respective categories. The growth was driven by a combination of product initiatives on all four variants and increased investment behind proven equity building advertising.

VICKS Vaporub had another record year posting a highest ever market share. The growth in the brand was driven primarily through continued focus on the successful 'blanket of warmth' advertising via augmented media spends. During the year under review, your Company introduced *VICKS Vaporub*



Procter & Gamble Hygiene and Health Care Limited

Profit Before Tax
(Rs. Crores)



'Chotu' pack at Rs.5 with the intent of further penetrating the rural markets.

The *VICKS Cough Drops* business continued on its growth trajectory from last year, recording double digit growth in a year that witnessed heightened competitive activity. This growth was driven by the launch of *VICKS Asli Ginger* in October 2008. The launch was well supported by a program using radio and outdoor branding to significantly grow top-of-mind awareness on the brand in key markets.



VICKS Action-500 successfully reversed its declining share trend over the last year via its re-launch as *VICKS Action-500 Extra*. The launch was brought to life through a new product formulation with the additional benefit of body ache relief, refreshed advertising and heightened distribution efforts.

VICKS will continue to innovate to ensure it stays the most trusted cough and cold care brand in India.

Feminine Hygiene Business

Feminine Hygiene business recorded yet another year of high growth with sales at Rs.428.28 crores (vs. last year's Rs.339.79 crores) translating to a 26% increase in sales. Your Company has delivered the highest sales and share growth for P&G across the globe in this segment with *Whisper Ultra* becoming the biggest value share brand in the category. This growth is driven both, by increase in penetration among non-users and increased consumption among users.

During the year under review, a number of initiatives were designed to win with the consumers' needs for a clean-and-fresh top based sanitary napkin and mid-tier product offering. The compelling message of *Change When You Want To* that promised consumers

protection that would last them longer, timed well with the economic realities when every consumer is looking for mileage. All of these initiatives took *Whisper's* overall share to its highest ever in past 11 years.

Your Company continued its extensive focus on the Point of Market Entry consumer. The *Whisper School Program* reached a total of 2.1 million menstruating girls across private and government schools, which is up 34% against the previous year. At the same time, by constantly innovating to meet the consumer's needs, *Whisper* ensured that the top-tier brand was sampled in more urban schools, and the more economical mid-tier *Choice* in the upcountry schools. Not only did the program reach out to more potential consumers, but it also increased its depth by reaching out to lower class towns.

In addition to the robust and time-tested school girls' program, your Company continued to expand its direct-to-home selling program across the country. The top tier program reached 0.7 million consumers in their homes, which is a 147% increase as against the previous year. The *Whisper Choice* program, first initiated in Tamil Nadu, made it a most preferred brand of the consumers



with the highest volume share in the State. This program is now being expanded to 6 other States this year. The house-to-house programs, especially in the lower class towns, are aimed at educating the consumer about the benefits of using sanitary napkins and breaking the affordability barrier.

As you are already aware, your Company had entered into a Public Private Partnership (PPP) with the National Rural Health Mission (NRHM), Rajasthan to provide education and sanitary protection to rural women to help them lead healthier, hygienic and more productive lives. This execution with its persuasive educational message, has managed to convert an overwhelming 85% of cloth users that it reached, into sanitary pad users. The pilot is now being expanded across the State, and also to Tamil Nadu, with a similar model. Your Directors would like to take this opportunity to place on record its deep gratitude for the support extended to this Pilot project by the Government of Rajasthan and all NRHM officials including Mr. M.L Jain, Director-RCH, NRHM and Mr. R.K Meena,

Principal Secretary, Dept. of Health & Family Welfare, Government of Rajasthan.

DIVIDEND

The Directors are pleased to recommend a dividend of Rs.22.50 for each equity share for the financial year ended June 30, 2009.



A School in progress, courtesy Shiksha

CORPORATE SOCIAL RESPONSIBILITY

Shiksha: Padhega India, Badhega India

Touching lives, improving Life has always been at the core of P&G's Corporate Social Responsibility (CSR) program which revolves around the commitment of P&G in making sure its brands live up to their promise in making everyday life a little better. P&G globally is committed to the cause of development of children in need via its corporate cause.

P&G India's flagship CSR program 'Shiksha' in partnership with CRY empowers consumers across the country to participate and support the education of marginalized and underprivileged children with a simple purchase of any large P&G products. *Shiksha* is a National Consumer Movement – that allows consumers to support the education of children in need by making simple brand choices. *Shiksha* celebrated its 5th Anniversary this year having touched over 96,000 children in 432 communities across India. *Shiksha* is spearheaded by its motto and slogan "Padhega India Badhega India" with an underlying strong belief that the secret to a brighter India lies in the quality education of our children.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual accounts for the financial year ended June 30, 2009, 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;

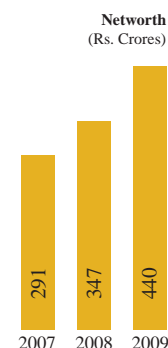
- that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Directors had prepared the accounts for the financial year ended June 30, 2009, on a "going concern" basis.

POSTAL BALLOT

Your Directors deemed it necessary to amend the Articles of Association of the Company with a view to bring them in line with the latest statutory provisions. It was also necessary to delete references to M/s Richardson Vicks Inc. from the Articles since the said entity has merged into The Procter & Gamble Company, U.S.A. (the parent company). It was, therefore, proposed to amend the Articles of Association of the Company to incorporate these changes. Thus, the Company undertook the Postal Ballot process for seeking shareholders' consent to the Special Resolution under Section 31 of the Companies Act, 1956, to alter the Articles of Association of the Company. The results of this Ballot were declared by the Chairman on May 6, 2009 confirming that the said Special Resolution proposing the amendment to the Articles of the Company had been approved by the requisite majority (99.98%). The revised Articles of Association are available for inspection at the Registered Office of the Company.

CORPORATE GOVERNANCE

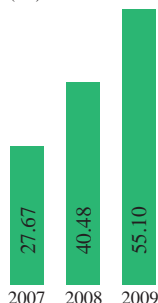
A separate report on Corporate Governance along with Auditors' Certificate on its compliance is annexed to this Report.



Film Celebrities support Shiksha

Procter & Gamble Hygiene and Health Care Limited

E.P.S.
(Rs.)



MANAGEMENT & PERSONNEL

The growth over the past few years demonstrates the core strengths of our employees to stay reality-based, embrace change and proactively influence the course of business. The Directors are confident that employees are up to the challenge and thank them for their continued trust and support.

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 Company Secretary at the Registered Office of the Company.

DIRECTORS

Mr. Bharat Patel ceased to be the Chairman and Director of your Company with effect from March 31, 2009. The Board wishes to place on record its sincere appreciation for Mr. Bharat Patel's valuable contribution as the Chairman and Director of the Company.

Mr. R.A. Shah, Director was appointed Chairman of the Board of Directors of your Company with effect from April 1, 2009. Mr. R.A. Shah needs no introduction to the fellow P&G shareholders. Mr. Shah has been the founder Director of your Company. The Board welcomes the appointment of Mr. R.A. Shah as the Chairman of the Board of Directors of the Company.

Mr. Deepak Acharya, Director, retires by rotation and, being eligible, offers himself for re-appointment. The Directors recommend his re-appointment.

AUDITORS

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

COST AUDITORS

The Company has received the approval of the Central Government for appointment of M/s. P.M. Nanabhoy & Company, Cost Accountants, to conduct the cost audit of drug formulations for the year ended June 30, 2009. However for the year ending 2010, your Company proposes to appoint M/s. Ashwin Solanki & Associates as Cost Auditors, subject to the approval of the Central Government.

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.

TRADE RELATIONS

The Directors wish to thank the retailers, wholesalers, distributors, suppliers, clearing and forwarding agents and all other business associates and acknowledge their efficiency and continued support in promoting healthy growth in the Company's business.

ACKNOWLEDGEMENT

Our thanks are once again due to The Procter & Gamble Company, USA and Procter & Gamble Asia Pte. Limited, Singapore, for the invaluable support provided by them in terms of access to the latest information/knowledge in the field of Research & Development for products, ingredients and technologies; timely inputs to exceptional marketing strategies; and the goodwill of its world-renowned trademarks and superior brands. These have vastly benefited the Company.

For and on behalf of the Board

Mumbai
August 27, 2009

R. A. Shah
Chairman

Employees



TEN YEAR FINANCIAL HIGHLIGHTS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
YEAR END FINANCIAL POSITION (Rs. Crores)										
Gross Fixed Assets	240.6	224.2	221.5	177.9	170.9	178.8	127.0	163.6	203.1	221.8
Net Fixed Assets	148.2	124.4	106.7	74.3	80.2	79.1	65.4	94.0	123.1	132.3
Net Worth	197.1	273.2	217.9	230.4	249.1	225.7	272.7	291.2	346.6	440.0
SUMMARY OF OPERATIONS (Rs. Crores)										
Gross Sales	475.1	448.0	449.8	474.3	616.0	738.1	596.8	553.0	652.6	773.0
Profit before Tax	87.6	102.3	102.0	92.6	127.2	177.8	193.3	145.5	180.6	231.7
Profit after Tax	75.0	82.7	77.0	68.0	92.1	124.6	139.5	89.8	131.4	178.8
Dividend	16.2	86.5	43.3	43.3	64.9	129.8	81.2	64.9	64.9	73.0
PER SHARE DATA										
EPS (Rs.)	34.70	38.21	35.59	31.44	28.39	38.39	42.98	27.67	40.48	55.10
Dividend (%)	75	400	200	200	200	400++	250	200	200	225
NUMBER OF SHARES										
Shares (Lakhs)	216.40	216.40	216.40	216.40	324.61	324.61	324.61	324.61	324.61	324.61
NUMBER OF EMPLOYEES										
Employees	555	472	431	350	345	368	251	273	250	282

++ Includes a special dividend of 200% amounting to Rs.64.92 crores

Procter & Gamble Hygiene and Health Care Limited

ANNEXURE TO THE REPORT OF DIRECTORS

A. Power & Fuel Consumption

	2008-09	2007-08
1. Electricity		
a) Purchased :		
Units (KWH)	69 75 458	72 38 783
Total Amount (Rs.)	5 54 14 145	6 40 46 690
Rate/Unit (Rs.)	7.94	8.85
b) Own Generation :		
i) Through Diesel Generator		
Units (KWH)	6 88 764	64 442
Units per lts. of Diesel Oil	3.32	2.33
Cost / Unit (Rs.)	9.79	14.96
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 Per Unit Of Production

	KWH/Tonnes	
	2008-09	2007-08
Other Products	819	1 701

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. Lakhs	
	2008-2009	2007-2008
a. Capital	—	—
b. Recurring	19.38	23.39
c. Total	19.38	23.39
d. Total R&D expenditure as a percentage of total turnover	0.03	0.04

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

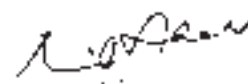
- Efforts, in brief, made towards technology absorption, adaptation and innovation; Continued implementation of QC/QA procedures for natural products; New products and processes were successfully adapted on commercial scale to utilize local, raw materials and machinery; Technical Services for reliability, 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.
- Imported Technology: The Company has the advantage of availing advanced technology and continuous upgradation thereof from The Procter & Gamble Company, USA and its subsidiaries. This is an unmatched competitive advantage that helps the Company deliver strong business results.

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:

The Company exported products and services of Rs.8.81 crores during the year. The particulars of foreign exchange earned/utilized during the year are given in Schedule 18(B)(3)(j) to the Accounts.

For and on behalf of the Board



R. A. Shah
Chairman

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Your Directors are pleased to give below the Corporate Governance report:

We believe that Corporate Governance is the interaction of the management, shareholders and the Board of Directors to help ensure that all stakeholders are protected against managers acting solely in their own best interest. Governance process has to ensure that the societal measures employed by the Company are utilized in a manner that meets with the stakeholders' aspirations and societal expectations. Corporate Governance consists of laws, policies, procedures and most importantly, practices, that ensure the well being of the assets of the Company. Corporate Governance is at its highest levels when management is acting as if they are long-term investors in the Company.

Your Company has a strong history of operating with integrity—at all levels, both internally and externally. Our actions and the actions of all our employees are governed by our Purpose, Values, and Principles (PVP). Our commitment to operate responsibly is reflected in the steps we have in place to ensure rigorous financial discipline and Corporate Governance.

We have a highly experienced Board of Directors, which help us maintain the highest standards of Corporate Governance. Our Audit Committee is comprised of independent directors, with appropriate financial skills to provide good oversight. We have in place strong internal controls, to ensure compliance with all relevant regulations and standards. Our rigorous business process controls include ongoing programs of self-assessment, controls, as well as internal and external audits. Your Company has adopted a Code of Conduct for its Directors. It is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct.

Further, your Company reinforces responsibilities of all its employees, including key employees, of observing high standards of Corporate Governance through the Company's "Worldwide Business Conduct Manual," which sets forth management's commitment to conduct its business affairs with high ethical standards. This Manual flows from our PVP which is the umbrella for our critical policy areas, which in turn create specific guidelines and standards. This Manual enables the Company's employees to make easier connections to relevant policies and the tools that support them. This Manual describes the Company's "Worldwide Business Conduct Standards". These standards flow from the following core values of the Company:

- Treat the Company's assets as you would treat your own;
- Behave with the Company's long term success in mind;
- Always do the right thing;

- Operate within the letter and spirit of law

Our reputation is earned by our conduct: what we say, what we do, the products we make, the services we provide, and the way we act and treat others. As conscientious citizens and employees, we want to do what is right. For your Company this is the only way to do business.

BOARD OF DIRECTORS

(a) Composition of the Board

As on date, the Board has one Managing Director (MD), and four Non-Executive Directors. The Managing Director is involved in the day-to-day management of the Company while the Non-Executive directors bring external perspective and independence to decision making. Mr. R. A. Shah and Mr. B. S. Mehta are 'independent directors' as per explanation to clause 49 I (A) of the Listing Agreement. Except the Managing Director, 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(s) of the Company.

(b) Number of Board meetings

Five Board meetings were held during the period July 1, 2008 to June 30, 2009. They were held on August 29, October 31, 2008, January 29, March 30 and April 28, 2009.

(c) Directors' attendance record and directorships held

The attendance record of all directors is as under:

Directors	No. of Board meetings attended	Last AGM Attendance
Mr. R. A. Shah	4	Present
Mr. B. V. Patel *	4	Present
Mr. S. Khosla	5	Present
Mr. B. S. Mehta	5	Present
Mr. D. Acharya	5	Present
Ms. D. Henretta	None	Not Present
Mr. P. Agarwal #	None	Not Present

* Mr. B. V. Patel ceased to be a Director of the Company w.e.f. March 31, 2009.

Alternate Director to Ms. Henretta.

Procter & Gamble Hygiene and Health Care Limited

The composition and other required details of the Board of Directors as on June 30, 2009 are given below:

Name of the Director	Category	Designation	Other Directorships *		Membership of other Board Committees **	
			Member	Chairman	Member	Chairman
Mr. R. A. Shah #	NED/ID	Chairman	14	3	9	4
Mr. B.V. Patel ##	NED/ID	Chairman	—	—	—	—
Mr. S. Khosla	ED	Managing Director	2	1	2	1
Mr. B. S. Mehta	NED/ID	Director	14	None	9	5
Mr. D. Acharya	NED	Director	1	None	1	None
Ms. D. A. Henretta	NED	Director	1	None	None	None
Mr. P. Agarwal ###	NED	Alternate to Ms. D. Henretta	1	None	None	None

NED – Non Executive Director

ED – Executive Director

ID – Independent Director

Mr. R. A. Shah was appointed as the Chairman of the Board of Directors of the Company w.e.f. April 1, 2009.

Mr. B. V. Patel ceased to be the Chairman of the Board of Directors of the Company w.e.f. March 31, 2009.

Mr. P. Agarwal ceased to be a Director of Procter & Gamble Home Products Limited w.e.f. August 1, 2009.

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

** Includes memberships of only Audit Committees and Share Transfer and Investor Grievance Committee of public companies.

(d) Material 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. B.12 of Schedule 17 to the Accounts in the Annual Report.

(e) Remuneration of Directors

The Non-Executive Chairman is paid a commission of Rs. 25 lakhs per annum. The Non-Executive Independent Directors are paid annual commission of Rs.10 lakhs each w.e.f. July 1, 2006 for a period of 5 years, subject to deduction of tax at source.

The above commission is restricted to one percent of the net profits of the Company per annum in the aggregate as calculated as per the provisions of Sections 198, 309, 310 and such other applicable provisions of the Companies Act, 1956.

Your Company also pays fees for the professional services to the firm of Chartered Accountants and the firm of Solicitors and Advocates of which two of the Non-Executive Directors are partners. Considering the amounts involved, the Company is of the opinion that there is no material pecuniary relationship / association with these firms. The Non-Executive Independent 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.

The remuneration of the Managing Director comprises salary, house rent allowance, perquisites, performance linked incentives, contribution to provident and other funds, gratuity and leave travel allowance and other perquisites and benefits as per the policy of the Company.

Details of the remuneration paid to Directors of the Company during the year ended June 30, 2009 are given below:

Name of Director	Relationship with other Directors	Salary including Bonus+PF contribution (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Shares held
Mr. R. A. Shah *	None	-	-	10,00,000	5,550
Mr. B. V. Patel **	None	-	-	18,75,000	-
Mr. S. Khosla	None	4,08,75,400	49,28,831	-	67
Mr. B. S. Mehta	None	-	-	10,00,000	3,799
Mr. D. Acharya	None	-	-	-	-
Ms. D. A. Henretta	None	-	-	-	-
Mr. P. Agarwal #	None	-	-	-	-
TOTAL		4,08,75,400	49,28,831	38,75,000	-

* Mr. R. A. Shah was appointed as the Chairman of the Board w.e.f. April 1, 2009.

** Mr. B. V. Patel ceased to be a Director of the Company w.e.f. March 31, 2009.

Alternate Director to Ms. D. A. Henretta. Details as regards to the remuneration are disclosed vide Note No. B.15 of Schedule 17 to the Accounts in the Annual Report.

NOTE - No sitting fees are payable to any Director.