

## 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	-	-	-	-
<b>TOTAL</b>		<b>4,08,75,400</b>	<b>49,28,831</b>	<b>38,75,000</b>	<b>-</b>

\* 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.

The term of the Managing Director (MD) is for a period of five years from the date of his appointment/re-appointment. No fee/compensation is payable to the Directors on severance of directorship of the Company.

The Company has not set up a Remuneration Committee.

#### STOCK OPTIONS

The Company does not have any Stock Option Plan for its employees. However, all employees of the Company including its Managing Director are given the right to purchase shares of the parent company – The Procter & Gamble Company, USA under its 'International Stock Ownership Plan'. Certain employees of the Company are also entitled to Stock Option of the parent company under its 'Employee Stock Option Plan'. Details as regards the same are disclosed vide Note No. B.14 (a) and (b) of Schedule 17 to the Accounts in the Annual Report.

#### (f) Committees of the Board

##### Audit Committee

The Audit Committee comprises of Non-Executive Directors viz. Mr. R. A. Shah (Chairman), Mr. B. S. Mehta (Member) and Mr. D. Acharya (Member). The Audit Committee met on August 29, October 31, 2008, January 29 and April 28, 2009, during the year ended June 30, 2009.

Directors	No. of meetings held during tenure	No. of meetings attended
Mr. R. A. Shah *	4	3
Mr. B. V Patel **	3	3
Mr. B. S. Mehta	4	4
Mr. D. Acharya***	1	1

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

\*\* Mr. B. V. Patel ceased to be a Director of the Company on March 31, 2009.

\*\*\* Mr. Deepak Acharya was inducted into the Audit Committee with effect from April 1, 2009.

Mr. A. Vyas is the Secretary of the Audit Committee.

The Audit Committee enjoys the powers and plays the role as is contemplated under Section 292A of the Companies Act, 1956 read with the Listing Agreement as amended from time to time, with the Stock Exchanges.

The Audit Committee powers include the following:

- to investigate any activity within its terms of reference.
- to seek information from any employee.
- to obtain outside legal or other professional advice.
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee role includes the following:

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:

- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Section 217(2AA) of the Companies Act, 1956;
- Any changes in accounting policies and practices;
- Major accounting entries based on exercise of judgment by management;
- Qualifications in draft audit report;
- Significant adjustments arising out of audit;
- The going concern assumption;
- Compliance with accounting standards;
- Compliance with the stock exchange and legal requirements concerning the financial statements;
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- Discussion with internal auditors of any significant findings and follow up thereon.

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Discussion with external auditors before the audit commences about nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

- Reviewing the Company's financial and management policies.

- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

- Reviewing the functioning of the Whistle Blower mechanism.

- Carrying out any other function as required in the terms of reference of the Audit Committee in the Listing Agreement as may be amended from time to time.

The minutes of the Committee are placed before the Board.

**Shareholder/Investor Grievance Committee**

The Shareholders' Grievance Committee comprises of Mr. S. Khosla (Member) and Mr. D. Acharya (Chairman). Mr. A. Vyas, Company Secretary acts as the Compliance Officer. During the year four meetings were held on August 29, October 31, 2008, January 29, and April 28, 2009.

Directors	No. of meetings held during tenure	No. of meetings attended
Mr. B. V Patel *	3	3
Mr. S. Khosla	4	4
Mr. D. Acharya**	4	4

\* Mr. B. V. Patel ceased to be the Director of the Company on March 31, 2009.

\*\* Mr. Deepak Acharya was appointed Chairman of the Committee w.e.f. April 1, 2009.

The Committee redresses 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 and dematerialization of shares.

During the year, the Company received 54 shareholder complaints. The complaints have generally been resolved to the satisfaction of the shareholders except for the dispute cases and sub-judice matters, which would be resolved on final disposal by courts. There were no pending transfers as on June 30, 2009.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Review of Economic Scenario and impact of Union Budget '09**

As per the Economic Survey 2008-09 released by the Ministry of Finance, Govt. of India on July 2, 2009, despite global financial crises, India has still registered a growth of 6.7% though there has been a deceleration in said growth rate from the average growth rate of 8.8% during 2003-04 to 2007-08. The said Survey further observes that the Indian economy has shock absorbers that are likely to facilitate early revival of growth. India has a strong banking sector – the Banks are financially sound and well capitalized. The foreign exchange position remains comfortable and the external debt position has been in the comfort zone. The said Survey further observes that the deceleration of growth during 2008-09 was spread across all sectors except mining and quarrying, community, social and personal services. During 2008-09 the growth in exports was robust till August 2008. However due to recessionary trends in the developed markets where the demand has plummeted, the export growth declined sharply.

The Union Budget was announced by the Hon'ble Finance Minister (FM) on July 6, 2009 treading relatively cautious though solid path for social enlistment, infrastructure development and tax administration reforms. The FM has set a target of achieving a sustained annual growth rate of 9% with a medium term strategy, clearly setting out that this challenging task cannot be achieved in a single budget.

Some of the budget proposals are likely to benefit the FMCG Sector in India. Mainly, higher disposable income, increased capital formation in rural areas through NREGA (National Rural Employment Guarantee Act) and Bharat Nirman, the promised jobs to millions will be the growth factor for the FMCGs. Rural focus, employment generation and infrastructure spending will improve rural income. Rural India

accounts for more than 40% consumption for major FMCG categories. FMCG companies are witnessing a 40% growth in rural sales as against 25% in urban areas. Further, on account of low penetration, these companies are banking on rural areas for volume growth. Hence, continued focus on rural development would benefit the sector.

The FMCG sector reported strong growth last year. As per an A.C. Nielsen report, FMCG sales grew 16.2% YoY over April-May 2009, lower than the 19% YoY growth achieved in FY09. Price-cuts on account of lower inflation and excise duty reduction from 14% to 8% led the FMCG companies to reduce their product prices in a bid to boost volumes. The volume growth has continued to remain strong. As per FICCI, the FMCG industry is set to grow 20-30% in 2009-10, up from 10-20% in 2008-09. The growth would be driven by the launch of new products and increasing rural consumption.

**Performance Overview & Outlook**

The Company operates in a single reportable business and geographical segment. The Company's core business is manufacturing, marketing and distribution of Healthcare and Feminine Hygiene Products. Under these businesses it has in its portfolio: VICKS-India's No-1 Healthcare brand and WHISPER -India's leading Feminine Hygiene brand (in value terms).The discussion on financial performance of the Company is elaborated in the Directors' Report.

*Health Care Business*

P&G Health Care sales at Rs 344.5 crores (vs. last year's Rs 303.2 crores) posted a growth of 13.62% this year with broad based growth across variant brands ensuring consolidation of market leadership in their respective categories. The growth was driven by a combination of product initiatives on all three variant brands and increased investment behind proven equity advertising. VICKS will continue to innovate to ensure it stays the most trusted cough and cold care solution in India.

*Feminine Hygiene Business*

Feminine Hygiene business recorded another year of high growth with sales at Rs.427.9 crores (vs. last years Rs.339.9 crores) translating to a 25.8% growth and a value share leadership at 48.6%. India delivered the highest sales and share growth across the world, with *Whisper Ultra* becoming the biggest value share brand in the category.

**Risk Management**

*Business, Finance & Operational risks*

The Company's risk management policy is in line with the parent company's global guidelines on risk management and adequate measures have been adopted by the Company to combat the various risks including business risks(competition, consumer preferences, technology changes), finance risks (cost, credit, liquidity, foreign exchange) and so on. The Company has adopted a focused approach towards risk management in form of a Corporate Insurance Program which has the goal of optimizing the financing of insurable risks by using a combination of risk retention and risk transfer techniques. This Program duly covers any risks relating to business interruption resulting from property damage and legal liability resulting from property damage or personal injury.

The Company has in place a very stringent and responsive system under which all its distributors and vendors are assessed before being selected. Further, there exists a system by which all distributors' and vendors' site and operations are periodically reviewed by the Company for managing risks, if any.

*Regulatory and Compliance risks*

Your Company operates within the letter and spirit of all applicable laws. General compliance with legal requirements is an important component of the *Worldwide Business Conduct Manual* and the same directs the following action from every employee:

- To obey all legal requirements at all times;
- To understand exactly what legal requirements apply to the work function;
- To consult the Legal Personnel if there are conflicting legal requirements in different jurisdictions;
- To strictly follow the directions from the Legal Personnel;
- To address and resolve , in a timely manner , any legal compliance issues that have been identified;
- Absolutely no violation of any law;
- To immediately report any instance of violations to the Legal Department

Your Company has set in place the requisite mechanism for meeting with the compliance requirements, periodic monitoring of compliance to avoid any deviations and regular updations to keep pace with the regulatory changes.

*Security Risks*

Your Company has installed comprehensive security programs to protect employees and assets at all its offices and plants. Security measures are overseen by a specially designated Global Security Manager – South Asia and a reputed security agency has been appointed to guard our premises. There is also a system for continuous monitoring of security alerts across the country. Training is given regularly to all security guards who are on duty 24x7. Evacuation drills are conducted twice a year. A global policy is in place to issue travel advisories to all employees in case there is any adverse situation at any place in the world. If the situation warrants, travel bans are imposed.

**Internal Controls & their adequacy**

Internal Control systems have been a core focus for the Company. Internal Audits and process checks are carried out regularly in important areas and are supplemented with checks by outside agencies.

**HR Initiatives**

The Company operates in a highly competitive environment vis-à-vis attracting the best talent for its operations and therefore the human resources management has assumed vital importance in your Company. Your Company focuses on attracting, motivating and retaining the best talent. Its people systems like recruiting, training, performance management and talent development are robust and competitive.

*Attracting Talent:* Recruiting is a key focus – Your Company has a well established campus recruitment process that currently visits some of the top business schools and engineering campuses for both the summer internship and final hiring cycles. Your Company runs function-wise pre-placement talks and activities to help students gain an understanding of the roles, responsibilities and the organisation to enable them to make informed choices. Compensation and benefits is another key part to attracting the best talent. Your Company’s benefit programs are best in class giving it a competitive advantage.

*Motivating and Retaining Talent:* Strong induction and training systems for new hires is a key part of retention program. Your Company allows new hires to handle responsible and large roles consistent with their capability, thus allowing exposure to decision making and strategy. Clearly defined functional career paths help employees to plan their career goals and understand the skills needed to be built. Your Company’s annual performance management system is very robust and clearly assesses and differentiates amongst employees on the basis of performance and potential. Your Company leverages its size as a global organisation in giving employees the opportunity to work across regions and business units, as well as moving them to international assignments on a regular, planned basis. Your Company is committed to providing meaningful, fast growing, international careers to employees and this is a key part of our retention efforts.

Your Company has been ranked 2<sup>nd</sup> most preferred employer as per A. C. Nielsen Survey and has also improved its standing on a majority of campuses. Internal surveys indicate that the various H.R initiatives undertaken during the year have received considerable appreciation across the organization and encouraged by this fact the priorities planned for the F.Y 2009-2010 by the H.R include initiating action on key capability areas, driving better employer-employee relationship/career guidance and many more.

Employee and Trade Relations related developments are covered in the Directors’ Report. The number of employees as on June 30, 2009 was 282.

The Statements in the Management Discussion and Analysis Report may be seen as forward looking statements. The actual results may differ materially from those expressed or implied in the statement depending on circumstances.

**SHAREHOLDERS**

**(a) Disclosures regarding re-appointment of Director**

**Mr. D. Acharya** is a Law Graduate from the Bombay University, a Fellow Member of the Institute of Company Secretaries of India (FCS) and an Associate Member of the All India Management Association (AIMA). Since 1992, he has worked at various levels in the Legal function in India and the Company’s regional headquarters at Singapore.

Mr. Acharya is a Director on the Board of Procter & Gamble Home Products Ltd and also holds the following positions:

- (i) President of Indian Soaps & Toiletries Makers Association of India;
- (ii) Member of the Executive Committee of Feminine & Infant Hygiene Association;
- (iii) Member of the CII FMCG Committee;
- (iv) Member of the FICCI FMCG Committee

**(b) Communication to shareholders**

- (i) The Company does not send quarterly or half-yearly report to its shareholders.
- (ii) The quarterly results of the Company are generally published in The Economic Times and Mumbai Lakshadeep (Marathi).
- (iii) The Company’s results and official news release are generally published on Company’s website: [www.pghhcl.in](http://www.pghhcl.in). It contains data on various topics related to transfers, transmission of shares, dematerialisation, nomination, change of address, loss of physical share certificates, dividend etc. Also, a special facility has also been provided for shareholders to send in their suggestion/ grievances, which are immediately responded to.

- (iv) No presentations were made to analysts and institutional investors.
- (v) Annual Report, quarterly results, shareholding pattern etc. of the Company are also posted on the SEBI EDIFAR website: [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in);
- (vi) An archived webcast of the proceedings of the Annual General Meeting will be available at our website [www.pghhcl.in](http://www.pghhcl.in) 48 hours after the Annual General Meeting.

**(c) Statutory Compliance**

The Company has complied with all applicable regulatory requirements prescribed by the regulatory and statutory authorities including Stock Exchanges and SEBI on all matters related to capital markets and no strictures or penalty was imposed on the Company in past three years.

**(d) Annual General Meetings:**

Year	Type	Location	Date	Time
2008	AGM	Y. B. Chavan Hall	Oct 10, 2008	3:30pm
2007	AGM	Patkar Hall	Oct 12, 2007	3:30pm
2006	AGM	Y. B. Chavan Hall	Oct 6, 2006	3:30pm

No special resolution was passed at the last Annual General Meeting .

**Postal Ballot**

Postal Ballot process was undertaken by the Company for the purpose of seeking shareholders' consent by way of a Special Resolution under Section 31 of the Companies Act, 1956, to alter the Articles of Association of the Company.

The Articles of Association of the Company were last amended at the 39th Annual General Meeting of the shareholders of the Company held on October 10, 2003 when the authorized share capital of the Company was increased. The Articles, however, contained several provisions which needed to be amended in light of the changing statutory requirements such as dematerialization, nomination, investor protection, etc. 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). Accordingly, it was proposed to amend the Articles of Association of Company to incorporate these changes.

Mr. S.N Ananthasubramanian, Practicing Company Secretary was appointed as the Scrutinizer for the postal ballot process. The Scrutinizer submitted his report to the Chairman, the result of which was declared on May 6, 2009. The results of the ballot are given below:

Number of Postal Ballot Forms	
Received	1108
Invalid	50
Valid	1058

	No. of Ballot Papers	No. of votes	Percentage
Votes cast in favour	1035	23,287,705	99.98
Votes cast against	23	4,632	0.02
Total Votes	1058	23,292,337	100.00

The resolution to alter the Articles of Association was approved by shareholders with the requisite majority.

**(e) Whistle Blower Policy**

The Company follows a Whistle Blower Policy as laid down in its "Worldwide Business Conduct Manual". Any employee or other interested person can call on an Alertline, twenty-four hours a day, seven days a week, to report any concerns about violations of the Company's *Worldwide Business Conduct Standards*.

The Alertline is not staffed or monitored by Company personnel. All calls can be completed anonymous if the caller desires. The Alertline can take calls in most languages spoken by employees around the world.

Calls made to the Alertline are reported to the Company Corporate Security and Legal personnel, who will ensure appropriate investigation and follow-up of all calls. Callers are given a confidential identification number so they can inquire about the status of their reported concern.

The Audit Committee was accessible to all employees.

**(f) CEO / CFO Certification**

In terms of requirement of Clause 49(V) of the Listing Agreement, the Managing Director (CEO) and the Chief Financial Officer (CFO) have made a certification to the Board of Directors in the prescribed format for the year under review, which has been reviewed by the Audit Committee and taken on record by the Board.

**(g) Adoption of non-mandatory requirements**

- a. Adoption of non-mandatory requirements under Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.
- b. There is no fixed tenure for independent directors. The Board of Directors ensures that the person being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company.
- c. There are no audit qualifications in the Company's financial statements for the year under reference.
- d. No specific training program was arranged for Board members. However, at the Board meetings, detailed presentations are made by senior managerial personnel on the business related matters.
- e. The Company has not adopted any mechanism for evaluating individual performance of non-executive directors.
- f. Of the non-mandatory requirements, currently the Company has the Whistle Blower Policy as described above.

**(h) Code of Conduct**

**(i) Code of Conduct for Directors**

The Company has in place a Code of Conduct for its Directors. This Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. The Code of Conduct has been posted on the Company's website at [www.pghhcl.in](http://www.pghhcl.in).

**(ii) Code of Conduct for Prevention of Insider Trading**

The Company vide the *Worldwide Business Conduct Manual* has a Code of Conduct for Prevention of Insider Trading in the shares and securities of the Company, its suppliers or associate companies. This Code, among others, prohibits the purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company. The *Worldwide Business Conduct Manual* has been posted on the parent company's website at [www.pg.com](http://www.pg.com). The Company has during the year adopted the revised Insider Trading Code modified in terms of amendments

notified by SEBI(Prohibition of Insider Trading) Regulations, 1992.

**GENERAL SHAREHOLDER INFORMATION**

**(i) Annual General Meeting**

The Annual General Meeting will be held on **Thursday, October 15, 2009, at 3.30 pm** at Patkar Hall, S.N.D.T. University, 1, Nathibai Thackersey Road, Mumbai 400020.

**(ii) Financial Calendar**

The Company follows July-June financial year. The unaudited results for every quarter beginning from July are declared in the month following the quarter except for the last quarter, for which the audited results are declared by August, as permitted under the Listing Agreement.

**(iii) Book Closure Date** October 3, 2009 to October 15, 2009 (both days inclusive).

**(iv) Dividend Payment Date** On or around October 22, 2009.

**(v) Listing of Equity Shares on Stock Exchanges**

The Company's shares are listed on the Bombay Stock Exchange Limited, Mumbai and the National Stock Exchange of India Limited. Listing fees as prescribed have been paid to the respective Stock Exchanges.

**(vi) Stock code**

Bombay Stock Exchange Ltd., Mumbai - Code : 500459 (physical & demat)  
National Stock Exchange of India Ltd. - Code : PGHH  
The dematerialization ISIN Code is **INE 179A01014**

**(vii) Stock Price Data**

MONTH	Bombay Stock Exchange Ltd. Mumbai		National Stock Exchange of India Ltd.	
	High	Low	High	Low
July - 2008	760	694	831	680
August - 2008	770	685	800	703
September - 2008	805	650	843	700
October - 2008	749	650	754	640
November - 2008	790	720	800	717
December - 2008	838	721	865	720
January - 2009	784	710	785	710
February - 2009	837	711	781	710
March - 2009	772	670	774	665
April - 2009	825	740	825	742
May - 2009	865	770	864	785
June - 2009	925	850	925	836

(Source: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com))

**(viii) Stock Performance**



**(ix) Registrar & Transfer Agents**

LINK INTIME INDIA PVT. LTD. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078

Tel - (022)2594 6980 / (022)2596 3838 Fax (022)2594 6969 e-mail - [pginvestors@intimespectrum.com](mailto:pginvestors@intimespectrum.com) / [isrl@intimespectrum.com](mailto:isrl@intimespectrum.com)

**(x) Share Transfer System**

All shares sent for transfer in physical form are registered by the Registrar and Share Transfer Agent within 30 days of receipt of the documents, if found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

**(xi) Distribution of shareholding by size class as on June 30, 2009**

	Shareholders		Shares	
	Share holding Number	% to Total	Number	% to Total
Upto 500	21008	90.90	2132365	6.57
501 - 1000	1204	5.21	846010	2.61
1001 - 2000	550	2.38	764940	2.36
2001 - 3000	128	0.55	314119	0.97
3001 - 4000	63	0.27	221790	0.68
4001 - 5000	41	0.18	186419	0.57
5001 - 10000	56	0.24	390002	1.20
10001 and above	62	0.27	276050910	85.04
<b>TOTAL</b>	<b>23112</b>	<b>100.00</b>	<b>32460736</b>	<b>100.00</b>

**Distribution of shareholding by ownership as on June 30, 2009**

Category	Number of Shares held	% of Shares held
Foreign promoters	22310090	68.73
Resident Individuals	5426772	16.72
Mutual Funds & UTI	1068095	3.29
Financial Institutions/ Banks/Insurance Cos	1278777	3.94
Foreign Institutional Investors	247270	0.76
Private Corporate Bodies	1966980	6.06
NRIs/OCBs	147368	0.45
Directors and their relatives	15384	0.05
<b>TOTAL</b>	<b>32460736</b>	<b>100.00</b>

**(xii) Dematerialization of shares and liquidity**

As on June 30, 2009 91.95% of total equity capital was held in dematerialisation form with NSDL and CDSL and the remaining in physical form.

Trading in equity shares of the Company is permitted only in dematerialisation form w.e.f. April 05, 1999 as per notification issued by the Securities and Exchange Board of India (SEBI).

(xiii) As on date, the Company has not issued GDR/ADR/warrants or any convertible instruments.

**(xiv) Plant Locations**

**Goa Plant :** 173, 314, 315, Kundaim Industrial Estate, Kundaim, Goa 403 115

**Baddi Plants :**

- (1) Khasara.No.1808-09, Village-Doria, Export park, Thana, Near Ino Pharma, PO. Baddi, Tehsil-Nalagarh, Dist.:Soln Himachal Pradesh -173205
- (2) Village Katha, Near Charak Pharma, PO. Baddi, Tehsil-Nalagarh, Dist.:Soln Himachal Pradesh -173205

**(xv) Addresses for Correspondence**

The Company's registered address is Secretarial Dept., Procter & Gamble Hygiene and Health Care Limited, P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai 400 099.

Tel: (91-22) 28266000, Fax (91-22) 66939696.

Email: [pginvestors@intimespectrum.com](mailto:pginvestors@intimespectrum.com)

**(xvi) Compliance Officer**

Mr. Amit K. Vyas

Company Secretary

Ph : (91-22) 2826 6000, Fax (91-22) 6693 9696

email : [vyas.a@pg.com](mailto:vyas.a@pg.com)

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**Declaration**

As provided under Clause 49 of the Listing Agreement with stock exchanges, the Board members have confirmed compliance with the Directors' Code of Conduct for the year ended June 30, 2009 and the Senior Management has confirmed compliance with the Business Conduct Manual for the year ended June 30, 2009.

**For Procter & Gamble Hygiene  
and Health Care Limited**

**S. Khosla  
Managing Director**

Mumbai, August 27, 2009

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**Auditors' Certificate on Compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement**

To

The Members of  
Procter & Gamble Hygiene and Health Care Limited

We have examined the compliance of conditions of Corporate Governance by Procter & Gamble Hygiene and Health Care Limited, for the year ended on June 30, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For DELOITTE HASKINS & SELLS  
Chartered Accountants**

Mumbai,  
August 27, 2009

**K. A. Katki  
Partner  
Membership No. 038568**