

CORPORATE GOVERNANCE

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

We believe that Corporate Governance is the interaction of the management, shareholders and board of directors to help ensure that all investors – both shareholders and creditors – are protected against managers acting solely in their own best interest. 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 throughout the Company – at all levels, both internally and externally. Our actions and the actions of all our employees are governed by our Purpose, Values, and Principles. Our commitment to operate responsibly is reflected in the steps we have in place to ensure rigorous financial discipline and Corporate Governance.

We have highly experienced Board of Directors, who help us maintain the highest standard of Corporate Governance. Our Audit Committee comprises 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 program of self-assessment of the controls, as well as internal and external audits. Your Company has adopted a Code of Conduct for 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.

Your Company's 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, and P&G's global operations, 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 five Non-Executive Directors. MD 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. B. V. Patel, 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 MD, 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 Directors of the Company.

(b) Number of Board meetings

Six Board meetings were held during the period July 1, 2006 to June 30, 2007. They were held on August 28, October 6, October 31, 2006, January 29, April 30 and June 2, 2007.

(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. B. V. Patel	5	Present
Mr. S. Khosla	6	Present
Mr. A. Chhabra*	6	Present
Mr. R. A. Shah	5	Present
Mr. B. S. Mehta	6	Present
Mr. D. Acharya**	Not Applicable	Not Applicable
Ms. D. Henretta	None	Not Present
Mr. P. Agarwal #	None	Not Present

* Mr. A. Chhabra ceased to be the Director of the Company w.e.f. July 17, 2007.

** Mr. D. Acharya was appointed as an Additional Director of the Company w.e.f. July 17, 2007.

Alternate Director to Ms. Henretta.

The composition and other details of the Board of Directors as on June 30, 2007 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	4	2
Mr. S. Khosla**	Managing Director	2	1
Mr. A. Chhabra @	Executive Director	None	None
Mr. R. A. Shah	Non-Executive Director	14	9 (Chairman in 5)
Mr. B. S. Mehta	Non-Executive Director	14	9 (Chairman in 5)
Mr. D. Acharya***	Non-Executive Director	None	None
Ms. D. A. Henretta	Non-Executive Director	1	None
Mr. P. Agarwal #	Non-Executive Director	1	None

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

** Re-appointed, subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.

@ Mr. A. Chhabra ceased to be the Director of the Company w.e.f. July 17, 2007.

*** Mr. D. Acharya was appointed as an Additional Director of the Company w.e.f. July 17, 2007.

Alternate Director to Ms. Henretta.

Procter & Gamble Hygiene and Health Care Limited

(d) Material significant related party transaction

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 B.13 of Schedule 17 to the Accounts in the Annual Report.

(e) Remuneration of Directors

The Non-Executive Chairman was paid a commission of Rs. 21 lakhs for the year ended June 30, 2007 and will be paid Rs. 25 lakhs per annum beginning July 1, 2007 to December 31, 2008, subject to deduction of tax at source.

The Non-Executive Independent Directors will be paid an 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.

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. Considering the amounts, the Company is of the opinion that there is no material association with these firms. The Non-Independent 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. Details of the remuneration paid to Directors of the Company during the year ended June 30, 2007 are given below:

Name of Director	Relationship with other Directors	Salary including Bonus + PF contribution	Perquisites	Sitting Fees	Commission	Shares held
Mr. B. V. Patel	None	-	14,100	70,000	21,00,000	-
Mr. S. Khosla	None	1,25,23,215	16,80,000	-	-	67
Mr. A. Chhabra *	None	1,13,86,438	7,16,769	-	-	-
Mr. R. A. Shah	None	-	-	50,000	10,00,000	5550
Mr. B. S. Mehta	None	-	-	50,000	10,00,000	3799
Mr. D. Acharya**	None	-	-	-	-	-
Ms. D. A. Henretta	None	-	-	-	-	-
Mr. P. Agarwal ***	None	24,79,500	-	-	-	-
TOTAL		2,63,89,153	24,10,869	170,000	41,00,000	-

* Mr. A. Chhabra ceased to be the Director of the Company w.e.f. July 17, 2007.

** Mr. D. Acharya was appointed as an Additional Director of the Company w.e.f. July 17, 2007.

*** Alternate Director to Ms. D. A. Henretta.

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

The re-appointment and remuneration paid to the Managing Director subsequent to the date of reappointment i.e. June 1, 2007 amounting to Rs. 7.98 lakhs is subject to the approval of the Members of the Company at the ensuing Annual General Meeting. Refer Note B.4 & 5 of Schedule 17 to the Accounts in the Annual Report.

The Company has not set up a Remuneration Committee. However, the Company, for paying its employees, is guided by the principles of paying competitively to match industry levels and for individual performances and their contribution to the business.

Stock Options

The Company does not have any Stock Option Plan for its employees. However, all employees of the Company including its whole-time Directors 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.15 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 namely Mr. B. V. Patel (Chairman), Mr. B. S. Mehta (Member) and Mr. R. A. Shah (Member). The

Audit Committee met on August 28, October 31, 2006, January 29 and April 30, 2007.

Directors	No. of meetings held during tenure	No. of meetings attended
Mr. B. V. Patel	4	3
Mr. A. Chhabra*	4	4
Mr. R. A. Shah	4	4
Mr. B. S. Mehta	4	4
Mr. S. Harlalka**	N. A.	N. A.

* Mr. A. Chhabra ceased to be the Director and Company Secretary of the Company w.e.f. July 17, 2007.

** Mr. S. Harlalka was appointed as the Company Secretary w.e.f. August 1, 2007.

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 Exchange.

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 management the annual financial statement 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 clause (2AA) of Section 217 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 stock exchange and legal requirements concerning 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.

Shareholder/Investor Grievance Committee

The Shareholders' Grievance Committee comprises of Mr. B. V. Patel (Chairman), Mr. S. Khosla (Member), Mr. D. Acharya (Member) and Mr. S Harlalka (Member). Mr. S. Harlalka, Company Secretary acts as the Compliance Officer. During the year four meetings were held on August 28, October 31, 2006, January 29 and April 30, 2007.

Procter & Gamble Hygiene and Health Care Limited

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

* Mr. A. Chhabra ceased to be the Director and Company Secretary of the Company w.e.f. July 17, 2007.

** Mr. D. Acharya was appointed as an Additional Director of the Company w.e.f. July 17, 2007.

*** Mr. S. Harlalka was appointed as the Company Secretary w.e.f. August 1, 2007.

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, dematerialization of shares.

During the year, the Company received 61 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 resolved on final disposal by appropriate courts. There were no pending transfers as on June 30, 2007.

MANAGEMENT

Management Discussion and Analysis

The Company has good internal control systems, the adequacy of which have been reported by its auditors in their report as required under the Companies (Auditor's Report) Order, 2003. The discussion on financial performance of the Company is covered in the Directors' Report. The Company operates in a single business and geographical segment. Employee and Trade Relations related developments are covered in the Directors' Report. The number of employees as on June 30, 2007 were 273.

The Company's core business is marketing and distribution of Health Care and Feminine Hygiene products. Under these businesses it has in its portfolio: *VICKS* – India's No. 1 Health Care brand and *WHISPER* – India's leading Feminine Hygiene brand.

The Healthcare Colds market grew by 13% during the year, backed by increased advertising spends and launch of lower outlay products. The market also witnessed several new launches by the regional players. However, lower per capita consumption as compared to developing economies in the region and under-dosage of medication continue to pin down the growth potential of this business. Further, the government

policy of not liberalizing certain commonly used drugs (OTC drugs) from the provisions of the sale license is also hampering easy availability of certain commonly used drugs. In many countries, the concept of selling household remedies and commonly used drugs from non-pharmacy outlets is prevalent.

Feminine Hygiene market grew by 14% during the year, but the per-capita consumption continues to be abysmally low. Only two out of ten urban women used branded pads. As a result the market size of about Rs. 633 crores remains very low when compared to the population of menstruating women in India. We believe that with the increase in working women due to economic development, the market size should increase at a steady pace for a number of years. A positive development in this market is that feminine hygiene pads are available at greater number of stores. Their current numbers may be low compared to availability of products like shampoos, but stores carrying the branded pads are growing at faster pace than in the recent past.

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

SHAREHOLDERS

(a) Disclosures regarding appointment / re-appointment of Directors

- **Mr. R. A Shah** is a leading Solicitor and a Senior Partner of M/s. Crawford Bayley & Co., a firm of Solicitors and Advocates. He specializes in a broad spectrum of corporate laws. Mr. Shah has been associated with your Company since its inception. Presently, he is Chairman/Director of the following public companies.

Mr. Shah is a Chairman of Clariant Chemicals (India) Limited, Godfrey Phillips India Limited and Pfizer Limited. Mr. Shah is a Vice-Chairman in Colgate Palmolive India Limited.

Mr. Shah is a Director of Abbott India Limited, Asian Paints Limited, ACC Limited, The Bombay Dyeing & Mfg. Co. Limited, BASF India Limited, Century Enka Limited, Deepak Fertilizers & Petrochemicals Corporation Limited, Lupin Limited, Nicholas Piramal India Limited and Wockhardt Limited.

Mr. Shah is also a Chairman and/or Member of the following Audit/Remuneration Committees of the following companies: Pfizer Limited, Colgate Palmolive India Limited, The Bombay Dyeing & Mfg. Co. Limited, Nicholas Piramal India Limited, Clariant Chemicals (India) Limited, BASF India Limited, Abbott India Limited, Century Enka Limited, Lupin Limited and Wockhardt Limited.

- **Mr. B. S. Mehta** is a leading practising Chartered Accountant and a Senior Partner of M/s. B. S. Mehta & Company, a firm of Chartered Accountants. Mr. Mehta specializes in the area of taxation and financial management. Mr. Mehta has been a member of various bodies including the Institute of Chartered Accountants of India.

Presently, Mr. Mehta is a Chairman/Director of the following public companies: Atul Limited, Bharat Bijlee Limited, Century Enka Limited, CEAT Limited, Clariant Chemicals (India) Limited, Gillette India Limited, Housing Development Finance Corporation Limited, IL&FS Investment Managers Limited, J.B. Chemicals & Pharmaceuticals Limited, Pidilite Industries Limited, Sasken Communication Technologies Limited, SBI Capital Markets Limited, Sudarshan Chemical Industries Limited, and Vinyl Chemicals (India) Limited.

Mr. Mehta is an Alternate Director of Chemetall Rai India Limited and Udhe India Limited and a Director in Jumbo World Holdings Limited (Foreign Company).

Mr. Mehta is also a Chairman and/or Member of the following Audit/Remuneration Committees of the following Companies. Gillette India Limited, Housing Development Finance Corporation Limited, Atul Limited, Century Enka Limited, IL&FS Investment Managers Limited, J.B. Chemicals & Pharmaceuticals Limited, Sudarshan Chemical Industries Limited, Sasken Communication Technologies Limited and Pidilite Industries Limited.

- **Mr. S. Khosla** is a B.Tech (Mechanical Engg) with a post graduation in Business Management. He has been with P&G since 1983. He has over the period gained valuable experience of overseeing P&G's international businesses in UK, Malaysia, Japan and Singapore.

Mr. Khosla is the Managing Director of Gillette India Limited and Procter & Gamble Home Products Limited (subject to the approval of the Central Government).

- **Mr. D. Acharya** is a Law Graduate from the Bombay University, a Fellow Member of the Institute of Company Secretaries of India 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 P&G's regional headquarters at Singapore.

Mr. Acharya is a Director of Procter & Gamble Home Products Limited.

(b) Communication to shareholders

- The Company does not send its quarterly or half-yearly report to its shareholders.
- The quarterly results of the Company are generally published in The Economic Times and Maharashtra Times.
- Company's results and official news release are generally published on Company's website: www.pg-india.com/hhcl. 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 suggestions/grievances, which are immediately responded to.
- No presentations were made to analysts and institutional investors.
- Annual Report, Quarterly results, Shareholding Pattern etc. of the Company are also posted on the SEBI EDIFAR website: www.sebiedifar.nic.in

(c) Statutory Compliance

The Company has complied with all applicable 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) General Body Meetings:

Year	Type	Location	Date	Time
2006	AGM	Y B Chavan Hall	Oct 6, 2006	3:30 pm
2005	AGM	Patkar Hall	Nov 25, 2005	3:30 pm
2004	AGM	Y B Chavan Hall	Oct 15, 2004	3:30 pm

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

(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.

Procter & Gamble Hygiene and Health Care Limited

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) Adoption of non-mandatory requirements

Adoption of non-mandatory requirements under clause 49 of the listing agreement is being reviewed by the Board from time to time.

Of the non-mandatory requirements, currently the Company has the Whistle Blower Policy as described above.

(g) Code of Conduct

(i) Code of Conduct for Directors

The Company has in place the Code of Conduct for its Directors. This Code was derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. The Code of Conduct is posted on the Company's website at www.pg-india.com/hhcl.

(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 Company's website at www.pg.com.

GENERAL SHAREHOLDER INFORMATION

I. Annual General Meeting

The Annual General Meeting will be held on October 12, 2007, at 3:30 pm at Patkar Hall, S.N.D.T. University, 1, Nathibai Thackersey Road, Mumbai 400 020.

II. Financial Calendar:

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 September, as permitted under the listing agreement.

III. Book Closure Date:

September 29 to October 12, 2007 (both days inclusive).

IV. Dividend Payment Date:

On or around October 18, 2007.

V. Listing of Equity Shares on Stock Exchange

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. – Code : 500459
(physical & demat)

National Stock Exchange of India Ltd.– Code : PGHH

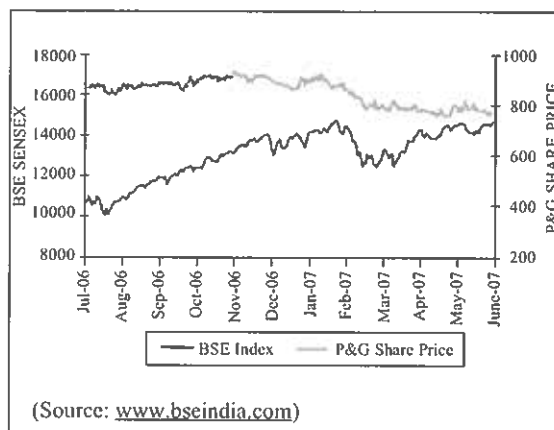
The dematerialization ISIN Code is INE 179A01014

VII. Stock Price Data

Month	Bombay Stock Exchange Ltd., Mumbai		National Stock Exchange of India Ltd.	
	High	Low	High	Low
July – 2006	899	785	917	804
August – 2006	900	830	968	820
September – 2006	911	843	910	842
October – 2006	926	853	950	850
November – 2006	948	855	980	862
December – 2006	915	850	950	840
January – 2007	1005	851	925	851
February – 2007	897	790	900	794
March – 2007	842	740	841	750
April – 2007	880	761	845	757
May – 2007	800	735	803	740
June – 2007	817	751	862	731

(Source: www.bseindia.com & www.nseindia.com)

VIII. Stock Performance



(Source: www.bseindia.com)

IX. Registrar & Transfer Agents

INTIME SPECTRUM REGISTRY LIMITED
 C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
 Bhandup (West), Mumbai - 400 078.
 Tel : 2594 6980 / 2596 3838
 Fax : 2594 6969
 E-mail : pginvestors@intimespectrum.com
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 conformation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days.

XI Distribution of shareholding by size class as on June 30, 2007

Share holding	Shareholders		Shares	
	Number	% to Total	Number	% to Total
Upto 500	20747	90.18	2210983	6.82
501 - 1000	1322	5.75	925336	2.85
1001 - 2000	563	2.45	779024	2.40
2001 - 3000	144	0.63	354550	1.09
3001 - 4000	65	0.28	228431	0.70
4001 - 5000	36	0.16	161845	0.50
5001 - 10000	67	0.29	467079	1.44
10001 and above	60	0.26	27333488	84.20
TOTAL	23004	100.00	32460736	100.00

Distribution of shareholding by ownership as on June 30, 2007

Category	Number of Shares held	% of Shares held
Foreign Promoters	22310090	68.73
Resident Individuals	5589642	17.22
Mutual Funds & UTI	705027	2.17
Financial Institutions	1613317	4.97
Foreign Institutional Investors	440489	1.36
Private Corporate Bodies	1656004	5.10
NRIs / OCBs	125846	0.39
Directors and their Relatives	20321	0.06
TOTAL	32460736	100.00

XII Dematerialization of shares and liquidity

As on June 30, 2007 about 91.45% 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 Thana, Pargana Dharampur, Baddi, Tehsil Nalagarh, Dist.: Solan, Himachal Pradesh - 173205.

(2) Village Katha, Pargana Dharampur, Baddi, Tehsil Nalagarh, Dist.: Solan, 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) 2826 6000, Fax (91-22) 6693 9696. email - pginvestors@intimespectrum.com

XVI Compliance Officer

Mr. Sachin Harlalka, Company Secretary, Ph.: (91-22) 28262000, Fax: (91-22) 66939696, E-mail: harlalka.s@pg.com

Declaration

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, the Board Members have confirmed compliance and have undertaken to continue to comply with the Code of Conduct for Director's and the Senior Management Team have complied and have undertaken to continue to comply with the Business Conduct Manual for the Financial Year ended June 30, 2007.

For, **PROCTER & GAMBLE HYGIENE AND HEALTH CARE LIMITED**

S. Khosla
Managing Director

Mumbai, August 24, 2007

Procter & Gamble Hygiene and Health Care Limited

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 30th June 2007, 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 25, 2007.

K. A. Katki
Partner
Membership No. 038568