



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



**A n n u a l      R e p o r t      2 0 0 6 - 2 0 0 7**

## Procter &amp; Gamble Hygiene and Health Care Limited



*Dear Shareholders,*

I am pleased to state that your Company has moved from strength to strength in 2006/07. Sales of our core businesses Health Care and Feminine Hygiene for the year grew by 14% to Rs. 540 crores. Feminine Hygiene grew by a healthy 24% for the fourth year in succession and Health Care business grew by 5% over a strong base of 17% growth in the previous year. The key drivers for this growth have been your Company's focus on meeting the rapidly changing needs of the new, evolving Indian consumers, through innovative and interactive marketing tools and superior value proposition of its products.

Profit After Tax (PAT) at Rs. 89.8 crores is lower by 36% versus the last year. However, when adjusted for the provisions for taxes and other one-time items for the current and previous years, PAT is up by 7%. Further, if we adjust pre-operational expenses incurred on our plants at Baddi, Himachal Pradesh and other income, PAT is up by 18% which is in line with the growth in sales.

Our core brands VICKS and WHISPER occupy the #1 positions in the categories that they compete in. Aggressive competition, higher spending power of consumers, increased rural and urban per capita consumption and changing needs have led to your company introducing new product offerings like VICKS Cough Drops "Tulsi", and innovations like the introduction of *Dr. Vicks*, a brand mnemonic symbolizing a friendly family physician, who gives quick acting and effective cough and cold remedies. Our consumers have embraced such marketing innovations and rewarded us by voting VICKS as India's #2 Most Trusted Brand in the Economic Times' Brand Equity Survey 2007 and Dr. Vicks TV ads as one of the "Best" advertisement.

Taking cognizance of the fact that new and interactive media reach out to teenage girls more effectively, WHISPER launched [www.beinggirl.co.in](http://www.beinggirl.co.in), an interactive online community for girls to engage with one another and get solutions to their growing up concerns. Parallely, for the first time, we also explored cross-brand collaborations for a reality TV show with Whisper-Pantene *Khund Par Karo Yakeen*, India's Hunt for a Female TV News Anchor, to further empower and fulfill the dreams of young girls. The Whisper School Programs have been extended nationally to cover twice the number of schools versus earlier, thus educating more teenaged girls, parents and teachers on the importance of personal hygiene.

You will be proud to know that in 2006/07, your Company's social responsibility initiative *Shiksha* – the cause-related marketing program to lead underprivileged children across India on the path of education, completed its third year. Once again, our key stakeholders – consumers, distributors, retailers, media and employees, championed the cause with the aim to make *Shiksha* even bigger. I am happy to share that P&G India till date, under the global *Live, Learn & Thrive* program that supports children in need, garnered support from citizens across India and contributed wholeheartedly to help lead over 67,000 children on the path of education via a contribution of close to Rs. 5 crores.

Moving ahead, we are committed to a sustained focus on growth through our motto of '*Touching lives, Improving life*' via the superior quality of our products, best in class marketing and distribution and meaningful cause initiatives that benefit the communities in which we live and work.

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

*Bharat V. Patel*

Bharat V. Patel

Chairman

Mumbai

August 24, 2007

## BOARD OF DIRECTORS

**B. V. Patel**

Chairman

**S. Khosla**

Managing Director

**R. A. Shah**

**B. S. Mehta**

**D. Henretta**

(Alternate Mr. Pramod Agarwal)

**D. Acharya**

**S. Harlalka**

Company Secretary

## Procter & Gamble Hygiene and Health Care Limited

### NOTICE

NOTICE is hereby given that the Forty-third Annual General Meeting of the members of the Company will be held at Patkar Hall, S.N.D.T. University, 1, Nathibai Thackersey Road, Mumbai 400 020 on Friday, October 12, 2007, at 3:30 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended June 30, 2007, the Balance Sheet as at that date, the Directors' and Auditors' Reports thereon.
2. To declare dividend for the year ended June 30, 2007.
3. To appoint a Director in place of Mr. R. A. Shah, who retires by rotation and being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. B. S. Mehta, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration and reimbursement of out-of-pocket expenses as the Board may decide.
6. To consider and, if thought fit, to pass with or without modification/s, if any, the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** subject to the provisions of Sections 198, 269, 309, 310, 311, 316 and 317 and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the re-appointment of Mr. Shantanu Khosla as Managing Director of the Company with effect from June 1, 2007 for a period of five years on such terms and conditions as the Board may consider appropriate, provided, however, that the terms of remuneration of Mr. Khosla shall not exceed the ceilings as set out in Schedule XIII to the Companies Act, 1956, as amended from time to time and such other guidelines as may be issued hereafter in this behalf."

**"RESOLVED FURTHER THAT** where in any financial year during the tenure of office of Mr. Khosla, the company has no profits or its profits are inadequate, the company shall pay remuneration, benefits and amenities to Mr. Khosla as specified in the explanatory statement hereto, subject to the approval of the Central Government, if and to the extent necessary."

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

**"RESOLVED FURTHER THAT** Mr. Khosla shall not be liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification/s, if any, the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Deepak Acharya who was appointed as an Additional Director in terms of Section 260 of the Companies Act, 1956, and holds such office until this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Acharya's candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

On behalf of the Board of Directors

**Deepak Acharya**  
*Director*

**Mumbai**  
**August 24, 2007**

**Registered Office:**  
P&G Plaza,  
Cardinal Gracias Road,  
Chakala, Andheri (E),  
Mumbai 400 099.

### NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy or Proxies to attend and vote instead of himself and the Proxy need not be a member of the Company.

Proxies, to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business as Item Nos. 6 and 7 proposed to be transacted at the meeting is annexed hereto.

## Procter & Gamble Hygiene and Health Care Limited

3. The Register of Members and the Share Transfer Books of the Company will remain closed **from September 29, 2007 to October 12, 2007** (both days inclusive).
4. If payment of Dividend is approved by the members at the Annual General Meeting, the same will be paid to the members on or around October 18, 2007.
5. To avoid the incident of fraudulent encashment of the warrants, members are requested to intimate the Registrar and Share Transfer Agents of the Company under the signature of the Sole/First joint holder the following information so that the Bank Account Number and Name and Address of the Bank can be printed on the Dividend Warrant, if and when issued :
  - a) Name of Sole/First joint holder and Folio Number
  - b) Particulars of Bank Account viz.
    - (i) Name of Bank
    - (ii) Name of Branch
    - (iii) Complete Address of the Bank with Pin Code number
    - (iv) Account type, whether Savings or Current Account
    - (v) Bank Account number allotted by the Bank.
6. Members holding shares in Demat form may please note that the bank account details given by them to their Depository Participants (DPs) and passed on to the Company by such DPs would be printed on the dividend warrants of the concerned members. However, if any member wants to receive dividend in any other bank account, they should change/correct the bank account details with their concerned DPs. The Company would not entertain any request from such shareholders directly for deletion/change in the bank account details printed on the dividend warrants on the basis of information furnished by the DPs to the Company.
7. Pursuant to Section 205-A of the Companies Act, 1956, unclaimed dividends declared on or before September 29, 1995, have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed dividend warrants for the period prior to September 29, 1995, are requested to claim the amount by submitting an application in Form No. II to the office of the Registrar of Companies, CGO Building, 2nd Floor, A Wing, Belapur, Navi Mumbai.

Interim dividend for the financial year ended June 30, 2001, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on January 5, 2008, pursuant to the provisions of Section 205-A of the Companies Act, 1956. Members who have not encashed their dividend warrants for the financial year ended June 30, 2001, or any subsequent year(s), are requested to seek issue of duplicate warrants by writing to the Company's Transfer Agents, M/s. Intime Spectrum Registry Limited.

During the Financial year 2006-2007, unclaimed amounts of –

- (i) Interim Dividend (Rs. 20,19,255/-) for the year 1998-99;
- (ii) Final Dividend (Rs. 5,00,605/-) for the year 1998-99 and
- (iii) Final Dividend (Rs. 7,27,499/-) for the year 1999-2000

have been transferred to the Investor Education and Protection Fund on October 13, 2006, February 6, 2007 and August 1, 2007 respectively.

8. Share transfer documents and all correspondence relating thereto, should be addressed to the Company's Transfer Agents,

M/s. Intime Spectrum Registry Limited,  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400 078.

Tel : (022) 2594 6980 / 2596 3838,

Fax : (022) 2594 6969,

e-mail : [pginvestors@intimespectrum.com](mailto:pginvestors@intimespectrum.com)  
[isrl@intimespectrum.com](mailto:isrl@intimespectrum.com).

The Company has designated an exclusive e-mail ID called **[pginvestors@intimespectrum.com](mailto:pginvestors@intimespectrum.com)** for redressal of shareholder's complaints / grievances.

For providing better services to our Shareholders, Intime Spectrum has deputed a full time resource, who will provide all help to our Shareholders. Ms. Karishma Bhatkar can be contacted directly on a dedicated telephone number **2594 6980**.

9. Members who hold shares in physical form are requested to notify immediately any change in their addresses, to the Registrar and Share Transfer Agents of the Company and, to the respective Depository Participants, in case the shares are held in dematerialized mode.



**EXPLANATORY STATEMENT**

(Pursuant to Section 173 of the Companies Act, 1956)

**ITEM NO. 6**

Mr. Shantanu Khosla was appointed as a Managing Director of your Company for a period of five years with effect from June 1, 2002. Thus, the said term of Mr. Khosla expired on May 31, 2007.

Mr. 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 by leading and managing P&G's international businesses in UK, Malaysia, Japan and Singapore. In view of his vast experience, your Directors consider that his re-appointment as Managing Director, will be beneficial to the Company.

The Board of Directors, subject to the approval of the shareholders, has re-appointed Mr. Khosla, as Managing Director of your Company for a period of five years with effect from June 1, 2007, on the following terms and conditions.

- (i) Salary : Upto Rs. 3,00,00,000 (Rupees Three crores) per annum [please see note at (iv) below].
- (ii) Perquisites : Mr. Khosla shall be entitled to a furnished and/or unfurnished accommodation, medical reimbursement, club fees, personal accident insurance, car loan and such other perquisites in accordance with the Company's Rules. The monetary value of such perquisites will be determined in accordance with the Income-tax Rules, 1962.
- (iii) Board of Directors shall be entitled to revise upwards the remuneration of Mr. Khosla, within the ceiling as set out in Schedule XIII to the Companies Act, 1956, as amended from time to time.
- (iv) Board of Directors has provided their unanimous consent to the appointment of Mr. Khosla as the Managing Director of Gillette India Limited and Procter & Gamble Home Products Limited (subject to the approval of the Central Government as may be required under the provisions of the Companies Act, 1956) at a remuneration as mentioned in clause (i) above, and which remuneration shall be shared by the respective companies in proportion of their Net Outside Sales (NOS).

In terms of Article 134 of the Article of Association of the Company, so long as Mr. Khosla holds office as Managing Director of the Company, he shall not be liable to retire by rotation.

The Board recommends passing an Ordinary Resolution.

None of the Directors except Mr. Khosla is concerned or interested in this resolution.

**ITEM NO. 7**

Mr. Deepak Acharya was appointed as an Additional Director in terms of Section 260 of the Companies Act, 1956, and holds the office upto the date of this Annual General Meeting. The Company has received a notice and deposit pursuant to Section 257 of the Companies Act, 1956, from a member of the Company proposing Mr. Acharya's candidature for the office of Director.

Mr. 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 P&G's regional headquarters at Singapore.

In view of his business experience in the FMCG industry your Directors, are of the view that his appointment will be beneficial to the Company and therefore, recommend his appointment to the Board.

None of the Directors except Mr. Acharya is concerned or interested in this resolution.

**On behalf of the Board of Directors**

**Deepak Acharya**  
*Director*

**Mumbai**  
**August 24, 2007**

**Registered Office:**  
P&G Plaza,  
Cardinal Gracias Road,  
Chakala, Andheri (E),  
Mumbai 400 099.

## Procter & Gamble Hygiene and Health Care Limited

### Details of Directors seeking re-appointment at the forthcoming annual general meeting (in pursuance to Clause 49IV(G) of the listing agreement)

| Name of Director   | Mr. B. S. Mehta  | Mr. R. A. Shah  | Mr. Shantanu Khosla  | Mr. Deepak Acharya   |
|--|--|---|--|--|
| Age  | 71   | 76  | 47   | 40   |
| Date of appointment on the Board   | 11th October, 1979   | 20th July, 1964   | 27th August, 2001  | 17th July, 2007  |
| Expertise in specific field  | Finance & Accounts   | Solicitor   | General Management   | Corporate Laws/ Corporate Affairs  |
| Names of other companies in which he holds directorships   | <ol style="list-style-type: none"> <li>Atul Limited</li> <li>Bharat Bijlee Limited</li> <li>Century Enka Limited</li> <li>CEAT Limited</li> <li>Clariant Chemicals (India) Limited</li> <li>Housing Development Finance Corporation Limited</li> <li>IL&amp;FS Investment Managers Limited</li> <li>J. B. Chemicals &amp; Pharmaceuticals Limited</li> <li>Pidilite Industries Limited</li> <li>Gillette India Limited</li> <li>Sasken Communication Technologies Limited</li> <li>SBI Capital Markets Limited</li> <li>Sudarshan Chemical Industries Limited</li> <li>Vinyl Chemicals (India) Limited</li> </ol>  | <ol style="list-style-type: none"> <li>Clariant Chemicals (India) Limited, Chairman</li> <li>Godfrey Phillips India Limited, Chairman</li> <li>Pfizer Limited, Chairman</li> <li>Colgate Palmolive India Limited, Vice-Chairman</li> <li>Abbott India Limited, Director</li> <li>Asian Paints Limited, Director</li> <li>ACC Limited, Director</li> <li>The Bombay Dyeing &amp; Mfg. Co. Limited, Director</li> <li>BASF India Limited, Director</li> <li>Deepak Fertilizers &amp; Petrochemicals, Director Corporation Limited, Director</li> <li>Lupin Limited, Director</li> <li>Nicholas Piramal India Limited, Director</li> <li>Wockhardt Limited, Director</li> <li>Century Enka Limited, Director</li> </ol>  | <ol style="list-style-type: none"> <li>Gillette India Limited</li> <li>Procter &amp; Gamble Home Products Limited</li> </ol>   | <ol style="list-style-type: none"> <li>Procter &amp; Gamble Home Products Limited</li> </ol> |
| Chairman/Member of the Committees of the Board of Directors of the Company                             | Audit Committee Member   | Audit Committee Member  | Shareholders' Grievance Committee - Member   | Shareholders' Grievance Committee - Member   |
| Chairman/Member of the Committee(s) of Board of Directors of other companies in which he is a Director | <ol style="list-style-type: none"> <li>Housing Development Finance Corporation Limited               <ul style="list-style-type: none"> <li>- Compensation Committee Member</li> <li>- Audit Committee Member</li> </ul> </li> <li>Atul Limited               <ul style="list-style-type: none"> <li>- Audit Committee Member</li> </ul> </li> <li>Century Enka Limited               <ul style="list-style-type: none"> <li>- Audit Committee Member</li> </ul> </li> <li>Gillette India Limited               <ul style="list-style-type: none"> <li>- Audit Committee Member</li> <li>- Remuneration Committee Member</li> </ul> </li> <li>IL&amp;FS Investment Managers Limited               <ul style="list-style-type: none"> <li>- Compensation Committee Member</li> <li>- Audit Committee Chairman</li> </ul> </li> <li>J. B. Chemicals &amp; Pharmaceuticals Limited               <ul style="list-style-type: none"> <li>- Audit Committee Chairman</li> </ul> </li> <li>Sudarshan Chemical Limited               <ul style="list-style-type: none"> <li>- Audit Committee Chairman</li> </ul> </li> <li>Sasken Communication Technologies Limited               <ul style="list-style-type: none"> <li>- Audit Committee Chairman</li> </ul> </li> <li>Pidilite Industries Limited               <ul style="list-style-type: none"> <li>- Audit Committee Chairman</li> </ul> </li> </ol> | <ol style="list-style-type: none"> <li>Pfizer Limited               <ul style="list-style-type: none"> <li>- Audit Committee Chairman</li> </ul> </li> <li>Colgate Palmolive India Limited               <ul style="list-style-type: none"> <li>- Audit Committee Chairman</li> </ul> </li> <li>The Bombay Dyeing &amp; Mfg. Co. Limited               <ul style="list-style-type: none"> <li>- Audit Committee Chairman</li> <li>- Remuneration Committee Member</li> </ul> </li> <li>Nicholas Piramal India Limited               <ul style="list-style-type: none"> <li>- Audit Committee Chairman</li> </ul> </li> <li>Clariant Chemicals (India) Limited               <ul style="list-style-type: none"> <li>- Audit Committee Chairman</li> </ul> </li> <li>BASF India Limited               <ul style="list-style-type: none"> <li>- Audit Committee Member</li> </ul> </li> <li>Abbott India Limited               <ul style="list-style-type: none"> <li>- Audit Committee Member</li> </ul> </li> <li>Century Enka Limited               <ul style="list-style-type: none"> <li>- Audit Committee Member</li> </ul> </li> <li>Lupin Limited               <ul style="list-style-type: none"> <li>- Remuneration Committee Member</li> </ul> </li> <li>Wockhardt Limited               <ul style="list-style-type: none"> <li>- Audit Committee Alternate Member</li> </ul> </li> </ol> | <ol style="list-style-type: none"> <li>Gillette India Limited               <ul style="list-style-type: none"> <li>- Shareholders' Grievance Committee Member</li> </ul> </li> <li>Procter &amp; Gamble Home Products Limited               <ul style="list-style-type: none"> <li>- Audit Committee Member</li> </ul> </li> </ol> |  |
| Shareholding in the Company  | 3799   | 5550  | 67   | NIL  |

## REPORT OF THE DIRECTORS



Your Directors have the pleasure in presenting the 43rd Annual Report and Audited Accounts of the Company for the year ended June 30, 2007.

## FINANCIAL RESULTS

(Figures in Rs. Crores)

|                                    | 2006/2007     | 2005/2006 |
|------------------------------------|---------------|-----------|
| Sales (less excise duty)           | <b>540.38</b> | 566.73    |
| Profit before tax                  | <b>145.50</b> | 193.34    |
| Profit after tax                   | <b>89.82</b>  | 139.51    |
| Proposed Dividend plus tax thereon | <b>75.95</b>  | 92.53     |
| Transfer to General Reserve        | <b>9.00</b>   | 13.95     |
| Balance carried forward            | <b>83.67</b>  | 78.81     |

## BUSINESS PERFORMANCE

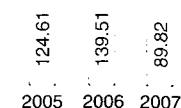
Your Company continued to register excellent core business results for the year ended June 30, 2007. The basic Health Care and Feminine Hygiene business' sales at Rs. 538.3 crores (vs. last year's Rs. 472.6 crores) grew by 14%. It may be noted that total sales figure of Rs. 540.4 crores for the year under review is not comparable to last year's, as current year's sales does not include the divested detergent contract manufacturing business whereas the previous

base period had part (Rs. 92.4 crores) sale of this discontinued business.

Profit Before Tax (PBT) at Rs. 145.5 crores (vs. last year's Rs. 193.3 crores) is down by 25%. However, when adjusted for all exceptional items like write back of excise duties and profit of detergent contract manufacturing in the previous year, the PBT actually is up by 6%. Further when adjusted for new Baddi plant's one time pre-operational expenses this year, the PBT is actually up by 16%, in line with the growth of core business sales.

Profit After Tax (PAT) at Rs. 89.8 crores (vs. last year's Rs. 139.5 crores) is lower by 36%. Here again, when adjusted for the impact of the provisions for tax for the current and the prior years, the PAT is up by 7%. Further when adjusted for the pre-operational expenses of setting up plant at Baddi, PAT is up by 18% which is also in line with the growth in sales and PBT.

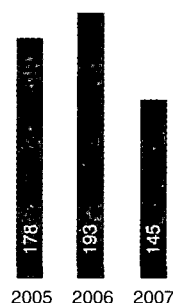
As informed in the last year's Report, your Company has set up two manufacturing facilities at Baddi, Himachal Pradesh at the cost of Rs. 22 crores. Your Directors are happy to inform you that during the year both the plants commenced commercial production and in the coming year, you will see a strong positive impact of these manufacturing facilities on the bottom line of the Company.

**Profit After Tax**  
(Rs. Crores)



## Procter & Gamble Hygiene and Health Care Limited

### Profit Before Tax (Rs. Crores)



During the year, your Company has also commenced an expansion of Feminine Hygiene Products Manufacturing at its Goa Plant with a capital expenditure of Rs. 19 crores. Once established, the expansion will help support the increasing demand of Feminine Hygiene Products of the Indian consumers.

Your Directors are pleased to inform you that the setting up of new plants in favorable tax zones and the expansion of manufacturing capacities are in line with the continuing growth of the Feminine Hygiene and Health Care businesses as demonstrated in the past few years. This also supports your Company's commitment to invest and grow in the underdeveloped and the high growth potential Health Care and Feminine Hygiene businesses.

### Health Care Business

Health Care sales at Rs. 256.4 crores (vs. last year's Rs. 243.6 crores) registered a positive growth of 5% after the record growth of 17% last year. Three out of the four brands in the Health Care category recorded a double-digit growth, with VICKS Action 500 growing by 15%, VICKS Vaporub by 11% and VICKS Inhaler by 10%.

VICKS Vaporub and VICKS Action-500 had a record sales and also reached their highest-ever market shares. In the latest Economic Times Brand Equity survey on India's Most Trusted Brands, your Company's VICKS

brand was ranked as the No. 2 in the entire country. The innovative Dr. Vicks advertising campaign has helped the housewife perceive VICKS as providing superior healthcare for her family. In fact, Dr. Vicks TV ad was also rated the "Best" Ad by Economic Times' Brand Equity. However, sales of VICKS Cough Drops suffered on account of the heightened competitive activities. With the renewed and strong marketing plans especially on

VICKS Cough Drops and with introduction of superior products that meet the consumers' need, the growth of Health Care category is expected to perform strongly in the coming years.

### Feminine Hygiene Business

Feminine Hygiene business recorded another year of high growth with sales at Rs. 282 crores (vs. last year's Rs. 226.8 crores) translating to a record 24% growth. This is the fourth year in succession where WHISPER has grown at such

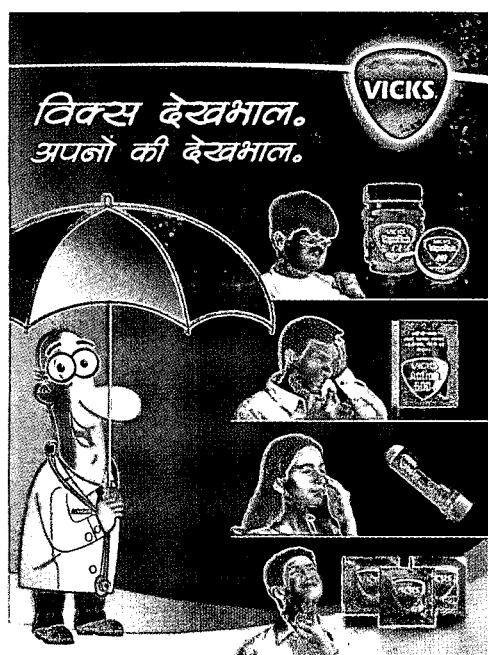


Website : [www.beinggirl.co.in](http://www.beinggirl.co.in)

high pace. Outstanding marketing initiatives, increased distribution and product innovations were key factors driving the high growth. The latest entrant to the WHISPER franchise, WHISPER Choice, has doubled its sales vs. last year, achieving a historic high. This is a testimony to the great quality and value P&G is providing to the mid-tier consumer.

In an attempt to give the best choices to the consumers at the Point of Market Entry stage i.e. when they start menstruation, WHISPER has doubled the number of school girls contacted and sampled via the WHISPER School Health and Hygiene Education Program. To further empower, educate and provide solutions to the needs of teenaged girls, WHISPER has launched an interactive website [www.beinggirl.co.in](http://www.beinggirl.co.in), which has shown impressive contact results in the first year itself.

In keeping with the spirit of empowerment of young women, WHISPER Ultra partnered with CNBC AWAAZ to conduct a hunt for the most talented news anchor in India.



Dr. Vicks poster.



## DIVIDEND

Directors are pleased to recommend a dividend of Rs. 20 for each equity share for the financial year ended June 30, 2007. The dividend is scaled back to Rs. 20 per share as the Profit After Tax has declined to Rs. 89.8 crores (versus Rs. 139.5 crores) due to pre-operational expenses at newly established Baddi plants and some one-time exceptional other income in 2005/06.

## SOCIAL RESPONSIBILITY



Celebrity Renuka Shahane supporting P&G - CRY Shiksha Project.

Our effort to live up to the credo "Touching Lives, Improving Life" continued with Shiksha (education) - a P&G initiated and led national consumer program in partnership with leading Child Rights organization, Child Rights and You (CRY). Shiksha seeks to support the education of underprivileged children in India.

Over the past three years, Shiksha has made a difference to the lives of over 67,000 children through a contribution of about Rs. 5 crores. Today, Shiksha enjoys the goodwill and support of leading luminaries from diverse fields. Shiksha 2007 had the proud distinction of being blessed with the best wishes of the former President of India, Dr. Abdul Kalam.

Shiksha has come a long way. Today it has evolved from a one company one NGO initiative to a national consumer movement with 15 projects across 9 states in India making the lives of over 67,000 children a little better. To quote Mother Teresa, "We may feel what we are doing is only a drop in the ocean . . . but if that drop was not there, the ocean would be less because of the missing drop."

## RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts for the financial year ended June 30, 2007, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors have prepared the accounts for the financial year ended June 30, 2007, on a "going concern" basis.

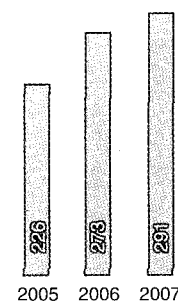
## CORPORATE GOVERNANCE

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

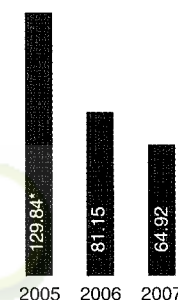


P&G - CRY Shiksha Project - Children at school.

### Net Worth (Rs. Crores)



### Outflow of Dividend (Rs. Crores)

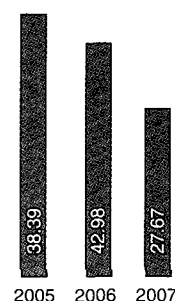


\* Includes a one-time special dividend of Rs. 64.92 crores

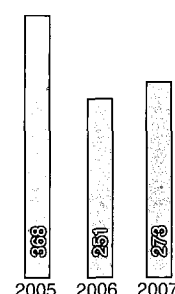
## Procter & Gamble Hygiene and Health Care Limited

### E.P.S.

(Rs. Crores)



### Employees



### MANAGEMENT & PERSONNEL

Directors reiterate their confidence in the valuable contributions of employees which makes it possible for the Company to maintain the strong growth despite challenges of competition and for which the Directors wish to record their sincere appreciation.

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

### TRADE RELATIONS

Directors wish to thank our Retailers, Wholesalers, Distributors, Suppliers of Goods & Services, Clearing and Forwarding Agents and all other business associates and acknowledge their efficiency and continued support in promoting such healthy growth in the Company's business.

### DIRECTORS

Mr. Shantanu Khosla, Vice-President – Procter & Gamble, ASEAN, Australia, India (AAI) was re-appointed as the Managing Director of the Company for five years with effect from June 1, 2007.

Mr. Deepak Acharya, was appointed as an Additional Director and holds office till the

ensuing Annual General Meeting of the Company. A notice has been received from a member proposing his candidature as Director of the Company, liable to retire by rotation.

Mr. R. A. Shah and Mr. B. S. Mehta retire by rotation and, being eligible, offer themselves for re-appointment.

Directors recommend their appointment.

### AUDITORS

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

### COST AUDITORS

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, 2007. Company has re-appointed M/s. P.M. Nanabhoy & Company as Cost Auditors for the year ending June 30, 2008, subject to the approval of the Central Government.

### CONSERVATION OF ENERGY ETC. INFORMATION

The information, in accordance with the provisions of Section 217(1)(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.

### ACKNOWLEDGEMENT

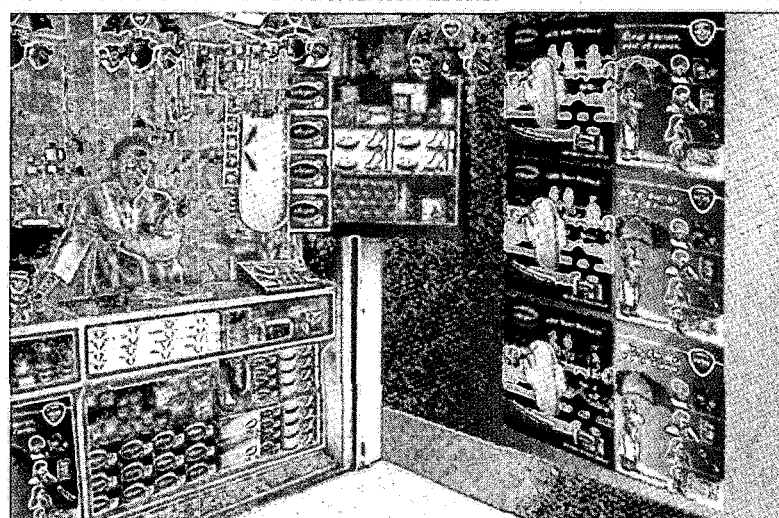
We continue to gain access and benefit from the latest on research and development on product and technologies by The Procter & Gamble Company, USA. We also continue to benefit from Procter & Gamble International Operations Limited's valuable contribution in different business services viz. marketing, financial, logistics, purchasing and business solutions. We place on record our special thanks for this support.

On behalf of the Board of Directors

*Bharat V. Patel*

Mumbai  
August 24, 2007

**Bharat V. Patel**  
Chairman



A store displaying P&G brands: WHISPER & VICKS.